

2023

CNGR Advanced Material Co., Ltd.
Environmental, Social, and Governance (ESG) Report





CNGR 中伟

About This Report

This report is a non-financial report publicly disclosed by CNGR Advanced Material Co., Ltd. It aims to respond to the expectations of stakeholders and comprehensively demonstrate the concepts, management, actions, and achievements of CNGR Advanced Materials Co., Ltd. in environmental, social and governance (ESG) and sustainable development. For the convenience of expression and reading, "CNGR Advanced Material Co., Ltd." will be referred to as "CNGR", "the Company", or "we" in this report.

Report Scope

All information and data disclosed in this report are from CNGR Advanced Material Co., Ltd. and its subsidiaries that are actually operated and controlled by it, including:

Company Name	Registered Address
CNGR Advanced Material Co., Ltd.	Intersection of No. 2 and No. 1 Trunk Roads, Dalong Economic Development Zone, Yuping Dong Autonomous County, Tongren City, Guizhou Province
Hunan CNGR New Energy Science & Technology Co., Ltd.	No. 1 Tanjin Road, Changxing Village, Ningxiang Economic and Technological Development Zone, Changsha City, Hunan Province
Guizhou CNGR Xinyang Energy Storage Technology Co., Ltd.	Intelligent Service Center of Economic Development Zone, Xicheng Sub-district Office, Kaiyang County, Guiyang City, Guizhou Province
Guangxi CNGR New Energy Science & Technology Co., Ltd.	Room A107, Public Service Center, No. 1 Zhongma Street, China-Malaysia Qinzhou Industrial Park, Qinzhou Port Area of China (Guangxi) Pilot Free Trade Zone

Note: CNGR's overseas industrial bases include the Industrial Bases of Morowali (Indonesia), Weda Bay (Indonesia), South Kalimantan (Indonesia), North Morowali (Indonesia), South Korea, Morocco, and Finland. Among them, the Industrial Bases of Morowali and Weda Bay were not in stable operation during the reporting period. The Industrial Bases of South Kalimantan, North Morowali, South Korea, Morocco, and Finland have not been put into production yet, so information about them is not disclosed in this report.

If the scope of disclosure exceeds the above scope, it will be explained in the text. All data disclosed in this report are sourced from the Company's internal data collection and statistical system. In this report, unless otherwise specified, the currency unit is CNY (Chinese yuan).

Time Frame

The time frame of the reporting period is from January 1, 2023 to December 31, 2023. Contents beyond the above range will be explained in the text. This report is an annual report, and its time frame is consistent with the financial year.

Preparation Basis

This report has been prepared in line with the requirements of the GRI Standards issued by the Global Sustainability Standards Board (GSSB), with reference to the requirements of the United Nations' Sustainable Development Goals (UN SDGs), the Ten Principles of the United Nations Global Compact (UNGC), the Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies, the SASB Standards issued by the Sustainability Accounting Standards Board (SASB), the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and other relevant guidelines on information disclosure.

External Assurance

This report has been independently verified by the Shanghai branch of TÜV SÜD Certification and Testing (China) Co., Ltd., in accordance with the "AA1000 Assurance Standard v3" ("AA1000AS v3"). The type and level of the assurance were "Type II, moderate level". The assurance statement is included at the end of the report.

Preparation and Release of the Report

This report was prepared by the CNGR Sustainability Office and approved by the Board of Directors on April 23, 2024. The Board of Directors and all Directors of the Company guarantee that there are no false records, misleading statements, or major omissions in this report. The next expected release time is March 2025.

Instruction on Report

This report is available in both Chinese and English on the Company's website (<http://www.cngrgf.com.cn/shzr.html>). In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail. Should there be any inconsistencies between this report and the Company's annual report, financial statements, or audit reports, the latter documents shall take precedence.

Disclaimer

Some contents of this report are forward-looking and susceptible to uncertainties that may lead to material differences in actual results. The Company assumes no obligation to update any forward-looking statements in this report.

Contact Information

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Message from the Chairman



Mr. Deng Weiming, Chairman of CNGR

A prosperous new year has come. Saying goodbye to 2023, we usher in the promising year of 2024. On behalf of CNGR, I would like to extend the most sincere gratitude and highest respect to over 13,000 CNGR employees and their families around the world. I would like to express heartfelt thanks and best wishes to all customers and partners who have trusted and supported the development of CNGR, as well as the party committees and governments at all levels, financial institutions, investors, media friends, and friends from all walks of life who have long been concerned about and supported CNGR.

For CNGR, the year 2023 marks the beginning of its initiative to "maintain the original aspiration and embark on a new journey" and its strategic development plan of "technology diversification, globalization, digitalization of operations, and industry ecologization".

During the year, while global geopolitical and economic uncertainties intensified, the new energy industry underwent structural adjustments and faced mounting pressures.

In the face of market uncertainties, we have decisively adjusted and upgraded our strategies and forged ahead with the development plan of "technology diversification, globalization, digitalization of operations, and industry ecologization" so as to achieve sustained and steady progress and grow new "wings" despite the pressure.

In 2023, we have promoted product diversification and industrial integration through technology innovation, striving to stand out in the fierce competition in the industry.

From the establishment of nickel, cobalt, phosphorus, and sodium-series product lines and the smelting of raw ores to the production of battery-grade raw materials and the recycling and reuse of new energy materials and waste batteries, we have met diverse market demands and earned long-term trust from customers through continuous product innovation and industrial application.

In 2023, we entered the stage of "accelerated expansion" and greatly expanded our global circle of friends. In Indonesia, our four major raw material bases have made steady progress in "production + construction", and the total number of their staff has exceeded 3,000. In South

Korea and Morocco, we have partnered with POSCO and AL MADA to build industrial parks for green and low-carbon new energy materials. In the battery recycling field, we have cooperated with Cronimet to build a global battery material recycling industry system.

Over the past year, we have kept optimizing CNGR's "digital engine" to improve the efficiency of research, production, and sales.

As the wave of AI sweeps through various industries, "digitalization of operations" has become one of CNGR's core strategies. With ERP-based financial digitalization, SRM-based supply chain digitalization, production and operation control boards, and quality traceability throughout the whole process, we have witnessed remarkable increases in both the quality and speed of development.

In 2023, we vigorously promoted ESG practices to embark on the "fast track" of low-carbon green development.

We have built the first "zero-carbon factory" in the precursor industry, implemented the first grid-connected PV power generation project, joined the UNGC, became a member of the Decision-making Committee of the Responsible Critical Mineral Initiative (RCI), and received numerous domestic and international honors. Social responsibility has been incorporated into the core development philosophy of CNGR.

The past is behind us, and the future ahead us is promising. In the new year, we will face new challenges and opportunities, so we can only maintain development through innovation. Guided by the strategic development plan of "technology diversification, globalization, digitalization of operations, and industry ecologization", we will strive to fulfill new objectives, embrace global opportunities, and serve customers and markets worldwide. We will start a new journey with the creed of "Materials to Perfection" in mind, remain steadfast, overcome all obstacles, and strive for excellence!

I believe that our efforts will yield fruitful results, and our perseverance will lead to greatness! I hope all CNGR people will work together to create value for customers, share responsibilities and benefits, and achieve a win-win situation. Let's embark on this new journey and scale new heights together!

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01

About CNGR

About Us

Honors in 2023

2023 ESG Highlights

This chapter is in response to:





About Us

Established in September 2014 and listed on the ChiNext Market of the Shenzhen Stock Exchange (stock abbreviation: CNGR; stock code: 300919) in December 2020, CNGR has been focusing on new energy battery materials. Its products include ternary precursors, tricobalt tetraoxide, ferric phosphate, binary and multivariate precursors, sodium battery precursors, and other advanced precursor materials. CNGR has evolved into a world-leading comprehensive service provider of new energy materials and has won numerous national honors, such as National Enterprise Technology Center, National Technological Innovation Demonstration Enterprise, National Postdoctoral Research Workstation, National Green Factory, National Intelligent Manufacturing Factory, and Industrial Green Design Demonstration Enterprise.

Achievements in 2023

CNGR has upgraded its core strategy to drive high-quality development

In 2023, facing big development opportunities, accelerated industrial adjustments, and intensified market competition in the new energy industry, CNGR leveraged its rich industry experience and, after careful consideration, upgraded its core strategy to "technology diversification, globalization, digitalization of operations, and industry ecologization", which was announced to the world in the listing hall of the Shenzhen Stock Exchange.

CNGR has realized the industrialization of sodium battery precursors and launched its first large-scale sodium battery precursor material production project

On March 1, 2023, CNGR's first phase of sodium battery precursor material production project, with an annual output of 8,000 tons, was officially put into operation at its Tongren Industrial Base. This marks that CNGR has shifted from pilot production to large-scale production for sodium battery precursor materials and achieved the mass production of nickel, cobalt, phosphorus, and sodium series products.

CNGR has worked with POSCO to build its first overseas integrated industrial base for ore refining and precursor production

In June 2023, CNGR and POSCO held a joint venture agreement (JVA) signing ceremony in Seoul, South Korea, aiming to cooperate on nickel refining and precursor production business.

CNGR has put the world's first OESBF production line for preparing high-nickel matte from low-nickel matte into operation, forming an integrated industrial chain

By the end of the second quarter of 2023, the world's first OESBF production line for preparing high-nickel matte from low-nickel matte continued to produce high-nickel matte in CNGR's Qinzhou Industrial Base, and officially entered the stage of process optimization and capacity ramp-up. This marks that CNGR has used the OESBF process in an innovative way to pioneer a new method for preparing high-nickel matte from low-nickel matte. After the production line is fully completed, it can achieve an annual output of 80,000 metric tons of high-nickel matte and ensure CNGR's independent supply of its core raw materials.

CNGR has worked with Al Mada to establish a new energy battery material industrial base in the pan-Atlantic region

In September 2023, CNGR and Al Mada, one of the largest private investment funds in Africa, signed a cooperation agreement in Casablanca, Morocco. The two sides will establish a joint venture in Morocco to jointly build an integrated industrial base for ternary precursor production, lithium iron phosphate production, and waste battery recycling, so as to meet the fast-growing demand for new energy automobiles in Europe and the United States.

CNGR has accelerated business development in the global recycling industry to build a green industrial chain

In December 2023, CNGR signed an agreement with Cronimet, a world-leading recycling company, in Karlsruhe, Germany. According to the agreement, the two companies will jointly invest in and build a lithium battery recycling and disassembly factory in Bitterfeld, Germany.

CNGR has further increased R&D investment to drive high-quality development through innovation

In January 2023, CNGR re-signed an agreement with Central South University to jointly strive for achieving zero carbon emissions in the laterite nickel ore oxygen-enriched side-blown process at CNGR's Indonesia industrial bases and build a laterite nickel ore smelting plant with zero carbon emissions. In August, CNGR was designated as one of the "Fourth Batch of Science and Technology Achievement Transformation Pilot Research Bases in Guangxi Zhuang Autonomous Region", becoming the only company in Qinzhou's "100 Billion CNY-Level New Energy Industry Cluster" to have this honor. In September, at the launch event of "Building Changsha into a Global R&D Center", CNGR signed agreements for 16 scientific and innovative projects, including the CNGR Global Science and Technology Innovation Center. The Company will strive to build a new science and technology innovation platform composed of the "CNGR Global R&D Headquarters", "CNGR Global Equipment R&D Center", and "CNGR Global Testing Center".

In 2023, the Company's operating revenue exceeded

34.273 billion CNY

It maintained rapid growth, and the total shipment of its core products (ternary precursors and tricobalt tetraoxide)

It has ranked first in the world for four consecutive years



Chung Dae-hun Head of New Energy Materials Department, POSCO Future M

Yu Byung-yu Director (Vice President) of Green Advanced Materials Business Division, POSCO Holdings Inc.

Lee Kyung-suk Executive in Charge of the Secondary Battery Material Department, POSCO Holdings Inc.

Deng Weiming Chairman and President of CNGR

Zhu Zongyuan Vice President and CFO of CNGR

In June 2023, CNGR and POSCO Group of South Korea officially signed an agreement in Seoul, South Korea, to jointly build an integrated industrial base for nickel refining and precursor production

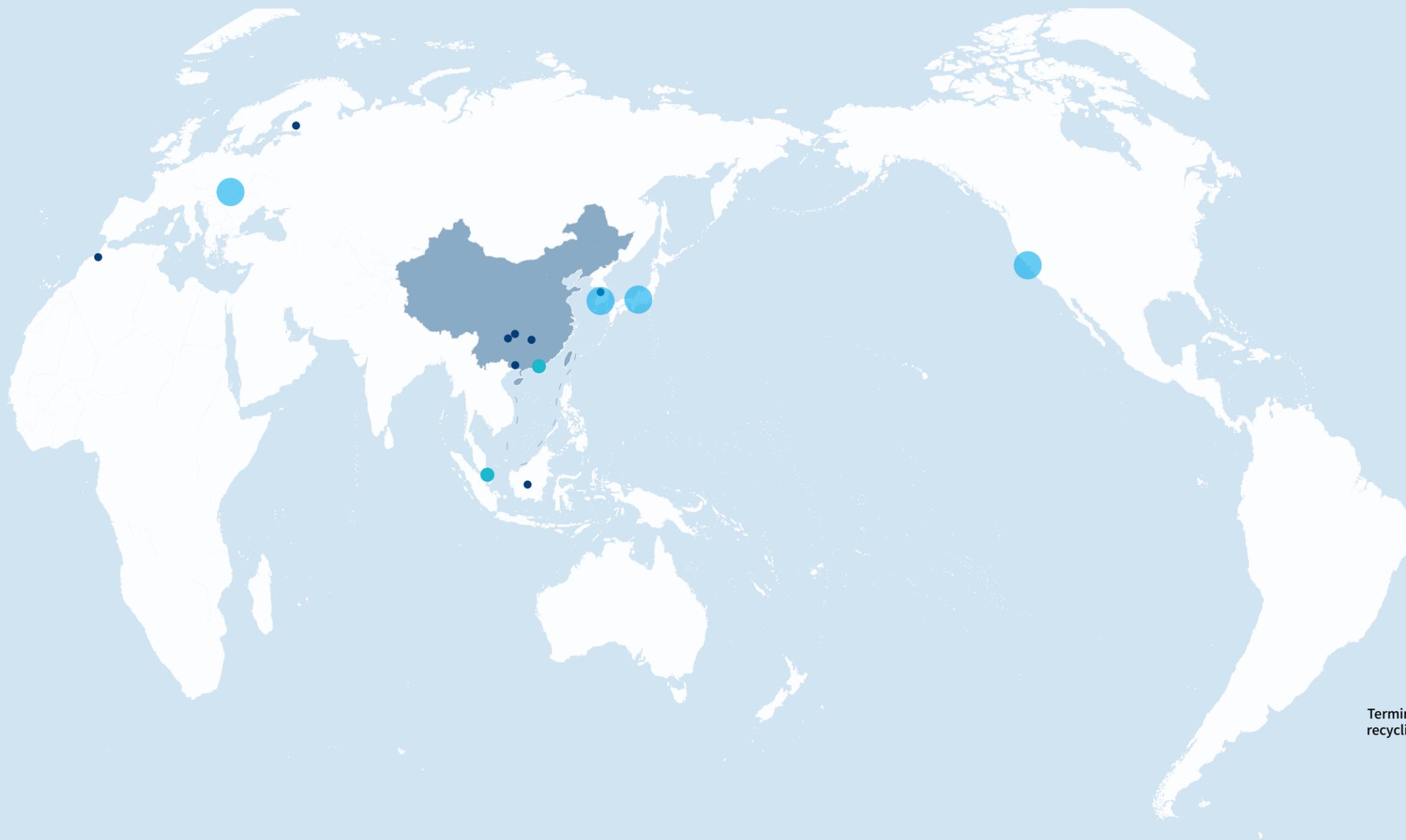


Hassan Ouriagli Chairman of Al Mada

Wu Xiaoge Assistant Chairman of CNGR

In September 2023, CNGR and AL MADA in Morocco signed a joint venture agreement in Casablanca, Morocco to build a new energy battery material industrial base in the pan-Atlantic region

Business Layout



Global Industrial Bases

Tongren (the listed entity), Ningxiang, Qinzhou, Kaiyang, Finland, Indonesia, South Korea, and Morocco

Global Trade Centers

Singapore, Hong Kong

Overseas Marketing Regions

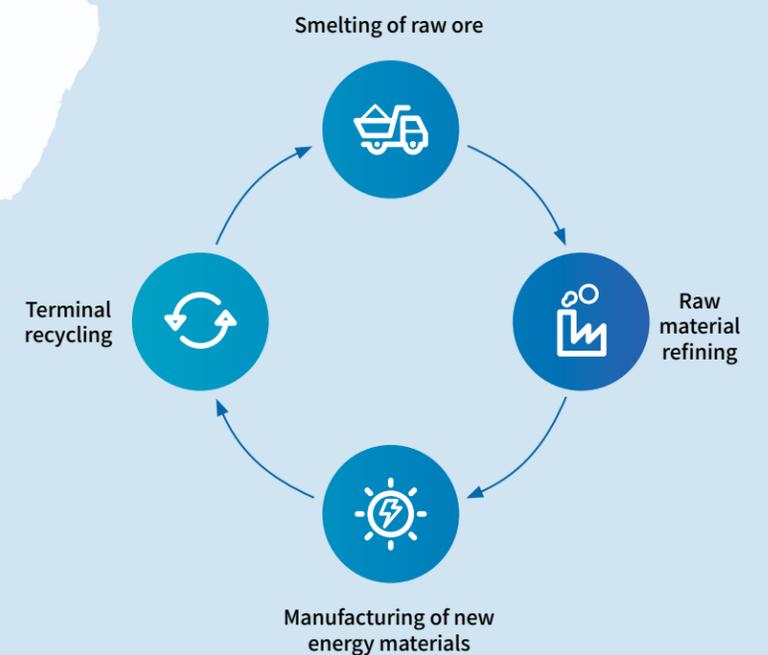
South Korea, Japan, North America, and Europe

While focusing on the core business of new energy material production, CNGR has been exploring raw material resources and building the recycling network to form a vertically integrated industrial ecosystem.

CNGR has pioneered the oxygen-enriched side-blown furnace process and the unique extraction process for "raw ore smelting" and "raw material refining", establishing a strong technological advantage and a diverse range of intermediate products.

Aiming to provide green and safe new energy materials with higher performance to customers, the Company has independently developed a series of cutting-edge technologies related to monocrystalline, ultra-high-nickel, high-voltage monocrystalline, and lithium manganese iron phosphate battery materials.

Leveraging its strong raw material R&D capabilities, CNGR has mastered technologies like lithium extraction from black mass and battery-grade lithium salt preparation. It is rapidly expanding its global recycling network to achieve lithium-ion battery material management throughout the entire product life cycle. CNGR has delved deep into the global lithium-ion battery value chain and established a comprehensive global high-quality customer system covering "cathodes, batteries, and electric vehicles".



Honors in 2023

2023 Fortune Top 500 Listed Companies in China
Fortune Magazine

Top 500 Manufacturing Enterprises in China
China Enterprise Confederation and China Enterprise Directors Association

2023 National Intelligent Manufacturing Demonstration Factory
Ministry of Industry and Information Technology of the People's Republic of China

2023 Fortune China 500
Fortune Magazine

Top 500 Private Enterprises in China
All-China Federation of Industry and Commerce

State-level Enterprise Technology Center
Jointly issued by the National Development and Reform Commission, Ministry of Science and Technology, Ministry of Finance, General Administration of Customs, and State Administration of Taxation of the People's Republic of China

2023 ESG Highlights

Mar. 2023 | CNGR became a member of the Decision-making Committee of the Responsible Critical Mineral Initiative (RCI)

May 2023 | CNGR joined the UNGC, supporting the UN SDGs and adhering to the Ten Principles of the UNGC

June 2023 | CNGR won the "Green and Sustainable Development Contribution Award" at the 2023 International Green Zero-Carbon Festival

Sep. 2023 | CNGR was finalisted for "ESG China Awards 2023"

Nov. 2023 | CNGR received the "2023 GGLB Golden Ball Award for Pioneer of Zero-Carbon Transformation"

Dec. 2023 | CNGR upgraded its Strategy Committee to the Strategy and ESG Committee

By the end of 2023, CNGR's ESG ratings by the three major global index services, namely S&P CSA, MSCI ESG, and FTSE ESG ratings, had significantly improved and rose above the industry average. In 2022, CNGR proactively filled out the CDP Climate Questionnaire, and by 2023, its CDP score had improved from C to B, surpassing the global average.

S&P Global **43**

MSCI **BB**

FTSE Russell **3.1**

CDP **B**
DISCLOSURE INSIGHT ACTION

02

Corporate Strategy

"Technology Diversification, Globalization, Digitalization of Operations, Industry Ecologization"

Sustainable Development Strategy

Stakeholder Engagement

Analysis of Material Topics



CNGR Qinzhou Industrial Base

"Technology Diversification, Globalization, Digitalization of Operations, Industry Ecologization"

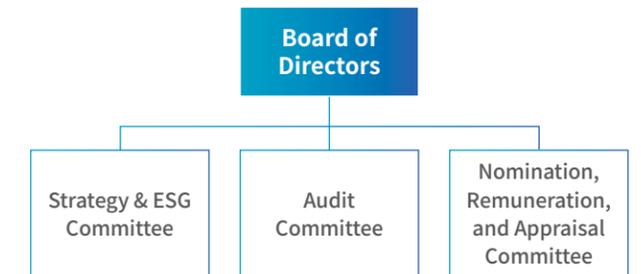
"Technology Diversification, Globalization, Digitalization of Operations, Industry Ecologization"

In 2023, CNGR introduced a new corporate development strategy based on "Technology Diversification, Globalization, Digitalization of Operations, and Industry Ecologization", with the strategic goal of "becoming a world-leading advanced materials science company". We aim to build a new energy material ecosystem characterized by "resource-sharing, value co-creation, low carbon, eco-friendly, and sustainable development" and continuously contribute to the realization of a better life for mankind.

Mission	Materials to Perfection			
Vision	To become a world-leading company in advanced materials science			
Core Values	Practicality	Innovation	Progress	Win-win
Philosophy	Shoulder social responsibility	Be customer-centric	Be innovation-driven	
Interpretation of the Strategy	 <p>Technology Diversification</p> <p>Adhering to the technology R&D as the first driving force to build an innovation system of "multi-materials + multi-technology", continuously exploring the "no man's land" of advanced materials and technologies, and traversing the industry cycle through continuous scientific and technological innovation.</p>	 <p>Globalization</p> <p>Based on the global nature of the new energy industry, CNGR is bound to become a global enterprise. It will build its core competitiveness with fulcrums of global integration capability, global manufacturing capability, and global service capability to serve global customers and build a better life for mankind.</p>	 <p>Digitalization of Operations</p> <p>Digitalization is a revolution in CNGR's internal operation and management. By building a digital platform and improving digital capabilities, the Company will optimize whole-process operation management and enable accurate and scientific decision-making, efficient coordination, and rapid model replication.</p>	 <p>Industry Ecologization</p> <p>CNGR will continuously upgrade its industrial model, cooperate closely with the upstream and downstream of the industry, and devote itself to industrial synergy, creating a multi-level, low-carbon circular, multi-win, and sustainable new energy industry ecology.</p>

Management Structure

During the reporting period, in order to meet its strategic needs, enhance its core competitiveness, improve its ESG performance, optimize investment decision-making procedures, strengthen decision-making based on scientific principles, and enhance the effectiveness and quality of significant investment decisions, CNGR officially established the Strategy and ESG Committee, a specialized institution responsible for the Company's long-term development strategies, ESG performance, and significant investment decisions, under the Board of Directors on December 23, 2023, and formed a new management structure.



Each committee shall be accountable to the Board of Directors and perform the following responsibilities in accordance with the *Articles of Association of CNGR Advanced Material Co., Ltd.*, their respective rules of procedure, and the authorization of the Board of Directors:

Strategy & ESG Committee

Conducts research on the Company's ESG governance and provides decision-making advice; checks the implementation progress of the Company's ESG strategies and goals; listens to reports by working groups and provides feedback; reviews the Company's annual ESG reports and other ESG-related disclosures to ensure their completeness and accuracy.

Audit Committee

Supervises and evaluates the work of external audit institutions; oversees and assesses internal audit work; reviews the Company's financial reports and provides opinions; supervises and evaluates the Company's internal control; coordinates communication between the management, internal audit departments, other relevant departments, and external audit institutions; addresses matters authorized by the Board of Directors and other related issues involved in laws, regulations, and stock exchange rules.

Nomination, Remuneration, and Appraisal Committee

Establishes selection criteria and procedures for directors and senior management personnel, selects candidates of directors and senior management personnel, and reviews their qualifications; nominates, appoints, or dismisses directors and appoints or dismisses senior management personnel; develops appraisal criteria for directors and senior management personnel and designs and reviews compensation policies for them. Submits proposals to the Board of Directors, including those related to the formulation and revision of equity incentive plans and employee stock ownership plans, conditions for beneficiaries to receive benefits and exercise rights, and stock ownership plans for directors and senior management personnel at subsidiaries planned to be spun off.

All committee members should be directors, and the members of the Audit Committee and the Nomination, Remuneration, and Appraisal Committee should all be independent directors.

The committee members under the second Board of Directors are as follows:

- 1. Strategy and ESG Committee:** Mr. Deng Weiming (Committee Chair), Mr. Tao Wu, and Mr. Jiang Liangxing;
- 2. Audit Committee:** Mr. Cao Yue (Committee Chair), Mr. Li Wei, and Mr. Jiang Liangxing;
- 3. Nomination, Remuneration, and Appraisal Committee:** Mr. Li Wei (Committee Chair), Mr. Cao Yue, and Mr. Jiang Liangxing.

