



# 2023 Environmental, Social and Governance Report

Yunnan Energy New Material Co., Ltd.,

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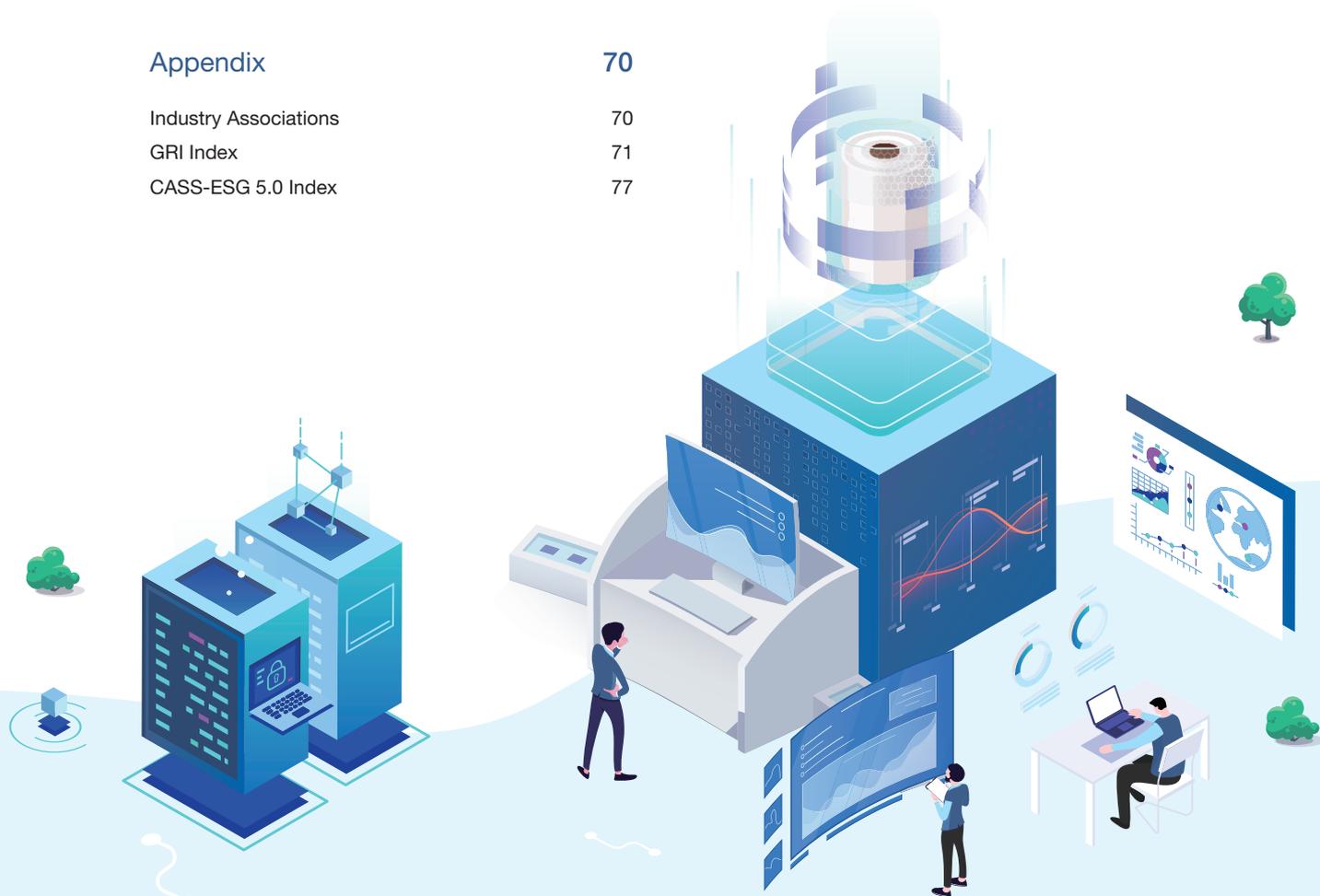
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# ABOUT THIS REPORT



This is the fourth Environmental, Social and Governance (“ESG”) Report (“the Report”) issued by Yunnan Energy New Material Co., Ltd. (for better presentation and readability, “Energy Technology” or “the Company”; “we”, “Group”, and “the Group” for the Company together with its subsidiaries), presenting the management practice and performance in the aspects of environment, social and governance in 2023.

## Reporting Period

The Report is an annual report for the period from 1 January to 31 December 2023 (the “reporting period”). To enhance the readability of the Report, some contents or data relate to previous or subsequent years.

## Organizational Structure

The disclosure scope of this report is the same as that of the 2023 Annual Report, while the scope of environmental data is the Group’s domestic subsidiaries that have been put into operation. Mainly includes:

Segment	Full Name	Abbreviations
New energy	Shanghai Energy New Material Technology Co., Ltd.	Shanghai Energy
	Jiangxi Tonry New Energy Technology Development Co., Ltd.	Jiangxi Tonry
	Jiangxi Ruijie New Materials Technology Co., Ltd.	Jiangxi Ruijie
	Jiangsu Ruijie New Materials Technology Co., Ltd.	Jiangsu Ruijie
	Wuxi Energy New Materials Technology Co., Ltd.	Wuxi Energy
	Suzhou Green Power New Energy Material Co., Ltd.	Suzhou GreenPower
	Chongqing Energy New Materials Technology Co., Ltd.	Chongqing Energy
	Chongqing Energy Newmi Technological Co., Ltd.	Newmi Tech
	Zhuhai Energy New Materials Technology Co., Ltd.	Zhuhai Energy
	Jiangxi Energy New Materials Technology Co., Ltd.	Jiangxi Energy
Hubei Energy New Materials Technology Co., Ltd.	Hubei Energy	
Packaging	Yunnan Hongta Plastics Co., Ltd.	Hongta Plastic
	Hongta Plastic (Chengdu) Co., Ltd.	Chengdu Hongta Plastic
	Yunnan Dexin Paper Industry Co., Ltd.	Dexin Paper
	Yunnan Hongchuang Packaging Co., Ltd.	Hongchuang Packaging

## Data of the Report

Data and cases presented herein were extracted from the internal documents, reports and other documentation that keeps track of the progress in satisfying performance obligations of the Group and its subsidiaries.

## Assurance for Reliability of the Report

Group guarantees that the Report is free of false or misleading statements.

## Key Reporting Metrics Used, Including:

- The Global Reporting Initiative's ("GRI") Sustainability Reporting Standards ("GRI Standards")
- The Corporate Social Responsibility Reporting Guidelines released by the Chinese Academy of Social Sciences ("CASS-ESG 5.0")
- the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (Revised in 2023)
- the No. 1 Self-regulatory Guidelines of the Shenzhen Stock Exchange for Listed Companies – Standardized Operation of Listed Companies
- the No. 3 Self-regulatory Guidelines of the Shenzhen Stock Exchange for Listed Companies – Industry Information Disclosure
- The United Nations Sustainable Development Goals ("SDGs")
- "Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation" White Paper<sup>1</sup> – Stakeholder Capitalism Metrics from World Economic Forum International Business Council
- IFRS S1 General Sustainability-related Disclosures (IFRS S1)
- The contents in Response to Climate Change section refer to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the requirements of the Guidance on Climate Disclosures of HKEx and IFRS S2 Climate-related Disclosures (IFRS S2)

## Publication Cycle

This Report is published on an annually basis.

## Access to and Feedback on the Report

This Report is available on Yunnan Energy New Material Co., Ltd.'s website (<http://www.semcorp.com>), the Shenzhen Stock Exchange's website (<http://www.szse.cn>) and CNINFO's website ([www.cninfo.com.cn](http://www.cninfo.com.cn)). Where the English content conflicts with the Chinese content, the Chinese one shall prevail. Please share via email of Corporate Sustainability Management Dep ([semcorp-csmc@semcorpglobal.com](mailto:semcorp-csmc@semcorpglobal.com)) your thoughts and suggestion on our ESG Report or our environment and social responsibility performance.

<sup>1</sup> Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, World Economic Forum, September 2020.

# CHAIRMAN'S MESSAGE

To stakeholders:

As a leading manufacturer of lithium battery separators, Energy Technology adheres to the core values of “integrity, dedication and excellence” and is fully committed to becoming a world-class material R&D and production company. We uphold the concept of high-quality sustainable development and strive to implement leading practices in relation to the environment, society and corporate governance, with a view to ensuring the stable and smooth development of the Group and meeting the expectations of all stakeholders.

Looking back to 2023, Energy Technology forged ahead in its pursuit of sustainable development. In an effort to pragmatically implement our development blueprint, we established an ESG department and took measures to further improve our sustainable development management system, integrated the philosophy of sustainable development into our daily production and operations, and made significant achievements in respect of clean production, scientific and technological innovation, safe development, service quality, employee empowerment and other key areas.

As we continue on the path of sustainable development, we are implementing the green development philosophy, and practising the principles of low-carbon, environmental protection, energy conservation and consumption reduction in our production and operations. We are committed to creating an atmosphere that is conducive to energy conservation and consumption reduction, and we are steadily taking measures to use more renewable energy and green electricity. Energy Technology is tracking the carbon footprint of its standard products, and meeting its obligations in respect of carbon emissions reduction, with the goal of accelerating the corporate carbon reduction process and playing its part in the global response to climate change.

People-centricity is one of the philosophies to which we are always committed. We firmly believe that talent is a fundamental driver of the Group's continuous movement. Energy Technology strives to promote enterprise development and improve employment to achieve a win-win by attracting excellent talents, so that employees from various countries and regions can work together and build Energy Technology into a diverse, inclusive family. In addition to safeguarding the well-being of employees, we are constantly improving our incentive and performance mechanism and strengthening our comprehensive communication channels, and we provide employees with a sound training system. Moreover, Energy Technology established safety committee to fully implements accountability practices for production safety to continuously safeguard and improve occupational health and safety management.

In the context of an ever-changing world, we are upholding quality and technological innovation, and collaborating with upstream and downstream players to promote mutual benefits and win-win results. Energy Technology implements strict quality control measures throughout its production processes in order to provide customers with top-of-the-line green innovative products and solutions. Meanwhile, we are expanding our investment in the development of R&D platforms, and prioritising planning for intellectual property rights, with a view to actively promoting industrial technological innovation. We regard the supply chain as an integral part of our operating process; and for this reason, we evaluate and assess the ESG performance of our suppliers to cultivate a sustainable supply chain.

We believe that achieving shared prosperity with our communities is vital for our stable development. To this end, we actively carry out public welfare activities in company & subsidiaries, and take measures to improve the welfare of vulnerable groups in society, so as to promote the harmonious integration of enterprises and communities and facilitate mutual benefits and joint development.

We firmly believe that the pursuit of sustainable development never ends. Looking forward, Energy Technology will strive to achieve greater ESG progress, and assume its responsibilities in promoting high-quality sustainable development of the economy, environment and society. By forging ahead alongside all stakeholders and adopting a daring sense of innovation, we are confident that we can overcome any challenges in our path.

Paul Xiaoming Lee  
Chairman

April 2024

# SUSTAINABLE DEVELOPMENT OUTCOMES IN 2023

## KPI Overview

KPI	Unit	2023	2022
<b>Economic Performance</b>			
Total assets	RMB100,000,000	472.01	386.23
Total operating income	RMB100,000,000	120.42	125.91
Operating income growth rate	%	-4.36%	57.73%
Total profit	RMB100,000,000	30.26	47.65
Total profit growth rate	%	-36.49%	48.01%
Weighted-average return on net assets attributable to common shareholders	%	13.31%	25.39%
Taxation payment <sup>2</sup>	RMB100,000,000	10.69	9.01
<b>Environmental Performance</b>			
Electricity consumption	MWh	1,322,640.0	1,020,595.4
Natural gas consumption	10,000m <sup>3</sup>	14,546.7	11,320.9
Comprehensive energy consumption intensity	kWh/RMB10,000 (Total operating income)	2,552.9	1,858.4
Greenhouse gas emission intensity	tCO <sub>2</sub> -e/RMB10,000 (Total operating income)	1.0	0.8
Water consumption and intensity of consumption	kWh/RMB10,000 (Total operating income)	4.8	3.3
<b>Social Performance</b>			
Total employees	person	9,333	7,458
Percentage of women in management	%	50.0%	28.6%
Employee turnover rate	%	20.2%	19.7%
Total employee training hours	hour	129,795	77,416
Total Recordable Incident Rate (TRIR)		0.63	0.36
Number of product recalls	times	0	0
R&D expenditure	RMB100,000,000	7.27	7.24
Cumulative IP	item	606	520

## System Certification

By the end of the reporting period, the Group's coverage of ISO 9001, ISO 14001 and ISO 45001 is as follows. For more information, please refer to the relevant section in this report.

System	Name	The proportion covering the Group's subsidiaries in operation
ISO 9001	Quality Management System	87.5%
ISO 14001	Environmental Management System	87.5%
ISO 45001	Occupational Health and Safety Management System	87.5%

<sup>2</sup> Various taxes: This equals the total of corporate income tax, value-added tax, and other taxes.

## Main Awards and Honors

Main awards and honors obtained by the Group in 2023 are as follows:

## ESG Rating Performance

In 2023, the Company actively communicated with ESG rating agencies and continued to respond to key ESG ratings to continuously improve ESG governance.



CCC	B	BB	BBB	<b>A</b>	AA	AAA
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MSCI ESG rating  
(updated in January 2024)



ESG Score Industry Ranking:  
3 / 485 (Chemical Industry)

Wind ESG rating

### Market and economy

#### Shanghai Energy

Outstanding Contribution Award for Private Enterprises in Shanghai Pudong New Area (Top 20)



#### Shanghai Energy

2023 Strategic Partners



#### Shanghai Energy

2023 Shanghai Enterprises Top 100 (ranked the 94th)

#### Shanghai Energy

2023 Shanghai Top 50 Growth Enterprises (ranked the 6th)

#### Shanghai Energy

2023 Shanghai TOP 100 Hardcore Technology Enterprises

#### Shanghai Energy

2023 Shanghai Top 100 Private Manufacturers (ranked the 15th)

#### Zhuhai Energy

Zhuhai Outstanding Private Enterprise

#### Shanghai Energy

2023 Shanghai Top 100 Emerging Industrial Enterprises (ranked the 27th)

#### Zhuhai Energy

Lingnan Excellent Enterprise

#### Shanghai Energy

2023 Shanghai Top 100 Manufacturers (ranked the 30th)

#### Wuxi Energy

2022 Wuxi Top 10 Growth Manufactures of the Year

#### Shanghai Energy

2023 Shanghai Top 100 Private Enterprises (ranked the 43rd)



#### Wuxi Energy

2023 Wuxi Top 100 Private Enterprises (ranked the 89th)



#### Shanghai Energy

Economic Contribution Award for Private Enterprises



### Innovation, products and services



# ABOUT THE GROUP

## Group Overview

Yunnan Energy New Material Co., Ltd., the world's leading manufacturer of lithium battery separator films, was established on 5 April 2006, with its headquarters located at No.125 Fuxian Road, High-tech zone, Yuxi City, Yunnan Province. We also have a wide range of products in the tobacco label, BOPP film, aseptic packaging and speciality paper industries. Energy Technology was listed on the Shenzhen Stock Exchange on 14 September 2016 (Stock Code: 002812, Stock Short Name: ENERGY TECHNOLOGY).

As of the reporting period end, the Group had seven second-tier subsidiaries. Among them, Yunnan Hongta Plastics Co., Ltd. ("Hongta Plastic"), Yunnan Jiechen Packaging Materials Co., Ltd. ("Yunnan Jiechen"), Yunnan Dexin Paper Co., Ltd., Ningbo Energy New Material Co., Ltd. and Shanghai Energy New Materials Research Co., Ltd. were wholly-owned. The other two, namely Shanghai Energy New Material Technology Co., Ltd. and Yunnan Hongchuang Packaging Co., Ltd. were holding subsidiaries. According to the "Guidelines on Industry Classification of Listed Companies (Revised in 2012)", the Group's industry classification is "C Manufacturing" - "C29: Rubber and Plastic Products".

The Group's operations are mostly in China Mainland, with production facilities in Shanghai, Yunnan, Sichuan, Chongqing, Jiangsu, Jiangxi, Guangdong and Hungary in Eastern Europe. In addition, to accelerate the progress of our lithium battery isolation membrane project in the United States, respond quickly to the needs of customers in North America, and increase our share in the global market of membrane products, we will build 14 lithium battery coating membrane production lines with an annual production capacity of 700 million m<sup>2</sup> in the United States. At the same time, the Group's Jiangxi Enbo, Jiangsu Jintan, Hubei Energy and Jiangsu Energy factories are also under construction in an orderly manner.

we will build



**14** lithium battery coating membrane production lines with an annual production capacity of **700** million m<sup>2</sup> in the United States



Geographical locations of Energy Technology

## Our Mission, Vision and Core Values



### Our mission:

Create excellent quality, build a national brand



### Our vision:

Become a world-class material R&D and production enterprise



### Core values:

Integrity, persistence, dedication, and excellence

## Development Strategy

In 2023, Energy Technology proposed the "1139" initiative for the new energy segment, namely "1 center", "1 deployment", "3 focuses" and "9 key areas":

<p><b>"1 center"</b></p> <p><b>market leadership</b></p> <p>Maintain market leadership</p>	<p><b>"1 deployment"</b></p> <p><b>overseas expansion</b></p> <p>Increase overseas sales</p>
<p><b>"3 focuses"</b></p> <p><b>solid foundation</b></p> <p>Improving product consistency, rolled throughout yield (RTF), and line coating techniques</p>	<p><b>"9 key areas"</b></p> <p><b>continuous improvement</b></p> <p>Safety, customer service, supply chain &amp; procurement, production and operation, quality, R&amp;D and technology, human resources, digitalization and automation</p>

By implementing the "1139" initiative, we are trying to achieve the following three goals:

<p>Maintain <b>market leadership</b></p>	<p>Grabbing shares in the blue sea market overseas to <b>boost overseas sales.</b></p>	<p>To become a top player with leading quality and <b>cost-effectiveness in the industry</b></p>
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The Group holds publicity sessions to promote the key takeaways of "1139" initiative to all functional units, departments and bases of the new energy segment, for its implementation. Our people are encouraged to strive for achieving the goals under the "1139" initiative.



Photos of the "1139" initiative publicity sessions

## Main Business

### ▲ Membrane products, mainly include lithium battery separator film (base film and coating film), and BOPP film (cigarette film and flat film):

Energy Technology has two major segments of “new energy” and “packaging”. By the end of the reporting period, there were three major categories of products:

**Lithium battery separator film:** Energy Technology has a complete portfolio of separator film products in the industry. The wet-process lithium battery separator film products are mainly used in the fields of new energy automobile lithium battery manufacturing, 3C products and energy storage. Energy Technology has successfully entered the supply chain of global mainstream battery manufacturers by virtue of technology accumulation and expansion of industrial scale. We have established constructive working relationship with leading foreign lithium battery manufacturers such as LGES, Panasonic, Samsung, NORTHVOLT, French ACC, a large overseas vehicle manufacturer as well as with domestic mainstream lithium battery companies, including CATL Group (Contemporary Amperex Technology Co., Ltd.), CALB (China Aviation Lithium Battery Technology Co., Ltd.), BYD (Shenzhen BYD Lithium Battery Co., Ltd.), Guoxuan High-Tech (Guoxuan High-Tech Co., Ltd.), EVE Energy Co., Ltd. (EVE), SVOLT Energy Technology Co., Ltd. (SVOLT), Sunwoda Electronic Co., Ltd. (Sunwoda), Farasis Energy (Farasis Energy (Ganzhou) Co., Ltd.), and Lishen (Tianjin Lishen Battery Joint-Stock Co., Ltd.).

**ALF:** Energy Technology focused on Jiangxi and Jiangsu as key bases for ALF production, by establishing Jiangxi Ruijie and Jiangsu Ruijie in Gao'an and Changzhou, respectively. Energy Technology Research Institute has established an ALF research institute, which has obtained a number of authorized patents, with dry process and thermal process highly recognized in the market, and mainly applied in 3C, power, energy storage and other fields.

**BOPP film:** Energy Technology BOPP film is manufactured by Hongta Plastics and its subsidiary Chengdu Hongta Plastic. It is one of a few companies in China that can produce BOPP cigarette film, and is also one of a few companies capable of producing anti-counterfeit printed cigarette film. BOPP film products have a leading position in the BOPP film market in Southwest China. We reuse the waste film and trimmings generated during the production of BOPP film in the production of other products. In addition to the recycling of the product itself, the production process can be achieved without producing any waste products. Cigarette film is used in the cigarette industry, and mainly sold to customers include Yunnan Zhongyan, Sichuan Zhongyan, Fujian Zhongyan, Anhui Zhongyan, Hubei Zhongyan, Guizhou Zhongyan, Heilongjiang Tobacco, Jiangxi Zhongyan, and Gansu Tobacco and other well-known subsidiaries of them. Flat film is mainly used in printing, food, cosmetics and other industries.