"Technology Diversification, Globalization, Digitalization of Operations, Industry Ecologization"

Item 11 in the *Announcement on Resolutions of the Second Meeting of the Second Board of Directors of CNGR* issued in 2023, the "Proposal to Confirm the Compensation for Directors in 2022 and to Formulate the Compensation Plan for 2023", clearly states that the average allowance standard for independent directors on the second Board of Directors shall be 90,000 CNY/year (tax-inclusive); non-independent directors who serve on the second Board of Directors and hold specific management positions in the Company shall receive basic salary and performance-related pay according to the labor contract signed with the Company and the provisions of the Company's compensation management measures for directors, supervisors, and senior management personnel, without receiving allowances. Non-independent directors who serve on the second Board of Directors but do not hold other positions in the Company shall not receive allowances.

Statistics on Meetings of Shareholders, the Board of Directors, and the Board of Supervisors in 2023

	Shareholders' Meeting	Board Meeting	Supervisors' Meeting
Number of meetings held	6	15	11
Number of resolutions passed	27	82	35
Actual attendance rate	-	100%	100%

Position	Name of Director	Gender	Term of Office	Academic Background	Engaged in	Fixed Salary (CNY)	Variable Pay (CNY)	Pension (CNY)	Clawback (CNY)	Retirement Benefits (CNY)	Regular Fringe Benefits (CNY)	Total (CNY)	Note
Chairman	Deng Weiming	Male	2023.03.30-2026.03.30	Bachelor's degree	Business operation (in charge of overall work and the work of CNGR Research Institute)	1,500,100	960,000	13,839	0	0	71,744	2,545,684	
Non-independent director	Deng Jing	Male	2023.03.30-2026.03.30	Bachelor's degree	Business operation	300,000	-	-	-	-	-	300,000	
Non-independent director	Tao Wu	Male	2023.03.30-2026.03.30	Master's degree	Business operation (in charge of operation and work related to sustainable development)	880,960	960,000	13,839	0	0	398,384	2,253,184	
Non-independent director	Liao Hengxing	Male	2023.03.30-2026.03.30	Junior college degree	Business operation	746,724	660,000	13,839	0	0	483,711	1,904,274	
Non-independent director	Li Weihua	Male	2023.03.30-2026.03.30	Bachelor's degree	Technology R&D	761,816	960,000	13,839	0	0	68,018	1,803,674	
Non-independent director	Liu Xingguo	Male	2023.03.30-2026.03.30	Bachelor's degree	Business operation (in charge of work related to safety and environmental protection)	697,574	660,000	15,501	0	0	75,508	1,448,583	
Independent director	Cao Yue	Male	2023.03.30-2026.03.30	Doctor's degree	Financial accounting	84,999	0	0	0	0	0	84,999	
Independent director	Li Wei	Male	2023.03.30-2026.03.30	Doctor's degree	Mathematical economics	84,999	0	0	0	0	0	84,999	
Independent director	Liu Fangyang	Male	2023.03.30-2024.01.09	Doctor's degree	New energy materials	84,999	0	0	0	0	0	84,999	
Independent director	Jiang Liangxing	Male	2024.01.09-2026.03.30	Doctor's degree	New energy materials	-	-	-	-	-	-	-	Appointed in January 2024, not within the scope of disclosure



CNGR Qinzhou Industrial Base

Sustainable Development Strategy

With the long-term vision of becoming "a world-leading company in advanced materials science", CNGR has taken the operational philosophies of "harmonious ecology, excellence and win-win, practicality and self-discipline" as the basis of its sustainable development strategy. It has set 7 key areas of sustainable development, namely "clean energy, ecological footprint reduction, biodiversity conservation, health protection, high-quality products, community and partner relationships, and corporate and systemic governance", and deployed 10 related actions, so as to build its sustainable development map.

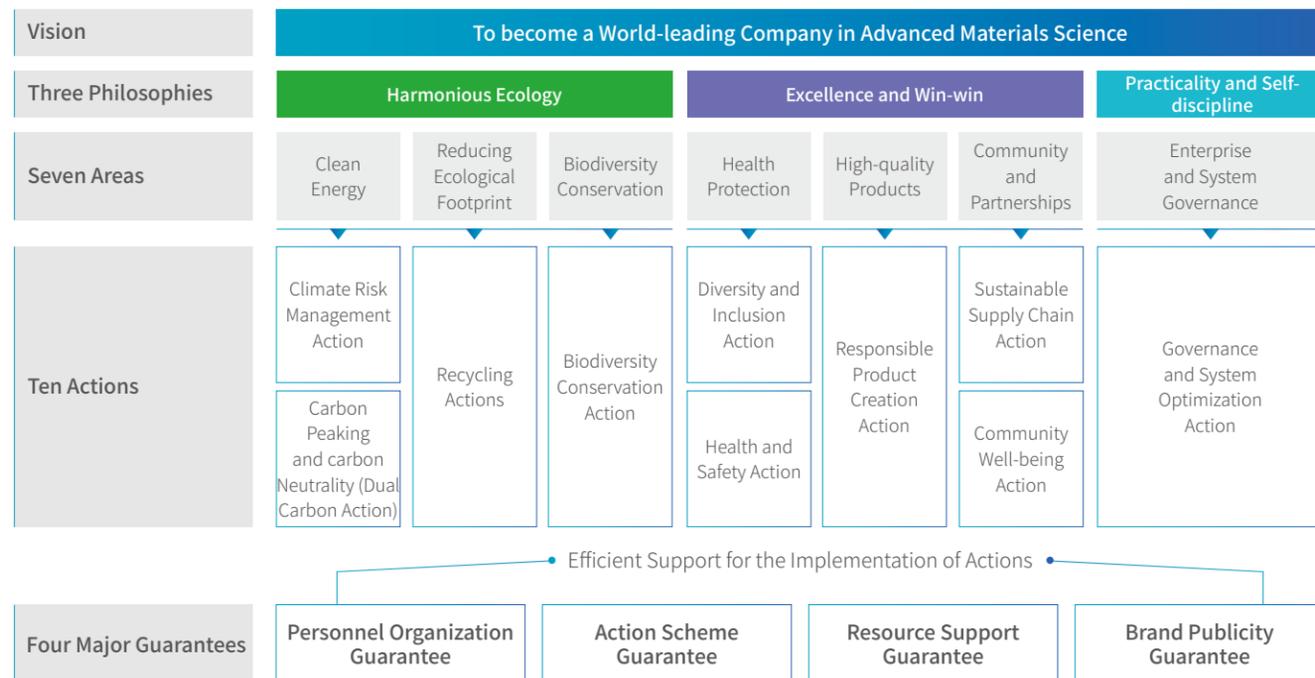
The Three Operational Philosophies

"Harmonious Ecology": By accelerating the low-carbon transformation and practicing the environment-friendly production model, we will drive the value chain to achieve green and low-carbon operations, reduce the ecological footprint, protect biodiversity, and help society achieve the goals of peak carbon dioxide emissions and carbon neutrality.

"Excellence and Win-win": By focusing on the needs of all parties and serving the rights and welfare of the value chain, we work with internal employees and partners across upstream and downstream segments of the industry chain to create value and achieve the coordinated development of all parties in the value chain.

"Practicality and Self-discipline": By building a sound industrial ecology, we improve corporate governance and system construction, achieve integrity, transparency, and efficiency in corporate management, and create a trustworthy and upright corporate image.

Based on these three operational philosophies, we have set 7 key areas and prepared 10 action plans to establish and improve our sustainable development system.

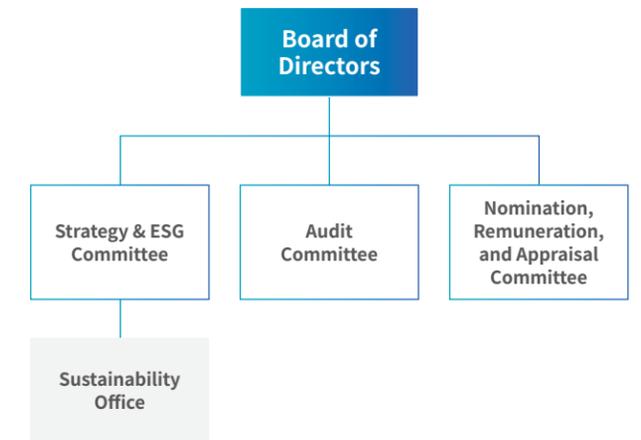


Sustainable Development Strategy Map of CNGR

Sustainability Governance

The Sustainability Office has been set up under the Strategy and ESG Committee to oversee CNGR's sustainable development strategy planning and implementation, as well as information disclosure; the establishment and improvement of a sustainable supply chain management system; the achievement of carbon targets of the supply chain; the implementation of special projects for sustainable development.

In addition, in order to better coordinate work related to safety and environmental protection and meet regulatory requirements and international development needs, CNGR upgraded its organizational structure in 2023, reforming the Environment, Health, and Safety (EHS) department of the Sustainability Office into the Safety and Environmental Protection Center, which is no longer part of the Sustainability Office.



CNGR Qinzhou Industrial Base

Key Indicators of CNGR's Sustainable Development Performance in 2023



Economic

34.273 billion CNY

Total output

2.099 billion CNY

Net profit



Environmental

1.96 tCO₂e/t product

Scope 1 and Scope 2 greenhouse gases (GHGs) emission intensity

59.54%

Proportion of clean energy power*

2

Industrial bases with the ISO 50001 Energy Management System certification

60.55%

Water recycling rate



Social

53.2696 million CNY

Investment in work safety

0.53

Lost-time injury rate (per 200,000 hours)

94.71

Customer satisfaction score

29.00 hours

Average duration of employee training

(including training on safety, human resources, knowledge, and skills)

83.89%

Employee satisfaction

373

Cumulative number of patent applications in China



Governance

100%

Coverage rate of business ethics and anti-corruption training for employees

1

Industrial base with the ISO 37301:2021 Compliance Management System certification

1

Industrial base with the ISO 27001 Information Security Management System certification

*Including photovoltaic, wind, hydro, geothermal, biomass, and nuclear power; the scope only covers domestic industrial bases



Stakeholder Engagement

During the reporting period, with reference to the Global Reporting Initiative (GRI) Standards 2021, we identified and determined stakeholders from four dimensions: corporate responsibility (legal responsibility, economic responsibility, etc.), influence (the degree of influence between the Company and other groups or organizations), relevance (the relevance of the Company to other organizations), and corporate strategy. By establishing normalized multi-channel communication mechanisms, we have maintained regular communication with stakeholders to understand their concerns and expectations about CNGR's ESG governance, strategies, actions, and achievement of objectives. We have demonstrated to stakeholders how the Company identifies, assesses, prevents, and mitigates potential negative impacts of material issues.

Stakeholder	Communication Channels	Areas of Concern	Our Responses
 Employees	Employee training Performance assessment Complaints and feedback Labor union activities Employee satisfaction surveys Intranet	Legal employment Protection of employees' rights and interests Training and development Occupational health and safety	Employee participation Occupational health and safety
 Shareholders and investors	Shareholders' Meeting Disclosure of information Investor communication platform Teleconferences	Economic performance Risk management Compliance management Management structure Information transparency	Corporate governance Risk and compliance management Tax policy
 Customers	Satisfaction surveys Daily communication (via telephone, e-mail, and meeting) Technical seminars Regular audit, etc.	Product quality and safety Customer services Sustainable supply chain	Responsible products Sustainable supply chain
 Suppliers, contractors, and other partners	Supplier evaluation Supplier capacity building Daily communication (via telephone, e-mail, and meeting)	Responsible procurement Supplier management Compliance management	Sustainable supply chain Risk and compliance management
 Governments, regulators, stock exchanges, and rating agencies	Disclosure of information Institution inspection Policy implementation Government meetings E-mail communication	Economic performance Compliance management Tax policy Information transparency Addressing climate change Rural revitalization	About CNGR Corporate governance Risk and compliance management Tax policy
 Non-governmental organizations	Disclosure of information Company announcements E-mail communication	Water resource management Addressing climate change Environmental compliance Chemical safety Responsible procurement	Climate and environment Water Stress Responsible products Sustainable supply chain
 Industry associations and companies in the same industry	Industry training Seminars Exhibitions Irregular visits	Economic performance Intellectual property protection Scientific and technological innovation	About CNGR R&D and innovation
 Surrounding communities and public media	Complaints and feedback Disclosure of information Company announcements E-mail communication Public welfare activities	Community relations Biodiversity conservation Environmental compliance Rural revitalization	Community relations Employee participation

Analysis of Material Topics

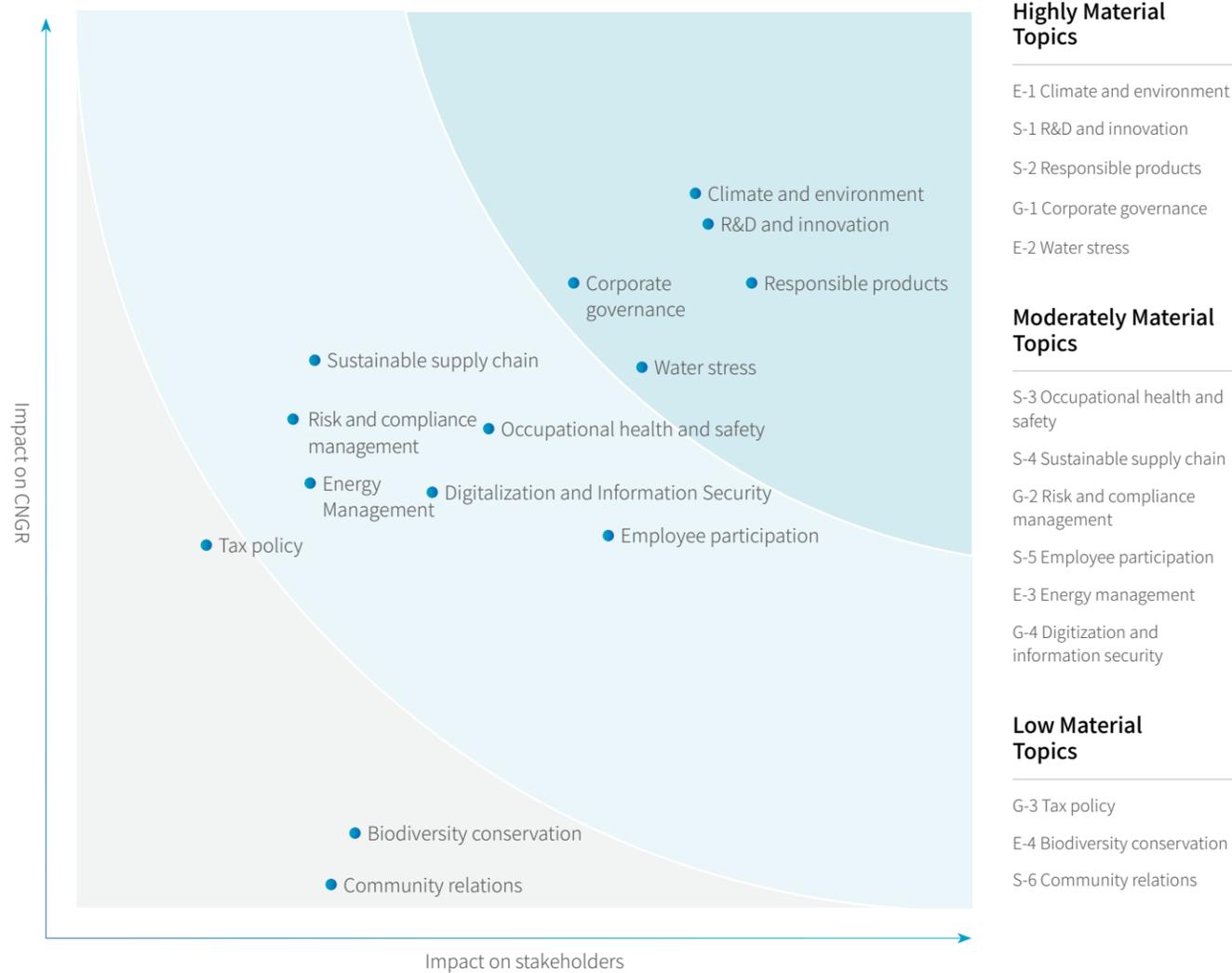
CNGR analyzed material topics for the first time in 2021 and continued to use the results in 2022. During the reporting period, material topics were re-analyzed based on CNGR's strategic development plan of "technology diversification, globalization, digitalization of operations, and industry ecologization." The analysis of material topics was mainly based on CNGR's corporate strategy and sustainable development strategy, with reference to relevant standards for sustainable development (Sustainability Accounting Standards Board standards for the chemical industry and GRI standards), initiative organizing principles (the Ten Principles of the UN Global Compact), stakeholder's concerns, relevant policy documents (Shenzhen Stock Exchange Guidelines No. 2 on the Application of Self-Regulation Rules for Listed Companies—Standardized Operation for Listed Companies on Growth Enterprise Market), etc. At last, 14 material topics are identified for this report.

List of Material Topics and Explanation of Changes of CNGR

Scope	Material Topics for 2021 and 2022	Material Topics for 2023	Interpretation of Material Topics for 2023	Changes
Environmental (E)	11. Environmental management system and compliance	E-1 Climate and environment	E-1.1 Addressing climate change: identifying climate-related risks and opportunities, setting Science-Based Targets Initiative (SBTi), and reducing greenhouse gas emissions with reference to the TCFD framework; E-1.2 Environmental management system and compliance: establishing an environmental management system and increasing capital investment in environmental protection; E-1.3 Waste management: reducing the negative environmental impact caused by enterprise production and operation, optimizing the production process, and reducing the generation of toxic substances and wastes;	Description update
	12. Energy management	E-3 Energy management	E-3.1 Reducing fossil energy consumption, increasing the proportion of renewable energy use, establishing an energy management system, and improving energy efficiency;	None
	13. Water resource management	E-2 Water Stress	E-2.1 Reducing the consumption of water resources during production and improving the utilization rate of water resources;	Description update
		E-4 Biodiversity conservation	E-4.1 Carrying out biodiversity conservation risk assessment on the operation site to protect the surrounding ecological environment;	New
	14. Waste management			Included in "E-1 Climate and environment"
	16. Addressing climate change			Included in "E-1 Climate and environment"
Social (S)	6. Sustainable supply chain	S-4 Sustainable supply chain	S-4.1 Conducting ESG management assessment on the global supply chain as per UN Guiding Principles on Business and Human Rights and OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas, carrying out responsible procurement; S-4.2 Promoting the supply chain to reduce carbon emissions;	None
	7. Product quality and safety	S-2 Responsible products	S-2.1 Chemical management: managing and controlling the use safety of chemicals, paying attention to the use of chemicals of high concern, and meeting the registration requirements of RoHS/REACH standards; S-2.2 Product life cycle management: increasing the use proportion of renewable resources and reducing the environmental footprint of products (carbon footprint, water footprint, etc.); S-2.3 Product quality and safety: providing high-quality products to meet the requirements of downstream industry chain and terminal for products; S-2.4 Customer management: providing customers with high-quality services, ensuring the business progress of customers in all aspects, and improving customer satisfaction;	Description update
	8. Intellectual property protection	S-1 R&D and innovation	S-1.1 Investing in R&D around safer, greener, more efficient, and more economical battery materials to develop innovative products and processes to lead the end market; S-1.2 Establishing a sound intellectual property protection management system;	Description update
	9. Scientific and technological innovation			Included in "S-1 R&D and innovation"

Scope	Material Topics for 2021 and 2022	Material Topics for 2023	Interpretation of Material Topics for 2023	Changes
Social (S)	10. Customer management			Included in "S-2 Responsible products"
	15. Product life cycle management			Included in "S-2 Responsible products"
	17. Chemical management			Included in "S-2 Responsible products"
	18. Legal employment	S-5 Employee participation	S-5.1 Legal employment and protection of human rights. In operating sites, assessing human right risks, protesting against discrimination/harassment, advocating gender equality, respecting cultures and religious beliefs of different nationalities and countries, and advocating equal pays and freedom of association; S-5.2 Protection of employees' rights and interests: devoting to employee development, advocating local employment, reducing employee turnover, increasing investment in talent training, enhancing employee skills, formulating employee incentive policies, and improving employee satisfaction;	Description update
	19. Employee rights and interests			Included in "S-5 Employee participation"
	20. Employee training and development			Included in "S-5 Employee participation"
	21. Occupational health and safety	S-3 Occupational health and safety	S-3.1 Establishing an occupational health and safety management system, enhancing occupational health and safety-related training, reducing the lost time rate and fatality rate of employees/contractors, lowering the incidence of occupational diseases, and creating a good working environment;	None
	22. Community relations	S-6 Community relations	S-6.1 Establishing community participation mechanism: paying attention to the interests of surrounding communities, investing in community infrastructure construction, and promoting rural revitalization; S-6.2 Charity: carrying out charity activities for public benefit;	Description update
	23. Charity			Included in "S-6 Community relations"
	Governance (G)	1. Economic performance	G-1 Corporate governance	G-1.1 Management structure: disclosure of board structure, board diversity policy, board effectiveness (regular meetings), disclosure of senior executive compensation structure, and declaration of independent directors to promote corporate and system stability; G-1.2 Economic performance: Steadily Increasing enterprise scale and revenue and ensuring good profit performance;
2. Management structure				Included in "G-1 Corporate governance"
3. Compliance management		G-2 Risk and compliance management	G-2.1 Risk management: establishing a risk management process, conducting sensitivity analysis/stress testing, identifying potential risks, forming a culture of risk prevention and continuously improving internal risk management; establishing an integrity, transparent, and efficient governance system, fostering an upright and pragmatic corporate image, combating corruption and bribery, disclosing violations; G-2.2 Compliance management: establishing a compliance management system to identify risks and opportunities arising from changes in legal and regulatory requirements, and anti-competitive behaviors;	Description update
4. Risk management				Included in "G-2 Risk and compliance management"
5. Business ethics				Included in "G-1 Corporate governance"
		G-3 Tax policy	G-3.1 Establishing an open and transparent fiscal and taxation system;	New
	G-4 Digitization and information security	G-4.1 Digital operation: realizing full-process digital operation management and building an agile digital operation system; G-4.2 Information security management: building an information security management architecture, passing the certification of the information security management system, preventing and controlling systematic risks, and avoiding information security violations.	New	

Through online and offline assessment questionnaires, internal and external stakeholders were involved in the substantive impact assessments on the above 14 material topics. These questionnaires are available in four languages, including Chinese, English, Korean, and Indonesian, to meet the language background needs of various stakeholders of CNGR. In these questionnaires, relevant content is thoroughly interpreted to ensure stakeholders can fully understand it and its significance, thus improving the credibility of this material topic analysis. To protect and respect the privacy of individuals, this research was conducted anonymously. In this assessment, a total of 4,855 questionnaires were collected from internal and external stakeholders, including 3,337 valid ones. Compared with that of the material topic analysis for 2021, the number of valid questionnaires collected from internal and external stakeholders in this round increased by 2,768, and the coverage rate rose to 40%. Through this analysis, the matrix of material topics for CNGR in 2023 is finally determined as follows:



03

Harmonious Ecology

Clean Energy

Reducing Ecological Footprint

Biodiversity Conservation

This chapter is in response to:





CNGR Ningxiang Industrial Base

Clean Energy

Climate Risk Management Action

Climate change will have a significant impact on stakeholders. CNGR actively assesses the risks and opportunities posed by climate change to enterprises, devotes itself to climate risk transfer business, implements organizational structure, formulates response strategies and action plans, and sets the following action objectives:

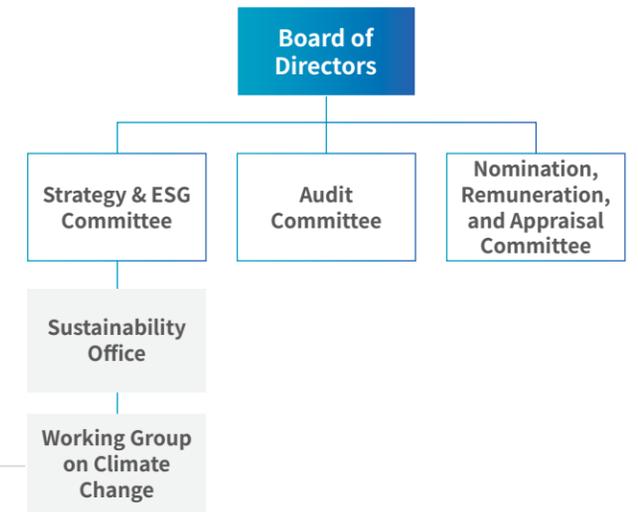
<p>2022</p>	<p>Assessing and identifying climate change risks of CNGR. Establishing a climate change governance structure with reference to disclosed climate risks as per the Task Force on Climate-related Financial Disclosures (TCFD) framework. Setting CNGR carbon targets. Launching CDP climate change questionnaires.</p>	<p>Completed For details, please refer to the CNGR 2022 ESG Report</p>
<p>2023</p>	<p>Optimizing the analysis of climate risks and opportunities with reference to the TCFD framework. Optimizing the climate change governance framework.</p>	<p>Completed</p>
<p>2024</p>	<p>Forming a climate change risk prevention and control process. Conducting climate risk scenario analysis. Introducing the International Sustainability Standards Board (ISSB) standard system.</p>	
<p>2025</p>	<p>Establishing a climate risk financial assessment and analysis model. Identifying and assessing climate risks and opportunities in the whole industry chain.</p>	
<p>2030</p>	<p>Becoming a leader in climate risk disclosure.</p>	

Governance

Referring to the TCFD framework, we have improved the climate change management system formulated in 2022. The Sustainability Office has a climate change working group (assisted by cross-departmental personnel):

The group is responsible for implementing the Company's carbon targets, including but not limited to:

- Organizing carbon emission verification; organizing product carbon footprint accounting;
- Implementing green power targets; supporting supply chain carbon emission reduction;
- Participating in the construction of relevant industrial, national, and international green standards.



Strategy

In identifying climate-related risks and opportunities, we have identified the financial impacts of climate changes with reference to factors including but not limited to: national carbon reduction targets in China and other major markets, the impact of regulations and policies on the industry, as well as industrial and technological development, etc., as follows:

Type of Risk	Climate-related Risk	Description	Potential Financial Impact
Transformation risk	Policies and regulations	Introduction of policies related to energy conservation and emission reduction (e.g., higher pricing of carbon emission quotas and incentives for energy-saving and emission-reducing products and services) Changes in product supervision requirements and standards Litigation risks related to climate change Carbon tariffs	The supply chain is affected by regional policies and regulations, such as the EU regulations of batteries and carbon tariffs, resulting in higher material prices and costs; Stricter and more transparent disclosure requirements of regulatory and investment institutions on carbon emissions, emission reduction targets and measures, and performance of enterprises, resulting in increased operating costs and financing costs; Stricter product energy efficiency, emission standards, and regulatory requirements, resulting in increased compliance costs and higher risks of project cancellations and penalties; Additional fees enterprises have to pay due to climate change-related litigation;
	Technology	Replacing traditional products with low-carbon products Low-carbon technology	Increased costs due to the use of production processes and materials with low carbon emissions; Increased costs due to the use of renewable energy, low-emission technologies, and digital equipment;
	Market	Consumers' preference for green products and services Uncertain market signal Rising costs of raw materials and energy	Reduced demand for traditional goods and services due to changes in consumer preference; Reduced profit margins due to changes in product supply and demand and aggravated industry competition; Increased product costs due to rising prices of raw materials and energy;
	Reputation	Stakeholders' concerns about negative news	Negative impression of investors and other stakeholders on enterprises, affecting market value and financing; Decline in customer demand for products and services;
	Physical risk	Severe natural factors	Frequent extreme weather events
	Long-term natural factors	Average temperature rise Sea level rise	Operating cost rise; Higher infrastructure costs; Loss of existing fixed assets; Premium increases or items no longer covered.

Climate Risk Management

In 2023, CNGR continued its risk management measures formulated for 2022. The Sustainability Office regularly carried out climate risk identification and assessment, assigned risk owners, reported results of risk identification and assessment to the Strategy & ESG Committee, and ensured that the Strategy & ESG Committee would pay sufficient attention to risks and invest in appropriate resources; The Strategy & ESG Committee established a risk management system based on the results of risk identification, a system that has won the Board of Directors' recognition and approval.

Targets

In response to China's strategies for reaching the dual carbon goals, Paris Agreement, Science Based Targets initiative (SBTi), etc., CNGR set its carbon targets with 2020 as the base year. The details are as follows:

Carbon Targets of CNGR

Year of Achievement	Details	Achievement
2025	Proportion of 100% clean energy power*, including 20% in 2022, 50% in 2023, and 75% in 2024	In 2022, the actual proportion of clean energy power was 22.83% In 2023, the actual proportion of clean energy power was 59.54%
2030	The proportion of clean energy power should be 80%	🕒
2030	Carbon emissions per ton of products should be reduced by 50% compared with the base year	In 2023, carbon emissions per ton of products were reduced by 40.25% compared with the base year
2040	Achieving carbon neutrality in operation	🕒
2050	Achieving carbon neutrality in the supply chain	🕒

*Including photovoltaic, wind power, hydropower, geothermal energy, biomass energy, and nuclear power generation; the scope only covers domestic industrial bases.

Climate-related Opportunities and Potential Financial Impacts

Type	Climate-related Opportunity	Potential Financial Impact
Resource efficiency	Recovery and reuse of water resources and heat energy	Reduced operating costs;
Energy source	Use of low-carbon or renewable energy Improving energy efficiency	Reducing risk exposure to future increases in fossil energy prices; Rising demand driven by energy-friendly products;
Product and service	Developing low-carbon products and services	Increased enterprise revenues driven by the supply chain's higher demand for low-carbon products and services;
Market	Green financing	Expanded financing scale and reduced financing costs.



CNGR Morowali Industrial Base, Indonesia

Carbon Peaking and Carbon Neutrality (Dual Carbon Action)

CNGR takes the national strategy of "peak carbon dioxide emissions and carbon neutrality" as the benchmark for carbon reduction and longtermism as the concept, gradually reducing greenhouse gas emissions in its operation and supply chain so as to achieve its carbon goals.

2022	Setting carbon targets for CNGR Completing CDP climate change questionnaires Carrying out research on low-carbon production transformation Pilot construction of zero-carbon plant	Completed For details, please refer to the CNGR 2022 ESG Report
2023	Sorting out the carbon emission data of product life cycle Initial establishment of product carbon footprint management system	Completed
2024	Carrying out low-carbon planning and evaluation of the supply chain Improving the low-carbon product management system Promoting the construction of low-carbon plant	
2025	Establishing a supply chain carbon management platform Establishing a management and control system for carbon emission indicators of transportation Joining the Science Based Targets initiative (SBTi) Pilot transformation or construction of new low-carbon production lines Promoting the construction of low-carbon plant	
2030	Achieving a 50% reduction in carbon emissions per ton of products Realizing the proportion of clean energy up to 80% Realizing partial zero-carbon products	

Energy Management

In 2023, Qinzhou and Ningxiang Industrial Bases have continuously promoted the construction of DPV, further expanding the use of green energy by CNGR and reducing GHG emissions. As of the end of this reporting period, the total installed capacity of distributed photovoltaic power in Qinzhou Industrial Base reached 17.5MW. Since it was connected to the grid and put into use in September 2023, the cumulative power generation has reached 4.74 million kWh. In 2024, Qinzhou Industrial Base's total installed capacity of distributed photovoltaic power is expected to reach 36.95MW, and the annual total power generation will reach 44 million kWh. In addition, Ningxiang Industrial Base has started distributed photovoltaic construction with a planned total installed capacity of 6MW. It is expected to be connected to the grid and put into use in early 2024, with an annual power generation of 8 million kWh. Ningxiang Industrial Base has completed the photovoltaic parking sheds of nearly 5,000m², which deliver clean electricity to new energy vehicles in the park through 31 charging piles.

In 2023, CNGR consumed 664 million kWh of clean energy electricity, accounting for 59.54% of the total electricity consumption, exceeding

its target proportion of 50%. Qinzhou Industrial Base has achieved 100% clean energy power coverage since 2022; the purchased electricity of 114 million kWh by Kaiyang Industrial Base is included in the scope in 2023, of which 80 million kWh was from clean energy, accounting for 70%.

CNGR has gradually established and improved its energy management system. As of the end of this reporting period, Tongren Industrial Base and Ningxiang Industrial Base have obtained ISO 50001 Energy Management System certification, while Qinzhou Industrial Base plans to complete this work in 2024.

During the reporting period, Tongren Industrial Base completed 15 energy-saving projects for electricity and steam use; Ningxiang Industrial Base completed 5 energy-saving projects for electricity and steam, such as energy-saving transformation of high-speed dispersive tank motors, grid connection of air compressors, and replacement of permanent magnet motors with ordinary mixing motors; Qinzhou Industrial Base completed 12 energy-saving projects for electricity and steam use; Kaiyang Industrial Base completed 1 energy-saving project.

Energy Management Data of CNGR

Indicator	Unit	2021	2022	2023 ¹
Anthracite coal	kg	6,706,670.00	172,800.00	31,682,340.00
Gasoline	kg	-	27,884.55	39,294.81
Diesel	kg	66,503.80	232,450.04	374,411.52
Natural gas	m ³	10,670,533.00	16,731,579.26	37,848,516.28
Power consumption ²	kWh	556,479,868.00	638,399,919.67	451,416,367.74
Steam consumption ³	t	423,830.41	538,090.06	469,945.88
Total energy consumption	GJ	3,247,293.79	4,399,490.39	4,296,554.68
Energy consumption intensity	GJ/t product ⁴	17.10	18.85	14.96

Data description:

¹ Data scope: new increases in Kaiyang Industrial Base in 2023 compared with 2022 and before;

³ Self-produced steam and waste heat recovery have made the consumption of purchased steam lower;

² The clean energy power consumption is not included in the electricity consumption;

⁴ The scope of products: Precursor, ferric phosphate, nickel plate, etc.

Carbon Verification

In 2023, CNGR conducted GHG emission verification on various domestic industrial bases as per the ISO 14064 system. The scope of verification includes Kaiyang Industrial Base (new), Ningxiang Industrial Base, Tongren Industrial Base, and Qinzhou Industrial Base. Among them, Kaiyang Industrial Base has a new ferric phosphate capacity; Qinzhou Industrial Base has new smelting production lines and electrolytic nickel capacity. The verified gases included carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), nitrogen trifluoride (NF₃), perfluorocarbons (PFCs), and hydrofluorocarbons (HFCs).

GHG Emission Data of CNGR

Indicator	Unit	2020 (Base Year)	2022	2023
Total Scope 1 emissions	tCO ₂ e	42,961	62,370.87	161,120.78
Total Scope 2 emissions	tCO ₂ e	317,911	529,292.07	402,811.58
Total Scope 3 emissions	tCO ₂ e	2,494,781	3,937,758.32	4553,325.08
Total emissions	tCO ₂ e	2,855,653	4,529,421.27	5,117,257.44
Scope 1 and 2 emission intensity	tCO ₂ e/t product	3.77	2.54	1.96
Scope 3 emission intensity	tCO ₂ e/t product	26.04	16.87	15.85

Compared with the base year

Scope 1 and Scope 2 carbon emission intensity drops by

48.01%



Reducing Ecological Footprint

Recycling Actions

CNGR gradually carries out resource recycling management from the three major modules of product design, production, scrap, and battery recovery to realize a closed loop of materials, striving to become a benchmark enterprise for sustainable development in the industry.

2022	Launching the construction of an environmental management system Strengthening the construction of resource recycling projects	Completed
2023	Improving the environmental management system Setting targets for water use efficiency Starting the construction of a certification system for recycled materials	Completed
2024	Initiating product water footprint check Strengthening the construction of waste and battery recycling systems	
2025	The recycling rate of water resources in domestic industrial bases is expected to reach 70% or above Setting targets for the use of recycled materials	
2030	Establishing a sustainable benchmark as the industry's leading enterprise	

Use of Renewable Resources

In the whitelists of "recycling" and "cascade utilization" of waste power storage batteries released by the Ministry of Industry and Information Technology, CNGR actively implements the national strategic policy of vigorously developing a circular economy. In 2023, the battery recycling production line of Guizhou Industrial Base was continuously improved and expanded. The projects of ternary batteries, lithium iron phosphate batteries, lithium recovery from black mass, and battery-grade lithium carbonate were completed and put into operation. An integrated facility combining battery recycling pre-treatment and battery metal regeneration was completed. Through continuous adjustment, the battery metal yield and processing cost are continuously optimized to give full play to social and economic values. In addition, CNGR launched the construction of ISO

14021 and UL 2809 recycled material certification systems in 2023.

In 2023, CNGR's amount of batteries recycled was 183,000 kWh. The recycling channels include battery factories, OEMs, and their after-sales dealers, bus groups, dismantling plants, leasing operation platforms, etc. More than 100 recycling service stations were jointly built and shared, covering key cities in China where new energy vehicles are sold. The main cooperative application fields of cascade utilization are low-speed power, small-scale energy storage, street lamps, electric tools, etc. CNGR's self-owned cascade utilization products include battery-swapping two-wheelers, street lamps, portable energy storage, etc. in factories and parks.

Board of Directors. As the highest responsible person of the Work Safety Committee, the Chairman (and President) shall preside over the daily work of the Work Safety Committee, examine, review, and sign the reports and other important documents of the Work Safety Committee, and check the implementation of the resolutions and suggestions of the Work Safety Committee.

CNGR conducted water risk assessments before site selection, during the construction process, and throughout the production stages to ensure that the Company's production operations do not impact the management and use of surrounding water resources. Developed

Water Stress

Water is a necessary resource in product production. CNGR is committed to using water resources responsibly and sustainably, improving water resource recycling, reducing the amount of water withdrawn from the environment, and reducing its negative impact on the ecological environment. **We promise that our overall water recycling rate of domestic industrial bases will reach 70% or above by 2025.**

The EHS Department is responsible for formulating water resource strategies and conducting the performance assessment of water resource management. It reports the final management strategies and assessment results to the Work Safety Committee under the

by CNGR through *WRI (World Resource Institute), Aqueduct™ Water Risk Atlas*, an open tool, is used to assess quantitative physical risks (e.g. baseline water stress, inter-annual changes, seasonal changes, drought risks, etc.) and qualitative physical risks (e.g. untreated sewage, coastal eutrophication potential, etc.) and monitor reputational risks (e.g. drinking water issues, hygiene issues, etc.) related to water stress in various industrial bases of CNGR in China under the current scenario. The result shows that Ningxiang Industrial Base and Kaiyang Industrial Base are at medium-to-low risks, while Qinzhou Industrial Base and Tongren Industrial Base

are at medium-to-high risks. CNGR carries out water resources risk assessment once a year, focusing on assessing whether domestic industrial bases will bring adverse effects to nearby water intake areas. As of the end of this reporting period, all domestic industrial bases are not located in or close to water conservation areas, and no negative impacts on local river basins due to water intake and drainage have ever occurred. At the same time, according to the assessment results, with actual control measures adopted by related plants, the production and operation of industrial bases at medium-to-high risks have not been significantly affected.

In recent years, CNGR has been carrying out water conservation actions throughout all production processes and technical workflows, reducing water consumption in all production and operation processes through energy-saving technological upgrades, recycling, and other means. In 2023, CNGR carried out a series of water conservation projects:

Distilled Water Reuse:



Kaiyang Industrial Base applied a "pretreatment + membrane processing + MVR distillation system" to treat wastewater (washing water and mother liquor). The water produced from the membrane processing can be returned to the system for further use. Concentrated water, after the MVR distillation system treatment, can form condensed water for complete recovery and reuse. This effort can achieve zero wastewater discharge.

Rainwater Recycling:



Qinzhou Industrial Base collected rainwater for slag flushing in the smelting process to reduce the consumption of water resources.

CNGR has always placed great emphasis on managing the water consumption per unit of product and makes active efforts to reduce it by monitoring the water footprint. In FY 2023, CNGR's water consumption per unit of product was 6.19 cubic meters per ton of product, which is a slight increase from 2022. CNGR plans to initiate a product water footprint inventory in 2024. As a midstream enterprise in the new energy industry chain, CNGR not only takes stringent internal water-saving initiatives but also actively commits to promoting water conservation among upstream suppliers on the supply chain, driving projects to save water and reduce water usage throughout our supply chain. In 2023, CNGR's total withdrawal of fresh water was recorded at 4,558.56 megaliters, while the volume of water recycled reached 6,997.25 megaliters, resulting in a water recycling rate of 60.55%, an increase of 10.88% compared to 2022. In the same year, the total water consumption per million CNY of revenue of CNGR was 51.91 cubic meters. Additionally, in 2023, CNGR achieved a total water saving of 16,200 cubic meters, accounting for 0.14%, with a water-saving intensity of 0.47 cubic meters per million CNY of revenue.

In our effort to reduce water resources stress in the production and operation areas, the standards we follow to supervise and dispose of

Washing Water Reuse:



Tongren Industrial Base launched a technology transformation project to realize a treatment process involving "coagulation + precipitation + carbon filtration + ceramic membrane ultrafiltration" to enable the reuse of regenerated wastewater in sulfuric acid preparation. This initiative reduces the consumption of concentrated sulfuric acid and pure water. The project was completed in April 2023, enabling a total reuse of 4,751m³ of washing water from April to December.

Production Water Reuse:



Ningxiang Industrial Base actively carried out a production water reuse project. Since the launch of the project, the average daily water consumption in 2023 had decreased by 25% compared with that in 2022, and as of the fourth quarter of 2023, the reuse water usage rate had increased to 97.1%.

wastewater and reduce its impact on the environment are above the national ones. The specific measures are as follows:

First, we have strictly implemented the rainwater and sewage diversion system. The production wastewater will be processed with our wastewater treatment facilities in the environmental protection plant area. The wastewater will not be discharged before reaching the standard and will never be directly discharged into sewage pipes and rainwater pipes.

Second, an online monitoring system for wastewater discharge is installed and networked with competent ecology and environmental protection departments to transmit the monitoring results in real-time. The specific requirements are implemented as per the regulations of competent ecology and environmental protection departments.

At last, before discharging wastewater, we monitor nine indicators of wastewater, including nickel, cobalt, manganese and their compounds, ammonia-nitrogen compounds, COD, and PH value, to ensure the compliant discharge of wastewater. Our emission standard is subject to the *Emission Standards of Pollutants for Inorganic Chemical Industry GB 31573-2015*.

CNGR's Water Resources Management Data

Indicator	Unit	2021	2022	2023
Total water intake	ML	4,192.93	3,707.22	4,558.56
Surface water withdrawal	ML	678.37	1,291.32	2,821.58
Underground water withdrawal	ML	0.00	0.00	0.00
Water withdrawal from third-party facilities	ML	3,514.56	2,415.89	1,736.98
Volume of reused water resources	ML	-	4,460.58	6,997.25
Water recycling rate	%	-	54.61%	60.55%
Total volume of water discharge	ML	2,710.04	2,307.27	2,779.48
Volume of water discharged to surface water	ML	0.00	469.43	1,302.81
Volume of water discharged to third-party facilities	ML	2,710.04	1,837.85	1,476.67
Total volume of water consumption	ML	1,482.89	1,399.94	1,740.97
COD emissions	t	-	41.69	46.24
Water consumption per unit of product	m ³ /t product	7.81	6.00	6.19
Economic intensity of total water consumption	m ³ /million CNY	73.88	46.14	51.91

Environmental Management System and Compliance

We strictly abide by the requirements of the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, and other relevant laws and regulations, formulate internal policy documents related to environmental management, and require all industrial bases to regularly review the operation of environmental management systems.

To ensure that the environmental impact of CNGR's operations and production is minimized, CNGR plans to incorporate environmental management data performance into the short-term incentive plan for the Company's managers and leadership team in 2024, thereby reinforcing senior management's focus on environmental management tasks.

CNGR has established a comprehensive *Environmental Protection Management System* that covers the entire company and its production bases in strict accordance with legal and regulatory requirements and with reference to the ISO 14001 Environmental Management System standards. With the principles of "whoever is in charge shall take the responsibility" and "double duties for one post", an environmental responsibility system with accountability at each level is implemented. As of the end of this reporting period, CNGR's industrial bases in Tongren, Ningxiang, Qin Zhou, and Kaiyang have all obtained the ISO 14001 Environmental Management System certification. The number of certified bases now accounts for 100% of all operational bases.

In terms of environmental management, CNGR regularly monitors and audits the environmental quality and pollution sources across all bases. Audit and monitoring frequencies are established on an hourly or daily basis, depending on the severity of emissions and pollutants. During

the reporting period, all monitored projects demonstrated compliance across various environmental indicators, including atmospheric quality, surface water conditions, groundwater conditions, environmental noise levels, and soil quality. Going forward, CNGR will conduct biannual audits and assessments of toxic emissions and waste at all production bases and operational sites in the framework of its internal environmental management evaluation system. Any non-compliance identified at production bases or in production processes will be met with corrective actions.

Moreover, CNGR's industrial bases have undertaken relevant transformation projects for environmental protection and energy conservation, aiming to reduce the company's environmental impact and achieve the goal of protecting the ecological environment:

The water spray technology transformation project of the Tongren Industrial Base is designed to reduce the use of pure water. It reduces the daily use of pure water by 200 m³, lowering the reverse osmosis load and costs. Meanwhile, the optimized operation of drying machines has reduced steam consumption by 20%.

The recycling of spent activated carbon and iron slag from cobalt production lines at the Qin Zhou Industrial Base has resulted in the reuse of a total of 188.34 tons of activated carbon and 1,372.11 tons of iron slag, enhancing resource utilization efficiency and saving waste disposal costs.

The water curtain dust remover transformation project of the Kaiyang Industrial Base significantly reduces the risk of exceeding the waste gas emission limit in the online monitoring system and is expected to achieve an estimated cost reduction of 1.6 million CNY within three years.

Environmental Performance Data of CNGR

Indicator	Unit	2021	2022	2023
Number of penalties for environmental incidents	Time(s)	-	0	0
Total amount of fines for environmental accidents	10,000 CNY	-	0	0
Pass rate of environmental monitoring	%	-	100	100
Environmental complaints from customers and related parties	Case(s)	-	0	0

Indicator	Unit	2021	2022	2023
NO _x emissions	kg	-	15,845.71	69,798.74
SO _x emissions	kg	-	841.21	33,246.20
Persistent organic pollutants (POPs)	kg	-	0.00	0.00
Volatile organic compounds (VOCs)	kg	-	2,192.91	4,354.26
Hazardous air pollutants (HAPs)	kg	-	387.78	1,494.10
Particulate matter (PM)	kg	-	13,732.58	61,376.72

Waste Management

We strictly abide by the laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise, and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, and adopt strict classification and control measures for solid waste management: We recycle general waste to make them resources that can be used in production or sold externally, thus maximizing their value; We manage hazardous waste in a standardized manner, strictly adhering to the "classified collection + classified storage + classified disposal" model to avoid environmental safety incidents such as the emission of toxic gases or explosions caused by the contact of hazardous waste with each other; We also recycle some recyclable hazardous waste for production.

The hazardous waste management method is as follows:

- At the end of each year, collect and summarize the expected annual amount of hazardous waste generated by each workshop/department, as well as the hazardous waste generation status of new, reconstruction, and expansion projects, to predict the types and total amount of hazardous waste that may be generated the following year. Contact the procurement department in advance to find qualified waste disposal organizations, sign annual contracts, and document relevant qualifications and transportation operator qualifications for record-keeping. If there is any generation of the type of hazardous waste that is not included in the management plan in the following year, report it to the local environmental protection authority, submit an application to modify the management plan, and include that type of hazardous waste in the management plan to ensure compliant disposal.
- Assign responsibilities to manage the classification and collection of solid waste. According to the classification standards for solid waste and based on actual circumstances, set up appropriate types of containers on-site, conduct classified and zoned collection of waste, and put up labels with the names of the respective waste types.
- Construct a standardized warehouse for the temporary storage of hazardous waste. Promptly transfer the hazardous waste generated in each workshop to the hazardous waste warehouse and store them according to their classifications. The warehouse should be equipped with appropriate emergency supplies. Inspect the warehouse regularly to ensure that no accident involving hazardous waste polluting the environment occurs.
- Implement safety protection and pollution prevention and control measures during transportation operations. After internal transportation is complete, inspect and clean the transportation route to ensure no spilled hazardous waste along the route. Clean the transportation tools as well. Additionally, personnel involved in hazardous waste collection and transportation operations should be equipped with necessary personal protective equipment as required for their work.
- The EHS department should entrust the disposal of all hazardous waste to organizations holding a business license for the disposal of the corresponding types of hazardous waste, sign relevant contracts with the disposal organizations, and obtain transfer manifests as required.
- The company should develop a contingency plan for hazardous waste accidents. The plan should clearly outline the emergency organizational structure, emergency response procedures, environmental risk identification procedures, and appropriate accident prevention measures. Emergency accident training and drills should be conducted regularly to effectively prevent incidents of hazardous waste polluting the environment.

CNGR's Solid Waste Discharge Data

Indicator	Unit	2021	2022	2023
Total waste amount (excluding domestic waste)	t	14,550.31	32,924.76	74,117.62
Quantity of hazardous waste produced	t	726.21	1,738.74	2,785.89
Quantity of general industrial waste produced	t	13,824.10	31,186.02	71,331.74
Total quantity of waste recycled	t	14,333.56	714.71	17,441.20
Quantity of hazardous waste recycled	t	986.33	80.61	233.26
Quantity of general industrial waste recycled	t	13,347.23	634.10	17,207.94
Waste disposal amount	t	-	31,044.90	49,818.24
Hazardous waste disposal amount	t	-	1,640.25	2,529.27
Quantity of general industrial waste disposed of compliantly	t	-	29,404.65	47,288.98
Hazardous waste disposal amount per ton of product	t/t product	-	0.01	0.01
General industrial waste disposal amount per ton of product	t/t product	-	0.13	0.17

CNGR attaches great importance to waste discharge management. The Safety and Environmental Protection Center is responsible for waste discharge management, the EHS Department is in charge of environmental management strategy and performance assessments. The center and the department finally report to the Work Safety Committee at the level of the Board of Directors. The Chairman, as the highest responsible person of the Committee, is responsible for overseeing the final management strategy and the work of performance assessment and supervision.

CNGR pays close attention to the harmful and non-harmful waste generated during business operations and their disposal processes. It strictly manages and disposes of waste in accordance with relevant laws and regulations and the Company's Prevention and Control Management System of Waste Gas Pollution. It monitors and manages the production of waste gases to ensure compliance with emissions standards and minimize environmental impact. Meanwhile, the Company has formulated a Plan to Reduce Toxic Emissions and Waste in Core Business Operations. It has also optimized gas treatment solutions for various domestic industrial bases through projects such as "new dust removal" and "recycling of ammonia gas". These efforts are aimed at reducing the generation of hazardous waste. Starting from the end of 2023, the Qinzhou Industrial Base has implemented a desulfurization technology upgrade for the impoverishment furnace, successfully reducing the SO₂ emission concentration from 400mg/m³ to 100mg/m³.