Separator film



ALF



Cigarette film



Flat film

### ▲ Packaging and printing products, mainly include cigarette labels and aseptic packaging, among which:

**Cigarette label:** used in cigarette packaging and mainly sold to large cigarette manufacturers in China, including Yunnan Zhongyan and Chongqing Zhongyan, and the products are widely used in well-known domestic cigarette brands such as n “Yuxi”, “Hongtashan”, Yunyan”, “Honghe”, “Snow World”, “Longfengchengxiang”;

**Aseptic packaging products:** Hongchuang Packaging, a subsidiary of the Group, has independently developed roll-form aseptic brick packages, pre-made aseptic brick packages, A-type gable top packages (mainly used for fresh milk), B-type gable top packages (mainly used for tea drinks, fruit juice and non-carbonated beverages), making it become one of the few enterprises able to produce roll-form aseptic brick package, pre-made aseptic brick package and gable top package. Domestic famous large dairy and beverage producers are the major customers of HongChuang Packaging, such as Yili, Mengniu, Bright Dairy, New Hope Dairy, Dali, Dongpeng, Beijing Sanyuan Food, Royal Group, Guizhou Haoyiduo Dairy, Wondersun and Ouya Dairy. The product quality and service of HongChuang Packaging have gained recognition of a large number of customers.



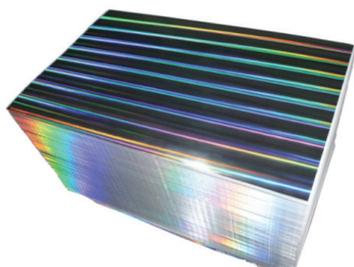
Aseptic packaging products

▲ **Paper product packaging is mainly manufactured by Dexin Paper, which include special paper products holographic anti-counterfeiting electrochemical aluminum products and transfer films. They are widely used for the cigarette labels for domestic famous cigarette brands, such as “Yunyan”, “Hongtashan”, “Yuxi”, “Hongshuangxi”, “Jiaozhi”, “Chunghwa”, etc. Thanks to the Company’s strong capability in product development, excellent product quality and good adaptability, the special paper products have developed rapidly and fill the gap of no special paper deep processing enterprise in Southwest China where a large number of packaging printing enterprises operate. In detail,**

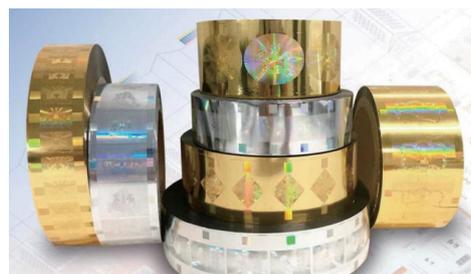
**Laser transfer anti-counterfeiting paper**, a laser transfer paper product which uses special or customised laser patterns. Laser transfer anti-counterfeiting paper is a metallised paper product with a metal texture and laser anti-counterfeiting effect, and it is made by copying the rainbow laser and anti-counterfeiting effect on the coating layer and then plating, laminating and peeling. The product is widely used in cigarette labels, cosmetic boxes, toothpaste boxes, pill boxes, etc.;

**Aluminised paper**, an aluminum plated paper product made by the direct plating method. It is a speciality paper product manufactured by aluminising directly on the coated surface of paper in vacuum, and is mainly used as inner liners for cigarette labels and as packaging papers for chocolates, chewing gums and other foods; and

**Coated paper**, a speciality paper product with a special effect and function and suitable for printing. It is made by either applying a specific coating directly on the paper or adding a coating via PET film coating and paper-film composite peeling. Coated paper products are mainly used in tobacco, food, medicine, and cosmetics industries.



Laser Transfer Anti-Counterfeiting Paper



Aluminised Paper

▲ **Other technical accumulation:**

**Dry-process lithium-ion battery separator film:** The Group’s dry-process project phase I in Jiangxi is expected to have 1 billion m<sup>2</sup> of production capacity. By the end of January 2024, 2 production plants were completed, including 8 blown film lines in Plant 1 and 6 casting film lines in Plant 2 (14 basement membrane production lines in total). In addition, we have also built 2 quality testing laboratories, to meet the needs of customers for high-quality products. We also own a number of in-house intellectual property rights, and continue to optimize the development of technical products and technological processes, to ensure sufficient supply to meet future demand for lithium-ion battery separator films.

**Aluminum laminated film (ALF):** Jiangxi Ruijie and Jiangsu Ruijie are two major ALF manufacturers under Energy Technology. At Jiangxi Ruijie, the first and second ALF production lines have been put into production, with the equipment commissioning completed for the third production line. The commissioning was also completed for two ALF production lines at Jiangsu Ruijie.

**Semi-solid battery diaphragm:** The Group has been paying attention to various battery technology paths including solid-state and semi-solid batteries, and has targeted diaphragm as the new battery technology to develop. We have established Jiangsu Sanhe, a joint venture with Beijing Weilan and Liyang Tianmu to develop and manufacture semi-solid battery separators. So far, Phase I plant of Jiangsu Sanhe Project has been basically completed, and two high-performance coating film production lines installed and debugged.

# TOPIC

## Joining Hands to Promote the Belt and Road Initiative and Open a New Chapter of Global Cooperation

In 2013, President Xi Jinping proposed the Silk Road Economic Belt and the 21st Century Maritime Silk Road, commonly referred to as the Belt and Road Initiative (BRI), with the aim of opening a new chapter in international cooperation. Since then, China has taken concrete steps to transform the BRI concept into reality, and these extensive efforts have ultimately given way to a number of impressive achievements.

With the accelerated global energy transition, the overseas market is expected to become a key focus for competition in the future. In 2020, an investment was made in Debrecen, Hungary, to construct a wet-process lithium battery separator production line and supporting factory, primarily engaged in

the manufacturing and sales of wet-process base films and functional coated separators for lithium batteries.

The total investment of the SEMCORP factory in Hungary is approximately 340 million euros, which covers an area of 97,000 square meters and features a production base covering an area of 50,000 square meters. The plant is equipped with four production lines for 4 base film (including in-line coating) and multiple off-line coating lines, and it provides 440 jobs for the local community. For this project, we won the 2020 “Investors of the Year” Award granted by the Ministry of Foreign Affairs and Trade of Hungary and the Hungarian Investment Promotion Agency.



SEMCORP factory in Hungary

In July 2023, Energy Technology’s first coating production line in Hungary, SEMCORP’s overseas subsidiary, was launched (trial production). This also signifies a milestone in Energy Technology’s accelerated overseas expansion process. Several overseas customers are actively working on validation.



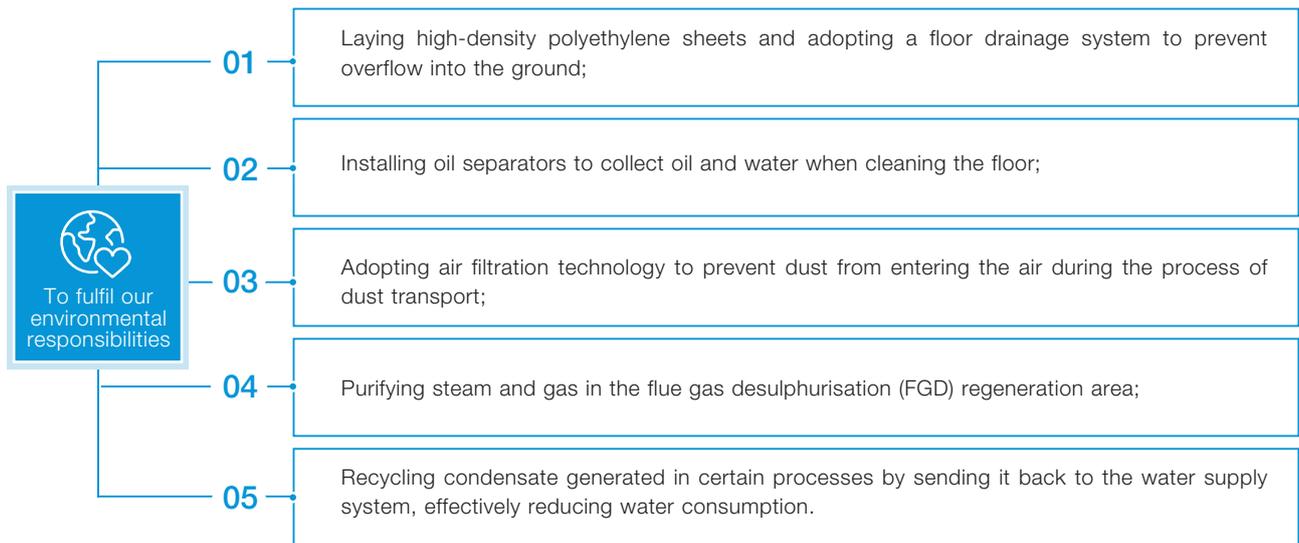
SEMCORP Hungary held the opening ceremony for its first coating production line



Scene of the first coating production line of SEMCORP Hungary starting operation – Coating diaphragm goes offline

At the ceremony, Péter Szijjártó, Minister of the Ministry of Foreign Affairs and Trade of Hungary, said, “Today, we are here to witness the solid foundation that has been laid for investment projects from China. This is a new chapter in the success story of Hungarian-Chinese economic cooperation. The lithium battery diaphragm is indispensable for the electric vehicle industry, which is playing a key role in promoting Hungary’s economic recovery.”

The inauguration of the first coating production line of SEMCORP Hungary starting operation underscores our commitment to the pursuit of sustainable development in new markets and regions. While complying with all Hungarian (European Union) legislation, we have also established and improved our ESG governance to ensure the full fulfilment of our corporate responsibilities regarding the environmental, social and corporate governance.



To fulfil our social responsibilities and protect the rights and interests of employees, we have formulated employment contracts and health and safety standards, and have held a series of training sessions in Hungarian and organizing staff reunion activities. In addition, during the Christmas season, SEMCORP Hungary donated chocolates, candy and biscuits to a children’s home in Debrecen, Hungary, to show compassion and encourage the children to get into the holiday spirit. For this kind act, Hungary Energy received a thank-you letter and was gifted refrigerator stickers.



Staff reunion activities



Donated to a children’s home

# 01

## Governance Principles

Corporate Governance	16
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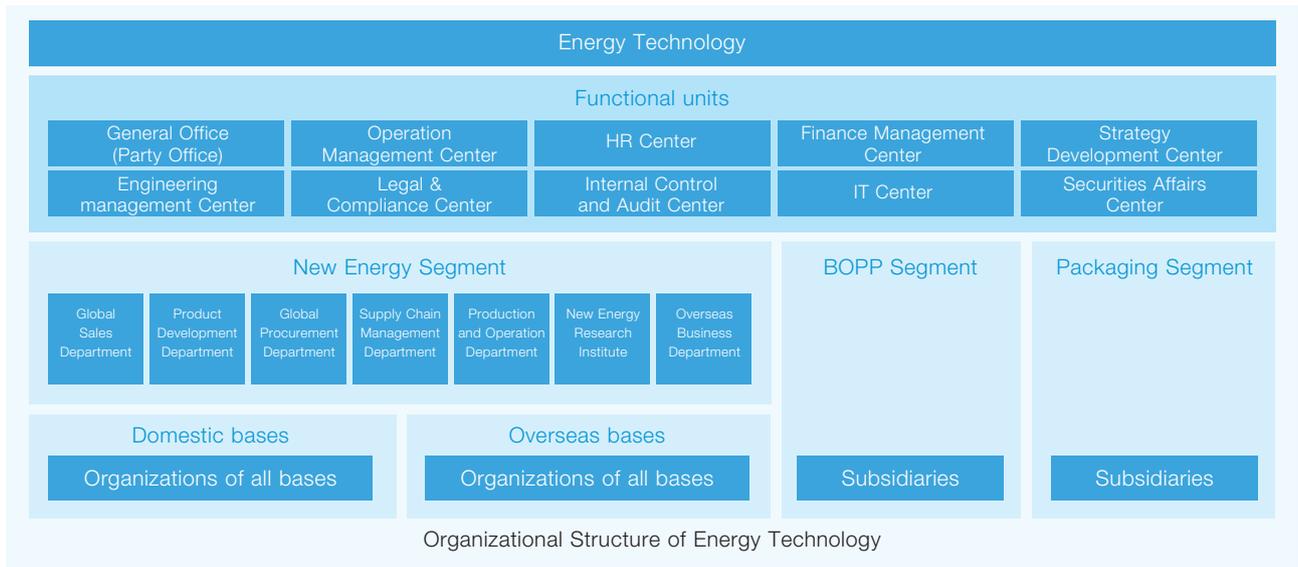


# CORPORATE GOVERNANCE

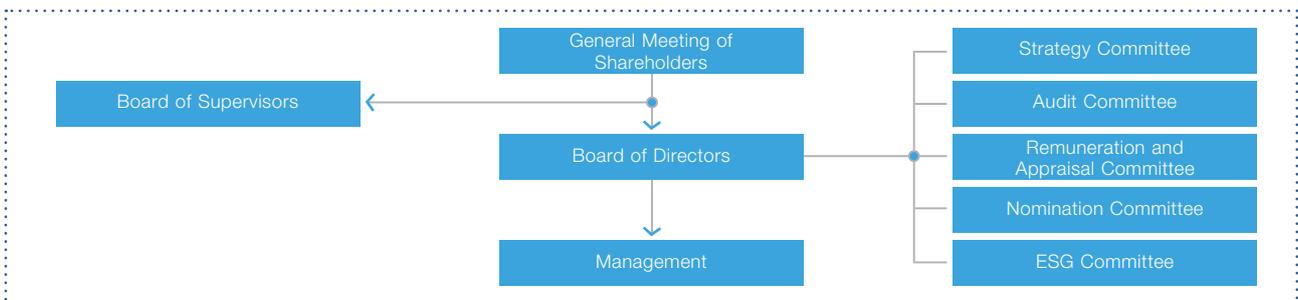
## Corporate Governance

Decent corporate governance mechanism, conducive to the enhancement of corporate value as well as maintenance of shareholders' interests, is an important basis for the Company to realize sustainable development. The Group has constantly optimized its governance system and constantly improved its management level during the long-term corporate governance practice. General meetings, the Board and its special committees, the Supervisory Committee and the management of which the general manager is responsible for have clear duties and responsibilities with high effectiveness. In 2023, the Group did not have any incidents of high fines and non-monetary sanctions for violations of laws and regulations in the social and economic sphere.

The Group has established a sound organizational structure, which consists of 10 functional units such as General Office, Operation Management Center and HR Center:



In order to enhance the core competitiveness, meet the needs of strategic development, improve the audit evaluation and supervision mechanism of the Board of Directors, ensure effective supervision of the Company by the Board of Directors, and also to standardize the selection and appointment of directors and general managers and other senior management of the Company, optimize the composition of the Board of Directors, and improve the remuneration and appraisal management system of directors, general managers and other senior management, we have, in accordance with the *Company Law of the People's Republic of China*, *Guiding Opinions on Establishing Independent Director System for Listed Companies*, *the Articles of Association of Yunnan Energy New Materials Co., Ltd.* (hereinafter referred to as the *Articles of Association*), adopted the Nomination Committee of the Board of Directors and the Remuneration and Appraisal Committee of the Board of Directors to improve the corporate governance structure. With respect to the composition of personnel, we have taken into full consideration such elements as independence, set clear requirements on the number of independent directors in each committee, and taken into account the experience background of the directors. We have established the ESG Committee of the Board of Directors, chaired by the General Manager, which makes decisions on and monitors the planning and actual results of the Group's sustainable development management, in the hope of creating a favourable culture from the top down and taking the lead in ensuring the development and implementation of the Group's sustainable development efforts. In order to strengthen the communication with the board of directors and support its better decision-making, the Center for Securities Affairs produces monthly reports on the board of directors, actively reporting on the company's major issues, industry conditions and regulatory developments. In the future, we will further enhance the diversity of board members in conjunction with our development plans to improve decision-making and reduce the level of corporate risk.



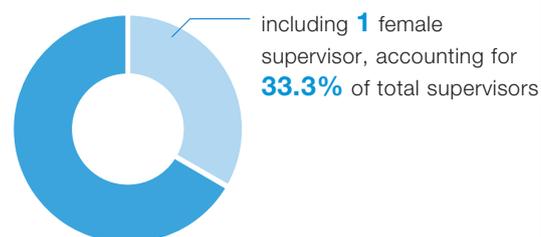
## In 2023, the Group held

Organization of the meeting	annual general meeting	Board of Directors	Board of Supervisors	Strategy Committee	Audit Committee	Nomination Committee
Number of meetings	9	18	15	4	5	3

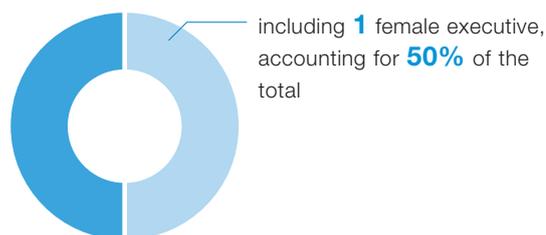
### As of the end of the reporting period, there were



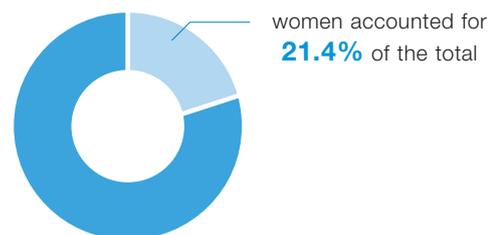
**9** board members (including **3** independent directors)



**3** supervisors (including **1** employee supervisor)



**2** senior executives



**14** directors, supervisors and senior executives in total

## Information Disclosures

The Group followed their duties pursuant to *the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guiding Opinions on Establishing Independent Director System for Listed Companies, Shenzhen Stock Exchange Listing Rules* and other relevant provisions as well as regulations of the Company including the *Articles of Association*. The Securities Center is responsible for works on disclosures the information, obedience to the idea of insisting reality, accurate, complete, duly, compliance, disclosures the business's announcements and journals. In 2023, according to the requirements of the Law of A stocks disclosures, the Group finished the periodic reports and temporary reports, especially the big and urgent events that shareholders and investors care about, make sure that the investors could duly, fairly, equally, accurately, fully understand the conditions that the Company faced. In the reporting period, the Company prepared and disclosed 12 regular reports and issued 315 interim announcements. The Company

also revised the Articles of Association, the Procedural Rules of the Shareholders' General Meeting, the Procedural Rules of the Remuneration and Appraisal Committee, the Procedural Rules of the Strategy Committee, the Procedural Rules of the Nomination Committee and other important systems.

In order to satisfy the promptness of information disclosures, the Group set staff who specialize in the communication and reports to the Group's Securities Center on material information within all subsidiary corporations, making an internal platform for communicating the information disclosures. In addition, the Group irregularly carry out relevant training for the staff in Securities Center and responsible for information disclosure in subsidiaries, to improve the information management and disclosure capabilities and ensure the accuracy, timeliness and compliance of information disclosure, protect the legitimate rights of investors.

## Investor Relations

The Group continues to concentrate and commit to improving investor relations management. We strictly follow by *the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guiding Opinions on Establishing Independent Director System for Listed Companies* and other related laws and regulations as well as internal document such as the *Articles of Association*. In the management of investor relations, we also follow the "full disclosure information, compliance to disclose information, investors equal opportunity, honest and trustworthy, efficient, low consumption and interactive communication" and such basic principles. In daily work and the implementation of major projects, we take effective and convenient measurements, strengthen the comprehensive communication between shareholders and investors, avoid selective disclosure, ensure the equality between all stakeholders and the rights to equality received the information.

### For the benefits of small and medium-sized shareholders:

- We disclose the Company's major events to small and medium-sized investors in a timely, accurate, fair and objective manner, so that they are informed of the Company's major events to the extent possible;
  - ▲ After the issuance of regular reports, performance briefing is made available on our official WeChat public account and legal information disclosure media through visualized images and text.
  - ▲ Set English channel for the performance announcement, videos are broadcast before it to make it easier for small and medium-sized investors to have clear understanding of our regular reports and related information, to reduce information disparity and other related issues, and fully protect the their interests.
- In addition to regular disclosures, we also answer investors' questions and attend issues of great concern through multiple channels.
- We introduce our business performance, strategic arrangements and arrange Q&As to investors through CNINFO, the Board's functional email, investors hotline and regular performance briefings. In 2023, the Group held 1 performance briefing, multiple institutional communication meetings, involving multiple institutions and investors, and maintained communication with institutional and individual investors through CNINFO with 229 Q&A sessions.
- The Securities Center summarizes and forwards the suggestions from investors to the management, to fully understand the demands of small and medium-sized investors, and protect their rights and interests.
- We act as a model in fulfilling corporate social responsibilities and conduct annual and interim dividends to share our financial results with small and medium-sized investors and improve their returns.