Waste Gas Discharge Limits

Waste gas control indicators	Unit	2023
Emission concentration of NH ₃ in workshop waste gas	mg/m ³	≤ 20
Emission concentration of sulfuric acid mist in workshop waste gas	mg/m ³	≤ 20
Emission concentration of particulate matter in workshop waste gas	mg/m ³	≤ 30
Emission concentration of nickel and its compounds in workshop waste gas	mg/m ³	≤ 4
Emission concentration of manganese and its compounds in workshop waste gas	mg/m ³	≤ 5
Emission concentration of cobalt and its compounds in workshop waste gas	mg/m ³	≤ 5

CNGR's Waste Gas Discharge Data

Indicator	Unit	2021	2022	2023
NO _x emissions	kg	-	15,845.71	69,798.74
SO _x emissions	kg	-	841.21	33,246.20
Persistent organic pollutants (POPs)	kg	-	0.00	0.00
Volatile organic compounds (VOCs)	kg	-	2,192.91	4,354.26
Hazardous air pollutants (HAPs)	kg	-	387.78	1,494.10
Particulate matter (PM)	kg	-	13,732.58	61,376.72

Biodiversity

Biodiversity Conservation Action

The conservation of biodiversity is of strategic importance for the long-term and sustainable development of CNGR. CNGR will gradually carry out biodiversity conservation work that transitions from point-focused efforts to a more comprehensive approach.

2022	Issue a statement of commitment to biodiversity conservation	Completed
2023	Carry out biodiversity risk assessment at domestic operation sites Carry out pilot biodiversity conservation work at the Indonesian Base of CNGR	Completed
2024	Develop a CNGR biodiversity conservation system Expand the biodiversity conservation pilot area	
2025	Establish strategic goals and management methods for CNGR's biodiversity conservation work Collaborate with non-governmental organizations (NGOs)/international initiatives to initiate biodiversity conservation efforts Implement the Taskforce on Nature-related Financial Disclosures (TNFD) disclosure framework	
2030	Release reports based on the TNFD disclosure framework	

The recovery and restoration of all habitats for biodiversity conservation are of global significance and are among the core pillars of the sustainable development strategy of CNGR. In the [ESG Policy of CNGR](#) publicly released in 2022, CNGR made a commitment to "minimize the impact of operations and production on biodiversity, comprehensively protect biodiversity and ecosystems near operation sites, avoid direct deforestation, refrain from conducting construction or production near important biodiversity conservation areas, support and comply with the United Nations Environment Programme's Convention on Biological Diversity, actively identify its own biodiversity risks, and promote a net positive impact (NPI) on biodiversity".

In 2023, CNGR used a biodiversity impact assessment tool to identify biodiversity risks at its domestic production and operation sites. The result shows that within a 5 km radius of the four domestic operation sites, there were no species listed in the Critically Endangered,

Endangered, or Near Threatened categories on the IUCN Red List of Threatened Species, nor were there any wild animals under Grade-I or Grade II conservation following the Wild Animal Conservation Law of the People's Republic of China or any terrestrial wildlife species under state protection that are beneficial, economically valuable, or of significant scientific research value.

Meanwhile, CNGR's Sustainability Office participated in the "ESG Action of Tsingshan Parks in Indonesia" in Indonesia Morowali Industrial Park (IMIP) and Indonesia Weda Bay Industrial Park (IWIP). From sharing development concepts to on-site research and practical activities, CNGR has collaborated with several industry-leading enterprises in seeking opportunities for green development.

04

Excellence and Win-win

Health Protection

High-quality Products

Community and Partnerships

This chapter is in response to:



Health Protection

Diversity and Inclusion Action

CNGR is committed to fully leveraging its capabilities to establish a comprehensive system covering human rights declaration, human rights protection policies, human rights training, and employee diversity programs and enhance the company's social impact and value.

2022	Develop and publicly disclose the CNGR Human Rights Policy	Completed. See the CNGR 2022 ESG Report
2023	Establish a sound reporting and oversight mechanism to protect whistle-blowers	Completed
2024	Conduct human rights protection training Expand employee communication channels and establish a process for receiving employee opinions and feedback	
2025	Initiate human rights risk assessment Develop a plan to enhance rights protection	
2030	Become a leading advocate for diversity within the industry	

Legal Employment

CNGR is committed to ensuring all its operations are free from modern slavery practices, refraining from the use of any form of forced or compulsory labor, prohibiting child labor, and zero tolerance for any discrimination, harassment, or infringement. The company respects employee freedoms, safeguards the legitimate rights of employees, and strives to create a diverse and equal environment.

Opposing Forced Labor:

Opposing Forced Labor: We have established the Management Procedures for Preventing Forced Labor, which prohibits the use of any servitude or forced labor, ensuring that employees engage in work or labor voluntarily.

Prohibiting Child Labor:

We have established the Remedial Procedures for Child Labor and Underage Workers, strictly adhering to the State Council's Regulations on Prohibition of Child Labor and other relevant laws and regulations. We are committed to carefully verifying the age of job applicants to prevent the use of child labor and taking remedial measures once we spot the use of child labor. Additionally, we are committed to supervising the labor practices of suppliers and subcontractors to avoid purchasing or receiving services from suppliers or subcontractors employing child labor.

Upholding Freedom of Association and Collective Bargaining Rights:

To strengthen social responsibility, show respect for employee freedoms, and safeguard the legitimate rights of employees, we have established the Management Procedures for Freedom of Association and Collective Bargaining Rights. All employees of the company have the legal right to freely establish and participate in labor unions and engage in collective bargaining. We have set up labor unions in various industrial bases and regularly organize exchange activities such as the congress of staff to ensure that employee representatives have the right to express views on matters related to social responsibility. We have also established and maintained a regular dialogue system to communicate with employee representatives, addressing matters of concern to employees.

Anti-Discrimination and Anti-Harassment:

We have developed the Anti-discrimination Management Procedure and the Anti-harassment and Abuse Management Procedure. We strictly comply with the Labor Law of the People's Republic of China, the Regulations on Economic Layoffs for Enterprises, and the Law of the People's Republic of China on the Protection of Rights and Interests of Women. We are committed to ensuring that all employees are not discriminated against at any level of the organization during the hiring process and throughout their employment. We respect each employee, protect their legal rights, and strive to maintain a work environment free from harassment and abuse.

Diversity and Equality:

We respect employees' fundamental rights, respect differences, embrace diversity, and firmly oppose discrimination against any employees on the grounds of race, religion, age, nationality, sexual orientation, gender, marital status, pregnancy, political affiliation, or disability. We are committed to eradicating discrimination in recruitment and employment, promoting local employment, adhering to the employment principles of equal pay for equal work and gender equality, safeguarding the minimum wage of employees, and protecting the legitimate rights of female workers. We are determined to ensure that all employees have access to fair job opportunities and advocate for a diverse and international workforce composition.

Legal Employment Data of CNGR

Indicator	Unit	2021	2022	2023
Signing rate of labor contracts	%	100	100	100
Illegal employment	Case(s)	-	0	0
Human rights violation proceedings	Case(s)	-	0	0

Note: See the ESG Key Performance table in the Appendix for staff composition.

Safeguarding Employee Rights and Interests

CNGR is committed to facilitating employee development. It helps employees to improve their skills by increasing investment in talent training. It strives to create a positive work atmosphere and a comfortable office environment, showing care for employees. By improving the welfare system, it aims to enhance employee happiness. Additionally, the company aims to increase salary competitiveness to attract and motivate outstanding talents.

Employee Development

CNGR is committed to strengthening the construction of talent echelons, providing employees with abundant career development opportunities and clear promotion channels. We have established three career development paths: management career path, professional career path, and technical career path. With the continuous improvement of the talent evaluation mechanism and promotion system, we aim to promote talent recognition, appointment, and development. Additionally, we actively tap into employees' potential, support personalized employee development, and formulate targeted employee development plans. Through training, job rotations, concentrated cultivation, and various other methods, we promote the enhancement of employees' capabilities to meet their career development needs.

CNGR conducts performance assessments openly, fairly, and regularly each year and integrates the assessments into the job promotion process to effectively identify outstanding talents and provide precise incentives. The assessments are conducted on a monthly, quarterly, semi-annual, and annual basis based on functional attributes and application phases, taking account of employees' work performance during the assessment period and key criteria to determine performance levels. Monthly and quarterly performance assessments are typically based on individual work objectives and completion status, while semi-annual and annual performance assessments employ methods such as job reporting, comprehensive evaluations, and talent reviews.

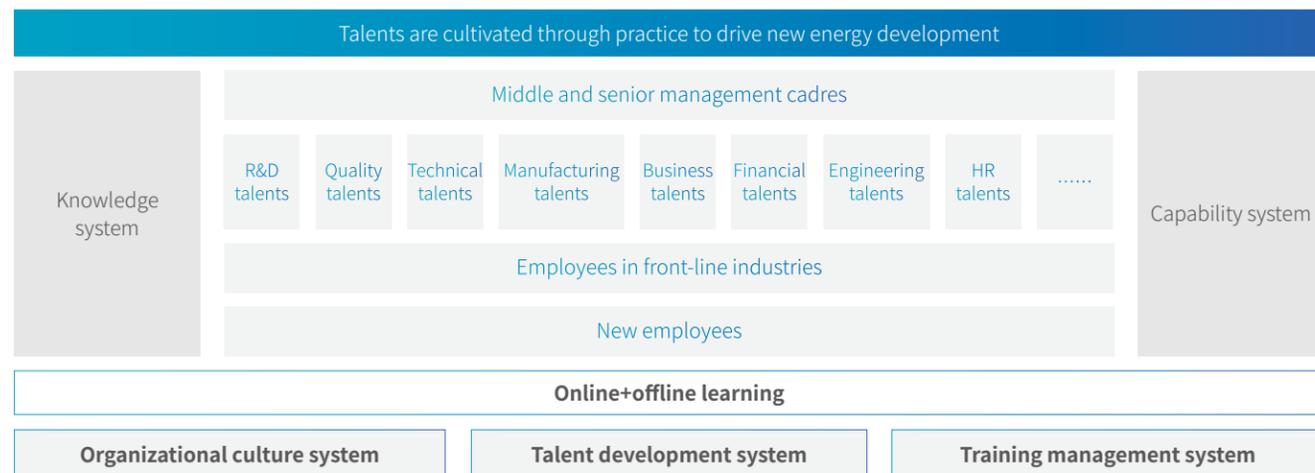
Employee Development Data of CNGR

Indicator	Unit	2021	2022	2023
Number of employees promoted	Person(s)	543	1,562	1,780
Number of vacant positions filled by internal candidates (internal recruitment)	Position(s)	-	1,536	3,455
Percentage of employees receiving regular performance and career development assessments	%	100	100	100

Employee Training

CNGR is committed to providing employees with diverse learning and development opportunities. The company has established and implemented various related systems and management methods such as the Training Management System, Instructor Management Measures, Course Management Measures, and Management Measures for Online Learning Platforms to tap into employees' potential fully. It has established employee training programs in categories such as training for management trainees, leadership empowerment for cadre personnel, online learning platforms, and specialized training (team leader training, workshop director training, English training, and skill level certification). These programs cover new employees, frontline staff, and employees in various departments including R&D, quality, technology, manufacturing, business, finance, engineering, and human resources departments, creating a high-quality training system.

During the reporting period, CNGR invested a total of 2.9962 million CNY in employee training and skill enhancement. The Company increased its training investment, expanded training channels, and enhanced the training effectiveness for new employees, existing staff, and newly promoted cadres. Using an "online + offline" training model, the Company regularly conducted new employee induction training sessions, achieving a training coverage rate of 100%. The induction training helped new employees quickly integrate into the Company and thoroughly understand the business operations and the value of their work. With a focus on overseas staff and personnel involved in international operations, the company collaborated with professional institutions to provide English training, nurturing an international talent pool. For middle-level and senior-level cadres, the Company organized the Special Training Camp for (Backup) Senior Executives in the Great Production System. It selected 33 cadres from the production system, trained them to be senior executives in the production system, and exported high-level talents to overseas bases. For fresh graduates, the Company organized the Eaglet Training Camp to enhance their professional conduct and work skills, assisting them in adapting to the workplace effectively.



Talent Training System of CNGR

Special Training Camp for (Backup) Senior Executives in the Great Production System

To actively implement the strategic development plan of "technology diversification, globalization, digitalization of operations, and industry ecologization" and prepare talent supply for business growth and overseas expansion, the company initiated the Special Training Camp for (Backup) Senior Executives in the Great Production System. With methods such as dual mentorship, project research, job rotation, and concentrated training, the training camp is designed to enhance the relevant knowledge, experience, skills, and leadership of the trainees and gradually establish a replicable model for developing backup executives within the organization.

2023 Eaglet Training Camp

The Eaglet Training Camp is held by the company annually as a young talent training program specially designed for fresh graduates. In July 2023, over 500 graduates from various higher education institutions across China gathered in Changsha and completed a two-week training course. They underwent shaping and tempering in various aspects such as cultural orientation, workplace etiquette, and character development. From awareness to behavior, they experienced a comprehensive professional transformation and embarked on a brand new journey at CNGR for their bright future.

Employee Training Data of CNGR

Indicator	Unit	2021	2022	2023
Total duration of employee training, including training on safety, human resources, knowledge, and skills	Hour(s)	41,611	215,815	399,952
Number of employees participating in training	Person(s)	14,328	157,357	389,258
Training time per capita	Hour(s)	10.12	20.78	29.00
Average training duration per employee per year —by base				
Tongren Industrial Base	Hour(s)	10.80	41.15	49.97
Ningxiang Industrial Base	Hour(s)	10.34	18.84	44.13
Qinzhou Industrial Base	Hour(s)	-	25.49	52.26
Kaiyang Industrial Base	Hour(s)	-	33.28	35.17

Employee Care

CNGR places importance on the working atmosphere and organizes various employee activities around the "sense of happiness, belonging, and achievement", including the CNGR Music Festival, CNGR Games, social networking events, parenting education seminars, new energy exploration tours for employees' children, and team-building activities. The Company also provides nursing rooms and conducts activities to help employees facing family difficulties, ensuring that employees feel cared for and valued by the Company.

In 2023, the employee satisfaction rate stood at 83.89%, showing a year-on-year increase of 2.56%. To further enhance employee satisfaction, the Company will formulate improvement action plans across various dimensions including job promotion, work communication, work environment, logistical support, cultural atmosphere, compensation and benefits, career development, and career planning. The Company will closely monitor and track the progress to ensure continuous improvement in employee satisfaction.

Holding the Fifth CNGR Music Festival

On the evening of September 12, 2023, the grand finale of the employee singing contest of the fifth CNGR Music Festival was officially held at the CNGR Qinzhou Industrial Base. The CNGR Music Festival serves not only as a stage to showcase employee talents but also as a vital platform to embody the hardworking spirit and striving style of CNGR employees. Since its inception in 2019, the festival has been held consecutively for five sessions, continuously singing in praise of CNGR's new progress. It serves as an essential stage for CNGR employees to showcase their talents and is a vital component of CNGR's culture.

Holding the 2023 CNGR Games

On November 17, 2023, the "Endless Sports, Unceasing Entrepreneurship — 2023 CNGR Games" grandly opened at the Qinzhou Industrial Base. More than 300 athletes from various centers, bases, and business departments formed eight competing teams and gathered in Qinzhou. They participated in a series of exciting games in which they strengthened their physical fitness through sports and achieved outstanding results on the field.

Holding "International Women's Day" Series of Activities

The Tongren Industrial Base organized a series of activities for International Women's Day with the theme "The Power of Women, Blooming in a Different Radiance". In the flower arrangement activity, romantic Roselle roses, warm pink carnations, and vibrant multi-headed roses filled the tables with a fragrance lingering in the air, signifying the vitality of spring.

The Ningxiang Industrial Base organized the "CNGR Happiness, Diligence, and Family" Parent-Child Relationship Seminar, inviting Mr. Yu Youming, a national second-level psychological counselor from the Ningxiang Psychological Counseling Association, to conduct a content-rich parent-child relationship course for nearly 100 female employees at the Ningxiang Industrial Base.

The Qinzhou Industrial Base, in collaboration with the Second People's Hospital of Qinzhou, held a knowledge lecture event titled "Caring for Women's Health, Building a Warm Home" at the base's lecture hall. They used straightforward and easy-to-understand language to explain how women should care for themselves through facts, examples, and other means, urging all female employees to pay attention to their health and embrace life together.

CNGR New Energy Exploration Tour

The "New Energy Exploration Tour" summer study activity is an ongoing and key educational public welfare event that the company emphasizes. It aims to provide a platform for science popularization and study, increase children's understanding of new energy materials, and spread the concepts of energy conservation, environmental protection, green and low-carbon initiatives, and sustainable development to young minds. This initiative aims to pass on the dream of a green future from generation to generation. On August 19, 2023, CNGR's Ningxiang and Qinzhou Industrial Bases launched this themed summer study activity simultaneously. Nearly 200 parents and children participated in the activity. They visited the CNGR Global R&D Center and CNGR Science and Technology Museum, immersing themselves in an extraordinary "New Energy Exploration Tour".

Employee Compensation

To improve the compensation system, enhance compensation competitiveness, make the compensation incentive structure more reasonable and scientific, and achieve the goal of attracting, motivating, and retaining outstanding talents, CNGR has formulated and put into effect the Compensation Management System. The company adopts a competitive and differentiated compensation incentive strategy to build a comprehensive compensation system based on "basic salaries + annual performance bonuses + excess profit sharing + stock incentives + welfare benefits".

The leadership of the Company receives compensation and incentives based on the Company's Compensation Management System and Detailed Rules for Annual Business Incentives. These comprehensive policies cover various dimensions, such as the basic annual salary, excess profit sharing, stock incentives, and welfare benefits. Both the compensation policy and proposals have undergone review by the Nomination, Remuneration, and Appraisal Committee.

The Company implements differentiated incentive policies for different employees, including regular promotion and salary adjustments, stock incentives, profit sharing, etc.

Promotions and salary adjustments: A mid-year round and an annual round of promotions and salary adjustments are conducted each year to meet the employees' needs for career development and income growth.

Stock incentives: The company offers restricted stock incentive plans to employees now and then. In July 2023, a total of 7.86 million shares were granted to 1,478 employees.

Profit sharing: The company has established a dedicated operational incentive sharing scheme, extracting a portion of its annual net profit as special bonus incentives for key employees.

Employee Compensation Data of CNGR

Indicator	Unit	2021	2022	2023
Annual total compensation ratio				
The ratio of the annual total compensation of the highest-earning individual to the annual total compensation median of all employees (excluding the highest-earning individual)	-	-	-	2,982%
The ratio of the percentage increase in the annual total compensation of the highest-earning individual to the median percentage increase in the annual total compensation of all employees (excluding the highest-earning individual)	-	-	-	1,673%

Indicator Description:

- 1 Employees who joined or left halfway through the year are excluded as they did not receive full-year income at the company;
- 2 Compensation includes: Total post wages, seniority allowances, high-temperature subsidies, skill allowances, meal subsidies, assignment allowances, and year-end bonuses;
- 3 The highest-earning individual title is: Vice President.

Health and Safety Action

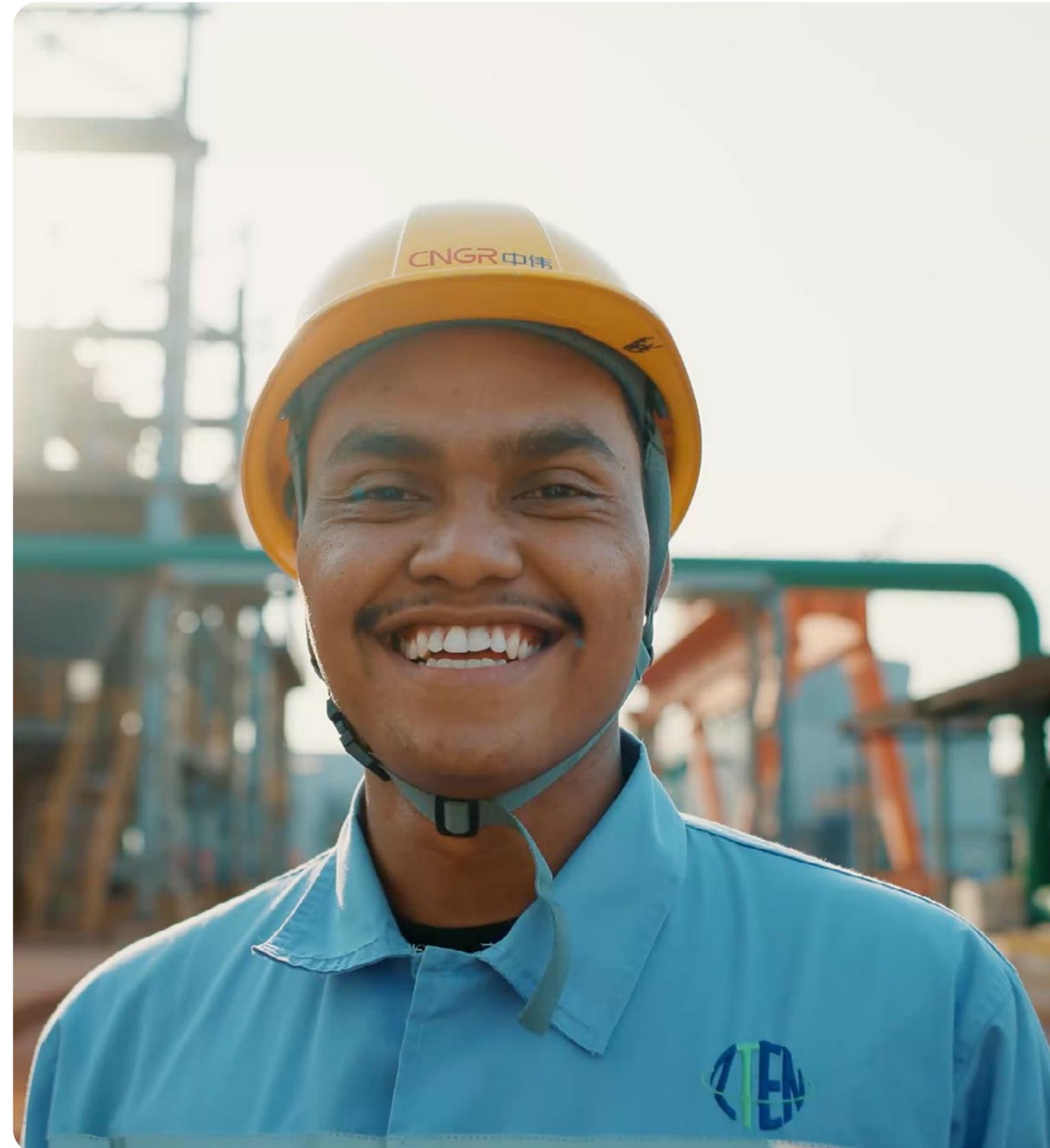
CNGR has established a headquarters EHS governance structure to enhance the occupational health and safety system, develop EHS improvement plans, strengthen occupational health and safety training, and ensure employee safety.

2022	Establishment of the ESG Policy of CNGR Set relevant objectives for employee health protection	Completed. See the CNGR 2022 ESG Report
2023	Optimize and enhance the EHS governance framework Formulate the ESG Policy of CNGR	Completed
2024	Refine the occupational health and safety training system Optimize the EHS regulatory framework and process system	
2025	Continuously optimize the EHS regulatory schemes across all bases worldwide	
2030	Establish a high-level occupational health and safety system	

Occupational Health and Safety

CNGR always prioritizes production safety, remains committed to providing employees with a safe and healthy working and living environment, and strives to formulate and adhere to the occupational health and safety policy of "respecting life as the top priority, adhering to the original intention of green development, scientific prevention, comprehensive EHS governance with full participation, and building a better life for humanity", along with nine core EHS principles.

Nine core EHS principles of CNGR		
All accidents are preventable	Prevention is better than remediation	EHS achievements stem from design, management, and responsibility
I am responsible for the tasks, areas, and positions assigned to me	Everyone must take responsibility for their own and others' safety	Managers at all levels must personally participate in safety inspections, and all hazards must be rectified promptly
All employees must undergo EHS education and training to be qualified for their positions	Action speaks louder than words; Do not talk in empty words	Long-term safety ensures enduring stability



CNGR continuously perfects the construction of its occupational health and safety management system, strictly adheres to relevant laws and standards such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Provisions on the Administration of Occupational Health at Workplaces, Technical Specifications for Occupational Health Surveillance, Standards for Occupational Health Record Management, and Warning Signs for Occupational Disease Hazards in the Workplace, and conducts regular compliance evaluations. The Company has formulated the EHS Management Manual and the Production Safety Responsibility Management System, standardizing internal processes for occupational health and safety management, with responsibilities for production safety clearly defined horizontally and vertically across all departments.

CNGR has established a Production Safety Committee (referred to as the Safety Committee), with the Chairman serving as the Director of the Safety Committee, non-independent directors as Deputy Directors, and other leadership members such as Vice Presidents, Chief Experts, President Assistants, and heads of various level 1 departments as committee members. If a leadership member concurrently serves as the head of a level 1 department, no other person in that level 1 department should be appointed as a member of the Safety Committee. The Safety Committee is responsible for deploying, coordinating, and guiding the overall EHS work of the company and researching solutions to significant EHS issues.

The company's Safety Committee has set up a Production Safety Committee Office (referred to as the Safety Committee Office) as its daily administrative body responsible for handling specific affairs related to the Safety Committee. The Director of the Safety Committee Office is concurrently held by the Director of the President's Office. All centers, bases, and subsidiaries of the company accept the comprehensive leadership, supervision, and inspection of production safety work by the company's Production Safety Committee.

We are committed to always prioritizing the health and safety of our employees, contractors, and other stakeholders, protecting the environment, building a harmonious enterprise, and achieving sustainable development. In 2023, the industrial bases of CNGR in China fully passed the GB/T 45001 and ISO 45001 occupational health and safety management system certifications.



Organization Chart of Safety Committee of the Company

with a rectification rate of 98% on schedule. The on-site occupational health and safety management was improved.

In order to guarantee the smooth operation of the occupational health and safety management system and the implementation of various occupational health and safety management regulations, each industrial base of CNGR establishes annual objectives for occupational health and safety management and continuously tracks and monitors the objectives to ensure their achievement. In 2023, the achievement rate of annual occupational health and safety objectives for each industrial base of CNGR reached 100%.

CNGR attaches importance to and safeguards the physical and mental health of employees, strengthens occupational disease prevention and control, effectively controls occupational diseases, and prevents employment risks. The Company carries out pre-job, on-the-job, and off-job occupational health examinations for all employees. It strictly keeps the personal health information of employees confidential and designates special personnel to establish personal monitoring files and ledgers for employees. Summary reports and results of each physical examination shall be extracted and filed by special personnel. Personal files are kept confidential in the form of controlled documents, and non-employees are not allowed to look up them. During the reporting period, the number of occupational disease events in CNGR was zero.

Production Safety Management

CNGR consistently upholds the concept of safety production, continuously strengthens hazard prevention and control, and actively implements a dual prevention mechanism of hierarchical risk management and hazard investigation and control. The Company has established and introduced the Hazard Identification and Risk Assessment Management System, conducting hazard identification for all of its operation and activity sites annually. The Company uses the LEC risk assessment method to determine the risk level of identified hazards and implements risk control and emergency measures to eliminate or reduce risks. Meanwhile, the company has formulated the Hazard Investigation and Control Management System, ensuring comprehensive hazard investigation and clear accountability. The company combines regular inspections with daily checks, specific inspections with comprehensive checks, and routine inspections with focused inspections, guaranteeing thorough coverage and timely identification without leaving blind spots.

In 2023, a total of 3,600 occupational health and safety hazards were inspected in Tongren Industrial Base, with a rectification rate of 100% on schedule; A total of 3,599 hidden hazards were inspected in Ningxiang Industrial Base, with a rectification rate of 98% on schedule; A total of 7,761 occupational health and safety hazards were inspected in Qinzhou Industrial Base, with a rectification rate of 99% on schedule; A total of 1,608 potential safety hazards were inspected in Kaiyang Industrial Base,

Cross-check of EHS Management

In order to comprehensively standardize the Company's EHS management, effectively prevent and resolve major risks, prevent accidents, reduce losses, and strengthen the interactive exchange of EHS management experience among various units, CNGR organized its four domestic industrial bases and the Two Academies of China to carry out EHS cross-check through quantitative assessment for the first time in one calendar month from November 28 to December 22, 2023.

According to the inspection requirements and the work arrangement of each unit, there were 6 professional inspection teams. The leader in charge of safety and environmental protection and the EHS director of each base served as the team leader and deputy team leader via cross-appointment. In order to ensure the quality and professionalism of the inspection, each inspection team transferred 22 professionals in safety, environmental protection, equipment, and production, with a total of 130 man-days. The cross-check mainly focused on the implementation of safety and environmental protection responsibilities, compliance with safety and environmental protection, site operation management, equipment and facility management, and environmental protection management.

Finally, each inspection team sorted out and output the inspection results, such as the Summary Report of Cross-check on EHS Management, List of Problems in Cross-check, and Quantitative Assessment Form of EHS Management, making full preparation for subsequent analysis and improvement.

Work Safety Management Data of CNGR

Indicator	Unit	2021	2022	2023
Amount of work safety investment	10,000 CNY	-	4,326.03	5,326.96
Number of work safety accidents	Case(s)	41	82	59
Number of work-related deaths	Person(s)	0	0	0
Number of regular employees' deaths due to production accidents	Person(s)	0	0	0
Number of contractual employees' deaths due to production accidents	Person(s)	0	0	0
Lost time injury frequency rate of employees (per 200,000 hours)	%	0.72	0.89	0.53
Number of occupational disease events	Case(s)	0	0	0

Safety Culture Development

CNGR attaches great importance to the development of safety culture and insists on carrying out continuous occupational health and safety training to enhance employees' awareness of occupational health and safety. Each industrial base formulates an annual safety training plan and carries out occupational health and safety training on schedule. The training contents include three-level safety education, job transfer and resumption, special operations, hazard source training, and fire safety knowledge.

The Company realizes diversified training forms and no longer relies solely on traditional classroom teaching. At the base level, it carries out training in the forms of centralized face-to-face teaching, online courses, and examinations, while at the factory level, it organizes training through pre-shift meetings, in-shift walk-around training, regular emergency drills and training, spot checks, and on-site oral

transmission. Diversified training forms not only save training costs but also facilitate learners' participation. The combination of training content with the actual needs of learners significantly improved the effectiveness of training.

Each industrial base of the Company regularly carries out emergency drills to improve the ability to deal with emergencies and coordinate emergency responses; enhance employees' safety awareness, promote safety culture development, curb all kinds of accidents, and escort the work safety of the Company.

In 2023, CNGR's domestic industrial bases carried out 5,150 occupational health and safety training sessions, with a cumulative number of trainees of 29,296; these bases conducted 136 emergency drills, with a cumulative number of participants of 1,947 and average safety training duration of 20.54 hours.

Conducting a Series of Activities for Work Safety Month

With the theme of "everyone pays attention to safety and everyone can respond to emergencies", June 2023 marks the 22nd "Work Safety Month" in China. All departments and workshops of CNGR's four domestic industrial bases extensively carried out a series of work safety month activities to actively promote all employees to firmly establish the concept of safe development, fulfill their responsibilities for work safety, thoroughly investigate potential safety risks, make solid progress in rectifying safety problems, consolidate the defense line for work safety, jointly create safe, harmonious, and progressive production environment and atmosphere, and ensure the Company's high-quality development.



High-quality Products

Responsible Product Creation Action

Adhering to the quality concept of "technology changes the world and quality determines the future", CNGR focused on product development and product quality to create a high-quality product model in line with CNGR.

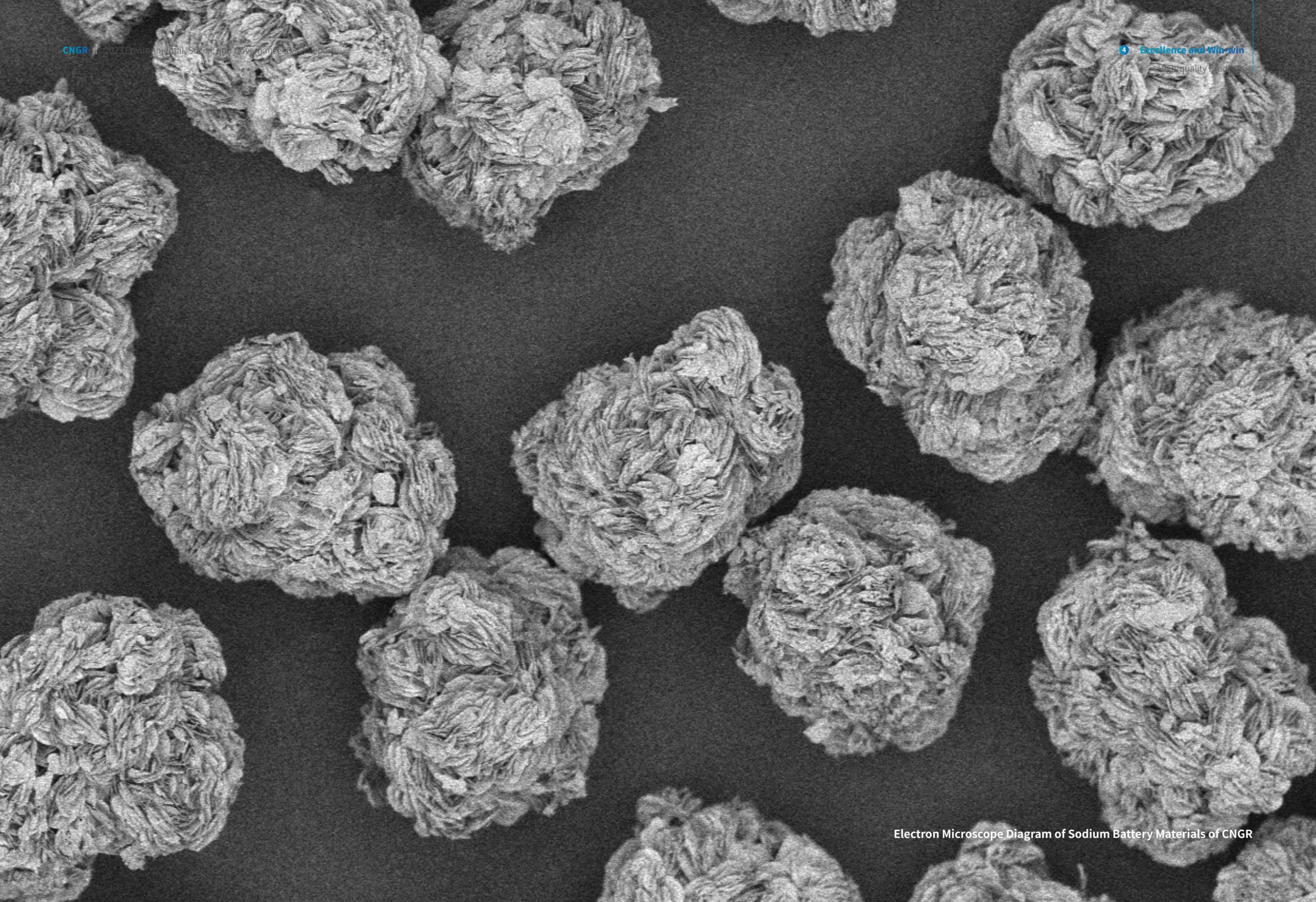
2022	Initiate the formulation of a chemical safety management system Improve the quality management system of CNGR	Completed. See the CNGR 2022 ESG Report
2023	Establish and improve the chemical management system Carry out product life cycle management Conduct product carbon footprint verification	Completed
2024	Continuously expand the scope of product life cycle management and carbon footprint verification	
2025	Issue the product life cycle evaluation report Publish the product carbon footprint report Gradually enhance customer satisfaction	
2030	Achieve global industry leadership in responsible products	

R&D and Innovation

CNGR attached great importance to the management of R&D and innovation, established a sound internal R&D and innovation management system, and compiled multiple systems such as the Acceptance Standards for Semi-finished Products/Finished Products, the Commissioning Management System for R&D New Products and the Management System for Independent R&D Projects to ensure the effective organization and successful implementation of various R&D work. By summarizing the advantages and disadvantages of precursor R&D and innovation, CNGR Research Institute improved and perfected its project management methods in a targeted manner according to the expansion direction of the current organization and business. The integrated project management method was adopted to extend the management scope from precursor evaluation to cathode and battery cell evaluation horizontally and from single product development to raw material system development, equipment development, and testing development vertically.

In order to create a good atmosphere for scientific and technological innovation, the R&D and innovation projects were assessed and encouraged in stages according to the preliminary objectives and plans, so as to provide R&D guarantee, encourage R&D technicians to continuously innovate, and give them full room for growth and improvement.

As an important driving force and core competitiveness for the Company's long-term development, the R&D and innovation capability also serves as a crucial foundation for the Company to move towards high-quality development and sustainable development. CNGR has invested heavily in R&D and innovation. In 2023, CNGR's investment in innovation and R&D reached 1.044 billion CNY, an increase of 12.31% over 2022, accounting for 3.05% of its revenue.



Electron Microscope Diagram of Sodium Battery Materials of CNGR

External Cooperation

CNGR actively communicates and cooperates with well-known universities, research institutions, industry associations, and other external organizations at home and abroad. In 2023, CNGR carried out in-depth cooperation with well-known domestic universities such as the University of Science and Technology of China and Central South University to strengthen complementary advantages.

It conducted industry-university-research cooperation with the University of Science and Technology of China on the project "Development of Cathode Materials and Precursors for Sodium-ion Batteries". On the premise of meeting the capacity requirement, long-cycle sodium battery cathode materials and relevant precursors were developed to solve the common problem of poor cycling performance in the industry.

CNGR carried out industry-university-research cooperation with Central South University on the project "Research on Recycling Technology of Waste Ternary Lithium-ion Batteries". It completed the development of processes for impurity removal of black mass nickel-cobalt-manganese leach solution, lithium enrichment of lithium-containing high-concentration sodium sulfate solution, and preparation of high-purity lithium liquid, improved the comprehensive recovery rate of lithium from waste ternary lithium-ion batteries, and reduced the recovery cost, thereby increasing the lithium recovery rate to 95%.

Highlights of R&D Achievements

Through a sound R&D and innovation management mechanism and strong external resource support, CNGR has formed a joint force to continuously stimulate its innovation vitality and improve its R&D level. With the expansion of the Company's business layout, its R&D direction has expanded from the R&D and manufacturing of core cathode and precursor materials for traction

Innovation in Control Technology of Ternary Precursor Co-precipitation Synthesis Reaction

The underlying logic of co-precipitation synthesis precursors is complex. By establishing theoretical models and big data AI prediction correction coefficients, the Company has successfully upgraded the control logic of precursor synthesis to high-precision current input control, optimizing the control accuracy from 3-5% to 3%, reducing the frequency of process detection and manual adjustment from every one hour to every eight hours, cutting the number of data distortion points by about 90% compared with the previous level, and greatly improving the process stability. Taking the R&D workshop as an example, it is expected to reduce the production of ternary precursor re-dissolved materials by about 2.7 million CNY per month.

Optimization and Innovation of Tricobalt Tetraoxide Production Process

To address the problem of relatively low production capacity of existing high-voltage products above 4.50V, the preparation process is newly designed and developed by redesigning the particle growth model and combining it with new-generation uniform doping technology. The new process boasts the advantages of a short development cycle and uniform doping. At present, it has entered the stage of medium-scale testing and scale-up verification and the production capacity is expected to be increased by more than 20%.

Process Innovation for Copper Recovery by Electrowinning

At present, the oxygen pressure leaching solution of high-nickel matte in the production line uses iron powder to replace copper, and the recovery cost per ton of copper is high. If the extraction-electrowinning process is adopted for treatment, the process flow will be long, and after the raffinate returns to the leaching section, it will lead to problems such as excessive TOC of the leaching solution and foaming during leaching. The Company recovers copper by direct electrowinning of oxygen pressure leaching solution from high-nickel matte on the production line. The process is simple and the product has high purity and high added value, which can reduce the recovery cost per ton of copper by more than 1,000 CNY.

97%. It is estimated that the technology will be applied to the black mass recovery production line and 10,000 tons/year lithium carbonate production line, increasing the profit by 30 million CNY per year. (Note: The specific effectiveness is subject to the actual data of the production line after the transformation of subsequent R&D results)

At the same time, CNGR is committed to working with strategic partners upstream and downstream of the industry chain to strengthen complementary advantages, carry out joint research and targeted development, and build a professional, market-oriented, and diversified R&D cooperation system covering all sectors. During the reporting period, we continued to stimulate the innovation vitality of the industry through industry exchanges, technical discussions, and improvement of industry standards, promoted the vigorous development of the industry, and jointly built an innovative and open industry ecology.

CNGR actively participated in government science and technology projects, as well as the formulation and revision of national and industry standards. During the reporting period, the Company participated in the formulation of 23 standards, including 5 national standards of China, 3 industry standards, and 15 association standards.

batteries to the upstream and downstream of the value chain, including front-end smelting technology and back-end recycling technology. The Company has made many achievements in innovation and R&D, with stable production and application scenarios and economic benefits.

Production Technology Innovation of Ultra-small Particle Size Precursors

Monocrystallization represents a development trend in the industry. To ensure monocrystals boast the performance advantage of higher capacity, precursors also need to exhibit an ultra-small particle size distribution. However, in the process of sintering ultra-small particle size precursors into monocrystals, they tend to clump together when melted, due to their poor sphericity, high surface activity, and loose and porous primary particles, resulting in non-uniform particle sizes in the sintered monocrystals and failure to meet performance design requirements. The Company independently developed the synthesis process of ultra-small particles with high sphericity and low surface activity and finally obtained ultra-small particles with densely arranged morphology, low surface activity, 92.3% sphericity, and a size of about 1.5µm.

Cost Reduction and Quality Improvement of Recycling Production Line in Tongren Industrial Base

Through process optimization and upgrading, the black mass-MHP combined smelting production line is transformed to have the capability of processing black mass-MHP raw materials, maximizing the utilization of production line equipment. The annual output of nickel and cobalt metal can be 8,500Mt, with an annual output value increment of 1 billion CNY;

Through the exploration and development of disposable fluorine removal agents, problems such as the long process flow of fluorine removal, excessive equipment configuration, and superabundant wastewater output are solved, and the comprehensive cost of fluorine removal is reduced to below 5,000 CNY/MLi;

By optimizing the reduction roasting conditions, the black mass processing capacity of the steel belt furnace is increased from 10t/h to 15t/h, with the production line capacity being improved and the comprehensive recovery cost of products being reduced. The cumulative cost decrease was about 19.5 million CNY in 2023.



Standards which the Company participated in the formulation of

23 items

Including

National standards

5 items

Industry standards

3 items

Association standards

15 items

Recycling of Hematite Resources

Hematite contains about 4-6% nickel and 50%-55% iron. When it is sold externally, nickel is priced at about 15-25% while iron is not valued, resulting in a great waste of resources. The Company uses special conditions to leach and purify hematite, with a nickel recovery rate of more than 97% and an iron recovery rate of 95%. After purification, the ferrous solution produced reaches the analytical level and can be used as high-quality raw materials for sodium batteries.

Major Honors of CNGR in R&D and Innovation

<p>2023 China Patent Award</p> <p>The invention patent "ZL201811368003.5, a high-compactness monocrystalline ternary cathode material and its preparation method and application" won the 2023 China Patent Award</p>	<p>High-value Core Patent of Guizhou Province</p> <p>The invention patent "ZL201811201588.1, a polycrystalline ternary precursor and its preparation method" was rated as a High-value Core Patent of Guizhou Province</p>	<p>National Intellectual Property Advantage Enterprise</p> <p>Hunan CNGR New Energy was awarded the "National Intellectual Property Advantage Enterprise"</p>
<p>National Key Laboratory of Energy, Metal Resources, and Advanced Materials</p> <p>The "National Key Laboratory of Energy, Metal Resources and Advanced Materials" co-founded by CNGR was approved (led by Central South University)</p>	<p>Hunan Advanced Energy Storage Material Technology Innovation Center</p> <p>The "Hunan Advanced Energy Storage Material Technology Innovation Center" led by Hunan CNGR New Energy was approved</p>	<p>Hunan Engineering Technology Research Center</p> <p>The "Hunan Engineering Technology Research Center" led by Hunan CNGR New Energy was approved</p>

Intellectual Property Management

Intellectual property stands as the core asset of the Company. CNGR attaches significant importance to the protection and application of intellectual property in the process of innovation and development, continuously improves its intellectual property management system, establishes relevant systems for intellectual property such as the Patent Management System and Patent Reward System, and builds and operates an intellectual property management platform. The Tongren Industrial Base, Ningxiang Industrial Base, and Qinzhou Industrial Base have all passed the intellectual property management system certification and continue to maintain their active status. A total of 22 procedure documents, such as the Intellectual Property Management Manual and Control Procedure for Intellectual Property Documents, have been established and implemented to effectively manage and operate the intellectual property of enterprises, prevent intellectual property risks in the operation process, and promote the orderly progression of intellectual property work.

In order to promote the standardized management of intellectual property within the company, comprehensively plan and coordinate various intellectual property-related management work, and stimulate corporate innovation vitality, CNGR has established an intellectual property management system structure, clarified that the top manager is the first person responsible for its intellectual property management, implemented intellectual property management decisions, established and improved intellectual property management responsibilities at all levels, and ensured effective communication and function fulfillment. In 2023, the Tongren Industrial Base, Ningxiang Industrial Base, and Qinzhou

Industrial Base all passed the GB/T 29490-2013 intellectual property management system certification.

While effectively protecting our intellectual property rights, we have established an intellectual property analysis and early warning mechanism to avoid the risk of infringement of others' intellectual property rights. We established a patent early warning database for products/technology such as ternary precursors to continuously monitor the changes in the legal status of high-risk patents and the disclosure of newly applied patents and timely understand the technical development trends and patent risks in this field. At present, four thematic databases of ferric phosphate and lithium iron phosphate, nickel matte and nickel sulfate, battery recycling, and manganese, as well as 20 industry partner databases have been built.

To enhance employees' awareness of intellectual property protection, the Company has carried out abundant training on intellectual property rights for them so as to help them fully understand the obligations and responsibilities required for intellectual property compliance.

In 2023, the Company held a series of activities such as "CNGR's First Intellectual Property Day". In addition, for different business departments, the Company conducted a total of 7 special mining training sessions in sodium, nickel, phosphorus, metallurgy, and equipment to timely and comprehensively protect its important products and technologies; provided special writing and database use training more than 10 times to improve employees' writing quality of patent disclosure and retrieval ability of patent information.

CNGR's First Intellectual Property Day

CNGR Research Institute took the lead in holding a series of activities such as "CNGR's First Intellectual Property Day", which received extensive participation from CNGR employees, with more than 5,500 participants. Through online prize-winning quizzes, such activities enhanced employees' learning and understanding of the Company's patent system and patent knowledge, while enhancing their awareness of intellectual property protection.

CNGR has applied for 373 patents in total, obtaining 202 authorized patents. During the reporting period, it newly applied for 69 invention patents, 9 utility model patents, and 3 PCT patents; was newly authorized for 13 invention patents and 18 utility model patents; and completed 20 trademark registrations.

Chemical Management

CNGR has attached great importance to chemical safety management and strictly adheres to laws and regulations such as the Regulations on the Safety Management of Hazardous Chemicals, the List of Chemicals under Priority Control, the Restriction of Hazardous Substances (RoHS) of the European Union, the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) of the European Union, and the Rotterdam Convention, among others. The Company has formulated the Safety Management System for Hazardous Chemicals (ZW-MR-GD-32), which clearly defines the responsibilities for managing chemical production, storage, usage, operation, transportation, and waste disposal processes.

To strengthen the internal chemical management practices, CNGR has organized training sessions for personnel in various positions to enhance their knowledge of hazardous chemical properties, emergency response measures, and other related information specific to their respective roles. These training initiatives aim to improve the overall competence and emergency handling capabilities of all employees regarding hazardous chemicals. In the production stage, CNGR has prepared a safety management manual for hazardous chemicals based on the chemical list and distributed it to all departments and workshops.

To effectively prevent the hazards posed by main toxic chemicals, CNGR has conducted a comprehensive identification of harmful substances that may exist in its products. A total of 21 harmful substances, including nickel-cobalt-manganese hydroxide, nickel-cobalt hydroxide, nickel-cobalt oxide, amorphous cobalt hydroxide with hydroxyl groups, ammonium chloride, and nickel-iron-manganese-copper hydroxide, have been identified. In response to these harmful substances, the Company has developed the Harmful Substance Management System. Furthermore, an internal management framework has been established, including the Notice of Excessive Content of Harmful Chemical Substances, Record of Product Harmful Substance Testing Reports, and Annual List of Harmful Substance Testing, to enhance the control and management of harmful substance risks. These measures ensure the effectiveness of chemical regulation. Having recognized the potential environmental and human health impacts associated with product manufacturing and raw materials, CNGR conducts harmful substance testing and lifecycle assessments on precursor products. By annually conducting sample testing of harmful substances in these products, the Company assesses the level of harm to meet the requirements of stakeholders. In 2023, CNGR conducted a lifecycle impact assessment on 12 precursor products using the ISO 14044 standard and the CML2001-Aug.2016 evaluation model indicators. A third-party verification report was issued, and the verification system boundary encompassed from "cradle" to "gate". The assessment focused on evaluating environmental impacts such

Newly applied invention patents

373 items

Authorized patents obtained

202 cases

Newly applied invention patents

69 cases

Utility model patents

9 cases

PCT patents

3 cases

Trademark registrations completed

20 items

Newly authorized invention patents

13 cases

Utility model patents

18 cases

as non-renewable resource depletion, acidification potential, eutrophication potential, freshwater ecotoxicity potential, global warming potential, human toxicity potential, marine ecotoxicity potential, ozone depletion potential, photochemical ozone creation potential, terrestrial ecotoxicity potential, etc. In 2023, CNGR conducted halogen, EU RoHS 10 substances, and REACH SVHC (233 substances) harmful substance testing on a total of 43 products, including 33 precursor products, 3 intermediate products, 5 by-products, and 2 research samples. The test results showed that none of them exceeded the standard requirements; at the same time, the EU REACH registration of nickel-cobalt-manganese hydroxide (i.e. ternary precursor) and ferric phosphate was completed.

To meet the demand of the Company's stakeholders and minimize the hazards posed by toxic substances in products, CNGR continuously monitored the risks and hazards associated with chemicals. After careful assessment, CNGR determined that the chemicals used in its current raw

materials and finished products have relatively low hazard levels. As a result, there was no immediate need for their elimination or substitution. In the future, CNGR will continue to focus on the research of alternative materials for high-risk chemicals and initiate a phased product substitution plan.

In addition to implementing chemical safety management internally, CNGR signed commitment letters with customers and suppliers regarding chemical substance management. These commitments ensure that the Company's products do not contain prohibited substances and that the levels of harmful substances comply with relevant domestic and international standards and regulations. For suppliers, in the raw material introduction stage, CNGR reviewed the qualification of suppliers and required them to provide the Material Safety Data Sheet (MSDS) and safety labels to ensure that the purchased chemicals were from legal sources. Among these commitments, domestic primary raw material and auxiliary material suppliers were required to provide harmful substance testing reports.

Product Carbon Footprint

By the end of 2023, CNGR's Sustainability Office had referred to ISO 14044/14067 standards and used GaBi software and related background databases (main databases: GaBi2022.1LCI and Ecoinvent Database Version 3.8) to calculate the carbon footprint of 24 ternary precursor products, 2 ferric phosphate products, and 10 sulfate products in domestic industrial bases. At the same time, through process path investigation and actual data collection, the carbon footprint of upstream raw materials was calculated, and the background factors in databases were updated to enhance the accuracy of product carbon footprint calculation.