During the reporting period, the Company maintained a stable market value through various means such as stock repurchase, to boost small and medium-sized investors' confidence in the Company's growth potential and long-term investment value. In 2023, the Company carried out two share repurchase programs for the implementation of share incentives, with a cumulative number of shares repurchased of 2,193,600 shares and a cumulative amount of shares repurchased of RMB5,499 million.

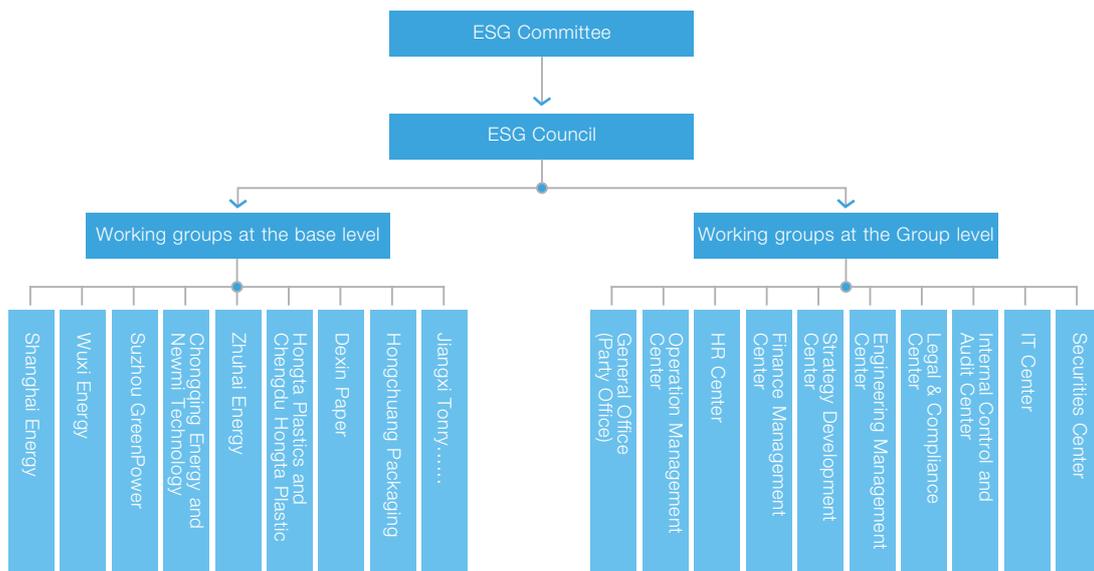
Based on the recognition of the long-term development of the Company, during the reporting period, Mr. Paul Xiaoming Lee and Mr. Li Xiaohua, the de facto controllers of the Company, increased their holdings of the Company's shares by a total of 2,078,318 shares, with an additional amount of RMB194 million, and as at 17 July 2023, the relevant share purchase plan had been completed. In addition, Mr. Paul Xiaoming Lee voluntarily undertook not to reduce his shareholding in the Company within 6 months from 24 August 2023, which has been fulfilled. Some directors, supervisors, senior management and core management, technical and business personnel of the Company plan to increase their holdings of the Company's shares within 6 months from October 28, 2023, with an aggregate planned increase of not less than RMB200 million (inclusive) and not more than RMB400 million (inclusive), and as at the end of the reporting period, the aforesaid subjects of the increase in shareholdings have increased their holdings by 144,300 shares, with an aggregate increase of RMB8,880,200,000 yuan. The company will continue to pay attention to the implementation of the plan to increase the holdings of the company's shares, management of this increase in holdings of the company's shares, and urge the main body of the increase in holdings of the company's shares in strict accordance with the relevant provisions of the trading.

# ESG GOVERNANCE

## ESG Governance Structure

In order to promote the development of ESG work and improve the quality of ESG information disclosure, we have formulated the *ESG Management Implementation Measures* and a top-down ESG governance structure.

 <p><b>ESG Committee under the Board of Directors (the “Board”)</b></p>	<p>Responsible for ESG management, discussing, evaluating, and approving information disclosure of major ESG issues, ESG targets, and external ESG reports. Management tasks include but are not limited to the supervision of the Group’s environmental and social matters, including risk assessment, prioritization and risk management, supervision and review of the Group’s performance in environmental and social matters, etc., so as to guide the Group’s sustainable development.</p>
 <p><b>ESG Council under the ESG Committee</b></p>	<p>The Council is headed by the Securities Center, and include members from the Sustainable Development Department, Legal &amp; Compliance Center, Internal Control and Audit Center, HR Center, Finance Management Center, and EHS Departments of each bases, covering all relevant aspects of the Group’s daily management. The ESG Council plays an indispensable role at the Group’s executive level by listening to opinions and suggestions on one hand, and conveys, communicates, and implements measures and feedback on environmental governance and social governance to each site on the other hand.</p>
 <p><b>Working groups at the Group and base level</b></p>	<p>Responsible for implementing the Group’s ESG-related policies, and compiling, reporting, and archiving of all ESG-related quantitative and qualitative information within the Company.</p>



ESG organization chart

In 2023, we continued to promote the development of ESG tasks and make use of ESG reporting as an important tool to review and improve management level. We also set up the "assessment on the number of safety and environmental accidents", and incorporated it into executives' compensation assessment together with other ESG KPIs.

## Responsible unit

ESG projects	Securities Center	Legal & Compliance Center	Finance Management Center	Operation Management Center	HR Center	Sustainable Development Department	Strategy Development Center	Internal Control and Audit Center	Engineering Management Center	General Office (Party Office)	IT Center	Member Enterprises
<b>Governance principles</b>												
Corporate governance	○	○								○		
ESG governance	▲	●	●	●	●	●	●	●	●	●	●	●
Compliance operation	●	●	●	●	●	●	●	▲	●	●	●	●
<b>Caring for the earth</b>												
Resource and energy use	○					●			●			●
Emissions management	○					●			●			●
Responding to climate change	○					●			●			●
<b>People oriented</b>												
Employment and employee benefits	○				▲					●		●
Training and development	○				▲					●		●
Occupational health and safety	○				▲				▲			●
<b>Achieving prosperity</b>												
Product responsibility	○			●								●
Sustainable supply chain	○											●
Public welfare and community involvement	○									▲		●

“▲” means "Responsible for it" or "Heavily involved", “●” means “Responsible for a particular part of it”, “○” means “Participate in or support”.

## Communication with Stakeholders

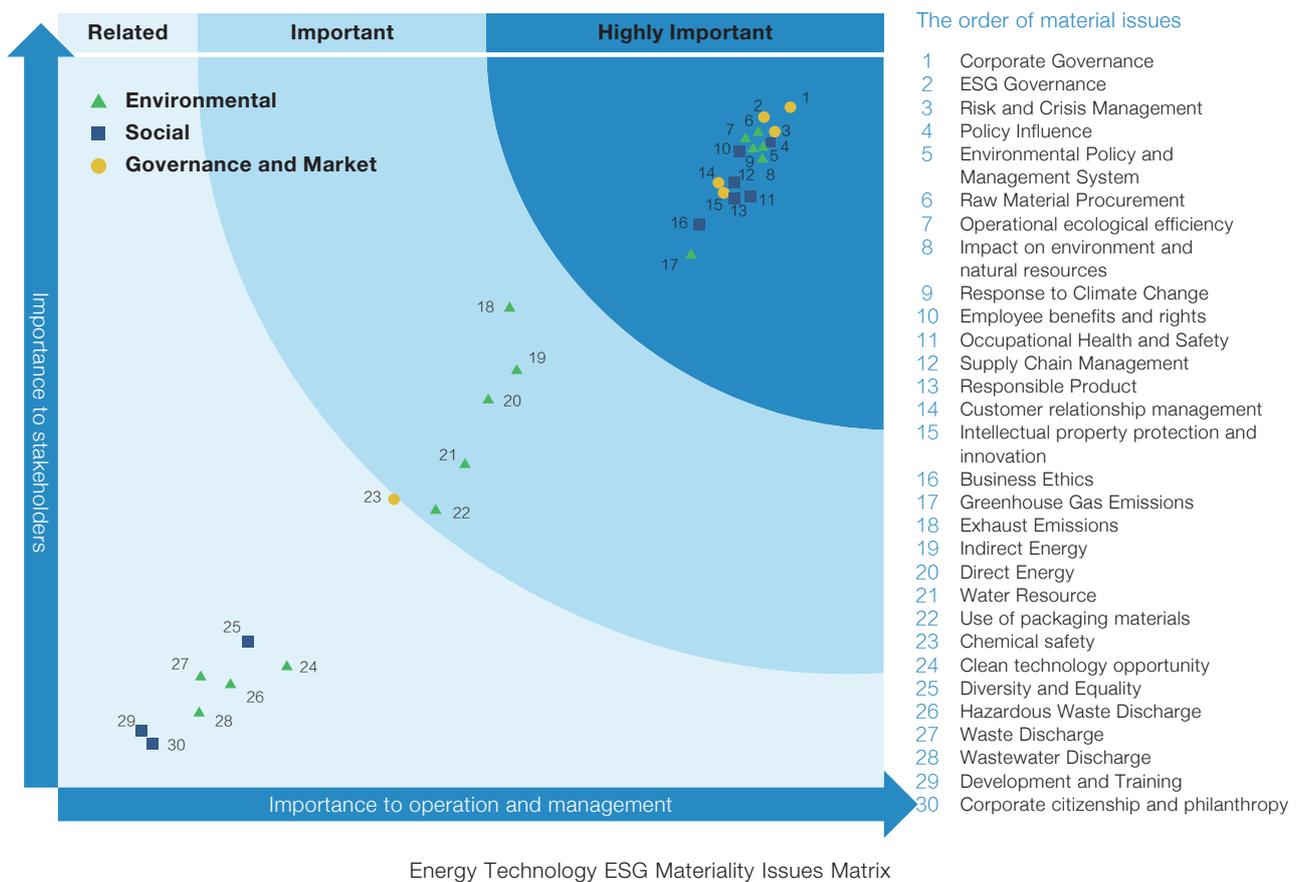
The Group's ESG stakeholders mainly include the employees, suppliers, customers, shareholders, investors, government, and the communities where the Group operates. The Group believes that listening to and understanding the opinions of stakeholders will provide a solid foundation for the long-term development of the Group. In this regard, the Group actively explores various channels to maintain good communication with stakeholders, to enhance the stakeholders' understanding of the development and operational policies, and to provide more opportunities for them to put forward suggestions so that the Group can provide them with timely and effective feedback regarding their concerns. In this way, the Group ensures that it is cooperating and working alongside stakeholders to achieve mutual benefits. In 2023, we maintained highly frequent communications with all stakeholders. On average, there were 8 investor calls, 8 emails each day, 19 communications on CNINFO, 1 shareholders' meeting each month.

Stakeholders	Expectations and needs	Communication and feedback
 Government	<ul style="list-style-type: none"> <li>Compliance with disciplines and laws</li> <li>Employment provision</li> <li>Payment of taxes pursuant to laws</li> <li>Driving the development of local economy</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening operation management in compliance with regulations</li> <li>Hiring local staff and promoting local employment</li> <li>Accepting supervision and assessment</li> <li>Carrying out strategic cooperation</li> </ul>
 Shareholders	<ul style="list-style-type: none"> <li>Stable operation</li> <li>Sustainable development</li> <li>Earnings and returns</li> <li>Unimpeded information flow</li> </ul>	<ul style="list-style-type: none"> <li>Improving competitiveness and profitability</li> <li>Protecting the ecological environment, fulfilling social responsibilities</li> <li>Establish a variety of communication channels such as telephone, CNINFO and email</li> <li>Information disclosure in a timely manner, strengthening investor relationship and treating small and medium shareholders equally</li> </ul>
 Customers	<ul style="list-style-type: none"> <li>Performance of contracts in good faith</li> <li>Quality assurance</li> <li>Premium services</li> </ul>	<ul style="list-style-type: none"> <li>Guaranteeing stability of product and quality of product supply</li> <li>Strengthening the management of product quality, and optimizing product structure</li> <li>Carrying out satisfaction survey</li> </ul>
 Staff	<ul style="list-style-type: none"> <li>Wages and welfare</li> <li>Employee rights protection</li> <li>Career development</li> <li>Health and safety</li> <li>Humanitarian care</li> </ul>	<ul style="list-style-type: none"> <li>OA system, email, bulletin board</li> <li>Irregular meetings and annual meetings of enterprises</li> <li>Protection of rights and interests, medical insurance</li> <li>Trade union organization, election of staff directors and staff supervisors</li> <li>Education and training, career development platform</li> <li>Prevention of occupational diseases</li> <li>Caring for staff, and the set up of complaint feedback mailbox</li> </ul>
 Environment	<ul style="list-style-type: none"> <li>Coping with climate change</li> <li>Water resources</li> <li>Pollution prevention and treatment</li> <li>Energy saving and emissions reduction</li> </ul>	<ul style="list-style-type: none"> <li>Correlation analysis of climate change and corporate business</li> <li>Water resources protection, comprehensive utilization of sewage and wastewater</li> <li>Carrying out pollution control</li> <li>Technological innovation, energy saving and consumption reduction</li> </ul>
 Partners	<ul style="list-style-type: none"> <li>Business ethics</li> <li>Transparent procurement</li> <li>Mutual benefit and win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Good faith execution of contracts</li> <li>Open procurement, e-procurement</li> <li>Business exchange and cooperation, symposium</li> </ul>
 Community	<ul style="list-style-type: none"> <li>Community development</li> <li>Public welfare activities</li> <li>Jobs creation</li> </ul>	<ul style="list-style-type: none"> <li>Community activities, visits and exchanges, respect for cultural traditions</li> <li>Donations and voluntary services</li> <li>Skills training, local employment and procurement</li> </ul>
 Creditors	<ul style="list-style-type: none"> <li>High solvency</li> <li>Due repayment of debts and interest</li> <li>Mutual trust and cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Due repayments</li> <li>Better communication and liaison</li> <li>Win-win cooperation</li> </ul>
 Industry	<ul style="list-style-type: none"> <li>Fair competition</li> <li>Facilitating industry progress</li> <li>Promoting the development of industrial chain</li> </ul>	<ul style="list-style-type: none"> <li>Refraining from vicious competition</li> <li>Exchange of experience</li> <li>Technological innovation</li> </ul>

## Materiality Assessment for ESG Issues

We attach importance to the identification and management of ESG issues. By comprehensively sorting out the key points of the Group's sustainable development work and feedback from various stakeholders, benchmarking with industry hotspots and leading practices, referring to relevant assessment elements such as ESG ratings in the capital market, and combining with relevant guidelines and targets for sustainable development disclosure at home and abroad, the scope of issues is delineated in order to identify important ESG issues so as to effectively improve the company's sustainable development management and disclose them in a focused manner in the report.

We invited internal stakeholders to rate the ESG issues in the issue database through a questionnaire survey, and evaluated the materiality of each ESG issue in terms of "Importance to Management" and "Importance to Stakeholders". The materiality of each ESG issue was ranked according to its rating, and the materiality matrix of this report was derived. The matrix presents the materiality of issues into three tiers: highly important, important, and relevant.



Note: In the table, No. 1 to 17 are highly important issues, No. 18-23 are important issues, and No. 24-30 are relative issues.

Based on the above assessment of material ESG issues, the Group is more concerned about issues including corporate governance, ESG governance, environmental policy and management system, employee benefits and rights, supply chain management, responsible products, customer relationship management, intellectual property protection and technological innovation, etc.

In the future, we will continue to pay attention to various stakeholders, continue to review and update important issues, while engaging external stakeholders, when necessary, and guide the development of business, environmental and social governance towards the right direction.

## Response to the United Nations Sustainable Development Goals

We are actively responding to the United Nations Sustainable Development Goals (SDGs) by comprehensively reviewing and examining the linkages between the various segments of our operations and the 17 goals. We focus on the three core areas of governance, environment, and society, and carry out actions in 14 goals, including industry, innovation and infrastructure, inequality reduction, responsible consumption and production, and climate action, to help achieve the global goals together with various stakeholders.

Our Actions	
SDGs	Governance Aspects
     	<ul style="list-style-type: none"> <li>• We prohibit child labor and forced labor, respect differences, encourage diversity, and do not discriminate against employees based on gender, age, region, religion, etc., or make it a barrier to their development in the Group. As of the end of the reporting period, we employed a total of 534 employees from ethnic minority groups, and 71 disabled employees; women accounted for 21.4% of the total supervisors, directors and senior executives.</li> <li>• We are committed to sustainable economic growth and the ongoing creation of jobs in compliance with applicable labor standards where we operate.</li> <li>• We insist on the development path of technological innovation, accelerating the expansion in the professional field through various ways such as establishing research institutes, strengthening external cooperation with universities, peer companies and research institutions, and promoting industrial technological innovation through resource integration.</li> <li>• We work together with stakeholders to address sustainability challenges, including through product development.</li> <li>• We insist on building a compliant, responsible and efficient enterprise, continuously promoting integrity building and strengthening risk control.</li> </ul>
	Environmental Aspects
   	<ul style="list-style-type: none"> <li>• As a non-water-consuming industry, we also actively improve water efficiency and strengthen water resource management and wastewater discharge management.</li> <li>• We are actively addressing the challenges and opportunities presented by climate change by adopting sustainable production models such as partial recycling of auxiliary materials and increasing the use of clean energy (natural gas, green power, etc.).</li> <li>• We strengthen the sustainable management of natural resources and chemical management, reduce pollutant emissions, improve the relevant risk management and target setting system, and promote high-quality development and green development.</li> </ul>
	Social Aspects
    	<ul style="list-style-type: none"> <li>• We focus on employee care and are committed to protecting the health and safety of our employees and providing them with a comprehensive compensation and benefits programs.</li> <li>• We attach importance to staff training and development, establish a comprehensive training system, and empower employees with rich training resources and diversified training programs.</li> <li>• We set up a safety committee to insist on guaranteeing a good hygienic environment in the workplace and to pay attention to the physical and mental health of our employees.</li> <li>• We actively carry out and participate in public welfare activities and care about the welfare of the socially disadvantaged. In addition to donations, we also encourage and organize our employees to participate in social services and other public welfare activities as volunteers.</li> </ul>

# OPERATION IN COMPLIANCE

## Compliance with Business Ethics

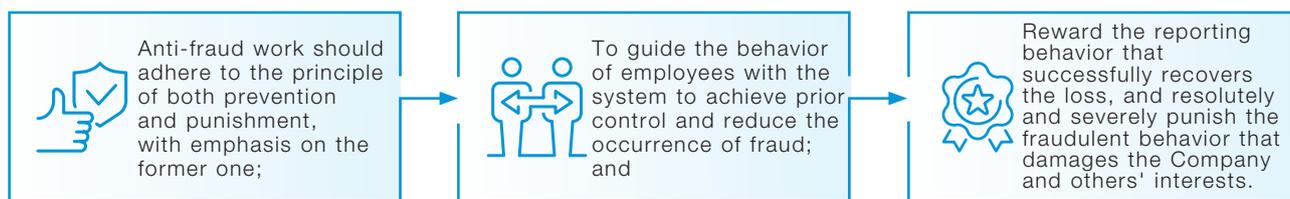
Improper conduct in commercial activities such as corruption, bribery, or corporate interests being compromised, or violation of the fair-trade principle, or damaging corporate reputation can seriously disrupt an enterprise' normal management order and hinder its continuous and healthy development. Therefore, the Group strictly abides by relevant laws and regulations such as the *Criminal Law of the People's Republic of China*, the *Civil Code of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Interim Provisions on the Prohibition of Commercial Bribery*, and firmly opposes and expressly prohibits corruption. We hope to create a corporate culture that stresses honesty and integrity within the Company.

We have formulated the "Code of Business Conduct and Ethics" to guide and regulate the Company's employees' behavior in maintaining business conduct and reputation on behalf of the Company and provide guidance for employees when it comes to related issues. The Code requires all employees of the Group comply with the Code, fulfill their duties, and any fraudulent behavior is strictly prohibited.