Customer Management Data of CNGR

Indicator	Unit	2021	2022	2023
Customer complaint rate	%	-	0.18	0.17
Total number of product quality complaints	Case(s)	-	85	68
Handing of products and services complaints — closed	Case(s)	-	85	68
Handing of products and services complaints — unclosed	Case(s)	-	0	0
Withdrawal rate of customer complaints	%	-	100%	100%
Average duration of complaint withdrawal	Hour(s)	-	-	48
Customer satisfaction score	Points	91.30	91.47	94.71

Product Quality and Safety

CNGR adheres to the quality management policy of "customer first, quality foremost, pursuing excellence, and full participation", establishes a quality management system with the process method and risk-based thinking, formulates and implements multiple quality management systems, and continuously improves them to meet customer requirements, comply with quality standards and relevant laws and regulations, and satisfy the owners, customers, society, employees, and other stakeholders.

The Company has passed ISO 9001 and IATF 16949 quality system certification, identified three major management processes, namely the customer-oriented process, management process, and support process, and 18 sub-processes, and comprehensively implemented product quality control.

In order to improve the quality management of the production process, CNGR has optimized and adjusted the quality system control mode, organizational structure, and functional responsibilities and specified the rights and responsibilities of the Quality Management Center and the Base Quality Department as well as the performance assessment method. The mode of "strong management and control by the center" is adjusted to the "base responsibility system" mode. The Quality Management Center is responsible for the unified management of raw materials, finished products, and shipment, while the bases are responsible for the total quality management of the production process.

CNGR has always centered on customer satisfaction and made simultaneous improvements in product indicators, foreign matter management, customer response, and communication.

📺 Holding "Quality Culture Promotion" Series of Activities

In order to further strengthen the construction of corporate quality culture, enhance the quality awareness of all employees, boost their enthusiasm for participating in quality management, ensure the effective operation of the corporate quality management system, and increase corporate cohesion and competitiveness, CNGR's Quality Management Center planned and carried out two-month activities for quality culture promotion. Through education, practices, and examinations, the Company has cultivated a positive atmosphere where all employees learn about systems, quality standards, and tool knowledge.

Customer Management

CNGR is committed to providing customers with the most efficient services and improving customer satisfaction based on their needs. CNGR has formulated and implemented the "Customer Relationship Management System", collected customer information related to products and services through various channels, comprehensively collected and analyzed potential customer information, and established a customer demand database.

We build and improve a comprehensive customer service system, pay attention to whole-process customer services, and meet the needs of different customers through excellent product performance and personalized services. The Company deeply explores customer needs through the R&D team and customizes products that meet current, improved, and future needs for customers; the sales team organizes and coordinates internal and external resources to achieve full guarantee and efficient feedback of customer needs; the PMC Department organizes bases to schedule production and confirm the delivery plan, the Production Department efficiently carries out production according to the delivery plan, the Quality Department monitors the quality during the

whole process, the Technical Department ensures the optimal output efficiency and cost of the production process, while the Human Resources Department pays attention to and reasonably arranges personnel who match the posts. The whole company forms an organic organization to serve customers with high efficiency and high incomes.

The Company attaches importance to communication with customers, conducts satisfaction surveys regularly every year, understands customer needs and expectations, identifies the dynamic trend of customer demand for products, and improves its product quality and service level. Meanwhile, we have formulated the Customer Satisfaction Control Procedure to continuously improve and perfect customer service satisfaction.

During the reporting period, CNGR conducted satisfaction surveys on customers with an annual sales volume of more than 400 tons (20 in total, accounting for about 80% of total annual sales). The average score of customer satisfaction was 94.71 points.

Community and Partnerships

Sustainable Supply Chain Action

Focusing on the sustainable development of the supply chain, CNGR cooperates with industry chain partners, takes its own actions as an invitation, practices responsible procurement, and promotes continuous carbon reduction throughout the supply chain.

2022	Publicly disclose supply chain ESG management systems Initiate ESG audits for suppliers	Completed. See the CNGR 2022 ESG Report
2023	Expand the coverage of ESG and RMAP audits for suppliers Support suppliers in improving ESG awareness and performance	Completed
2024	Form a full-coverage supplier ESG audit mechanism at least once every 2 years Require core suppliers to participate in external ratings such as CDP Promote supply chain enterprises to set carbon targets	
2025	Require all critical material suppliers to participate in CDP Hire external professional third parties to conduct regular ESG audits of critical suppliers	
2030	Achieve a world-leading sustainable supply chain	

Responsible Procurement

CNGR practices responsible procurement as per UN Guiding Principles on Business and Human Rights, OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas and Chinese Due Diligence Guidelines for Mineral Supply Chain. Supply chain enterprises are required to abide by CNGR's [Due Diligence Management Policy for Responsible Global Mineral Supply Chains](#) and [Suppliers' Code of Conduct](#) and sign an acknowledgment letter. CNGR signs a supplier commitment agreement with suppliers, including four parts, namely occupational health and safety management, environmental material management, integrity and confidentiality, and due diligence management of mineral supply chains. For overseas suppliers, due diligence clauses shall be included in the procurement contract. In the first quarter of each year, we conduct mineral supply chain due diligence on suppliers of nickel, cobalt, and manganese. Qualitative and quantitative information is collected through KYS (Know Your Supplier) questionnaires, mineral source questionnaires, etc., to assess whether the upstream supply chain enterprises trigger warning signals. CNGR carries out enhanced due diligence according to the triggered warning signals and further assesses whether there are risks such as human rights, child labor, and armed conflict in the supply chain.

In 2023, CNGR hired RCS Global to conduct on-site mineral due diligence assessments of four upstream nickel and cobalt supply chain enterprises. At the same time, Qin Zhou Industrial Base accepted a third-party supply chain due diligence assessment conducted by China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters in November 2023 according to the Chinese Due Diligence Guidelines for Mineral Supply Chain (Second Edition), involving minerals: nickel, with an assessment grade of A (see the [Summary Report on Due Diligence Assessment of Guangxi CNGR New Energy Science & Technology Co., Ltd. in 2023](#) for details); PT CNGR Ding Xing New Energy accepted a third-party supply chain due diligence assessment conducted by China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters in December 2023, involving minerals: nickel, with an assessment grade of A (see the [Summary Report on Due Diligence Assessment of PT CNGR Ding Xing New Energy in 2023](#) for details).





Due Diligence Assessment of Nickel and Cobalt Minerals of CNGR

Industrial Base	Audit Scope	Raw Material Type	Audit Type*	Audit Status
Tongren Industrial Base	Refinery	Cobalt	RMI RMAP	●
		Nickel	RMI RMAP	●
Ningxiang Industrial Base	Refinery	Cobalt	RMI RMAP	●
		Nickel	RMI RMAP	●
Qinzhou Industrial Base	Refinery	Cobalt	RMI RMAP	●
		Nickel	RCI DD*	●
Morowali Industrial Base in Indonesia-CNGR Ding Xing	Smelter	Nickel	RCI DD*	●
Morowali Industrial Base in Indonesia-PT Zhongtsing New Energy	Smelter	Nickel	RMI RMAP&ESG	●
Weda Bay Industrial Base in Indonesia	Smelter	Nickel	RMI RMAP&ESG	●
North Morowali Industrial Base in Indonesia-NNI	Smelter	Nickel	RMI RMAP&ESG	●

● Completed ● To be completed

* RCI DD:Mineral Supply Chain Due Diligence Assessment Project of China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC).

The Company formulates the annual system audit plan of suppliers every year and conducts on-site quality system and ESG audits for qualified suppliers of main raw materials and auxiliary materials and newly developed suppliers. The audit contents include five parts: quality system, EHS, society (labor and business ethics), carbon emissions and due diligence of mineral supply chains. 2023 system audit plan: 38 times for main raw material suppliers and 46 times for auxiliary material suppliers, with an actual completion rate of 100%. No supplier with major quality problems or negative social or environmental impacts was found.

CNGR Supplier Audit Data

Indicator	Unit	2021	2022	2023
Number of evaluations for suppliers (domestic only)	Time(s)	-	37	84
New suppliers screened by ESG criteria (social or environmental criteria)	Unit(s)	7	9	12
Number of suppliers that passed ESG audit within the year (domestic only)	Unit(s)	-	9	61
Number of suppliers with actual and potential high ESG risks (significant negative social or environmental impacts)	Unit(s)	2	0	0
Number of suppliers receiving conflict mineral on-site due diligence	Unit(s)	-	-	4
Number of suppliers audited/certified by Responsible Minerals Initiative (RMI)	Unit(s)	12	16	22
Number of on-site guidance and training on supplier conflict mineral management	Unit(s)	-	-	3

Supply Chain Carbon Reduction

We have revised the CNGR Supplier ESG System Audit Form to include the carbon emission performance of main material suppliers as part of their daily performance assessment. At the same time, we used e-mail and on-site communication to find out the current situation of carbon emissions and relevant information about carbon targets at the supplier's organizational level and product level. We also used on-site visits to publicize and implement CNGR's carbon target and supply chain carbon reduction target to the senior management of suppliers while requiring suppliers to speed up the statistics and disclosure of carbon emission data and establish carbon reduction targets and pathways as soon as possible.

In 2023, we investigated the carbon emission data of main material

and international bulk raw material suppliers with a high procurement proportion. A total of 22 suppliers were surveyed, and 15 questionnaires have been collected, with a collection rate of 68%. According to the statistics of collected data, 7 suppliers use green electricity, 8 suppliers set carbon targets, and 4 suppliers use recycled materials.

In 2024, we plan to stipulate in commercial procurement contracts that upstream suppliers are required to set carbon reduction targets and formulate carbon reduction plans. We will encourage them to participate in the CDP climate change questionnaire and publicly disclose data related to carbon emissions. At the same time, CNGR will assist upstream enterprises in calculating product carbon footprints, so as to help CNGR improve the reliability and accuracy of carbon emission data.

Community Well-being Action

CNGR pays attention to the rights and well-being of local communities and residents, supports the national rural revitalization strategy, actively undertakes corporate social responsibility, and uses its own influence to nurture and contribute to society for more meaningful social well-being.

2022	Carry out community services and public welfare activities	Completed. See the CNGR 2022 ESG Report
2023	Establish CNGR Public Welfare Foundation	Completed
2024	Establish a volunteer service system of CNGR Promote branded public welfare projects in domestic and overseas operation sites	
2025	Issue the social impact assessment report of public welfare projects	
2030	Public welfare brands have considerable reputations and influence	

Community Engagement

CNGR actively promotes the common development of enterprises and operation sites. We support the development of communities where we operate, carry out diversified community activities, support local infrastructure construction, support rural civilization construction, help achieve rural revitalization, and interpret our responsibilities to society with practical actions.

Tongren Industrial Base Boosts Rural Civilization Construction

Tongren Industrial Base funded the first folk art activities of Nanning Village in 2023 to celebrate the CPC Founding Day on July 1 and Dragon Boat Festival under the theme of "Party Building Leads the Co-construction of Civilized Countryside · Rural Revitalization Jointly Creates Peaceful Nanning" in Nanning Village, Dalong Development Zone, continuously cultivating rural civilization, helping achieve rural revitalization, and adding vitality to building a harmonious and civilized new future for beautiful Tongren.

CNGR cares about and protects vulnerable groups, actively carries out a number of assistance activities and funding projects, listens to the voices of groups with special difficulties, effectively solves their difficulties, meets their basic needs, and enhances their sense of security and satisfaction.

Tongren Industrial Base Boosts Rural Civilization Construction

The Labor Union and General Manager Office of Ningxiang Industrial Base went to Dachengqiao Village, Dachengqiao Town, Ningxiang City to carry out rural revitalization assistance activities. They donated 20,000 CNY to Dachengqiao Village for rural revitalization and people's livelihood security work. In the future, they will cooperate in vegetable supply for CNGR employee canteens, employment assistance, procurement of agricultural special products for employee holiday benefits, point-to-point support for needy people, etc.

Ningxiang Industrial Base Launches Condolence Activities in the Nursing Home

Ningxiang Industrial Base went to the nursing home in Shuangjiangkou Town to carry out condolence activities following Lei Feng's example, providing haircuts, condolences, and heart-to-heart talks for the elderly in the nursing home, cleaning the nursing home, and sending condolence supplies such as milk, eight-treasure porridge and cakes.

Qinzhou Industrial Base Launches the "Walk with Love" Public Welfare Social Practice Activity

Qinzhou Industrial Base carried out the public welfare social practice activity of "Walk with Love" and visited Jiduntou Nursing Home and Luerhuan Nursing Home to express sympathy for the extremely poor elderly in the nursing home. At the same time, Qinzhou Industrial Base carried out school aid activities in Donggang District No.1 Kindergarten in Qinzhou Port and sent children candies, biscuits, pastries, and other gifts and school supplies.

Kaiyang Industrial Base Helps Left-behind Women with Entrepreneurship and Employment

In order to promote rural revitalization and support left-behind women's entrepreneurship and employment, Kaiyang Industrial Base purchased products hand-woven by left-behind women in Wangjia Community from "Tongren Wangjia Handicraft" for use on International Women's Day activities and publicized the story of female self-reliance in Tongren Wangjia Handicraft during the activities.

Kaiyang Industrial Base Launches the Volunteer Service Activity Themed "Double Ninth Festival, Love in Kaiyang"

In October 2023, Kaiyang Industrial Base held a volunteer service activity with the theme of "Double Ninth Festival, Love in Kaiyang" in the Central Nursing Home of Kaiyang County. Volunteers from Kaiyang Industrial Base actively participated in the activity by giving cotton-padded shoes to the elderly and accompanied them to make dumplings, eat dumplings, and chat, sending cordial greetings and warm companionship to the elderly.

CNGR actively organizes employees to carry out volunteer activities to enhance their sense of self-fulfillment and contribute to the harmonious development of society. In 2023, the Company invested 1,346 people in volunteer activities and accumulated a total of 1,273 hours of voluntary activities, strongly demonstrating its sense of responsibility.

Tongren Industrial Base Conducts Voluntary Blood Donation Activity

In June 2023, Tongren's blood bank was in an emergency. More than 140 employees of CNGR Tongren Industrial Base actively participated in the blood donation activity and donated a total of 40,600ml of blood to save lives and escort hope.

Charity

Adhering to the corporate philosophy of "taking society as its own duty", CNGR responds to the call for rural revitalization, actively fulfills social responsibilities, devotes itself to public welfare undertakings through various means, and carries out various charitable activities to contribute to social development. In 2023, CNGR's total investment in charity exceeded 2.8646 million CNY.

Light up the Bookstore and Set Sail for a Dream — CNGR Public Welfare Foundation Donates Love Materials Worth 990,000 CNY

From November to December 2023, the CNGR Public Welfare Foundation carried out a series of "Light up the Bookstore" public welfare activities in Hunan, Guizhou, Guangxi, and other places. It donated about 990,000 CNY of educational aid materials, including OLED eye-protection desk lamps and popular science books, to hundreds of students from households lifted out of poverty in Gantang Town, Dalong Economic & Technological Development Zone, Qinzhou Port, and other places, built small bookstores for rural students, created a healthy learning environment, and illuminated future dreams. The series of "Light up the Bookstore" public welfare activities plan to light up the bookstores for 2,000 students from households lifted out of poverty in central and western China in the next two years to help rural students in central and western China grow healthily.

Tongren Industrial Base Donates Money to Poor College Students

In April 2023, CNGR donated 1 million CNY to the Guizhou Charity Federation, mainly to subsidize poor college students in its location.

Total investment in charity exceeding

2,864,600 CNY

05

Practicality and Self- discipline

Enterprise and System Governance

This chapter is in response to:



Enterprise and System Governance

By building a good industrial ecology and digital platforms, CNGR has improved its system construction and enterprise governance level, empowered the whole process of operation management, realized accurate and scientific decision-making, efficient organization linkage and integrity and transparency in management, and created a reliable and upright enterprise image.

Governance and System Optimization Action

Optimize the integrity, transparency, and efficiency of the enterprise governance system, improve the enterprise information security system, comprehensively enhance the stability of enterprises and systems, and establish an upright and pragmatic enterprise image. We have set the following action objectives:

2022	Initially establish a risk compliance management system Formulate and disclose the Code of Business Conduct of CNGR Formulate an information management system	Completed
2023	Further improve the risk compliance management system and tax policy Optimize the structure of the Board of Directors and various professional committees Start digital construction	Completed Start the construction of ISO 37301 compliance management system Some professional committees are adjusted to be composed of all independent directors
2024	Promote the linkage between ESG KPIs and the compensation performance of senior executives Initiate business ethics audit Improve the information security management system	
2025	Continuously improve the ESG KPI performance assessment system Continuously optimize the Board of Directors Build information security management system certification, such as ISO 27001	
2030	Make the level of enterprise governance and system construction reach the leading position in China	

Risk Management

CNGR strictly abides by the Company Law of the People's Republic of China, the Anti-monopoly Law of the People's Republic of China, the Interim Provisions on Prohibition of Commercial Bribery, and other laws and regulations. In accordance with standards such as the Universal Declaration of Human Rights, OECD Guidelines, and standards of the International Labour Organization (ILO), CNGR has formulated and publicly disclosed the [Code of Business Conduct of CNGR](#) and [Suppliers' Code of Conduct](#) in support of the Ten Principles of the United Nations Global Compact (UNGC). In 2023, CNGR became a member unit of the [Trust and Integrity Enterprise Alliance](#) and a vice president unit of the [Enterprise Anti-Fraud Alliance](#).

CNGR has a Board of Supervisors under the shareholders' meeting, an Audit Committee under the Board of Directors, and the Supervision Committee and Audit and Supervision Center at the company level to form a business ethics management framework. The Audit Committee is the apex body responsible for monitoring and auditing business ethics

content. We prevent unfair competition and corruption through risk management, business ethics publicity and training, and open reporting channels. We identify relevant internal problems through internal audits, reporting clues, and third-party reviews. We conduct internal disclosure of corruption and unfair competition events that have occurred and conduct internal publicity as negative cases. The anti-corruption and unfair competition work is managed on a regular basis.

During the reporting period, the Company upgraded its Audit and Supervision Center to a Risk Control and Supervision Center and promoted the establishment of a risk management committee to build a sound risk management system, focusing on improving the effectiveness of business risk control and strengthening the control of risks such as anti-monopoly, anti-corruption and anti-unfair competition. The Risk Control and Supervision Center consists of the Risk Control Management Department, Supervision Department, Department of Supervisors, and Overseas Risk Control Department.



Anti-corruption Risk Assessment: In 2023, we conducted a corruption risk assessment on all operating locations, and no major corruption risks have been identified;

Anti-corruption Training: In 2023, anti-corruption training covered **100%** members of the governing body, **100%** employees of the Company (including part-time employees, outsourced employees, etc.), and **100%** business partners (suppliers and contractors);

Anti-corruption Events: In 2023, there were **5** corruption cases in total. Among them, the employees were dismissed or disciplined due to corruption: **2** cases; Termination of contracts with business partners due to corruption-related violations: **2** cases; Public litigation case: **1** case (the case has been tried by the Qinnan District People's Court of Qinzhou City, Guangxi Zhuang Autonomous Region, and the relevant personnel were sentenced to 8 months in prison for fraud).

Reporting Mechanism

CNGR encourages external stakeholders to report any possible violation of the [Code of Business Conduct of CNGR](#) and violations of the [Suppliers' Code of Conduct](#) by supply chain enterprises. At the same time, CNGR encourages internal employees to report favoritism and irregularities that damage the interests of the Company in accordance with the Measures on Award-winning Reporting Management. We will continue to broaden the channels of appeal and reporting and protect the right of each stakeholder to appeal.

In 2023, CNGR received and investigated 5 valid corruption clues through public reporting channels.

Reporting Channels of CNGR

The Company's Social Responsibility Public Email (for receiving social responsibility appeals): cngrCSR@cngrgf.com.cn

Email for Reporting: jubao@cngrgf.com.cn; jubaogj@cngrgf.com.cn

Informants' Hotline Telephone: +86 193 7516 6553 (for China) +62 812 9309 3607 (for overseas regions)

Informants' Mailbox (for China): 16/F, Block B, Yunda Central Plaza, Yuhua District, Changsha City, Hunan Province

Risk Control and Supervision Center of CNGR Postcode: 410600

Informants' Mailbox (for overseas regions): Noble House 37th floor, Mega Kuningan 2, Jl. Dr. Ide Anak Agung Gde Agung kav. E4.2, rt 5/ rw 2, Kuningan, Kuningan tim., setiabudi, Jakarta Selatan 12950, Indonesia

Postcode: 12950

WeChat Mini Program for Reporting:



WhatsApp QR Code for Reporting



In-person Reporting: Risk Control and Supervision Center

Compliance Management

CNGR takes "establishing the concept of compliance for all employees and building an all-region line of compliance defense" as its compliance philosophy and implements the compliance policy of "always stay true to the original aspiration and operate in accordance with regulations". The Company is building a "law-based governance CNGR" that is committed to upholding righteousness and truth, honoring commitments, practicing incorruptibility and self-discipline, exercising restraint and self-control, maintaining the original aspiration, and conducting business operations in compliance with laws and regulations. CNGR is strengthening effective identification, management, and prevention and control of compliance risks, so as to ensure legal and compliant operation and safeguard the good reputation of the Company. The Company has set up a Compliance Committee to lead the industrial and commercial compliance team to carry out daily work of compliance management. The Director of the Compliance Committee shall be the Chairman of the Company, and the members shall be the persons in charge of each center and department as well as the Company's branches and subsidiaries. The Compliance Committee is responsible for coordinating compliance management, holding regular or irregular meetings to study and solve key issues or make suggestions, and guiding, supervising, and

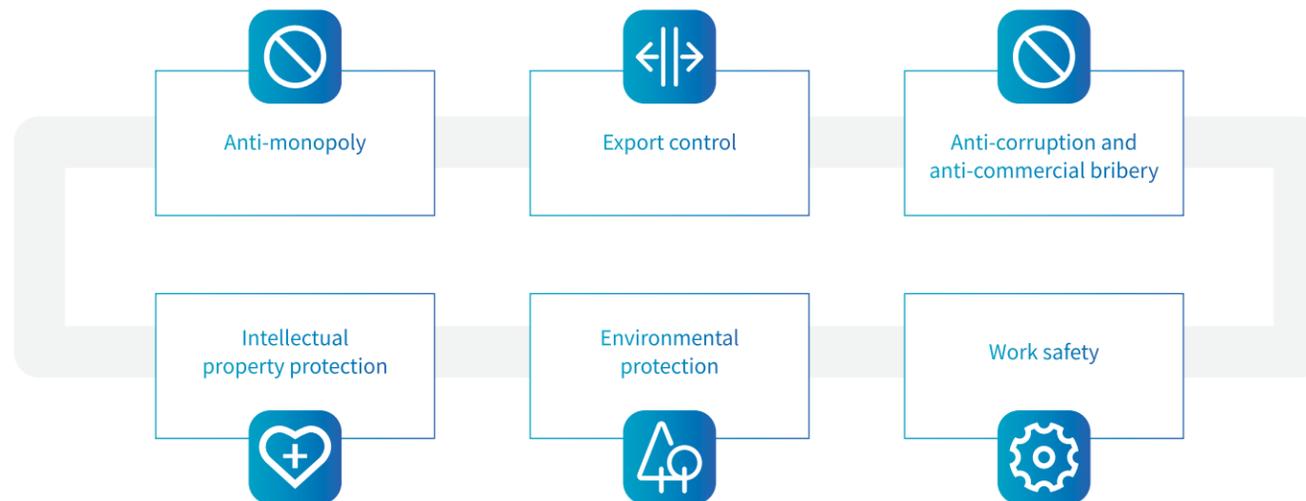
evaluating compliance management.

The Compliance Committee has an office, which is co-located with the Legal Department of the Office of the Board of Directors. The director of the office of the Compliance Committee is the person in charge of the Legal Management Department, and the members are the compliance administrators of each unit. The office is responsible for organizing the drafting of the compliance management system, annual plan, and work report, reviewing the legal compliance of rules and regulations, economic contracts, and major decisions, organizing the identification, early warning, and response of compliance risks, and evaluating the effectiveness of the compliance management system. It is also responsible for accepting reports of violations, participating in the investigation of violations, assisting in carrying out compliance training, accepting compliance consultation, and promoting the information construction of compliance management.

On the basis of establishing and improving the compliance management system, CNGR has effectively prevented and controlled compliance risks by establishing a compliance management operation mechanism:



CNGR has conducted compliance control in the following key areas:



CNGR sets compliance management objectives every three years (2023 to 2025):

2023

CNGR revised and improved the Compliance Management Measures, drew up the Implementation Rules for the Operation of Compliance Control, Compliance Management Manual, and Integrity Compliance Manual, focused on compliance monitoring in anti-monopoly, anti-competitive behaviors, export control and economic sanctions, anti-corruption and anti-commercial bribery, intellectual property protection, and other fields, and compiled compliance guidelines for anti-monopoly, export control, and anti-corruption and anti-commercial bribery. In 2023, CNGR filed a concentration declaration in accordance with the law regarding its cooperation project with POSCO in South Korea and made anti-monopoly declarations in South Korea, Vietnam, and Ukraine, all of which were approved. CNGR has basically established its compliance management system by publicizing and implementing compliance culture, evaluating compliance management, etc.;

2024

The Company will refine its compliance management systems in key areas such as information security (precursor R&D and production information), work safety, environmental protection, labor employment and occupational health, technology and quality, and finance and taxation, enrich operational guidelines for compliance behaviors, and further empower front-line employees to control compliance risks. At the same time, CNGR will regularly update the Company's management tools such as the Compliance Obligation Database and List of Compliance Risks to ensure the operation of the compliance management system;

2025 and beyond

CNGR will gradually promote the informatization of compliance management. In combination with the actual operation of the Company's compliance management system, CNGR will gradually embed the compliance system and process into the information system. The Company will gradually promote the collaborative operation of its legal, compliance, internal control, and risk management systems, further strengthen overall planning and coordination, and improve the effectiveness of compliance management.

During the reporting period, CNGR conducted 6 compliance management training sessions for employees, covering 180 person-times.

CNGR Tongren Industrial Base passed the third-party audit and certification of the compliance management systems (ISO 37301:2021) in 2023.

Tax Policy

Tax Guideline

CNGR pays attention to tax transparency, abides by tax laws and regulations, and actively fulfills its tax payment obligations. Its branches and subsidiaries legally pay various taxes in all countries and operation sites. The overseas operation sites mainly include Indonesia, South Korea, Morocco, Singapore, and Hong Kong (China), while the domestic operation sites include Guizhou, Hunan, and Guangxi. At the same time, we pay attention to tax governance and establish a sound governance structure and management system to ensure that the Company's decision-making and management processes are standardized and efficient.

In terms of the business, we integrate tax management into our business decisions and daily operation and management activities to ensure that all tax-related businesses have a reasonable purpose for commercial activities and are carried out on the premise of complying with commercial principles. In terms of the sustainable development, we combine sustainable development goals, abide by the essence of the tax law, fully consider the tax policies and regulations of different countries and regions, and invest more economic resources in sustainable development areas such as environmental protection.

Tax Governance

On the basis of strictly abiding by tax compliance and preventing tax risks, CNGR has built a tax compliance and risk management system covering its branches and subsidiaries. In order to strengthen the tax management of CNGR and standardize tax-related businesses, we have formulated and implemented a tax management system covering our branches and subsidiaries, clarified departmental responsibilities and tax compliance processes, and ensured that all taxpayers pay taxes in accordance with laws and regulations.

shall be reported to the person in charge of finance.

CNGR has set up a Finance Center, of which the Tax Management Department is responsible for tax risk management and strategic support, including but not limited to tax compliance management, overall tax risk control, tax policy research, and training. All tax work

Each subsidiary shall set up a tax accountant position to be responsible for daily tax-related activities such as tax registration, invoice management, daily tax declaration, and tax file management. The Tax Management Department of the headquarters shall uniformly manage and guide the daily work of tax accountants. The Accounting Department is responsible for formulating tax accounting specifications to ensure the timely and accurate provision of financial data. For overseas institutions, the financial director of each institution shall be responsible for their own tax work and report to the Tax Management Department on a regular basis.

Daily Work Management of Taxation

In order to ensure the compliance of CNGR's daily tax work, we take the following measures, including but not limited to:

Improve the tax compliance process: The basic work of tax compliance management includes tax registration, tax payment declaration, invoice management, and other matters. The basic work also includes formulating the work and approval process and processing time of various tax matters. The Tax Management Department is responsible for managing and supervising the daily tax work of the tax accountant and reporting major tax-related matters to the financial director.

Continuous learning and training: Due to the constant changes in tax policies, we will pay regular attention to and timely provide training and work guidance for employees to improve their awareness of tax compliance and compliance ability. We will regularly carry out business promotion training for tax work lines, tax-related knowledge training for other functional departments to standardize business development, and various targeted tax-related special training and discussions according to new policies.

The tax training work carried out in 2023 includes guidance on the declaration of annual final settlement and payment of corporate income tax, training on additional VAT credit policy for the advanced manufacturing industry, guidance on VAT monthly tax payment declaration form filling, etc.

Strengthen cooperation between the tax department and other departments: The Tax Management Department shall work closely with other departments to jointly formulate and implement various tax management processes and put forward professional tax advice on the Company's new businesses. The Tax Management Department shall also cooperate closely with the Company's finance, legal affairs, and business departments to provide comprehensive support for CNGR's sustainable development. The cooperation contents include review of tax-related clauses in contracts, tax risk tips for new businesses, suggestions on the application of preferential tax policies, etc.

Tax Risk Management

CNGR has established and continues to improve the tax risk management mechanism, monitor and evaluate tax risks in a timely manner, and formulate risk control measures, including but not limited to:

Tax information reporting and feedback: Based on its financial organization structure, CNGR has established an information reporting and feedback mechanism, registers and manages tax-related information and abnormal tax matters in a timely manner, and discloses relevant information to the tax authorities according to regulations.

Internal and external tax work inspection: CNGR regularly carries out internal tax work inspection in the form of self-inspection, audit by personnel appointed by the Finance Center, and audit by external audit institutions in conjunction with other functional departments to strengthen basic tax management, evaluate the overall tax risks of the Company and rectify the problems found in a timely manner. For example, monthly tax filings are uniformly approved by the Tax Management Department. Tax accountants at each base conduct self-assessments; external agencies are hired to audit major corporate entities' declarations of final settlement and payment of corporate income tax and issue assurance reports on the final settlement and declaration of corporate income tax. The Company accepts and actively cooperates with tax authority assessments, inspections, and audits. We organize self-inspections, prepare for pre-tax inspections as required, and timely submit tax-related data and explanatory materials. The inspection results are archived with the Tax Management Department before rectification measures are proposed, implemented, and archived. For instance, the Company promptly submits tax-related data and explanatory materials in response to risk alerts issued by tax authorities, actively communicating explanations for such; and for tax assessment notifications, the Company adheres strictly to self-inspection requirements.

Tax preference and special management: For the application of various tax incentive policies, the Company strictly adheres to tax

law requirements regarding eligible content, conditions, calculation methods, approval processes, and compliance of records or materials for review, which are subject to unified management by the Tax Management Department. For major tax-related issues, the Tax Management Department leads the formation of specialized workgroups, establishes unified execution plans, coordinates cross-department collaboration, and drafts incentive or penalty measures according to specific circumstances. The outcomes are then subject to comprehensive assessment by the Company's management.

Compliance management training for employees by CNGR

6 sessions

Coverage

180 person-times

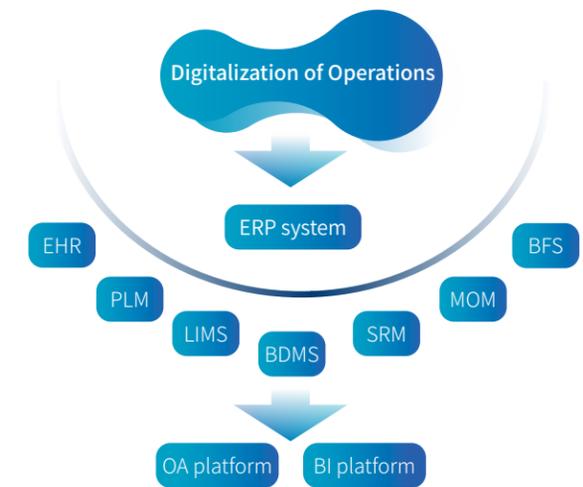
Violations or fines and legal proceedings for unfair competition or monopolies

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Digitalization and Information Security

Digitalization of Operations

In response to the national digitalization strategy, CNGR proposed the "operation digitalization" corporate strategy in 2023 to enhance operational management efficiency. With this background, CNGR takes a holistic approach, planning for digitalization from the top down. Centering on the ERP system and integrating EHR, PLM, LIMS, BDMS, SRM, MOM, BFS, and other business systems, the Company constructs digital infrastructure aligned with global investment, manufacturing, and service capabilities through OA and BI platforms, forming a unified digital platform. We use intelligent methods to increase efficiency, reduce costs, and improve user experience, building CNGR's agile digital operating system.



Digital Decision-making

In 2023, CNGR leveraged business data as the foundation and big data platforms as the tool to create a management cockpit:

We completed the construction of a listed company-grade financial reporting management platform, which enables the rapid generation of individual and consolidated reports and provides support for financial and operational decision-making analysis.

We established a human resources information dashboard that includes personnel information, staffing structures, and attendance data, among other HR-related information, to provide visualized data for HR decision-making analysis.

We established a production and operation dashboard that can update the completion of production tasks in real time and provide visual data for the center's and each base's production and operation decisions.

We built a risk control audit management platform to monitor and follow up on the Company's operating status and data in real time, thus effectively reducing various operational risks.

R&D Digitalization

In 2023, CNGR transformed the R&D of nickel-based, cobalt-based, manganese-based, phosphorus-based, and sodium-based products from offline discrete management to online systematic collaborative management. The whole process is now managed with integrated information technology, from project initiation to the archiving of engineering data. In concert with the automatic systems of pilot-scale workshops, this shift allows for the automatic issuance and execution of process technique documents and data collection. Integration with the laboratory management system also enables the automatic distribution of testing standards and the automatic return of testing data and results. The precision of project management, the accuracy of plan execution, the accuracy and timeliness of process technique document issuance, the promptness of on-site data and test data feedback, as well as the accuracy of process execution data feedback, have all seen significant optimization.

Digital Manufacturing

In 2023, the Ningxiang Industrial Base completed its energy consumption online monitoring terminal system, subsequently passing the acceptance check by the Development and Reform Commission of Hunan Province; digital system facilities were fully implemented across all ternary workshops; the laboratory management system was put into operation along with the launch of the integrated production and operations command center. Ningxiang Industrial Base's digitalization project was selected for inclusion in the "2023 National Intelligent Manufacturing Demonstration Factory" list published by the Ministry of Industry and Information Technology.

Meanwhile, the Tongren Industrial Base adopted digital systems for all ternary workshops and implemented an energy collection system; projects for the environmental protection workshop command center and laboratory management system are currently under construction. Tongren Industrial Base's digitalization project was selected in the "Collection of Outstanding Cases of Digital Transformation in the Industrial Sector in Guizhou (2023)" by the Department of Industry and Information Technology of Guizhou Province.



We built a digitalized and intelligent procurement platform and supplier management system (SRM) that covers the entire domestic purchasing business. The management of suppliers now operates online with procurement management becoming standardized and transparent, enhancing efficient collaboration both internally and externally, along with information sharing, thereby substantially improving procurement management efficiency.

Building on the establishment of domestic bank-corporate direct links, we have developed a global bank-corporate direct link. The online coverage rate for overseas fund management has reached 80%, creating a globally shared financial fund service.

We rapidly replicated and iterated on the integrated platform for overseas bases, providing digital support for regional operations in Indonesia, Morocco, South Korea, and Germany.

With full commitment, we constructed an intelligent logistics and transportation management system (TMS). Utilizing technologies such as satellite positioning and mini-programs, we promoted collaboration and information sharing from inside to out. This facilitates the visibility and tracking of carrier vehicles en route, online settlement of logistics costs, base vehicle parking management, and integrated warehousing and distribution.

We completely restructured the electronic human resources management system (EHR), from top-level design to system implementation. The plan is to establish standardized organizational and personnel systems, gradually extending shared human resource services from within China to global coverage.

We widely promoted the manufacturing operations management system (MOM), realizing full-process management that includes sales forecasting, delivery planning, production scheduling, procurement demand, and product delivery. This system efficiently coordinates the industry chain's planning and maintains a supply-demand balance.

Digital Services

In 2023, we preliminarily completed the construction of the sales plan management module and price management module. In 2024, we will continue to optimize and upgrade the CRM system to offer personalized and innovative interactions and services to our global customers.

Information Security Management

CNGR abides by relevant laws and regulations such as the Cybersecurity Law of the People's Republic of China, the Information Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and the Management Measures for Classified Protection of Information Security. Based on the ISO/IEC 27001:2013 standard, the Company has established an information security management system, implementing measures such as the information security leadership accountability mechanism to ensure that information and data security tasks are fulfilled at every level. The Tongren Industrial Base has received certification for its information security management system, which encompasses the management activities for information security related to the R&D, production, sales, and development of production management information systems of ternary precursors.

In 2023, CNGR deployed bastion hosts to safeguard its network and data from external intrusion and damage. These bastion hosts monitor the operational behavior of O&M personnel on servers, network equipment, and databases, allowing for centralized alerts, timely processing, and accountability. The bastion host management nodes use a dual-host system, where each industrial base is equipped with a sub-node. If one bastion host fails, the other sub-nodes and management nodes will automatically take over the corresponding tasks of the failed bastion host to prevent business interruptions. Concurrently, the digital center simulated a scenario of LIMS application database damage to conduct emergency drills; these drills aimed to enhance database onsite emergency response skills, train emergency organization members in handling power outage incidents, improve managers' organization, coordination, and command abilities, and strengthen staff proficiency in server fault-handling procedures.

2023

Disclosed incident related to information leakage

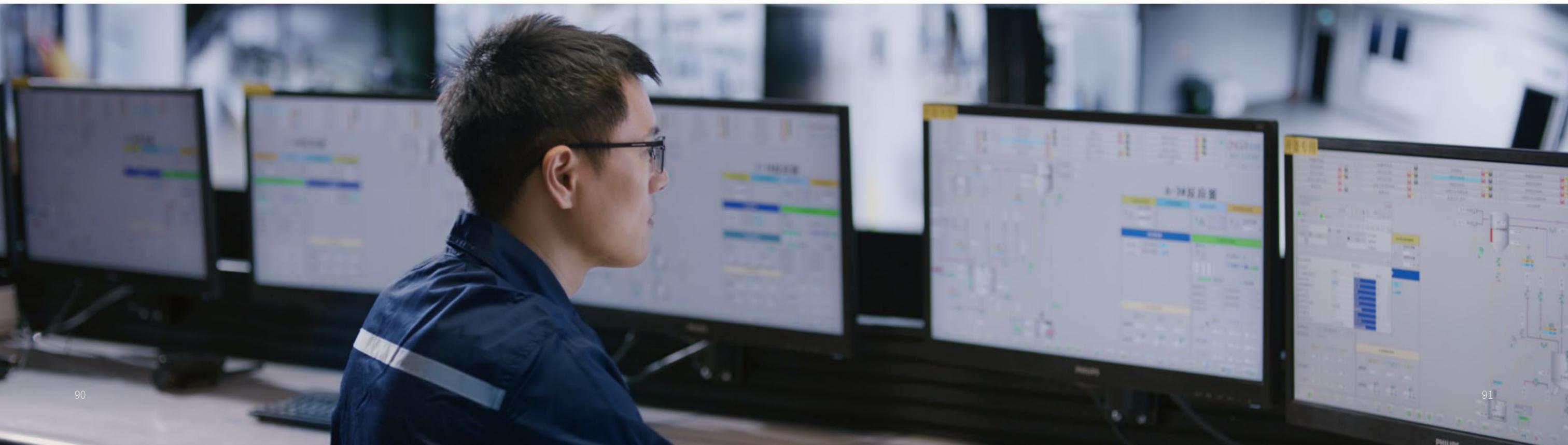
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Infringement of customer privacy

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Information security incident

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Appendix

ESG Key Performance Indicators

ESG Indicator	Unit	2020	2021	2022	2023
Harmonious Ecology (E)					
Energy Management					
Anthracite coal	kg	4,579,050.00	6,706,670.00	172,800.00	31,682,340.00
Gasoline	kg	-	-	27,884.55	39,294.81
Diesel	kg	29,593.46	66,503.80	232,450.04	374,411.52
Natural gas	m ³	2,569,399	10,670,533.00	16,731,579.26	37,848,516.28
Power consumption	kWh	273,348,600.00	556,479,868.00	638,399,919.67	451,416,367.74
Steam consumption	t	154,506.00	423,830.41	538,090.06	469,945.88
Total energy consumption	GJ	1,534,449.32	3,247,293.79	4,399,490.39	4,296,554.68
Energy intensity	GJ/t product	16.01	17.10	18.85	14.96
Greenhouse Gas Emissions					
Total Scope 1 emissions	tCO ₂ e	42,961	72,200	62,370.87	161,120.78
Total Scope 2 emissions	tCO ₂ e	317,911	592,700	529,292.07	402,811.58
Total Scope 3 emissions	tCO ₂ e	2,494,781	4,310,423	3,937,758.32	4,553,325.08
Total emissions	tCO ₂ e	2,855,653	4,975,323	4,529,421.27	5,117,257.44
Scope 1 and 2 emission intensity	tCO ₂ e/t product	3.77	3.50	2.54	1.96
Scope 3 emission intensity	tCO ₂ e/t product	26.04	22.71	16.87	15.85
Carbon dioxide (CO ₂) emissions	tCO ₂ e	-	-	4,528,755.25	5,115,268.23
Methane (CH ₄) emissions	tCO ₂ e	-	-	569.36	639.33
Nitrous oxide (N ₂ O) emissions	tCO ₂ e	-	-	96.66	488.49
Sulfur hexafluoride (SF ₆) emissions	tCO ₂ e	-	-	0.00	0.00
Nitrogen trifluoride (NF ₃) emissions	tCO ₂ e	-	-	0.00	0.00
Perfluorocarbons (PFC _s) emissions	tCO ₂ e	-	-	0.00	0.31
Hydrofluorocarbons (HFC _s) emissions	tCO ₂ e	-	-	0.00	861.07
Water stress					
Surface water withdrawal	ML	417.40	678.37	1,291.32	2,821.58
Underground water withdrawal	ML	0.00	0.00	0.00	0.00
Municipal-supplied water withdrawal	ML	2,277.95	3,514.56	2,415.89	1,736.98
Total water withdrawal	ML	2,695.35	4,192.93	3,707.22	4,558.56
Volume of reused water resources	ML	-	-	4,460.58	6,997.25
Water recycling rate	%	-	-	54.61	60.55
Volume of water discharged to surface water	ML	0.00	0.00	469.43	1,302.81
Volume of water discharged to third-party facilities	ML	1,377.74	2,710.04	1,837.85	1,476.67

ESG Indicator	Unit	2020	2021	2022	2023
Total volume of water discharge	ML	1,377.74	2,710.04	2,307.27	2,779.48
Total volume of water consumption	ML	1,317.61	1,482.89	1,399.94	1,740.97
COD emissions	t	-	-	41.69	46.67
Water consumption per unit of product	m ³ /t product	-	7.81	6.00	6.19
Economic intensity of total water consumption	m ³ /million CNY	-	73.88	46.14	51.91
Environmental Management System and Compliance					
Number of penalties for environmental incidents	Time(s)	-	-	0	0
Total amount of fines for environmental incidents	CNY	-	-	0	0
Compliance rate of environmental monitoring	%	-	-	100%	100%
Environment-related lawsuits from customers or stakeholders	Time(s)	-	-	0	0
Waste Management					
Total waste amount (excluding domestic waste)	t	5,859.25	14,550.31	32,924.76	74,117.62
Quantity of hazardous waste produced	t	1,550.17	726.21	1,738.74	2,785.89
Quantity of general industrial waste produced	t	4,309.08	13,824.10	31,186.02	71,331.74
Total quantity of waste recycled	t	5,485.19	14,333.56	714.71	17,441.20
Quantity of hazardous waste recycled	t	976.56	986.33	80.61	233.26
Quantity of general industrial waste recycled	t	4,508.62	13,347.23	634.10	17,207.94
Waste disposal amount	t	-	-	31,044.90	49,818.24
Quantity of hazardous waste disposed compliantly	t	-	-	1,640.25	2,529.27
Quantity of general industrial waste disposed of compliantly	t	-	-	29,404.65	47,288.98
Hazardous waste disposal amount per ton of product	t/t product	-	-	0.01	0.01
General industrial waste disposal amount per ton of product	t/t product	-	-	0.13	0.17
Waste Gas Emission Management					
SO _x emissions	kg	-	-	841.21	33,246.20
NO _x emissions	kg	-	-	15,845.71	69,798.74
PM emissions	kg	-	-	13,732.58	61,376.72
POP emissions	kg	-	-	0.00	0.00
VOC emissions	kg	-	-	2,192.91	4,354.26
HAP emissions	kg	-	-	387.78	1,494.10
Excellence and Win-win (S)					
Legal employment					
Signing rate of labor contracts	%	-	100%	100%	100%
Illegal employment	Case(s)	-	-	0	0
Human rights violation proceedings	Case(s)	-	-	0	0

ESG Indicator	Unit	2020	2021	2022	2023
Diversity and Equality					
Total number of employees	Person(s)	-	-	10,386	13,791
Total number of part-time employees	Person(s)	-	-	246	263
Total number of full-time employees	Person(s)	-	-	10,140	13,528
By gender					
Number of male employees	Person(s)	-	-	7,639	10,530
Number of female employees	Person(s)	-	-	2,747	3,261
By age					
Number of employees under the age of 30	Person(s)	-	-	4,027	6,378
Number of employees aged 30 to 50	Person(s)	-	-	6,029	7,005
Number of employees over the age of 50	Person(s)	-	-	330	408
Number of foreign employees	Person(s)	-	-	736	2,667
Total number of people in governance bodies ¹	Person(s)	-	-	490	646
By gender					
Number of male employees	Person(s)	-	-	431	565
Number of female employees	Person(s)	-	-	59	81
Number of foreign employees	Person(s)	-	-	10	15
By age					
Number of employees under the age of 30	Person(s)	-	-	30	61
Number of employees aged 30 to 50	Person(s)	-	-	413	522
Number of employees over the age of 50	Person(s)	-	-	47	63
Number of new employees ²	Person(s)	-	-	7,303	8,611
By gender					
Number of new male employees	Person(s)	-	-	5,693	7,011
Number of new female employees	Person(s)	-	-	1,610	1,600
By age					
Number of new employees under the age of 30	Person(s)	-	-	3,312	5,206
Number of new employees aged 30 to 50	Person(s)	-	-	3,894	3,338
Number of new employees over the age of 50	Person(s)	-	-	97	67
Employee hiring rate ³	%	-	-	-	62.44%
Number of employees who left		-	-	3,470	5,126
By gender					
Number of male employees that left	Person(s)	-	-	2,746	4,063
Number of female employees that left	Person(s)	-	-	724	1,063
By age					
Number of employees under the age of 30 that left	Person(s)	-	-	1,608	2,841
Number of employees aged 30 to 50 that left	Person(s)	-	-	1,820	2,203
Number of employees over the age of 50 that left	Person(s)	-	-	42	82

¹ Total number of people in governance bodies: CNGR personnel at above rank 16 and management personnel at above rank 9;

² Number of new employees: The number of new employees who joined during the reporting period;

³ Employee hiring rate: Employee hiring rate = number of new employees during the reporting period / total number of employees at the end of the reporting period;

ESG Indicator	Unit	2020	2021	2022	2023
Employee churn ⁴	%	-	-	-	27.10%
Number of Jobs Provided⁵					
Ningxiang Industrial Base	Person(s)	-	-	-	499
Qinzhou Industrial Base	Person(s)	-	-	-	660
Tongren Industrial Base	Person(s)	-	-	-	407
Kaiyang Industrial Base	Person(s)	-	-	-	313
Indonesia	Person(s)	-	-	-	1,849
Employee Development					
Number of employees promoted	Person(s)	-	543	1,562	1,780
Number of vacant positions filled by internal candidates (internal recruitment)	Position(s)	-	-	1,536	3,455
Percentage of employees receiving regular performance and career development assessments	%	-	100%	100%	100%
Employee training					
Total duration of employee training	Hour(s)	-	41,611	215,815	399,952
Number of employees participating in training	Person(s)	-	14,328	157,357	389,258
Training time per capita	Hour(s)	-	10.12	20.78	29.00
Average training duration per employee per year —by base					
Ningxiang Industrial Base	Hour(s)	-	10.34	18.84	44.13
Tongren Industrial Base	Hour(s)	-	10.80	41.15	49.97
Qinzhou Industrial Base	Hour(s)	-	-	25.49	52.26
Kaiyang Industrial Base	Hour(s)	-	-	33.28	35.17
Employee Care					
Employee satisfaction	%	-	87.20	81.79	83.89
Employee Compensation					
Total number of employees receiving incentive compensation	Person(s)	-	-	903	1,478
The ratio of the annual total compensation of the highest-earning individual to the annual total compensation median of all employees (excluding the highest-earning individual)	%	-	-	-	2,982
The ratio of the percentage increase in total annual compensation for the highest-earning individual in the reporting organization to the median percentage increase in total annual compensation for all employees (excluding the highest-earning individual)	%	-	-	-	1,673
Occupational health and safety					
Amount of work safety investment	10,000	-	-	4,326.03	5,326.96
Number of work safety accidents	Case(s)	-	41	82	59
Number of work-related deaths	Person(s)	-	0	0	0

⁴ Employee churn: Employee churn = number of employees who left / (total number of employees at the end of the reporting period + number of employees who left);

⁵ Number of jobs provided: Number of frontline employees inducted during the reporting period and still employed at the end of the 2023 reporting period in all industrial bases except Indonesia, where only frontline employees of Indonesian nationality are counted.