To combat corruption, the Group adopts a prevention in advance approach to manage it from both organizational and systematic perspectives. In terms of organization, we have formed a working team led by the decision-making management and assisted by the Group's Internal Control and Audit Center and HR Center. Corruption-related complaints or reports from employees or third parties can be directly communicated to the Group's top management through this team. System-wise, we have formulated the "Anti-fraud and Reporting System and Reporting Management Measures" covering the entire Group and stakeholder groups such as customers and suppliers with whom we have or intend to have business relationships, compiling in the system the anti-fraud workflow, supervision means, whistleblowing, receiving and reporting of fraud cases, remedial measures and penalties that have been developed over a long period of time, providing institutional safeguards to further strengthen the implementation of anti-corruption work. During the reporting period, we also conducted anti-fraud trainings for multiple suppliers.

Meanwhile, to ensure that all of our employees are aware of and understand our anti-corruption policy, we have clearly stated in the Employee Manual that corruption, embezzlement of public funds, bribery, extortion and other acts are prohibited. An employee commitment form is attached to the Employee Manual for employees to sign after completing the Employee Manual training to ensure that they have personally accepted and are fully aware of our code of conduct.

### Anti-fraud principles of the Group:



Within the Group, we advocate integrity culture by promoting anti-fraud and reporting system, management system controls, reporting management, business conduct, audit standards, etc. In 2023, the Legal & Compliance Center continued to publish cases and articles on corruption hazards and anti-corruption practices on the Group's office platform.

We adopt a "no restricted area, full coverage, and zero tolerance" approach towards corruption supervision and investigation. A special investigation team would be set up for possible related incidents and issue a Special Investigation Report, stating the time, personnel, content, nature, means, causes, losses caused, inspection conclusions, recommended remedial measures, and analysis of management loopholes. At the same time, the special investigation team is responsible for reporting the Special Investigation Report to the chairman and vice chairman, and filing the relevant documents for inspection and further assessment of the effectiveness and applicability of the business control processes and their subsequent improvement.

In 2023,

.....

the Group's personnel at the middle-level and above and department heads of various bases were arranged to receive 2 anti-fraud and internal control training, a total of

57

participants spent a total of

285

hours on the training.



△ Zhuhai Energy's anti-fraud training

For more efficient and targeted management, after walking through all our production and business processes, we have identified specific functions or roles that are most likely to commit corruption, and required middle-level and senior management, and staff of the Group Supply Chain Department and the Group Marketing to sign a Declaration of Integrity and Commitment with the unit that hires them. In addition, we have established a fair, transparent, honest and trustworthy cooperative relationship with our customers by signing integrity agreements. For suppliers, each of the Group's subsidiary has prepared a Supplier's Commitment to Integrity Letter and other documents, suppliers of major materials and auxiliary materials have to sign the Commitment Letter before starting the cooperation to clarify business ethics and principles and to resist business misconduct. These agreements stipulate that suppliers who violate the relevant terms will be disqualified as suppliers, and the economic contract signed by both parties will be terminated. If suppliers find any violation, they can also lodge a complaint through the reporting method in the agreement to establish a fair, transparent, honest and trustworthy partnership.

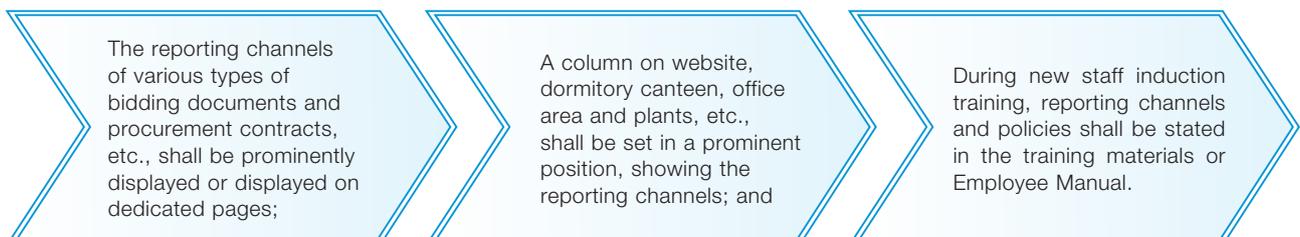
Based on publicly available cases and the circumstances specific to the Group, we have identified the area where instances of corruption occur frequently, that is, the sourcing and procurement process (including procurement of raw materials, materials & equipment for engineering projects, and office supplies). To ensure a transparent sourcing process, we have defined the separation of duties of pricing, purchase decision-making and settlement within the sourcing function by business unit. The procurement department of each business unit reviews prices offered by suppliers, then the procurement department of each subsidiary within the business unit makes the purchase decision, and an administration role in the

procurement department of each business unit initiates a payment request. This is to avoid the concentration of power, a hotbed of corruption.

We have formulated the "Management Measures for Whistle Blowing", which stipulates the handling process of reported cases and the protection of whistle-blowers. Upon receipt of a complaint or report, the Group's Internal Control and Audit Center will initiate an internal investigation, sort out the facts, make recommendations for handling and improving the internal control system for decision-making by the Board of Directors, the President, the General Manager and other senior management to ensure that any injustice or violation of discipline can be effectively reflected and efficiently handled. The Human Resources Department will be responsible for handling the people involved in the case and rewarding and protecting the whistle-blowers. If litigation matters are involved, they will be handled by the Legal Department.

The Group attaches importance to the protection of the legitimate rights and interests of the whistle-blower and will take the strictest confidentiality measures to prohibit any disclosure of the whistle-blower's personal information. The whistle-blower's name, address, contact information and other information materials and reporting materials would be protected in accordance with the "Confidentiality System" as confidential documents. During the incident investigation, it is strictly prohibited to report complaints letters, evidence, complaints and reports of record materials and other materials directly to the reported unit or personnel, to prevent the leakage of confidentiality and the occurrence of retaliation against the whistle-blower. If the situation does occur, the Group will pursue the administrative, economic, and legal responsibilities.

**The Group ensures the transparency and accessibility of the reporting policy and reporting methods by making them available on multiple channels:**



## The Group's principles for handling reports:

	Careful, responsible and impartial handling;		Investigation based on facts and in accordance with laws and corporate rules and regulations, and rectify any mistakes identified;
	Centralized management and handling, and designated responsibility; and		Strict confidentiality to protect the lawful interests of the whistle-blower (complainant).

## Reporting channels of the Group:

	E-mail: xhualee@163.com (Vice Chairman of Energy Technology), lianjie@semcorpglobal.com
	Telephone: 021-20977221-8110#
	Recipient: the Internal Control and Audit Center of Energy Technology
	Delivery Address: No.155 Nanlu Highway, Pudong New Area, Shanghai

No employee committed any severely illegal acts such as embezzlement or extortion. Only one case involving waste management fraud was identified. It has now been dealt with, and we have further standardized the waste management process, strengthened the supervision and implementation, and resolutely eliminated fraud. Going forward, we plan to further enrich the feedback channels in order to improve the supervision mechanism and to supervise the implementation of the Group's integrity work in a multi-body and all-round way.

In 2023,

we received 1 reported case, which was closed with a completion rate of

**100%**



## Transparent Tax Payment According to the Law

The Group strictly abides by applicable tax laws and regulations in the places where we operate, including the *Implementation Regulations for the Corporate Income Tax Law of the People's Republic of China* and *Announcement on Policies for Deepening the VAT Reform Announcement*. We work with the government in tax policy implementation and pay taxes to the local government in a legal and transparent manner to make our contributions to the economic development.

We have formulated the "Tax Management System" to standardize tax management process, strictly prohibit tax evasion, and reduce tax risks. The system covers tax governance structure and responsibilities, invoice management, tax payment, tax media and anti-counterfeit tax control system management, supervision and improvement mechanism, etc. The system aims to ensure that the Company pay taxes in accordance with the law in places where operations occur and value is created, as well as to ensure that taxes and fees are paid in full, and the performance of tax obligations are standardized.

As we develop overseas business, we have strengthened the continuous education and professional sharing of tax personnel as a solid foundation for tax personnel to quickly grasp tax rules and build professional team in places where we operate our business. We also assess tax risks through a combination of regular and ad-hoc methodologies to take potential tax risks into consideration before making major decisions.

In 2023,

the Group had no breach of tax laws and regulations.



## Information Security and Privacy Protection

The Group is committed to strictly regulating information security work in all aspects of operation, and follows laws, regulations and regulations such as the *Data Security Law of the People's Republic of China*, *Cybersecurity Law of the People's Republic of China*, *Regulations of the People's Republic of China on the Security Protection of Computer Information System*. Through the continuous improvement of the system and multiple measures, we aim to avoid information security risks and build a safe and orderly operating environment.

We have formulated policies including the "Computer Hardware and Software Policy", the "Electronic Data Security Management Policy" and the "Internet and Email Policy" within the Group, which stipulate the use of office equipment, corporate Internet resources and corporate mailbox, password usage policies, data and file security, and network restrictions, and provide clear guidelines on information security involved in daily office operations. As of the end of the reporting period, the Group's official website and email site have been registered and filed with the Ministry of Industry and Information Technology and the Bureau of Network Security under Ministry of Public Security. Shanghai Energy and Zhuhai Energy have obtained ISO 27001: 2013 information security management system certificate.

The Group attaches great importance to protecting the private information of our customers and takes all means to keep the information provided to us by our customers confidential. In our "Employee Manual" and employment contracts, we set out the relevant agreements prohibiting the disclosure of company secrets, customer information or other confidential matters. We have formulated a template confidentiality agreement and will sign such an agreement with clients if necessary, to provide additional provisions on the protection of trade secrets in the business cooperation between the two parties. During the reporting period, we did not find any related customer privacy infringement.

To further strengthen our protective measures on information security, a digital encryption software was fully deployed in new energy plants in 2023. The software help achieve information security without affecting normal operations. Its featured functions include one-time scanning of historical files, mandatory automatic encryption of files with specified suffixes, and specified disks or directories. This completely transparent operation mode requires no additional operations for internal communication, as it has no effects on previous operation habits. Meanwhile, its internal-only feature ensures that files will become garbled in external environment, which effectively protects the Company's intellectual property rights and prevent the risk of information leakage. With this digital encryption measure, we have further improved our information security.

We have been committed to the continuous pursuit of excellence in business processes and actively promote refined management. Under the guidance of this strategy, the Group has actively carried out information system construction, and our budget management platform has entered the background testing stage, adding great confidence for further improvement of financial management. We officially launched the SAP Project in the Hungary factory (an important part of our overseas layout) in November 2023. With the concerted efforts of the Group and local Hungarian leaders, we have sorted out the overseas business processes for the actual situation of the Hungarian company, covering all aspects of finance, procurement, inventory, production and sales, and quality, which provide a solid foundation for the overall improvement of the new processes cover all aspects of finance, procurement, inventory, production and sales, and quality, laying a solid foundation for the overall improvement of management efficiency.

In 2023, we also promoted the BI system from Zhuhai plant to all plants, launched the MES system for Jiangxi Enbo, and implemented the SCADA system in Wuxi Energy, Jiangxi Tonry, and Jiangxi Ruijie, so as to enhance the Group's internal management efficiency, and provide better products and services to our clients. We believe doing so can benefit us to achieve medium and long-term development goals for our future development.



ISO 27001: 2013 Information Security Management System Certificate of Shanghai Energy



ISO 27001: 2013 Information Security Management System Certificate of Zhuhai Energy

In November 2023



We officially launched the SAP Project in the Hungary factory (an important part of our overseas layout).

In 2023,



the Group did not have any violations of laws and regulations related to information security.

# 02

## Taking Care of the Planet

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### Environment Policy:

- Prevent and control pollution to reduce the discharge of pollutants;
- Comply with laws, regulations and other requirements, and operate in compliance with the law; and
- Continuously improve the company's environmental behavior and strive for continuous improvement of environmental quality.

### Environmental Slogan:

- Clean and lean production;
- "Three wastes" up to standard discharge;
- Full staff, full process participation; and
- Implement open source and cost saving, cycle saving operation.

Compliance with environmental protection laws and regulations is a basic requirement for enterprises to fulfill their social responsibilities; active involvement in green environmental protection is the primary task of enterprises to fulfill their environmental social responsibilities now and in the future. Adhering to an attitude of being responsible to society and the environment, the Group is well aware of the environmental protection responsibilities that must be undertaken as a corporate citizen. As a participant in the new energy industry, our wet lithium ion battery separator film is mainly used in the field of new energy vehicle lithium battery manufacturing, through the development of new energy vehicles, to reduce the emissions of fuel vehicles, thus practicing the concept of green environmental protection. In the daily operation and development process, we continue to emphasize the importance of environmental protection, actively implement the green and low-carbon development strategy, minimize the negative impact of business development on the environment, and at the same time exert a positive impact. We carried out ESG training activities, to further clarify the methods for management of substances with adverse effect on the environment, to prevent the use of such substances or substances prohibited for use by client, as a move to prevent environmental pollution and reduce risks. In 2023, the Group did not have any major violations of laws and regulations in environment.

Some of our businesses have obtained ISO 14001:2015 environmental management system certification, ISO 50001:2018 energy management system certification and ISO 10012:2003 measurement management system certification. As of the end of the reporting period, 14 operating sites of the Group had obtained ISO 14001:2015 environmental management system certification, has covered 87.5% of the Group's subsidiaries in operation.

During the reporting period, the Group's environmental protection expenditure was RMB51.18 million, including investment in environmental protection equipment and pollutant treatment facilities.

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# RESOURCE AND ENERGY UTILIZATION

The Group attaches great importance to the economical use of natural resources and strictly observes the *Environmental Protection Law of the People's Republic of China*, *Environmental Impact Assessment Law of the People's Republic of China*, *Water Law of the People's Republic of China*, *Energy Conservation Law of the People's Republic of China*, *Decision of the State Council on Strengthening Energy Conservation (Guo Fa [2006] No. 28)* and other national and local applicable laws and regulations. We put resource conservation at the key position in our development strategies and operating methods, constantly improve our management system in terms of energy consumption management, optimize energy-saving measures, and are committed to continuous monitoring and continuous improvement of our energy resource utilization efficiency performance. We strive to realize the coordinated and sustainable development of people, resources and the environment to build a resource-saving and environment-friendly enterprise.

## Energy Management

Integrating requirements such as ISO14001 into the Company's management system, we set up a top-down management and monitoring system for energy conservation by formulating the *Measures for Energy Management and Administrative*, *Measures for Energy Conservation and Consumption Reduction* for Group companies, so that energy conservation implementation and management is centralized in the Operations and Maintenance Department (OMD). A 3-tier system centered on the OMD, business units (workshops) and teams (individual) are thus established to take layered ownership of energy conservation management and each party is responsible for its respective role in the network of energy conservation management.

The Operation and Maintenance Department is responsible for guiding, supervising, inspecting and assessing departments' energy management; setting goals and indicators for energy saving and consumption reduction for the coming year based on the energy consumption in the previous year; establishing energy management targets and responsibility system to ensure target achievement and the compliance and effectiveness of the energy management system; as well as penalizing and rectifying internal breach of the energy management system.

Apart from saving energy, reducing consumption, maintaining equipment and reporting exceptions, workshops and manufacturing teams are also working together to organize and conduct energy management promotion, education and training, including focused training and general education targeting energy saving and consumption reduction management and all other employees respectively to enhance the company's energy consumption and saving standard, and raise employees' awareness of energy saving, so that they will participate out of their own initiative.

In the production process, the Group uses electric energy, natural gas and steam as the main energy sources, and sets specific targets for the consumption of energy each year. Since the factory is order-based production, reducing energy consumption is mainly achieved through scientific production scheduling, time optimization, improvement of equipment production efficiency, and improvement of yield rate. We have established energy-saving concepts such as "saving electricity" and "saving gas" in our daily operations. The practices such as reducing standby energy consumption of equipment, not using illegal electrical appliances, air conditioning temperature setting regulations, air circuit pressure checking, and switching off lights when not in use are clarified through the system and reflected in the slogans of the operation site to achieve full staff awareness and work implementation.



### Case: ► Suzhou GreenPower takes energy saving and consumption reduction measures

Suzhou GreenPower carried out energy-saving transformation for process cooling water by using converters to reduce the power consumed by water pumps, and carried out 2TD heat recovery transformation for 7 and 8 lines to reduce the power consumed by heating ovens. In addition, Suzhou GreenPower took multiple measures for 5 and 6 lines, such as condensate recovery and recycling and utilization of high-temperature steam condensate to boilers by using dimethylacetamide (DMAC), to reduce the consumption of natural gas and tap water. It also replaced the damaged insulation cotton of all steam pipelines in the plant, to reduce heat loss and save natural gas. For lines 3-8, rectification feed security filters were installed with recovery pipelines to reduce the loss of dichloromethane from replacement of filter bags.

The Group is gradually increasing the proportion of green electricity usage, with Hongchuang Packaging and Shanghai Energy all increasing the proportion of green electricity usage in FY2023. We have purchased green power green certificates on a large scale in Yunnan and Jiangsu, and purchased green power by way of participating in the electricity market-based trading in Yunnan and Jiangsu, so as to increase the proportion of green power usage of the relevant enterprises.

The Group is also planning to roll out photovoltaics at its bases. As of April 2024, Jiangsu Energy and Wuxi Energy have completed the grid connection of distributed photovoltaics totaling approximately 30MW, which is estimated to result in an annual saving of approximately 33 million kWh of electricity consumption. The rest of the Group's bases are also in the process of planning for distributed photovoltaic and green power direct purchasing, and it is expected that by 2026, more than 80% of the bases will have completed their photovoltaic rollout.

## Water Management

The Group is not a high water-consuming enterprise, and its water consumption mainly comes from municipal water supply. We have made reference to the Water Risk Filter tool of the World Wildlife Fund (WWF) to conduct the water risk assessment of the basins, and the conclusion of the assessment:

### Water scarcity risk:

The water scarcity risk level of the bases located in Suzhou area is medium, and the water scarcity risk level of the bases in other areas is low or very low;

### Status of ecosystem services:

the status of ecosystem services of the bases in Zhuhai, Suzhou, Changzhou, Hubei, Yunnan and Chengdu is medium, and the status of all other bases is low.



Based on the results of water risk identification, the Company improved the water risk evaluation and tracking management system on the basis of the existing emergency plan and risk management, and further carried out water risk mitigation and response measures. The Company has formulated a water cut-off contingency plan and a mechanism for guaranteeing supply, and implanted targeted water conservation measures in its production and operation processes to enhance the efficiency of integrated water resources management:



In terms of production water, our production process does not involve a lot of water, but we still try to increase the recycling of water as much as possible. Our water consumption is mainly used for heat exchange inside the equipment, which can be recycled directly or discharged to each base for transformation before recycling. In 2023, the Group's recycled water consumption were 587,561m<sup>3</sup>, and the water reuse rate was 10.2%. We continue to emphasize the idea of "water conservation", combined with the guiding ideas of local regulators, formulate water use and water management plans and set water use assessment targets according to the actual water use, and actively implement water-saving measures to continuously reduce water consumption.



In terms of domestic water use, we also implement water conservation in all aspects of life through various methods, such as slogan publicity, actively promoting water-saving appliances, collecting rainwater for mopping the floor, watering flowers and plants, and repairing and replacing damaged water equipment in a timely manner.



In 2023, there was not any significant negative impact on the water resources in the Group's operating locations due to the use of water.



#### Group water conservation measures:

- Set goals for water usage appraisal in line with the energy management system;
- Condensed water recycling is an important way to save water. We continue to carry out condensed water recycling projects to improve energy reuse rates;
- Tier-3 water meter is installed at each water tap to monitor the change of water consumption in real time, any exceptions identified should be analyzed, investigated and rectified on a timely basis;
- Analyze the data of each water tap every week, and check with water management department and workshops for any exceptions identified;
- Designated personnel responsible for supervising and inspecting the pipeline every day to eliminate "water running, flowing, dripping and leaking", and repair and rectify any problem identified immediately; and
- Put buckets under rainwater pipes of the factory building to collect rainwater for toilet flushing and cleaning; back flush water used in soft water treatment is collected in a centralized manner; wastewater is reused for watering plants after sewage treatment, increasing the amount of reclaimed water used, reduce the use of tap water.

## Packaging Material Management

We use packaging materials in a green and environment-friendly way, take actions to recycle packaging materials, and minimize unnecessary waste during the operation process. We mainly use two major types of materials for packaging during daily production and operation, they are paper packaging (including carton, paper tube, paper core, etc.) and plastic packaging (including tray, plastic core etc.). We have worked actively to recycle packaging materials in various regions where we operate. In 2023, our recycling rate of plastic packaging materials reached 52.0%, and the recycling rate of paper packaging also reached 11.7% despite of inherent limitations of paper materials. In 2023, the Group's overall packaging recycling volume reached more than 3 million pieces, compared to more than 2 million pieces in 2022, an increase of more than 20% in recycling volume and an increase in recycling categories from 5 items in 2022 to 8 items in 2023.

## Green Office

The Group actively practices economy and implements green office, following the concept of green development and the requirements of green and low carbon, and effectively reduces unreasonable consumption behaviors. We have formulated the Measures for Use of Air Conditioners in Offices and other systems. We actively practice the concept of energy saving and consumption reduction, create a green and environmentally friendly office model, and strive to be a loyal practitioner in the creation of a "resource-saving" society.



### Reduce office paper consumption

The Group uses OA, ERP and other office systems to effectively reduce the use of paper and uses e-mail instead of printing and photocopying. When using printers or photocopiers, we use recycled paper as much as possible and adopt double-sided printing; we set up three types of paper recycling bins to collect used double-sided paper separately, such as copy paper, old envelopes, letterheads, newspapers, wrapping paper, packaging boxes; we use newspapers as padding in packaging boxes; choose fax machines that can use plain paper instead of fax machines that use thermal fax paper; The Administrative Department sets the print volume on printers based on each department's work requirements, and worked with the IT Department to set black and white printing as default for each department.



### Reduce energy consumption

The Group advocates carpooling to reduce vehicle gasoline consumption; we set computers to enter sleep mode if the screen is not used for more than five minutes to save electricity; turn off the lights in the meeting room in time, and use natural lighting as much as possible during the day; when purchasing new electrical appliances, while considering the price factor, we try to choose products with high energy efficiency ratio; we control the air conditioner temperature settings in summer and winter to avoid the temperature being too low or too high.



### Reduce resource consumption

Each department formulates and submits annual and monthly plans to the Administration Department for review, and place procurement orders as planned on a monthly basis. We replace disposable paper cups or plastic bottles with preferred reusable cups; advocate the use of pens with replaceable cores, toner cartridges, rechargeable batteries, and other recyclable items; set up a simple recycling system to recycle glass bottles, aluminum cans; reduce packaging and food waste by reducing the purchase pre-packaging products and reusing shopping bags.



Saving water and electricity



Paper saving starts from me



Air-conditioning temperature setting reminder sign

## Annual Performance

In 2023, a number of production lines of the Group were put into use, and the production increased, so most of the energy and resource consumption involved in production increased compared to 2022.

**Energy and Resource Consumption in 2022 and 2023**

Metrics	Unit	Consumption in 2023	Consumption in 2022 <sup>3</sup>
<b>Energy</b>			
Electricity <sup>4</sup>	kWh	1,322,639,973.0	1,028,826,280.8
Natural gas for production	m <sup>3</sup>	145,233,102.0	116,214,822.8
Natural gas for domestic use	m <sup>3</sup>	233,953.9	236,248.2
Liquefied gas <sup>5</sup>	m <sup>3</sup>	0	6.2
Gasoline	L	102,994.6	87,318.4
Diesel <sup>6</sup>	L	67,843.2	108,007.5
Purchased steam	MWh	632,947.4	174,659.7
Comprehensive energy consumption <sup>7</sup>	kWh	3,074,266.9	2,339,468.7
Integrated energy consumption intensity	kWh/RMB 10,000 (total operating income)	2,552.9	1,858.4
<b>Resources</b>			
Packaging consumption	t	27,492.9	50,209.7
paper	t	20,531.2	42,930.6
plastic	t	6,961.7	7,279.1
Amount of packaging recycling <sup>8</sup>	t	5,599.2	4,098.7
paper	t	1,873.9	1,546.1
plastic	t	3,725.3	2,552.6
Water utilization and consumption	m <sup>3</sup>	5,773,007.3	4,181,644.1
Water utilization and consumption intensity	m <sup>3</sup> /RMB 10,000 (total operating income)	4.8	3.3

Over the years, the Group has formed the practice of target management for energy consumption. At the end of each year, the Group formulates the plan of target management in combination with the actual energy consumption of that year, the production forecast of the next year and the known production equipment transformation and the adoption of lower energy consumption equipment. We have established medium and long-term target management to further promote energy saving and consumption reduction by improving production efficiency and allocating energy consumption, improving equipment and continuously saving energy, and scheduling production and emission scientifically.

<sup>3</sup> The data of purchased steam, comprehensive energy consumption and comprehensive energy consumption intensity in 2022 was restated.

<sup>4</sup> Includes production electricity and domestic electricity.

<sup>5</sup> Consumption was zero in 2023 due to the use of other energy sources to replace liquefied gas.

<sup>6</sup> Diesel is mainly used for forklifts, trucks and other transportation processes, and diesel consumption is lower in 2023 compared to 2022 due to the expanded use of lithium forklifts.

<sup>7</sup> Comprehensive energy consumption is calculated according to the conversion factor in the National standard of China's *General Rules for Calculation of the Comprehensive Energy Consumption (GB/T2589-2020)*.

<sup>8</sup> As the management of packaging was strengthened during the reporting period, the amount of packaging recycling was not fully consistent with the change in packaging consumption.

# EMISSION MANAGEMENT

The Group strictly observes the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other laws and regulations to prevent and control environmental pollution. We have formulated the Compilation of environmental and hazardous waste management systems, Exhaust Gas, Wastewater, and Noise Management Regulations. In accordance with the standards of the local environmental protection authorities, each company conducts internal management, supervision and feedback on the discharge of exhaust gas, wastewater and waste. Meanwhile, there are external inspections from time to time to ensure that the emissions meet the standards.

Based on the operation practices of various companies, we have made arrangement and plans for environmental protection work. We set relevant goals at the beginning of the year and regularly review and follow up to implement environmental protection related work.

**Statistics on Environmental Targets and Implementation in 2023**

Targets	Achievement of Targets
Hazardous waste classification recovery rate	100% Completed
Proper disposal rate of solid waste	100% Completed
Pollutant emission compliance rate	100% Completed
Number of major environmental pollution accidents	No major environmental pollution accidents occurred

In 2023, the Group put several production lines into use, which helped increase output, but pollutant emissions rose compared with 2022. In 2023, there were no cases where the Group acted against laws and regulations regarding exhaust gas emission, and discharge of wastewater and solid waste.

## Exhaust Gas Emission Management

The Group strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, *Air Pollution Prevention and Control Action Plan of Yunnan Province* and other national and local exhaust emission management regulations and adheres to standards on emission. The exhaust gas generated by the Group mainly comes from workshop exhaust and boiler exhaust, including VOCs (volatile organic compound) emissions and nitrogen oxide emissions, among which VOCs mainly come from workshop exhaust. The Group has formulated relevant exhaust gas management systems, including the "Exhaust Gas Emission Management System", the "Exhaust Gas Absorption System Operating Procedures", etc., and strictly implemented them.

The Group continues to invest in waste gas recovery and treatment devices to reduce emissions. The Group has set up treatment facilities such as plasma purifiers, oil fume purification devices, and two-stage activated carbon adsorption process in the workshops. Jiangxi Ruijie adopts Regenerative Thermal Oxidizer (RTO), which can recover waste heat while treating waste gas. We require the exhaust gas absorption facilities and treatment systems of each workshop to operate normally, and we regularly maintain related equipment. We have set up monitoring instruments in the workshops, which will alert employees to evacuate once the preset concentration is exceeded. The VOCs exhaust gas online monitoring system has been put into operation at some plants, and will be applied to more plants in the future, to gradually realize real-time monitoring of emission concentration.



In addition, each base of the Group is equipped with a safety and environmental protection specialist to regularly supervise and inspect whether the discharge of exhaust gas and wastewater are up to standard. In accordance with the requirements of relevant national laws and regulations, we have engaged a qualified third party to conduct regular testing and continuous monitoring of various indicators of exhaust emissions.

In 2023, several production lines were put into use by the Group, which helped increase output, with most types of pollutant emissions on the rise compared with 2022.

**Exhaust gas emissions from 2022-2023**

Metric	Unit	Emission in 2023	Emission in 2022
NOx	t	98.6	54.4
Particulate matter	t	33.6	12.0
VOCs	t	220.6	155.1
Total exhaust gas emissions <sup>9</sup>	t	352.7	221.5
Exhaust gas emissions intensity	kg/RMB 10,000 of total operating revenue	0.3	0.2

## Wastewater Discharge Management

We discharge wastewater in accordance with the *Law of the People’s Republic of China on Prevention and Control of Water Pollution*, the *Water Pollution Prevention and Control Work Plan of Yunnan Province* and other national and local measures and regulations for managing wastewater discharge. Wastewater discharged by the Group includes domestic wastewater and other production wastewater. Production wastewater is treated by sewage treatment facilities (such as MBR film, anaerobic tanks and sedimentation grids) in compliance with the production practices in each region where we operate, and then reused or discharged into the municipal sewage pipe network. To treat domestic sewage, Group factories are equipped with facilities to treat and regularly monitor domestic sewage. Take new energy business of Shanghai Energy as an example, there is a sewage treatment station in the Shanghai Energy, and the wastewater is discharged to the municipal pipe network after primary precipitation, secondary precipitation, and filtration treatment.

**We conduct strict and effective internal supervision on the compliance of wastewater discharge:**

1. The relevant staff conducts manual inspections every day;
2. We hire a third party to conduct monthly inspections and issue reports;
3. The Group conducts random inspections every quarter.



There is no production wastewater discharge by packaging business under Chengdu Hongta Plastic. Domestic sewage is discharged to four sewage pretreatment tanks (septic tanks) through the sewage pipe network, before being further discharged to the sewage treatment plant in the local park. Hongchuang Packaging is equipped with sewage treatment devices, which enable the direct use of treated domestic sewage for greening and vegetation irrigation.

In 2023,

the Group discharged of wastewater.

# 351,410.9m<sup>3</sup>

<sup>9</sup> In terms of NOx, particulate matter and volatile organic compounds.

## Solid Waste Discharge Management

The Group strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, *Solid Waste Pollution Control Plan of Yunnan Province* and other national and local waste management regulations, and adheres to emission and disposal standards. We have formulated relevant management systems such as the "General Solid Waste Management System", the "Hazardous Waste Management System", the "Hazardous Waste Pollution Prevention and Control Responsibility System", the "Hazardous Waste Transfer System", the "Hazardous Waste Storage Facilities Management System", the "Solid Waste Management Regulations", etc. and strictly enforces them.

During the production and research and development process, the Group generates certain types and a small number of hazardous wastes and non-hazardous wastes. We classify and collect waste in accordance with regulations, store and classify waste in separate areas. Among them, all hazardous wastes are handled by qualified third parties after they are taken away from the factories. We carefully confirm the relevant qualifications when signing a contract with third-party processing agencies and regularly understand their actual treatment methods for the Group's waste. Hazardous waste, including laboratory materials, waste activated carbon, etc., is usually stored in a separate hazardous waste warehouse and disposed of 2-3 times a year. Among the non-hazardous waste, paper, plastic bottles, etc. will be recycled through the recycling bins set up in the Group, and domestic waste will be handled by the sanitation department.

**Sorting and Disposal of the Group's Major Wastes in 2023**

Waste category	Waste items	Disposal
Hazardous wastes	<ul style="list-style-type: none"> <li>Waste clay</li> <li>Waste mineral and waste containing mineral oil</li> <li>DMAC waste residue and waste liquid</li> <li>Waste ink solvent and waste motor oil and heat transfer oil</li> <li>Waste activated carbon</li> <li>Laboratory wastes</li> <li>Sludge from biochemical tank</li> </ul>	All hazardous wastes are handled by qualified third parties
Recyclable wastes	<ul style="list-style-type: none"> <li>Scrap metal</li> <li>Plastic parts</li> <li>Waste paper</li> <li>Non-hazardous packaging materials</li> </ul>	Wastes are recycled by qualified waste recycling company or recycled in-house to promote the circular economy
Non-recyclable wastes	<ul style="list-style-type: none"> <li>Swill</li> <li>Other domestic wastes</li> </ul>	The Sanitation Department is entrusted to dispose and transport in accordance with the environmental protection requirements

The Group is actively carrying out technological innovations to reduce hazardous waste emissions. We have replaced lipid inks with alcohol-based inks, and plan to further replace lipid inks with water-based inks in feasible usage scenarios. The factories strictly follow the waste classification and disposal regulations, and separate the kitchen waste generated in the canteen for dumping. Garbage classification instructions will be posted on the publicity boards in the workplace to help employees understand the waste classification method more clearly.

In 2023, the total amount of hazardous waste discharged by the Group was 4,562.7 t, with a generating intensity of 3.8 kg/RMB 10,000 of total operating revenue. The total amount of harmless waste discharged was 47,151.9 t, with a generating intensity of 39.2 kg/RMB 10,000 of total operating revenue. The recycled amount of harmless waste was 18,781.9 t.

## Noise Management

Noise is an important factor in causing environmental pollution and damaging employees' health, we comply with the *Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution and Emission Standard for Industrial Enterprises Noise at Boundary* (GB12348-2008) to control and prevent this hazardous factor. We have formulated management rules, including the *Noise Pollution Prevention and Control Procedures and Management Rules for Noise*, for our subsidiaries. We opt for "low noise" equipment in purchasing, use shock absorbing and sound insulation materials for decoration, maintain equipment in accordance with regulations, and use personal protective equipment to prevent and control noise pollution. We also strictly control the industrial sound that becomes a nuisance to the neighborhood.

During the year,



.....  
each subsidiary of the Group has entrusted a third party to carry out noise testing at the factory boundary, all of which met the relevant standards.

## Clean Production

With the profound changes in the global energy landscape, we are also actively promoting the clean and low-carbon energy structure of the enterprise, while vigorously exploring and promoting clean technologies and energy-saving equipment. In 2023, the Group continued to follow the related regulations and strategies of the place where it operates, such as the *Guiding Opinions on Coordinating and Strengthening Work Related to Climate Change and Ecological Environment Protection*, the *Energy Production and Consumption Revolution Strategy (2016-2030)*, and further promote cleaner production:



In terms of the use of clean energy, we regard natural gas as a "bridge" for the transition from fossil energy to non-fossil energy and purchase outsourced electricity that includes a certain proportion of green electricity to continue to promote energy transformation;



In terms of cleaner production, in addition to the equipment update and resource reuse mentioned in the preface, we are also actively promoting projects related to clean production in various companies, striving to integrate clean production with the daily operation and management of enterprises, and gradually formulate effective Targeted programs, improve cleaner production plans, and improve the understanding of all employees on the concept of cleaner production, so as to establish a long-term mechanism for cleaner production.

As of the end of the reporting period, Suzhou GreenPower, Yunnan Energy and Hongta Plastics have all carried out cleaner production projects and completed relevant audit and acceptance.

## Biodiversity Conservation

Biodiversity is an essential part of the natural environment and is related to human well-being. The Group appreciates the importance of biodiversity and complies with the White Paper on *Biodiversity Conservation in China*, *Regulations on Biodiversity Conservation in Yunnan Province*, *Regulations on the Administration of Environmental Protection of Construction Projects* and other requirements and regulations. We take the biodiversity conservation factor into consideration and conduct environmental impact assessments when selecting construction sites for all our projects and avoid developing any projects within areas delineated by conservation red lines to fundamentally reduce the impact of project construction and subsequent operation on biodiversity. In 2023, for new plants established by Hubei Energy, and new plants in Jintan established by Jiangsu Energy, we prepared environmental impact assessment reports as required and obtained the approvals of the local ecological environment bureaus.

At the same time, we cherish natural resources, always agree with the concept of promoting sustainable natural resources management and insist on taking the protection of biodiversity into consideration from the procurement side. Hongchuang Packaging has obtained FSC chain of custody certification (COC). During the reporting period, both Hongchuang Packaging and Dexin Paper purchased FSC-certified paper for production, which ensures that the forest resources used in our products come from sustainable management resources. Green building materials are also used for Chongqing Energy's high-performance lithium-ion battery microporous membrane project.

We have also taken a series of measures to promote biodiversity, and strive to create an ecologically friendly working and living space.

### Case: ▶ Application of green building materials in Chongqing Energy's high-performance lithium-ion battery microporous membrane project

For Chongqing Energy's high-performance lithium-ion battery microporous membrane project, green building materials (some with highly recognized certifications) are used in the construction of a dormitory building for staff on shift and an office building. Such green materials include masonry materials, insulation materials, ready mixed concrete, ready mixed mortar, etc. The verified proportion of green building materials (some with highly recognized certifications) used in both buildings has reached 62.5%.

In 2023, no major incidents damaging biodiversity occurred.

# RESPONSE TO CLIMATE CHANGE

Over the past years, extreme climate events have occurred frequently around the globe, and various issues resulting from climate change have attracted increasing attention from the whole society. China's carbon peak target and carbon neutral vision have sounded the clarion call to accelerate the formation of green development methods and lifestyle, which means that higher requirements are put forward for coping with climate

change, promoting low-carbon development and building ecological civilization, and will promote the transformation and upgrading of economic structure, energy structure and industrial structure. The Group's efforts and future directions in addressing climate change are broken down by governance, strategy, risk management and targets and goals.

## Governance



In regards of governance, we have established an ESG governance structure to cover the overall governance of our ESG-related work, including the governance of our response to climate change. The Board of Directors is responsible for monitoring climate-related risks and opportunities, delegating ESG management to the Environmental, Social and Governance Working Group. The Institute collaborates with various departments to identify and study the impact of climate change on our business activities and supports the Board in monitoring this matter. (Please refer to the preceding paragraph on ESG governance for details). We refer to the TCFD (Climate Related Financial Disclosure) framework to progressively review the current situation, develop strategies, manage risk, identify and manage indicators and targets for the risks and opportunities that the Group may face due to climate change.

## Strategy



Climate-related risks include those associated with the transition to a low-carbon economy ("transition risks") and those associated with the physical impacts of climate change ("physical risks"). Among them, transformation risks can be divided into policy and legal risks, technology risks, market risks, reputation risks, and physical risks including acute risks (such as typhoons, floods and other extreme weather) and chronic risks (climate pattern shifts such as persistent high temperatures). Our response to climate change does not end with risk prevention, but also with proactive identification of opportunities, including resource efficiency, energy sources, products and services, markets and resilience.



Category		Climate-related Risks
Physical risks	Acute	<ul style="list-style-type: none"> <li>A series of risks that will reduce business stability, increase costs, and decrease production capacity caused by manufacturer or supply chain production suspension or reduction, disrupted transportation of products during the sudden occurrence of extreme climate or weather events such as rainstorm and typhoon;</li> <li>Extreme climate or weather events are very likely to cause production equipment damage and employee safety incidents, giving rise to additional adverse impact.</li> </ul>
	Chronic	<ul style="list-style-type: none"> <li>Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may lead to an increase in operating costs and equipment maintenance and repair costs caused by the increase in cooling demand in summer, as well as the cost spent on subsequent adjustment of energy consumption structure.</li> </ul>
Transition risks	Policy and legal risks	<ul style="list-style-type: none"> <li>As policy actions around climate change continue to evolve, regulators will take stricter measures to limit GHG emissions and strengthen GHG emissions disclosure requirements;</li> <li>The introduction of the EU Battery Regulation and policy changes may also lead to early retirement of existing fixed assets, such as high energy-consuming facilities; and</li> <li>There may be a risk of being prosecuted or subject to fines and financial losses due to non-compliance with relevant climate-related policies or laws.</li> </ul>
	Technology risk	<ul style="list-style-type: none"> <li>Investments in new technologies may increase due to innovations in production technology in response to environmental requirements and product R&amp;D findings, or front-end costs may rise to adopt/deploy new operations and processes.</li> </ul>
	Market risk	<ul style="list-style-type: none"> <li>Under the guidance of policies and markets, and as customers are increasingly aware of lower-carbon alternatives and environmental protection, they will opt for greener products, such as FSC-certified paper, which may have an impact on the Group's raw material procurement; and</li> <li>As one of the suppliers along the industry chain of new energy vehicles, customers' behavioral changes, such as supply chain requirements if our customers implement projects to cope with to climate changes.</li> </ul>
	Reputation risk	<ul style="list-style-type: none"> <li>Stakeholders are increasingly concerned about issues in response to climate changes, the Group may suffer from reputation risk if it fails to meet stakeholder expectations or there is any behavior in violation of relevant laws and regulations.</li> </ul>

In terms of acute physical risks, our products are all produced in indoor factories with good conditions. Extreme weather such as typhoons, rainstorms, and high temperatures where the factory is located has less impact on labor management (safety, absenteeism) and less impact on the production itself. We also pay attention to extreme weather conditions in time, so as to respond in advance. The production department of each company is responsible for production scheduling and delivery management, considering the possible negative effects of factors including extreme weather in scheduling, achieving flexible adjustment and good customer service.