ESG Indicator	Unit	2020	2021	2022	2023
Number of regular employees' deaths due to production accidents	Person(s)	-	0	0	0
Number of contractual employees' deaths due to production accidents	Person(s)	-	0	0	0
Lost time injury frequency rate of employees (per 200,000 hours)	%	-	0.72	0.89	0.53
Number of occupational disease events	Case(s)	-	0	0	0
Per capita duration of occupational health and safety training	Hour(s)	-	-	-	20.54
Intellectual Property Management					
Patent application — number of inventions	Case(s)	-	-	40	69
Patent application — number of utility models	Case(s)	-	-	14	9
Patent application — number of PCT patents	Case(s)	-	-	3	3
Patent grant — number of inventions	Case(s)	-	60	70	13
Patent grant — number of utility models	Case(s)	-	62	75	18
Number of registered trademarks	Case(s)	-	7	20	20
Number of registered trademark applications	Case(s)	-	5	1	0
Total number of participations in standard formulation	Case(s)	-	-	18	23
By category					
Number of national standards the Company participated in formulating	Case(s)	-	-	4	5
Number of industry standards the Company participated in formulating	Case(s)	-	-	5	3
Number of association standards the Company participated in formulating	Case(s)	-	-	9	15
Chemical safety					
Percentage of RoHS/REACH-tested products	%	-	-	-	43
Customer Management					
Customer complaint rate	%	-	-	0.18	0.17
Total number of product quality complaints	Case(s)	-	-	85	68
Handing of products and services complaints — closed	Case(s)	-	-	85	68
Handing of products and services complaints — unclosed	Case(s)	-	-	0	0
Withdrawal rate of customer complaints	%	-	-	100	100
Average duration of complaint withdrawal	Hour(s)	-	-	-	48
Customer satisfaction	Points	83.50	91.30	91.47	94.71
Responsible procurement					
Number of evaluations for suppliers (domestic only)	Time(s)	-	-	37	84
New suppliers screened by ESG criteria (social or environmental criteria)	Unit(s)	-	7	9	12

ESG Indicator	Unit	2020	2021	2022	2023
Number of suppliers that passed ESG audit within the year (domestic only)	Unit(s)	-	-	9	61
Number of suppliers with actual and potential high ESG risks (significant negative social or environmental impacts)	Unit(s)	-	2	0	0
Number of suppliers receiving conflict mineral on-site due diligence	Unit(s)	-	-	-	4
Number of suppliers audited/certified by Responsible Minerals Initiative (RMI)	Unit(s)	-	12	16	22
Number of on-site guidance and training on supplier conflict mineral management	Unit(s)	-	-	-	3
Volunteering					
Total number of volunteers	Person(s)	-	-	1,314	1,346
Total duration of voluntary activities	Hour(s)	-	-	875	1,273
Charity					
Total expenditure of annual cash donation	10,000 CNY	-	-	110.00	129.50
Total expenditure of annual goods donation	10,000 CNY	-	-	68.00	153.00
Total investment in public benefit and charity	10,000 CNY	-	-	178.00	286.46
Practicality and Self-discipline (G)					
Risk management					
Confirmed incidents of corruption	Case(s)	-	-	-	5
Total confirmed incidents where employees were dismissed or disciplined due to corruption	Case(s)	-	-	-	2
Total confirmed incidents where contracts with business partners were terminated or not renewed due to corruption-related violations	Case(s)	-	-	-	2
Coverage rate of business ethics and anti-corruption training for employees	%	-	-	100%	100%
Training on business ethics and anti-corruption for governance bodies — coverage	%	-	-	100%	100%
Training on business ethics and anti-corruption for business partners — coverage	%	-	-	100%	100%
Operations assessed for corruption risks	%	-	-	100%	100%
Compliance management					
Compliance training sessions provided to directors	Session(s)	-	-	4	0
Compliance training sessions provided to employees	Session(s)	-	-	6	6
Major violations	Time(s)	-	-	-	0
Incidents of unfair competition or monopoly	Time(s)	-	-	-	0
Information Security Management					
Total number of information security vulnerabilities or other network security incidents	Time(s)	-	-	1	0
Number of data leaks	Time(s)	-	-	0	0
Total number of complaints due to customer privacy breach	Case(s)	-	-	0	0

Third-party Assurance Report



Independent Verification Statement

To the management and stakeholders of CNGR,

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as "TÜV SÜD") has been engaged by CNGR Advanced Material Co., Ltd. (hereinafter referred to as "CNGR" or "the Company") to perform an independent third-party verification on *CNGR Advanced Material Co., Ltd. 2023 Environmental, Social and Governance (ESG) Report* (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with CNGR and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by CNGR and provided to TÜV SÜD. The scope of verification is limited to the given information. CNGR shall be held accountable for authenticity and completeness of the provided data and information.

Scope of Verification

Time frame of this verification:

- The Report contains the data disclosed by CNGR during the reporting period from 1st January 2023 to 31st December 2023, including environmental, social, and governmental information and data, methods for management of material issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- The on-site verification sampling took place at below listed location:
16/F, Block B, Yunda Central Plaza, Yuhua District, Changsha, Hunan Province

Scope of data and information for the verification:

- The scope of verification is limited to the data and information of CNGR and all companies under its operational control covered by the Report.

The following information and data are beyond the scope of this verification:

- Any information and contents beyond the reporting period of this Report; and
- The data and information of CNGR's suppliers, partners and other third parties; and
- The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

Limitations

- The verification process is conducted in the above scope and place. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the Company are interviewed; and
- The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before 1st January 2023 are beyond the scope of this verification.

Basis for the Verification

This verification process was conducted by TÜV SÜD's expert team with extensive experience in the environmental, social, and governmental and other relevant areas and drew the conclusions thereof. The verification conforms to the following standards:

- AA1000AS v3, *Type 2 Engagement and Moderate Level of Assurance*
- TÜV SÜD *Procedure of Verification on Sustainability Report*

In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

- Preliminary investigation of the relevant information before the verification;
- Confirmation of the presence of the topics with high level of materiality and performance in the Report;

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- On-site review of all supporting documents, data and other information provided by CNGR; tracing and verification of key performance information;
- Special interview with the representative of CNGR's Chairman, CEO and management; interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- Other procedures deemed necessary by the verification team.

Verification Conclusions

According to the verification, we believe that the data and information presented in CNGR's report are objective, factual and reliable, without systematic problems, and can be used by stakeholders.

The verification team has drawn the following conclusions on this Report:

Inclusivity	CNGR has fully identified the organisation's internal and external stakeholders, such as employees, shareholders and investors, customers, suppliers, contractors, government, regulators, exchanges, etc., and has set up a stakeholder communication mechanism to collect the real demands of stakeholders on a regular basis.
Materiality	CNGR has established a process for prioritising material issues, identified and prioritised sustainability issues that are highly relevant to the industry, disclosed the company's strategy, management actions and performance data in its sustainability management and operations.
Responsiveness	Focusing on issues of concern to stakeholders, CNGR clearly discloses its management methods and performance on major issues such as climate and environment, R&D and innovation, responsible products, corporate governance, and water pressure. At the same time, a variety of stakeholder communication mechanisms are established to fully respond to stakeholder demands and expectations.
Impact	CNGR has built a sustainable development strategy. At the same time, it clarifies the breakdown of key objectives of the target pillars under the framework and continuously tracks the progress every year. In addition, CNGR has established an ESG action plan to continuously improve the construction of the company's sustainable development system, and to build a solid foundation for the company's sound and sustainable operation. However, there is still potential for enhancement of the analysis of the financial impact of material topics.

Recommendations on Continuous Improvement

- It is recommended that the financial impact of each material issue will be assessed in the future and that a dual materiality analysis will be applied to prioritise the disclosure of each issue.

Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specialises in testing, certification, auditing and advisory services. Since 1866, TÜV SÜD has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. TÜV SÜD has been committed to sustainable development and actively promotes environmental protection related projects. Over the years, TÜV SÜD has been actively expanding its performance in energy management, renewable resources, and electric automobiles, etc., helping its customers meet sustainable development needs.

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch is one of TÜV SÜD's global branches and has an expert team whose members have professional background and rich industrial experiences.

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TÜV SÜD and CNGR are two entities independent of each other and both TÜV SÜD and CNGR and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the Company. The verification is completely neutral.

Signature:
On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch




TÜV SÜD Sustainability Authorized Signatory Officer
 Mar. 7th, 2024
 Shanghai, China

Note: In case of any inconsistency or discrepancy, the simplified Chinese version "Independent Verification Statement CN" of this verification statement shall prevail, while the English translation is used for reference only.

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GRI Index

Instructions: CNGR Advanced Material Co., Ltd. prepared the report in compliance with GRI standards from January 1, 2023, to December 31, 2023

Use of GRI 1: GRI 1: Foundation 2021

GRI Sector Standard followed: No applicable sector standard

GRI Standard	Disclosure	Chapter of the Report	Reason for Omission	Clarification
General Disclosures				
The Organization and Its Reporting Practices	GRI 2-1 Organizational Details	About CNGR		
	GRI 2-2 Entities included in the organization's sustainability reporting	About This Report		
	GRI 2-3 Reporting period, frequency and contact point	About This Report		
	GRI 2-4 Restatements of information	About This Report		
	GRI 2-5 External assurance	About This Report		
Activities and Workers	GRI 2-6 Activities, value chain and other business relationships	About CNGR		
	GRI 2-7 Employees	Legal employment		
	GRI 2-8 Workers who are not employees	Legal employment		
Governance	GRI 2-9 Governance structure and composition	Management Structure		
	GRI 2-10 Nomination and selection of the highest governance body	Management Structure		
	GRI 2-11 Chair of the highest governance body	Management Structure		
	GRI 2-12 Role of the highest governance body in overseeing the management of impacts	Management Structure		
	GRI 2-13 Delegation of responsibility for managing impacts	Management Structure		
	GRI 2-14 Role of the highest governance body in sustainability reporting	Management Structure		
	GRI 2-15 Conflicts of interest	Omitted	Not applicable	Data and relevant information have been consolidated and presented in the annual report
	GRI 2-16 Communication of critical concerns	Management Structure		
	GRI 2-17 Collective knowledge of the highest governance body	Management Structure		
	GRI 2-18 Evaluation of the performance of the highest governance body	Management Structure		
	GRI 2-19 Remuneration policies	Management Structure		
	GRI 2-20 Process to determine remuneration	Management Structure		
	GRI 2-21 Annual total compensation ratio	Safeguarding Employee Rights and Interests		
	Strategy, Policies, and Practices	GRI 2-22 Statement on sustainable development strategy	Sustainable Development Strategy	
GRI 2-23 Policy commitments		Responsible Procurement		
GRI 2-24 Embedding policy commitments		Responsible Procurement		
GRI 2-25 Processes to remediate negative impacts		Responsible Procurement		
GRI 2-26 Mechanisms for seeking advice and raising concerns		Responsible Procurement		
GRI 2-27 Compliance with laws and regulations		Compliance Management		
Stakeholder Engagement	GRI 2-28 Membership associations	About CNGR		
	GRI 2-29 Approach to stakeholder engagement	Stakeholder Engagement		
	GRI 2-30 Collective bargaining agreements	Legal Employment		

GRI Standard	Disclosure	Chapter of the Report	Reason for Omission	Clarification
Material Topics				
Material Topics 2021	GRI 3-1 Process to determine material topics	Analysis of Material Topics		
	GRI 3-2 List of material topics	Analysis of Material Topics		
	GRI 3-3 Management of material topics	Analysis of Material Topics		
Economic Performance 2016	GRI 3-3 Management of material topics	Omitted	Not applicable	Data and relevant information have been consolidated and presented in the annual report
	201-1 Direct economic value generated and distributed	Omitted	Not applicable	Data and relevant information have been consolidated and presented in the annual report
	201-2 Financial implications and other risks and opportunities due to climate change	Clean Energy		
	201-3 Defined benefit plan obligations and other retirement plans	Omitted	Not applicable	Data and relevant information have been consolidated and presented in the annual report
	201-4 Financial assistance received from government	Omitted	Not applicable	Data and relevant information have been consolidated and presented in the annual report
Presence 2016	GRI 3-3 Management of material topics	Legal Employment		
	202-1 Ratios of standard entry-level wage by gender compared to local minimum wage	Omitted	Lack of information	Relevant data not collected
	202-2 Proportion of senior management hired from the local community	Omitted	Lack of information	Relevant data not collected
Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Omitted	Not applicable	Data and relevant information have been consolidated and presented in the annual report
	203-2 Significant indirect economic impacts	Omitted	Not applicable	Data and relevant information have been consolidated and presented in the annual report
Procurement Practices 2016	GRI 3-3 Management of material topics	Responsible Procurement		
	204-1 Proportion of spending on local suppliers	Omitted	Lack of information	Relevant data not collected
Anti-corruption 2016	GRI 3-3 Management of material topics	Risk Management		
	205-1 Operations assessed for risks related to corruption	Risk Management		
	205-2 Communication and training about anti-corruption policies and procedures	Risk Management		
	205-3 Confirmed incidents of corruption and actions taken	Risk Management		
Anti-competitive Behavior 2016	GRI 3-3 Management of material topics	Compliance Management		
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance Management		
Tax 2019	GRI 3-3 Management of material topics	Tax Policy		
	207-2 Tax governance, control, and risk management	Tax Policy		
	207-3 Stakeholder engagement and management of concerns related to tax	Tax Policy		
	207-4 Country-by-country reporting	Omitted	Not applicable	National conditions do not apply

GRI Standard	Disclosure	Chapter of the Report	Reason for Omission	Clarification
Materials 2016	GRI 3-3 Management of Material Topics	Use Of Renewable Resources		
	301-1 Materials used by weight or volume	Use Of Renewable Resources		
	301-2 Recycled input materials used	Use Of Renewable Resources		
	301-3 Reclaimed products and their packaging materials	Use Of Renewable Resources		
Energy 2016	GRI 3-3 Management of material topics	Energy Management		
	302-1 Energy consumption within the organization	Energy Management		
	302-2 Energy consumption outside of the organization	Omitted	Lack of information	Relevant data not collected
	302-3 Energy intensity	Energy Management		
	302-4 Reduction of energy consumption	Energy Management		
Water and Effluents 2018	302-5 Reductions in energy requirements of products and services	Omitted	Lack of information	Relevant data not collected
	GRI 3-3 Management of material topics	Water Stress		
	303-1 Interactions with water as a shared resource	Water Stress		
	303-2 Management of water discharge-related impacts	Water Stress		
	303-3 Water withdrawal	Water Stress		
	303-4 Water discharge	Water Stress		
Biodiversity 2016	303-5 Water consumption	Water Stress		
	GRI 3-3 Management of material topics	Biodiversity Conservation		
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			
	Operational Points for Management of Biodiversity-Rich Areas	Biodiversity Conservation		
	304-2 Significant impacts of activities, products, and services on biodiversity	Biodiversity Conservation		
	304-3 Habitats protected or restored	Omitted	Not applicable	None of our operational sites in China are located within or near protected or restored habitat areas
	04-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Omitted	Not applicable	None of our operational sites in China are located in areas with IUCN Red List species or national conservation list species habitats
Emissions 2016	GRI 3-3 Management of material topics	Carbon Verification		
	305-1 Direct (Scope 1) GHG emissions	Carbon Verification		
	305-2 Energy indirect (Scope 2) GHG emissions	Carbon Verification		
	305-3 Other indirect (Scope 3) GHG emissions	Carbon Verification		
	305-4 GHG emissions intensity	Carbon Verification		
	305-5 Reduction of GHG emissions	Energy Management		
	305-6 Emissions of ozone-depleting substances (ODS)	Omitted	Lack of information	Relevant data not collected
Waste 2020	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Waste Management		
	GRI 3-3 Management of material topics	Waste Management		
	306-1 Waste generation and significant waste-related impacts	Waste Management		
	306-2 Management of significant waste-related impacts	Waste Management		

GRI Standard	Disclosure	Chapter of the Report	Reason for Omission	Clarification
Waste 2020	306-3 Waste generated	Waste Management		
	306-4 Waste diverted from disposal	Waste Management		
	306-5 Waste directed to disposal	Waste Management		
Supplier Environmental Assessment 2016	GRI 3-3 Management of material topics	Responsible Procurement		
	308-1 New suppliers that were screened using environmental criteria	Responsible Procurement		
	308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Procurement		
Employment 2016	GRI 3-3 Management of material topics	Legal Employment		
	401-1 New employee hires and employee turnover	Legal Employment		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Legal Employment		
	401-3 Parental leave	Omitted	Lack of information	Relevant data not collected
Labor/Management Relations 2016	GRI 3-3 Management of material topics	Omitted	Lack of information	Relevant data not collected
	402-1 Minimum notice periods regarding operational changes	Omitted	Lack of information	Relevant data not collected
Occupational Health and Safety 2018	GRI 3-3 Management of material topics	Occupational Health and Safety		
	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		
	403-10 Work-related ill health	Occupational Health and Safety		
Training and Education 2016	GRI 3-3 Management of material topics	Safeguarding Employee Rights And Interests		
	404-1 Average hours of training per year per employee	Safeguarding Employee Rights And Interests		
	404-2 Programs for upgrading employee skills and transition assistance programs	Safeguarding Employee Rights And Interests		
	404-3 Percentage of employees receiving regular performance and career development reviews	Safeguarding Employee Rights And Interests		
Diversity and Equal Opportunity 2016	GRI 3-3 Management of material topics	Legal Employment		
	405-1 Diversity of governance bodies and employees	Legal Employment		

GRI Standard	Disclosure	Chapter of the Report	Reason for Omission	Clarification
Non-discrimination 2016	GRI 3-3 Management of material topics	Legal Employment		
	406-1 Incidents of discrimination and corrective actions taken	Legal Employment		
Freedom of Association and Collective Bargaining 2016	GRI 3-3 Management of material topics	Legal Employment		
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Legal Employment		
Child Labor 2016	GRI 3-3 Management of material topics	Legal Employment		
	408-1 Operations and suppliers at significant risk for incidents of child labor	Legal Employment		
Forced or Compulsory Labor 2016	GRI 3-3 Management of material topics	Legal Employment		
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Legal Employment		
Security Practices 2016	GRI 3-3 Management of material topics	Omitted	Lack of information	Elevant data not collected
	410-1 Security personnel trained in human rights policies or procedures	Omitted	Lack of information	Elevant data not collected
Rights of Indigenous Peoples 2016	GRI 3-3 Management of material topics	Community Engagement		
	411-1 Incidents of violations involving rights of indigenous peoples	There Were No Incidents Of Violations Involving Rights Of Indigenous Peoples		
Local Communities 2016	GRI 3-3 Management of material topics	Community Engagement		
	413-1 Operations with local community engagement, impact assessments, and development programs	Community Engagement		
	413-2 Operations with significant actual and potential negative impacts on local communities	There Were No Operations With Significant Actual And Potential Negative Impacts On Local Communities		
Supplier Social Assessment 2016	GRI 3-3 Management of material topics	Responsible Procurement		
	414-1 New suppliers that were screened using social criteria	Responsible Procurement		
	414-2 Negative social impacts in the supply chain and actions taken	Responsible Procurement		
Public Policy 2016	GRI 3-3 Management of material topics	Omitted	Not applicable	National conditions do not apply
	415-1 Political contributions	Omitted	Not applicable	National conditions do not apply
Customer Health and Safety 2016	GRI 3-3 Management of material topics	Chemical Management		
	416-1 Assessment of the health and safety impacts of product and service categories	Chemical Management		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Omitted	Not applicable	There were no incidents of such violations
Marketing and Labeling 2016	GRI 3-3 Management of material topics	Compliance Management		
	417-1 Requirements for product and service information and labeling	Compliance Management		
	417-2 Incidents of non-compliance concerning product and service information and labeling	Compliance Management		
	417-3 Incidents of non-compliance concerning marketing communications	Compliance Management		
Customer Privacy 2016	GRI 3-3 Management of material topics	Digitalization And Information Security		
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Digitalization And Information Security		

SASB Standards Index (Chemicals Industry)

Topic	SASB Code	Indicator	Unit	Data/Location in this Report
Greenhouse Gas Emissions	RT-CH-110A.1	Gross global Scope 1 emissions	t CO ₂ e	161,120.78
		Percentage covered under emissions-limiting programs (total amount of gross global Scope 1 GHG emissions covered under the emissions-limiting program divided by the total amount of gross global Scope 1 GHG emissions)	%	NA
	RT-CH-110A.2	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	NA	See "Climate Risk Management Action"
Air Quality	RT-CH-120a.1	NOx (excluding N ₂ O)	t	69.79
		SOx	t	33.25
		Volatile organic compounds (VOCs)	t	4.35
		Hazardous air pollutants (HAPs)	t	1.49
Energy Management	RT-CH-130a.1	Total energy consumed	GJ	4,296,554.68
		Percentage of grid electricity	%	Not collected
		Percentage of renewable energy	%	Not collected
		Total self-generated energy	GJ	Not collected
Water Management	RT-CH-140a.1	Total water withdrawn	1,000 m ³	4,558.56
		Total water consumed	1,000 m ³	1,740.97
		Percentage of water withdrawn in regions with high or extremely high baseline water stress	%	NA
	RT-CH-140a.2	Percentage of water consumed in regions with high or extremely high baseline water stress	%	NA
		Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Case(s)	0
RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	NA	See "Water Stress"	
Hazardous Waste Management	RT-CH-150a.1	Amount of hazardous waste generated	t	2,785.89
		Percentage of hazardous waste recycled	%	8.30
Community relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	NA	NA
Workforce Health & Safety	RT-CH-320a.1	Total recordable incident rate (TRIR)	%	0.53
		Fatality rate for direct employees	%	0
		Fatality rate for contract employees	%	0
Product Design for Use-phase Efficiency	RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	NA	See "Health and Safety"
		RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency	CNY

Topic	SASB Code	Indicator	Unit	Data/Location in this Report
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1	Percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances (by revenue)	%	NA
		Percentage of such products that have undergone a hazard assessment	%	NA
	RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human or environmental impact	NA	See "Chemicals Management"
Genetically Modified Organisms	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	%	NA
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	NA	See "Compliance Management"
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1	Process Safety Incidents Count (PSIC)	Case(s)	NA
		Process safety total incident rate (PSTIR)	%	NA
		Process Safety Incident Severity Rate (PSISR)	%	NA
Production by Reportable Segment	RT-CH-540a.2	Number of transport incidents	Case(s)	0
		RT-CH-000.A	Output ¹	t

TCFD Standards Index

TCFD Recommendations	Location in this Report	
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	See "Management Structure"
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	See "Sustainability Governance"
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	See "Climate Risk Management Action"
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	See "Climate Risk Management Action"
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	NA
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	See "Climate Risk Management Action"
	b) Describe the organization's processes for managing climate-related risks.	See "Climate Risk Management Action"
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	See "Climate Risk Management Action"
Indicators and Targets	a) Disclose the indicators used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	See "Climate Risk Management Action"
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	See "Carbon Verification"
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	See "Dual Carbon Action"

¹ The scope of products: Precursor, ferric phosphate, nickel plate, etc.

Shenzhen Stock Exchange "Guidelines No. 2 for the Self-Regulation of Listed Companies on the Shenzhen Stock Exchange – Standard Operation of GEM Listed Companies" (Revised in 2023) Benchmarks Index

Article and Disclosure Content	Chapter of the Report
9.1 Overview	Sustainable Development Strategy
9.2 Operation principles	Risk Management Compliance Management
9.3 Strategic planning and working mechanism for social responsibilities	Sustainable Development Strategy
9.4 (i) Construction and implementation of the social responsibility system	About This Report
9.4 (ii) Problems and shortcomings in fulfilling social responsibilities	Occupational Health and Safety Environmental Management System and Compliance Waste Management
9.4 (iii) Improvement measures and specific schedule	Product Quality and Safety Community Engagement Charity
9.5 Establish awareness of returning value to shareholders	Management Structure
9.6 Ensure the company's financial stability	Management Structure
9.7 Election systems for employee directors, employee supervisors	Management Structure Legal Employment
9.8 (i) Comply with environmental protection laws, regulations, and industry standards	Environmental Management System and Compliance
9.8 (ii) Formulate and implement environmental protection plans for the company	Environmental Management System and Compliance
9.8 (iii) Efficiently utilize energy, water resources, raw materials, and other natural resources	Water Stress
9.8 (iv) Dispose of pollutants compliantly	Waste Management
9.8 (v) Construct and operate effective pollution prevention and control facilities	Environmental Management System and Compliance
9.8 (vi) Pay environmental protection-related taxes and fees in full	Environmental Management System and Compliance
9.8 (vii) Ensure environmental safety in the supply chain	Responsible Procurement
9.8 (viii) Other obligations pertaining to environmental protection responsibilities	Environmental Management System and Compliance
9.9 (i) Environmental protection policies, annual environmental protection objectives and achievements	Environmental Management System and Compliance
9.9 (ii) Total annual resource consumption	Energy Management
9.9 (iii) Environmental protection investment and environmental technology development	Environmental Management System and Compliance
9.9 (iv) Types, quantities, concentrations, and disposal of pollutants emitted	Waste Management

Article and Disclosure Content	Chapter of the Report
9.9 (v) Construction and operation of environmental protection facilities	Environmental Management System and Compliance
9.9 (vi) Treatment and disposal of wastes generated in the production process, and the recycling and comprehensive utilization of waste products	Waste Management
9.9 (vii) Voluntary agreements signed with environmental protection authorities to improve environmental behaviors	Not Applicable
9.9 (viii) Rewards received from environmental protection authorities	
9.9 (ix) Other voluntarily disclosed environmental information	Addressing Climate Change
9.10 Implementation of environmental protection policies	Environmental Management System and Compliance Waste Management
9.11 Disclosure of environmental information	Environmental Management System and Compliance
9.12 (i) Comply with product safety laws, regulations, and industry standards	Chemical Management
9.12 (ii) Establish a safe and reliable production environment and processes	Occupational Health and Safety
9.12 (iii) Establish a product quality and safety assurance mechanism and emergency plans for product safety incidents	Chemical Management
9.12 (iv) Other obligations pertaining to production and product safety responsibilities	Product Quality and Safety
9.13 (i) Establish employment, dismissal, compensation and benefits, social insurance, working hours management systems and measures for handling violations	Legal Employment
9.13 (ii) Establish work environments that prevent occupational hazards and supporting safety measures	Occupational Health and Safety
9.13 (iii) Provide employees with necessary knowledge and vocational skills training	Safeguarding Employee Rights and Interests
9.13 (iv) Other obligations pertaining to the protection of employee rights and interests	Safeguarding Employee Rights and Interests
9.14 Scientific ethics	R&D and Innovation Product Lifecycle Management
9.15 Government regulation and public oversight	Stakeholder Engagement Analysis of Material Topics

UNGC Principles Index

The Ten Principles of the United Nations Global Compact	Chapter of the Report
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	See "Legal Employment"
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	See "Legal Employment"
Labor	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	See "Legal Employment"
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	See "Legal Employment"
Principle 5: Businesses should uphold the effective abolition of child labor.	See "Legal Employment"
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	See "Legal Employment"
Environmental	
Principle 7: Businesses should support a precautionary approach to environmental challenges.	See "Clean Energy"
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	See "Reducing Ecological Footprint"
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	See "High-quality Products"
Anti-Corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	See "Risk Management" and "Compliance Management"