With deepening understanding of climate change from all walks of life and the implementation of national policies around carbon peaking and carbon neutrality, regulators are tightening their regulation on the Group's carbon emissions. This may increase our operating costs, and impose more pressure on us in meeting certain energy conservation and emission reduction goals. In addition, there is also an increasing demand for investment in environmental protection equipment and facilities. Against this backdrop, we will resolutely respond to such national policies by gradually adapting to and meeting the carbon emission reduction requirements in our production and operation.

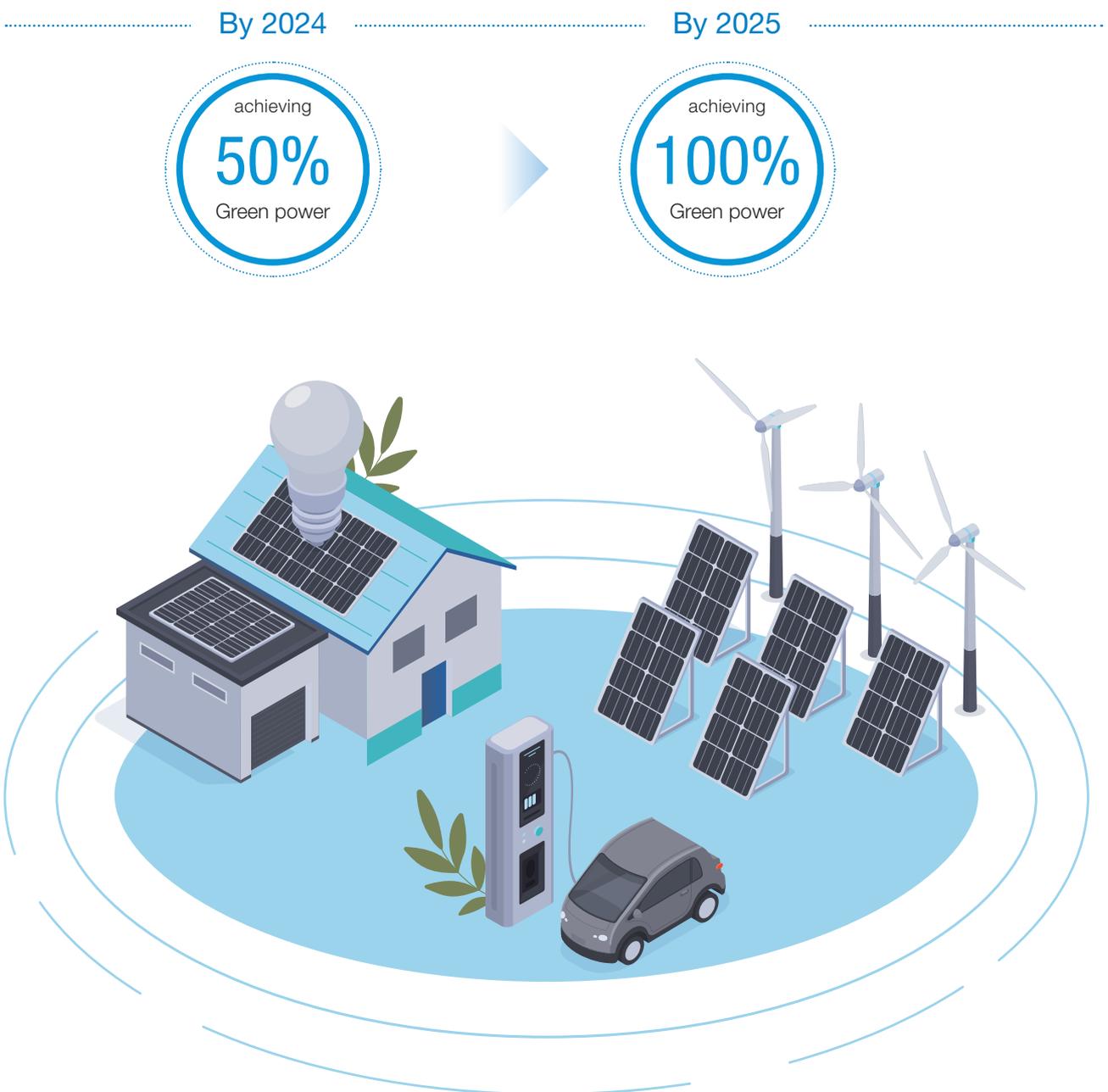
However, amid challenges, we also see great opportunities for development. As the society is eagerly urging for energy conservation and emission reduction, it is imperative for us to adjust our energy structure. We focus on the production of lithium-ion battery separator film, which is the core component of new energy vehicles that plays a vital role in promoting vehicle electrification. We also actively deploy the lithium battery diaphragm dry process business, which is widely used in energy storage batteries and a new driver for our future energy upgrading and transformation.

Looking forward, we will actively promote the R&D and deployment of energy storage related businesses, taking it as our responsibility to facilitate energy upgrading and transformation. Leveraging innovative technologies, advanced processes and continuous cutting-edge researches, we will seize the development opportunity to develop more green and low-carbon products and services, so as to lay a solid foundation for more business presence and make greater contributions to the society in terms of energy conservation and emission reduction.

## Risk Management

In response to climate change, we focus on identifying and assessing physical risks and transformation risks, while seizing development opportunities to promote the sustainable development of the Group. We strengthen the sustainable management of natural resources, chemical management, and reduction of pollutant emissions, improve related risk management and target setting systems, and promote high-quality and green development. The Group's ESG Council is mainly responsible for collecting and reviewing quantitative and qualitative information on the Group's environmental and social areas.

For the relevant risks and opportunities, the Board of Directors and the ESG Council have developed measures and response plans. For example, for the transition risks, we have formulated relevant emission reduction goals for energy consumption and pollution emissions: achieving 50% green power by 2024, and 100% green power by 2025, through self-built PV systems and purchase of green power/green certificates for offsetting purpose.



## Metrics and Targets

The Group has identified indicators related to the monitoring of environmental, social and climate-related risks, and conducts annual statistics and disclosure of relevant data, including:



In 2023, several production lines were put into use by the Group, which helped increase output, with most types of pollutant emissions on the rise compared with 2022.

### Total GHG emissions during 2022 and 2023

Metric	Unit	Emission in 2023	Emission in 2022
Total GHG emission	tCO <sub>2</sub> -e	1,234,051.6	1,026,270.5
Direct GHG emissions <sup>10</sup>	tCO <sub>2</sub> -e	319,035.6	255,585.6
Indirect GHG emissions <sup>11</sup>	tCO <sub>2</sub> -e	915,016.0	770,684.8
GHG emissions intensity	tCO <sub>2</sub> -e/RMB 10,000 of total operating revenue	1.0	0.8

We actively responded to the challenging climate changes and obtained accurate carbon emission data of each base in accordance with ISO 14064 and ISO 14067 standards, so as to clearly identify our carbon footprint by careful tracking carbon footprint of typical products.

Meanwhile, we followed the developments of local and international laws and regulations on environmental protection (such as the EU Battery Regulation) and incorporated the requirements of major external customers and our own conditions into the definition of ambitious but realizable emission reduction goals. The setting of such goals reflects our determination and confidence on pursuing sustainable development, and also our commitment to creating a brighter future.

In 2023, our enterprises with local emission control duties – Newmi Technology and Shanghai Energy completed their carbon emission compliance tasks successfully. The Company plans to actively develop its carbon trading business in the future, and at the same time increase its efforts in fine-tuning its management, so as to effectively enhance the profitability of the related business.

In addition, the Company implemented a number of energy conservation and emission reduction projects in 2023, aiming to improve energy utilization efficiency and reduce environmental pollution from our production activities. In 2024, we also promoted the overall green transformation of the supply chain through strengthened cooperation with suppliers, so as to jointly build a green and sustainable industrial ecosystem.

<sup>10</sup> Direct GHG emissions mainly come from the gasoline, diesel and natural gas consumed by the Group, and were calculated according to "Appendix 4 of China Energy Statistical Yearbook 2020; GHG Protocol"; the "Assessment Report of Working Group I, II, III of Intergovernmental Panel on Climate Change"; the "Guidelines for Compiling Provincial Greenhouse Gas Inventories (Trial, May 2011)" and the "Energy Statistics Workbook" (Department of Energy, National Bureau of Statistics, 2010).

<sup>11</sup> Indirect GHG emissions mainly come from the electricity purchased by the Group, and were calculated from the 2022 average emission factor for national power grids in China as stipulated in the *Notice on Sound Management of Greenhouse Gas Emission Reports for Power Generation Enterprises from 2023 to 2025* issued by the Ministry of Ecology and Environment of the PRC.

# 03

## People-Centered Operation

No enterprise can sustain its operations without its people. We consider our people as the cornerstone of our growth and take a people-centered approach. This focus on employees has been one of our core values since 1996, when we started the business.

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# EMPLOYMENT AND EMPLOYEE BENEFITS

## Standardized Employment With Diversified Structures

The Group strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Individual Income Tax Law of the People's Republic of China* and other relevant laws and regulations to protect the legitimate rights and interests of our employees, pay their salaries, social insurance, and housing funds fully and in a timely manner. In line with laws and regulations and based on the actual circumstances of each subsidiary, we have formulated relevant policies at a subsidiary level to ensure fairness and justice in terms of recruitment, work duties, training, promotion, compensation and benefits, working conditions and departure (including retirement, resignation and dismissal), etc. The Group has signed labor or employment contracts with all staff under laws and regulations, and has clearly defined in such contracts the positions, working hours, labor protection and remuneration of employees.

During the reporting period,



there were no severe violations of national and local laws and regulations by the Group in terms of employment, nor any human rights violations.

## Prohibition of Child Labor

The Group strictly complies with the *Law of the People's Republic of China on Protection of Minors*, the *Provisions of the People's Republic of China on Prohibition of Using Child Labor* and other relevant laws and regulations, and has formulated policies within each subsidiary such as the *Provisions on Prohibition of Using Child Labor* to prohibit the employment of people under the age of 18. The Group has promised not to employ child labor and to perform enquiry, observation and qualification comparison during the recruitment process, as well original ID card checking during the acceptance procedures to avoid such employment.

During the reporting period,



no child labor has been employed by the Group.

## Eliminating Forced Labor and Protecting Labors' Rights

We implement a "competency-based job matching, role-based remuneration determination, and contribution-based reward" policy. We adopt the comprehensive working hour system for production roles to quickly cover customer demand, the flexible working hour system for sales, technology and other task-oriented office clerks, and the standard working hour system for general office clerks.

## Freedom of Association and Collective Bargaining

We insist on protecting the freedom of association and collective bargaining rights and interests of employees, establish trade unions in various places in accordance with the *Trade Union Law of the People Republic of China*, the *Regulations on the Work of Trade Unions in Enterprise (Trial)* and other regulations and local norms and requirements, combined with operation practice, and safeguard the rights and interests of employees by signing special collective contracts, ensure 100% of workers are protected by collective bargaining agreements. In the collective agreement, there are also matters relating to providing reasonable notice to employees and their representatives for major operation changes, as well as the notice time or processing cycle of contract negotiation, change and termination. The group has no violations of laws and regulations relating to violation of freedom of association or disrespect for collective bargaining rights and interests.

## Privacy Protection

We pay attention to the protection of employees' privacy. In the Employee Manual, we explicitly prohibit the acts of "disclosing privacy of others" and "divulging or inquiring into the privacy information of other personnel of each company", so as to clearly convey to employees our practices and attitudes of adhering to the protection of personal privacy.

## Promoting Diversity and Gender Equality

We respect differences, encourage diversity, and are against employment discrimination based on factors such as gender, age, region, religion, etc. And we will never make such a factor an obstacle for employees' advance within the Group. A mix of employees of various genders, ages, and educational backgrounds is an edge for the Group to realize the effective use of talents, and is conducive to the retention and carrying on of traditional production technology and management experience.

We strictly comply with the *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, the *Regulations on the Labor Protection of Female Employees* and other relevant laws and regulations. Despite the inherent limitations of the Group's manufacturing industry, when seeking candidates for open positions, we take into account the characteristics of the position and give preference to women for positions that require more communication and service requirements under the same conditions. By the end of the report period, the number of female employees in the group was 2,364, accounting for 25.3%.

### 2023 employee distribution by gender

- Gender
- female
- male



Headcount **2,364**  
2023 Proportion **25.3%**

2022 Proportion **25.0%**



Headcount **6,969**  
2023 Proportion **74.7%**

2022 Proportion **75.0%**

Employees of different nationalities and countries make the Group a diverse and integrated family. As at the end of the reporting period, in addition to employing 62 employees who were from the United States, Hungary or other countries, the Group has 457 employees from ethnic minority groups including Hui, Yi, Hani, Bai and Mongolian, and 79 employees with disabilities, reflecting that the Group promotes a fair and diverse employment system.

In 2023, we continue to emphasize the win-win situation of achieving enterprise development and driving employment by way of excellent talent attraction. As at the end of the reporting period, the Group had 9,333 employees (2022: 7,458) in total, and 64 dispatched workers. The employee distribution by age, region, education and position is as follows.

### 2023 employee distribution by age

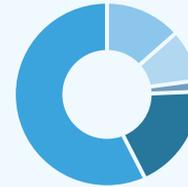
- 30 or below
- 31 – 40
- 41 – 50
- Over 50



Age	2023		2022
	Headcount	Proportion	Proportion
●	3,462	37.1%	37.6%
●	4,329	46.4%	46.7%
●	1,235	13.2%	12.3%
●	307	3.3%	3.4%

### 2023 employee distribution by region<sup>12</sup>

- Southwestern China
- Eastern China
- Southern China
- Central China
- Overseas



Region	2023		2022
	Headcount	Proportion	Proportion
●	2,086	22.4%	26.4%
●	5,152	55.2%	56.7%
●	1,238	13.3%	16.7%
●	793	8.5%	0%
●	64	0.7%	0.2%

### 2023 employee distribution by region by education

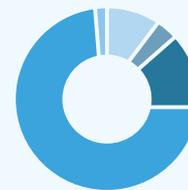
- Postgraduate – PhD
- Postgraduate – Master
- Undergraduate (including specialized college)
- Others



Education	2023		2022
	Headcount	Proportion	Proportion
●	23	0.2%	0.3%
●	162	1.7%	1.7%
●	2,990	32.0%	31.0%
●	6,158	66.0%	67.0%

### 2023 employee distribution by position

- Production staff
- Sales staff
- Technical and R&D staff
- Financial staff
- Administration staff



Position	2023		2022
	Headcount	Proportion	Proportion
●	7,745	83.0%	82.1%
●	103	1.1%	1.4%
●	507	5.4%	6.8%
●	75	0.8%	1.3%
●	903	9.7%	8.4%

<sup>12</sup> The region here refers to the location where the Company signed the contract with the employee, not the employee's native place; and the same definition applies below.

## Expanding Recruitment to Cultivate Talent

Having a talent pipeline that provides a stable inflow of high-quality talent can drive sustainable development.

### Talent Selection and Recruitment

When selecting and recruiting talent, we focus on “front-line workers and high-end talent”. We continue to expand our recruitment channels to build a desired front-line talent pool, including:

	<p>Campus recruitment events: We have co-established a training base with Donghua University, and have been rated as a “key Enterprise for Recruiting College Graduates”. By doing so, we have gained access to a pool of potential job candidates, and also provided opportunities for the youngsters to practice and learn;</p>
	<p>We have established an internal recommendation mechanism. This is to promote the Group as an employer brand that offers competitive compensation packages, convenient housing facilities and best career development opportunities, and encourage employees to recommend eligible candidates.</p>

During the reporting period, the Group recruited 4,396 employees (2022: 2,986), including 63 fresh graduates (2022: 51). Among the new recruiters, 3,368 were males, 1,028 females; 2,087 of them aged 30 or below, 1,797 from 31 to 40, 430 from 41 to 50, and 82 over the age of 50.

As for acquisition of high-end talents, we have attracted experienced professionals in the industry with competitive compensations to lead our rapid yet sustainable development in the future.

### Talent Retention and Incentive Mechanisms

We provide our employees with competitive compensation packages and the best opportunities possible for career development to retain our talent.

Our employees’ salaries and compensation include but are not limited to (included items may differ subject to regions and posts): basic salary; post allowance; performance bonus and allowance; full attendance bonus; seniority allowance; overtime pay; year-end bonus, etc. To demonstrate our position in the industry, maintain and further expand our competitive strengths, we review and evaluate remuneration packages based on the value of positions, adopt a leading compensation strategy and put in place a sound compensation system (which includes 20 grades, each having 7 classes (each class has 7 levels), across 5 categories, namely management, technology, R&D, functions, sales). These measures have provided a solid foundation for acquiring, retaining and motivating our workforce while enabling us to maintain marketplace competitiveness and internal fairness.

In 2023, the Remuneration and Appraisal Committee under the Board of Directors held two meetings, reviewed and approved the 2022 Proposal on Remuneration of Directors and Senior Executives, as well as the 2022 Proposal on Stock Option and Restricted Stock Incentive Plan. The Company continued to implement the 2022 Stock Option and Restricted Stock Incentive Plan, unlocked 1,496,807 restricted shares held by 765 eligible staff, and initiated the exercise period for 1,461,960 stock options held by 794 eligible. In 2023, the Remuneration and Appraisal Committee under the Board of Directors held two meetings reviewed and approved the “2022 Proposal on Remuneration of Directors and Senior Executives” and the “Proposal on the Compliance with the Exercise Conditions for the First Exercise Period of the Company’s Stock Option and Restricted Stock Incentive Plan for the Year 2022”, respectively. The Company continued to implement the 2022 Stock Option and Restricted Stock Incentive Plan, unlocked 1,496,807 restricted shares held by 765 eligible staff, and initiated the exercise period for 1,461,960 stock options held by 794 eligible. 2023, the Company repurchased RMB5,499 million, which was mainly used for equity incentives. 2024, the Company repurchased RMB2,099 million, which was mainly used for equity incentives. On February 2, 2024, the Nineteenth Session of the Fifth Board of Directors considered and passed the “Proposal on the Company’s <2024 Restricted Stock Incentive Plan (Draft) > and its Summary”, which was considered and passed at the First Extraordinary Shareholders’ Meeting of 2024 held on February 26, 2024, and approved by the Board of Directors. The share incentive program continues to progress.

In the future, we’ll continue to improve our workforce management approach by putting in place a key talent development program and a talent pool. We’ll prepare a customized development plan for key personnel in key positions, taking into consideration our future development directions and the personnel’s own career planning. The move aims to cultivate core employees by providing the best career development opportunities possible and encouraging supervisor support and employee involvement. To provide a consistent support for rapid growth, we’ll build a backup talent pool by training, job rotation, adopting the “two people for each role” mechanism and other tools available. At the same time, we’ll continue to implement the “9S” management model and encourage employees to develop good work ethics.

## Departure According to Regulations

We protect the rights and interests of leaving employees in accordance with the law, pay wages based on the actual working days in the month an employee leaves, and assist in the transfer of files and social insurance relations. Left employees are welcome to join us again, and they will be re-employed by us according to the relevant rules.

We pay attention to the impact of abnormal employee turnover on production and operation, summarize and propose improvement measures for employee turnover problems, and continuously promote human resource management mechanisms to control employee turnover by eliminating or reducing factors in the workplace that may affect employee stability.

During the reporting period, the Group had a total of 1,885 employees resigned, with a turnover rate of 20.2%<sup>13</sup> (2022: 19.7%). For resigned staff, the turnover rate of males and females was 22.9% and 12.2%, respectively, and that for staff aged 30 or below, from 31 to 40, from 41 to 50, and over the age of 50 was 28.7%, 16.3%, 11.3% and 16.0%, respectively.

The turnover rate<sup>14</sup> of employees in major regions of the Group are as follows:

	Southwestern China	Eastern China	Southern China	Central China	Overseas
Turnover rate in 2023	24.7%	20.7%	22.8%	1.3%	18.8%
Turnover rate in 2022	12.6%	20.9%	27.0%	N/A	5.0%

## Providing Employee Assistance

We focus on enhancing employees' satisfaction, well-being and engagement, and encouraging employees to provide feedback and offer suggestions. The reasonable improvement suggestions or opinions put forward by the employees can help the Group improve its management level and production efficiency, so as to promote the group's strategy of reducing costs, winning by quality and focusing on market development. If the suggestions of the employees are adopted, the employees will be recognized accordingly.

We care for and respect our employees and implement a mentor-mentee program group-wide to help new recruits adapt to the new environment. We encourage team leaders and supervisors to communicate more with their team members to promote harmony in the team. In addition, we set up a comprehensive communication channel, such as bulletin board, regular meeting, internal network, employee suggestion box, email (info@semcorpglobal.com), etc. Moreover, we encourage branches and subsidiaries to organize employee satisfaction surveys every year, and employees can also give feedback on their ideas and suggestions through the satisfaction survey form. During the reporting period, the Group conducted 21 employee satisfaction surveys and received 6,101 valid questionnaires. Such surveys were taken by branches and subsidiaries, aiming to seek employees' feedbacks on their dining experience in canteens (involving service, food taste and quality), their sense of well-being (involving benefits offered by the Company, etc.), their sense of engagement (covering job performance evaluation, protection of employees' rights and interests, rapport with other colleagues, etc.), etc. The overall satisfaction score exceeded 80%, which reflected a strong sense of engagement and fulfilment of our employees in their work.

During the reporting period



the Group conducted 21 employee satisfaction surveys and received 6,101 valid questionnaires.

The overall satisfaction score exceeded

**80%**

If an employee has a complaint, he/she can submit it to the direct supervisor, department head, human resources department or trade union. The receiver will timely solve the problems of employees or provide reasonable explanations, make corresponding records, and reply to employees within 5 working days. The human resources department will also regularly collect and sort out the written complaints and opinions put forward through the 'suggestion box' and other channels set in the place without monitoring equipment and reflect them to the management in a timely manner. The grievance process and all relevant information of employees are strictly confidential.

<sup>13</sup> Employees quitting during probationary period are not included; turnover rate = total number of employees resigned in 2023/headcount as at the end of the reporting period.

<sup>14</sup> Turnover rate = number of employees resigned in the region during the year/headcount in the region as at the end of the reporting period.

In accordance with national and local government regulations, and based on the actual circumstances of various regions, we provide employees with comprehensive welfare programs, such as birthday welfare, traditional festival welfare, annual leave, sick leave, marriage leave, parental leave and other paid holidays. We also pay attention to employees' various needs in daily life. For example, we have equipped production subsidiaries with staff dormitories, canteens and other living facilities, such as basketball courts, table tennis courts, activity rooms and other sports and leisure facilities at Jiangxi Tonry, as well as the mediation room, health home, staff reading room and other facilities at Chengdu Hongta Plastic to facilitate the physical and mental wellbeing of our employees.



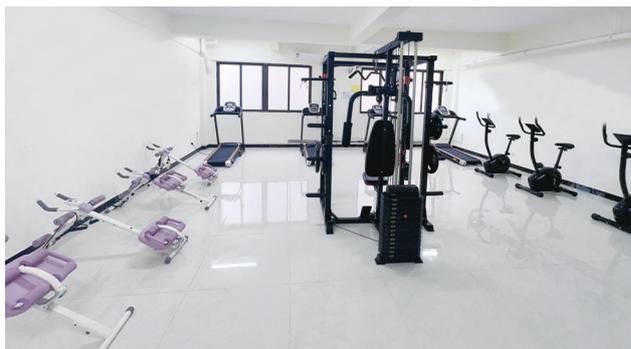
Basketball Court of Wuxi Energy



Staff Home of Chengdu Hongta Plastic



Staff Bookstore of Jiangxi Tonry



Gymnasium of Zhuhai Energy

Parental leave status				
	2023		2022	
	Male	Female	Male	Female
Total number of employees taking parental leave	182	100	100	57
Total number of employees due to return to work from parental leave as at the end of the year	171	99	99	53
Total number of employees returning to work from parental leave as at the end of the year	171	93	99	43
Return rate <sup>15</sup>	100.0%	93.9%	100.0%	81.1%
Total number of employees still employed as at the end of the reporting period after returning to work from parental leave	154	79	95	39
Retention rate <sup>16</sup>	90.0%	84.9%	96.0%	90.7%

<sup>15</sup> Return rate = total number of male (female) employees returning to work from parental leave/total number of male (female) employees due to return to work from parental leave.

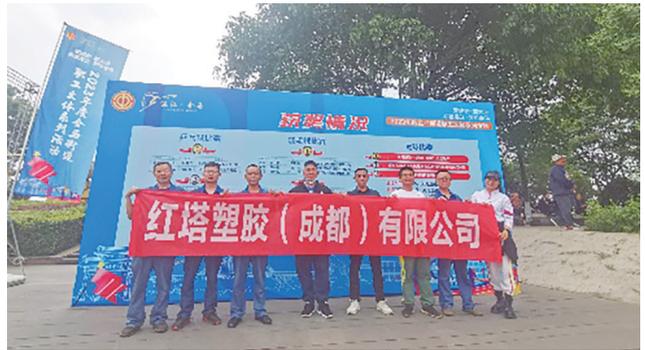
<sup>16</sup> Retention rate = total number of male (female) employees returning to work from parental leave as at the end of the reporting period/total number of male (female) employees returning to work from parental leave during the reporting period.

## Employee Engagement Activities

Based on their overall work arrangements, subsidiaries of the Group will organize appropriate employee engagement activities from time to time, such as tea parties, Mid-Autumn Festival celebrations, Dragon Boat Festival events, Lantern Festival garden parties, outdoor hiking, annual meetings, etc., in order to enrich employees' leisure activities, help them wind down from the tension brought about by the fast paced working environment, and encourage more employees to relax and enjoy themselves after work.



Staff of Chongqing Energy recited revolutionary classics on Party's Day



Chengdu Hongta Plastic organized staff to participate in sports activities



Staff of Chengdu Hongta Plastic attended outdoors activities on Women's Day

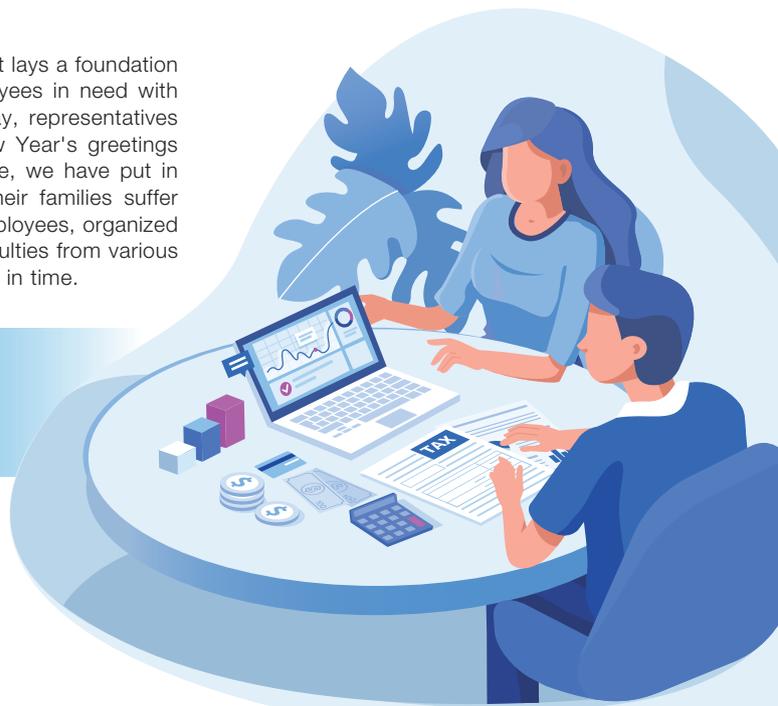


Staff of Hongta Plastics attended outdoors activities on Women's Day

## Supporting Employees in Need

We firmly believe that a harmonious and caring working environment lays a foundation for our long-term development. Therefore, we care for our employees in need with various supports. For example, during each Spring Festival holiday, representatives from the Group will visit families of deprived employees with New Year's greetings and comforts, such as cash and gifts. To show our love and care, we have put in place relief funds and fundraising plans in case employees or their families suffer major illnesses and need financial support. We have visited sick employees, organized donations for them, and distributed subsidies to employees in difficulties from various departments, so that employees can obtain support from our family in time.

In 2023, we allowed non-front-line employees to work flexibly during the season of influenza.



# STAFF TRAINING AND DEVELOPMENT

## Systematic and Diversified Training

Innovation is the driving force for enterprise development and talents are directors of technological innovation. We attach great importance to the cultivation of innovative talents in science, technology, management and other aspects, and provide employees with a comprehensive training system, enriched training resources and diversified learning programs. At the same time, we emphasize the integration of theory and practice and advocate learning during practice, so as to truly improve the capability to pursue scientific and technological innovation and management skills for better services and technical support for customers.

In 2023, the training performance of the Group is as follows:

Training metrics	Total training sessions (in number)	Internal training sessions (in number)	External training sessions (in number)	Accumulated training period (in hrs)	Accumulated participants (in person times)
2023	7,295	7,171	124	129,795	165,643

### Case: ▶ Enjie E-learning set up

In 2023, we set up a new education platform - "Enjie E-learning", which aims to provide a broader and flexible channel for our people to update their knowledge and skills. The platform officially launched in March 2024, and covers curriculum in many fields. "Enjie E-learning" will help boost our people's urge to learn, and facilitate their all-round career development, while laying a solid foundation for our talent cultivation and knowledge transmission.



## Creating Opportunities for Growth and Career Development

To enhance the cohesion and involvement of our staff, and to keep pace with the Group's rapid development, Human Resources Department formulates HR strategic plans on an annual basis, with reference to the Group's strategy and development speed. These plans are formulated based on the analysis of and responses to challenges posed to HR management by the investments into recently developed new production lines and the realization of strategic acquisitions, with a focus on the rapid expansion of reserve talents and potential talents to support the operation of these new production lines as well as the implementation of the Group's strategic plan.

Our staff serve the Group with a wealth of knowledge and high spirits and are rewarded by the Group with a broad platform for individual development in pace with the development of the Group through systematic training and promotion program. The Group classifies all positions into 5 categories and provides our staff with multiple channels for career development. Under the Group's promotion policies, a technical staff can be promoted to a management position or a technical expert position, and a R&D staff can be promoted to a management position, a production position or an expert R&D position. This mechanism of multiple promotion channels provides our staff with various options for their career advancement. We have also introduced appraisal tools and performance management system, set performance targets for employees on an annual basis and conducted regular follow-up, feedback and evaluation to fully release the potentials of our staff and direct them to develop their expertise in suitable positions.

The continuous development of the Group and the construction of new factories in various places also provide employees with a broad platform for their career development. By getting deeply involved in the development of the Group, young employees have also achieved their own career development.

In 2023,



**100%** of employees received regular performance and career development reviews.

In 2023,



a total of 70 members of the Group's management were eligible for promotion, among which, 8 were women. In addition, a total of

**4,039** front-line worker were promoted.

# OCCUPATIONAL SAFETY AND HEALTH

## Developing Policies to Ensure Work Safety

Safety is the cornerstone of domestic bliss, the source of social harmony, and the guarantee of enterprise development. Work safety secures the personal safety of employees and property safety of enterprise, and therefore constitutes an important part of the Group's operation and management. Thus, we pay relentless attention to work safety in our production to ensure the personal and property safety.

The Group strictly complied with the requirements of the *Work Safety Law of the People's Republic of China*, the *Basic Norms for Standardization of Work Safety of Enterprises* and other laws and regulations, and has formulated administrative systems for work safety, such as the "System for Management of Work Safety Objectives", the "System for Work Safety Responsibilities", the "System for Reward and Punishment Relating Work Safety", and the "System for Detection of Work Safety Hazards".

We established a safety committee and implemented the production safety accountability in accordance with the standardization requirements on safe production, which was

combined with daily inspections, special inspections, holiday inspections and other inspections to eliminate all kinds of work safety hazards. We signed responsibility statements and taken other measures to clarify safety production goals, and performed regular performance evaluations on production safety and the implementation of standardization requirements to ensure a smooth implementation progress while maintaining property and personal safety. We set the "Number of EHS Unqualified/Number of Risk Control Unqualified" KPI indicators, which cover the objectives of business management activities and the number of problems, defects and of risk points meeting the EHS requirements or the internal control compliance policies in the relevant procedures, processes and results.

As at the end of the reporting period, a total of 8 operating sites of the Group, including Energy Technology, Chengdu Hongta Plastic, Shanghai Energy, Suzhou GreenPower, Jiangxi Tonry, Newmi Tech Jiangxi Ruijie, and Jiangxi Energy have obtained the third-tier certificate for safety production standardization, accounting for 50%.

## Production Safety-related Targets and the Implementation in 2023

Content	The number of accidents with serious injuries or more is 0	The number of occupational disease incidence among employees is 0	The number of fire accidents is 0	The number of major liability accidents is 0	The number of acute poisoning accidents is 0	100% of occupational health and safety non-conformities, incidents and accidents found are rectified as required
Implementation	100% achieved	100% achieved	100% achieved	100% achieved	100% achieved	100% achieved

In addition, each subsidiary has also formulated and achieved their tailored goals based on their own operating practices.

Rate of timely waste disposal	100%
Fire and gas accidents	None
Pass rate of noise inspection	100%
Pass rate of exhaust gas inspection	100%
Pass rate of wastewater inspection	100%
Hazardous chemical leakage	None



Environment

Safety

Fire and gas accidents	None
Occupational disease cases	None
Physical injury cases	(none above serious case, minor cases ≤5)

Product Quality Department	Production Department (each workshop)	Storage and Logistics Department	Equipment Operation and Maintenance Department
Leakage of hazardous chemicals Rate of timely waste disposal Suspension due to accidents Fire and gas accidents	Leakage of hazardous chemicals Compliance rate of classified recycling of production waste Pass rate of noise, exhaust gas and wastewater inspection Occupational disease cases Suspension due to accidents Fire and gas accidents	Environmental hazards Compliance rate of production waste disposal Work-related injury sick leave Suspension due to accidents Fire and gas accidents Traffic accidents	Leakage of hazardous chemicals Water consumption Volume of newly added carrene Volume of newly added liquid paraffin Natural gas consumption Electricity consumption Rate of timely waste disposal Pass rate of noise and exhaust gas inspection Suspension due to accidents Occupational disease cases Fire and gas accidents Compliance rate of special equipment
Safety and Environment Protection Department	Technical Department	Human Resources Department	
Failed annual environment/safety inspection Rate of timely waste disposal Fire and gas accidents Violation of laws and regulations	Leakage of hazardous chemicals Rate of timely waste disposal Suspension due to accidents Fire and gas accidents	Special jobholders' qualification rate Rate of occupational disease examination performed Rate of timely waste disposal	

Annual goals set for environment and safety management by Wuxi Energy's Safety and Environment Protection Department

We proactively performed introspections and rectifications after safety accidents to eliminate potential safety hazards and safeguard our staff's life safety. Safety and Environmental Protection Department has deployed security guards within the Group. While ensuring the deepening of the supervision and management mechanism, we have established a smooth communication channel for potential dangers, adopted the correct opinions of the safety officers in a timely manner, and mobilized the entire team to work together to improve production safety. We rectified safety issues and analyzed the causes in a timely manner; member entities submit work injury reports to the Group on a quarterly basis, and Safety and Environmental Protection Department takes the lead in the communication and root cause analysis of major work injury accident based on their nature.

During the reporting period,



the Group was involved in 1 Work-related fatality case, which is listed as follows together with the work-related injuries or lost work due to work-related injuries:

#### List of Work-related Injuries and Fatalities

Metric	Work-related fatalities (Person)	Work-related fatalities per 100 million operating income (Person/RMB 100,000,000 of total operating income)	Work-related injury accidents (Incident)	Lost working hours <sup>17</sup> (Hour)	Lost working days (Day)	Total Recordable Injury Rate (TRIR) <sup>18</sup>
2023	1	0.008	59	25,072	3,134	0.63
2022	0	0	27	14,704	1,832	0.36

## Chemicals Management

We are keenly aware of the importance of chemical management for safety production. In this regard, we have established the "Compilation of Rules and Regulations on Environmental and Hazardous Waste Management", the "Administrative Regulations on Chemical Management", the "Oil and Chemical Management Regulations", the "Warehouse Management Regulations" and other rules and regulations. We have collected and compiled the relevant MSDS Technical Requirements to standardize the transportation, handling, storage, labelling, usage, discard and disposal of chemicals to avoid adverse environmental impact and harm to human body. We have identified the types of chemicals involved in our production process and laboratories, and set up obvious signs at key locations to remind employees to guard against risks.

We proactively carried out chemicals-related training to clarify the process for procurement, storage, receipt and use of chemicals, and to publicize and implement the protection and emergency response measures for the use of hazardous chemicals. We have set a goal of zero hazardous chemical leakage incident, which has been achieved to the extent of 100%.

### Case: ▶ Training on precursor chemicals

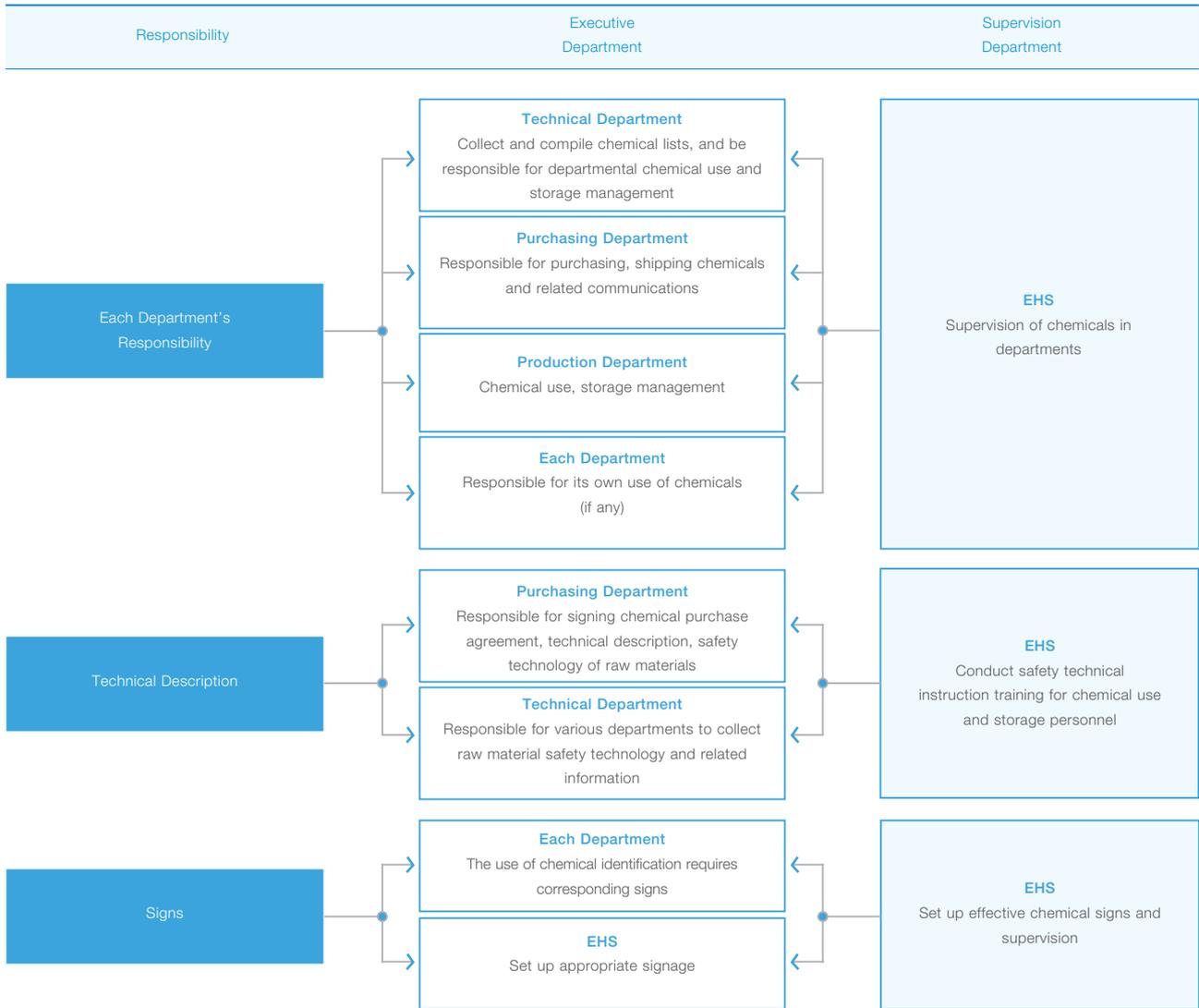
In 2023, we carried out training for our employees on precursor chemicals, including publicity of relevant laws and regulations, case study and safety precautions, etc. We also trained our employees on the basic nature of precursor chemicals involved in our production, and how to take measures to protect themselves.



As for chemicals transportation and handling management, suppliers or entrusted external parties are responsible for our transportation of chemicals, and the procurement departments of Group members shall be confirmed with the relevant certificates before carrying out such transportation and handling activities in accordance with the relevant rules and regulations. When emergencies such as chemical abnormalities occur, all relevant companies within the Group shall make rectifications in accordance with the *Control Procedures for Corrective and Preventive Measures* and take preventive measures accordingly. For the leakage of hazardous chemicals, we have formulated relevant emergency response plans and actively carried out emergency drills. For the disposal of chemical wastes, we have strictly complied with the relevant chemical waste management rules and regulations in our management process to prevent environmental contamination by chemical pollutions.

<sup>17</sup> 8 working hours per day.

<sup>18</sup> Total recordable injury rate=number of recordable injury during the reporting period x 200,000/employee total hours supposed to work during the reporting period



Chemical Safety Management Framework illustrated by Hongta Plastics as an example



Safety warning signs on the exterior wall of Suzhou GreenPower's generator room



Suzhou GreenPower's safety warning signs



Safety warning signs at an operation site of Suzhou GreenPower

## Upgrading Technology to Promote Occupational Health

The Group complies with the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other relevant laws and regulations, and published the "Compilation of occupational Health Management System", including occupational disease protection equipment, management system of protective equipment, education and training system for prevention and control of occupational disease hazards, management system for monitoring and evaluation of occupational disease hazards, management system for safety in limited space, etc., and continuously improve working conditions based on the occupational health and safety management system, identify hazards in our workplaces, strengthen the monitoring and control of hazards, provide protective equipment for our employees and strive to create a safe, healthy and comfortable working environment for them.

We adhere to the policy of prevention first and combined with control to deal with occupational safety and health issues. Shanghai Energy signed the "Special Collective Contract for Occupational Disease Prevention" with employees, which provides specific guidelines on the subject responsible for occupational disease prevention, measures taken for prevention and improvement, detection of occupational hazard factors, regular occupational health training, as well as pre-job, on-the-job, off-job, and emergency occupational physical examinations for employees.

Air conditioners, ventilators and other equipment have been installed in most of our workshops in addition to our office and living areas to improve the working environment. In addition, we provide our people with labor protection articles, and set up notice boards on occupational disease hazards and relevant warning signs at different posts. We also provide our people with heatstroke prevention and cooling supplies, schedule our operations properly to avoid working in the heat, and shorten working hours appropriately to reduce the adverse effects that high temperatures may have on our employees' health in summer, aiming to improve the working environment for our employees to the largest extent and to ensure their safety and health.

Holders of special positions that are prone to occupational diseases have been fully informed of the job requirements and working environment when they apply for the job. A physical examination focused on occupational diseases is arranged for employees holding such positions every year. The coverage rate of occupational physical examinations for high-risk positions has reached 100%. During 2023, the Group had not identified any cases in which an employee was suffering from an occupational disease. Other employees have also been provided with free physical examinations on a regular basis.

Hazards to human health in the production environment are tested every year. Relevant employees are required to undergo pre-job, on-the-job, and off-job occupational physical examinations to prevent occupational diseases. Employees working in the film workshop of the diaphragm business, those responsible for operating equipment, and those responsible for mixing materials are exposed to the following hazards: high temperatures, dichloromethane, noise, paraffin fume, dust and power frequency electric field. We have taken the following measures:

<p style="text-align: center;"><b>High temperatures</b></p> <p>labor suit, protective gloves and other protective articles are provided for employees; air conditioners have been installed in the central control room; measures have been taken to minimize employees' exposure to high-temperature equipment; medicines for preventing heatstroke are distributed to employees;</p>	<p style="text-align: center;"><b>Dichloromethane</b></p> <p>ventilators must be turned on in sites exposed to dichloromethane; employees are required to wear protective masks or respirators when entering these sites, and the concentration of dichloromethane in these sites is monitored;</p>	<p style="text-align: center;"><b>Noise</b></p> <p>noise-proof earphones are provided for employees; work is done to improve equipment and facilities which are also regularly serviced to reduce noise levels;</p>	<p style="text-align: center;"><b>Paraffin fume and dust</b></p> <p>dust masks are provided for employees; ventilators and dust catchers have been installed in areas where there is lots of dust, and are cleaned regularly;</p>	<p style="text-align: center;"><b>Power frequency electric field</b></p> <p>insulated shoes, insulated gloves and protective masks are provided for employees, and tests are conducted regularly.</p>
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Hubei Energy's notice board on occupational disease hazards



Hubei Energy's ionizing radiation warning sign

As of the end of the reporting period, 14 of the Group's operating sites had obtained ISO 45001:2018 occupational health and safety management system certification. During the reporting period, the Group's safety production expenditure was RMB53.026 million.

## Conducting Training and Emergency Drills to Raise Safety Awareness

To ensure occupational health and safety, it is important to implement the relevant management systems, provide protective articles for employees, improve processes and facilities. But it is still more important that employees increase their safety awareness and master the skills to ensure safety in production activities and rescue themselves when they are in distress. Therefore, we attach importance to safety trainings and awareness campaigns, and regularly organize emergency drills to improve employees' safety awareness and skills to deal with emergencies.

To effectively respond to safety risks in emergencies, emergency plans including *the Emergency Plan for Fires*, *the Emergency Plan for Environmental Emergencies*, *the Emergency Plan for Accidents Endangering Production Safety*, *Emergency plan for lifting machinery injury accident* and *Special emergency plan for natural gas leakage* have been formulated. Drills are organized regularly to ensure the Company's preparedness for emergencies.

As the raw materials, packages and finished products we need for production contain flammable materials (e.g., paper), we also pay special attention to fire control and strictly abide by *the Fire Control Law of the People's Republic of China*. Fire control trainings and drills are organized every year and fire control trainings are part of on-boarding trainings for new joiners. Employees are required to participate in annual fire control trainings to enhance their fire control awareness and skills.

Every June is the month for production safety campaigns. During this period, trainings on production safety and occupational health, and knowledge quizzes are organized in the Company's workplaces to enhance employee's awareness and all employees are required to participate.



Fire drill organized by Jiangsu Sanhe



Zhuhai Energy holds a meeting on safety production



Safety training organized by Chongqing Energy



Fire drill organized by Chengdu Hongta Plastic

In 2023, the Group organized a total of 103 safety emergency drills and trainings, with a total of 11,844 participants, including special training for first-aid personnel, training on EHS laws and regulations, training on emergency response plans against production safety accidents, special safety training on struck-by accidents, fire and emergency drills, rehearsals of emergency rescue plans, heatstroke first aid, hazardous chemical leakage accident drills, extreme weather emergency drills, public health emergency drills, mechanical injury training and drills, etc.

# 04

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# PRODUCT RESPONSIBILITY

## Quality Management in Pursuit of Excellence

Customer trust and good competitiveness are based on product quality, which is relevant to the sustainable and healthy development of an enterprise. Energy Technology strictly abides by *the Product Quality Law of the People's Republic of China, Consumer Rights Protection Law of the People's Republic of China, Administrative Measures for the Restriction of the Use of Hazardous Substances in Electrical and Electronic Products, EU RoHS Directive, REACH, Battery Directive, Packaging Directive* as well as other relevant laws and regulations and national standards for relevant products. Our vision is to “become a world-class material R&D and production enterprise”. We implement strict quality control measures throughout the production process to strive for excellence and improvement in order to provide customers with high-quality products.

We always focus on the construction and maintenance of our quality management systems. To align with the Company's development strategy, we have comprehensively introduced the ISO 9001 quality management system in each of our factories, and put in place full-process management in terms of incoming goods management, supplier management, material management, process management and after-sales quality supervision throughout the business process. The Group has formed a system construction working group to provide system-related guidance on the establishment and implementation of system management (including quality management system ISO 9001, environmental management system ISO 14001 and occupational health and safety management system ISO 45001) for each subsidiary to improve business quality and stability as well as perform spot checks on the implementation of system management from time to time. Our factories in the new energy segment have also obtained the IATF16949 automotive quality management certification. As at the end of the reporting period, the Group's subsidiaries in operation had obtained ISO 9001 quality management system certification with a ratio of 87.5%; a total of 9 operating sites had obtained IATF16949:2016 quality management system certification for the automotive industry.



IATF16949 Certificate of  
Suzhou GreenPower



ISO 9001 Certificate of  
Shanghai Energy



ISO 45001 Certificate of  
Jiangxi Tonry



ISO 14001 Certificate of  
Zhuhai Energy

In accordance with laws and regulations as well as system management requirements, we have developed quality management systems and set up stringent product quality assurance processes for various products, so as to ensure the quality of our products. The Quality Management Department of each factory is responsible for recording self-inspection and self-audit steps on a daily basis and providing analysis reports on eight dimensions, namely team formation, background description, corrective measures, cause analysis, improvement measures, verification of the effects of improvement measures, prevention of recurrence (standardization) and lessons learnt; it is on this basis that annual spot checks are performed by the Group's Quality Management Department. We carry out IQC (i.e. incoming quality control) according to customer requirements, and formulate special plans for inspecting suppliers' materials, so as to perform assurance and full or random inspections of incoming materials. According to the technical agreement with the customer, each shipped product is attached with an inspection report.

We have launched a quality management system (QMS) to optimize and streamline the quality management processes through the introduction of process-based standardized measures. The quality management system adopts multiple data collection approaches to enable quality monitoring throughout the entire production process, provide true and accurate data, and realize all-round sharing of quality information. After the launching of the system, positive feedbacks are received from different factories, with significant improvement seen in the standardization of quality and the accuracy and timeliness of data. In 2023, we upgraded the QMS system so that automated review can be achieved for the inspection data originally subject to manual review. The updated system has been adopted by Zhuhai Energy for pilot use, and we are expanding it to cover other plants in an all-round way.

In order to ensure the control of possible unqualified products and prevent the unintended use of them, we have also established relevant systems such as the "Management Procedures for the Control of Non-conforming and Unqualified Product", the "Regulations on the Management of Unqualified Products", the "Regulations on the Management of Product Recall, Management System of Return and Exchange Products/Compensation", etc., which classify product defects, clarify the recall methods and time limits and the contents to be included in the recall notice, and also have clear regulations on the handling and compensation of recalled products. In order to further standardize the handling of non-conforming and exception issues during in the realization of products, and to prevent the occurrence and re-occurrence of such issues and the outflow of unsatisfactory products, we complied with the "Management Procedures for the Control of Non-conforming and Unqualified Products" to clarify the handling of non-conforming and exception issues in the product realization process (material supply, film making, pulping, coating, slitting and shipping), and make relevant revision based on the actual circumstances during the reporting period.

Through a concerted effort to maintain strict quality control, we achieved zero product recalls and no violations of health and safety regulations or voluntary codes regarding products and services in 2023.

The Group's quality management is based on planned target management, and targets for the following year are set at the end of each year. For example, the product qualification rate is divided into various targets based on operational reality, such as the effectiveness of quality management system planning, product factory qualification rate, and timely feedback rate of product quality information. We conducted regular inspections and supervisions of our factories regularly to facilitate the improvement of their systems and quality, which included Group inspections, cross-checks within the Group and LPAs (Layered Process Audits). At the same time, we actively cooperate with external quality audits. In 2023, we received a total of more than 266 external certification-related audits from customers (244 times) or third parties (22 times), and no obvious non-conformities were found, and the relevant system operation continued to be effective.



In 2023

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we received a total of more than

**266** external certification-related audits from customers or third parties

In order to further implement the quality work, we focus on the creation of "quality-oriented" atmosphere of the whole Group, establish the quality consciousness of "quality first, customer first", and carry out quality training and quality year-related activities in each subsidiary, with the theme of product quality, to promote the concept of product quality control and requirements.

We consider product labelling compliance one of important components of good product quality. The Group attaches relevant labels and reminders for potential risk warnings of products. For example, Hongta Plastics labels information of our products on the product certificate strictly in accordance with the *National Food Safety Standard – Plastic Materials and Products Used for Food Contact* (GB4806.7-2016) to ensure that adequate and accurate description of product information has been provided and product safety assessment conducted to avoid any potential risk caused by improper use or storage.

In 2023, there was no breach of regulations or voluntary codes on product and service information and labelling.



RoHS+HF sticker of Jiangxi Enbo



Chendu Hongsu's product caution marks



Safety label displayed on a packaging box

## Enhancing Responsibility on Low-Carbon Development and Environmental Protection

In addition to product quality control, we are also committed to creating low-carbon and environmental-friendly products, and implement the concept in the development, design and production process of the product. Our development strategy aims to integrate green design, green technology & process, green production, green management and green supply chain into the whole life cycle of products through technological innovation and system optimization, on the basis of current function and quality of our products, while minimizing adverse impact on the environment and maximizing the efficiency of resource use, with the ultimate goal to achieve higher economic, ecological and social benefits through improved coordination.



Regarding new energy products, the Institute of Recycling and Energy Saving under the Shanghai Energy Research Institute is mainly responsible for the recycle, improvement and reuse of white oil, dichloromethane, DMAC<sup>19</sup>, acetone and clay used in manufacturing of lithium battery separators, as well as the research on the recovery and treatment of wastewater and waste gas by designing effective plans and using advanced separation and recovery equipment to ensure the recovery rate of white oil, dichloromethane, DMAC, acetone and white clay. In addition, we have also improved the recycling rate of wastewater and waste gas to save energy, reduce consumption and contribute to the environmental friendliness of R&D and product design activities.



To improve the yield of BOPP film products, and reduce waste film, Hongta Plastics takes measures such as increasing the rewards for online trim scrap recovery and for the team that recovers most trim scraps as an incentive to encourage employees to recover more trim scraps. The film-making workshop strictly follows the *Film Manufacturing Order* and the requirements on the effective width of the parent roll in its manufacturing; while the Technical and Quality Assurance Department strictly controls the sampling size according to the testing requirements when selecting parent roll samples, oversampling is prohibited and cutting waste is minimized to reduce wastes in the manufacturing process.



In terms of packaging products, in response to the ecological civilization construction strategy implemented by the country and in line with the development ideology of "embrace ecological environmental protection through energy saving and carbon reduction", we continue to embrace innovation in packaging materials. During the reporting period, Hongchuang Packaging used special technology and materials to replace traditional oil packaging to reduce the use of plastic. In addition, Hongchuang Packaging also reformed the roof packaging design to reduce the size of trash and improve user-friendliness to promote the green development of the industrial chain.

We believe the industry is leading to a greener future, and life cycle assessment assists companies to determine the strategies and direction of green development. In 2023, we continued to conduct product life cycle environmental impact assessments. For example, Wuxi Energy performed life cycle assessments on certain products in accordance with the requirements of ISO 14040 and ISO 14044 as the basis for the research on reducing product carbon footprints.

## Providing Optimized Services in a Timely Manner

While we strive to improve product quality internally, we are guided by customer feedback to seek continuous improvement in our service level, and ensure that we do not make false propaganda that exceeds the actual performance of products. The Group has formulated a number of relevant rules and regulations such as the "Management Regulations on Handling of Customer Complaint", the "Management Regulations on Handling of Customer Claims", and the "Management Procedures for Communication with Customers and Satisfaction Measurement", and revised the customer claim related regulations during the reporting period. We continue to strengthen the construction of our sales system. Sales personnel are required to strictly abide by the operating policy of the Company to maintain good corporate image while ensuring the legality of business activities, and to ensure the good reputation of the Company during the conduct of market activities.

In 2023,



the Group did not violate any laws and regulations or voluntary codes of practice in relation to marketing activities (including advertising, promotion and sponsorship).

<sup>19</sup> DMAC: dimethyl acetamide, is an organic solvent used in the coating process.

In terms of after-sales services, we respond to customer needs in a way that demonstrates high quality and high efficiency by clarifying department responsibilities and personnel orientation services. Take the New Energy Business Department as an example. With a commitment to “making a response within one hour and arriving at the site within 24 hours”, the Group Marketing assigns a dedicated person responsible for addressing customers’ after-sales service needs while the Group Quality System Department performs classified follow-ups on problems in different categories that have been identified. We conduct research and rectification work to optimize product design and quality in response to product defects. For issues unrelated to product quality, we take customer needs into consideration, review service processes, proactively give feedback and provide assistance and solutions.

The Group attaches great importance to the feedback and complaints from customers, and for the complaints received, we will summarize the content of the complaints and implement relevant corrective measures, to ensure a 100% complaint handling rate. We will continue to strengthen our understanding of the importance of customer service, enhance customer relations management and effectively improve customer satisfaction.

At the same time, we continue to improve the customer experience and send "after-sales service commitment letters" to customers at the time of contracting to make a reliable commitment to the quality and efficiency of after-sales service. During the service process, each subsidiary sets satisfaction targets based on its actual operation and conducts annual satisfaction surveys to know about customer satisfaction regarding quality, cost, terms of delivery and services.



In 2023,  
all customer satisfaction results have met the standards.

## Pursuing Innovation to Protect Property Rights

Technological innovation is one of the major drivers for better product quality. The Group supports technological innovation. Internally, it has established the Research Institute to promote self-dependent R&D. Externally, we work with research institutes and universities, including Chinese Academy of Sciences to engage in technological research, and also cooperate with leading enterprises in the industry to accelerate our development in specialized areas.

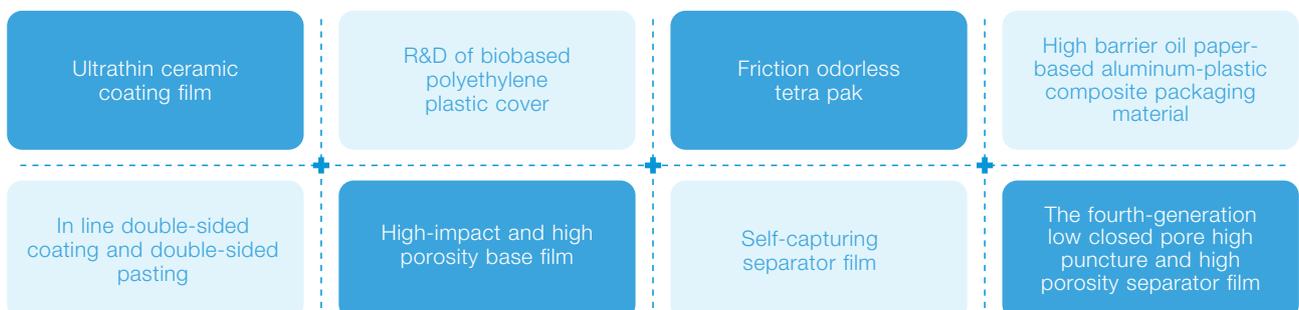
We integrate resources on innovative exploration in the fields of packaging materials and new energy products to promote technological innovation.

In 2023, the Group invested nearly RMB727 million, or 6.04% of the Group’s operating income in R&D, and R&D investments have been increasing over the last three years both in terms of amount and the percentage in the Group’s operating income.

2021-2023 R&D investment list	2023	2022	2021
R&D investment (RMB)	727,481,001.67	724,297,699.66	409,178,730.28
Percentage of R&D Investment in Operating Income	6.04%	5.75%	5.13%

At the same time, we are increasing our investments in establishing an R&D platform in response to the needs of industrial development and chain of technological innovations in the industry to conduct R&D of generic technologies and translate R&D results into commercial use. Chongqing Energy has built a digital workshop for lithium ion battery microporous separator films, which improves production and operation efficiency, enables collaboration among different departments, and further improves the level of intelligence adoption. To this end, Hongta Plastics Laboratory and the Analysis and Testing Center of Shanghai Energy Research Institute have obtained the laboratory accreditation certificate issued by China National Accreditation Service for Conformity Assessment (CNAS).

In addition to the new energy separator film products, our R&D activities also include degradable films, bio-based plastic covers and other products that are in line with the concept of “embrace ecological environmental protection through energy saving and carbon reduction” to better fulfill our social responsibilities. In 2023, our R&D projects are mainly as follows:



## Case ▶ Energy Technology was selected into the Industrial Internet Platform – Leading Innovative Application Cases in Intelligent Manufacturing Field

Energy Technology's informatization achievement "innovative application of industrial Internet platform was based on the manufacturing scenario of new energy lithium battery separator film" and was successfully selected into the Industrial Internet Platform – Leading Innovative Application Cases in Intelligent Manufacturing Field, which is another huge milestone of Energy Technology during its progress towards digitalization and intelligence.

Based on multiple scenarios such as process optimization, quality management, production management, data aided decision-making, etc., the platform can help digitize the manufacturing process, improve performance and production efficiency, and reduce waste. Equipped with the equipment data collection solution, the industrial internet supports automated collection of process parameters and defect information regarding the real-time operation of production equipment. Based on the data collected, we can analyze the equipment use efficiency and the product defect rate, and achieve automated alarm on product quality. Meanwhile, visualized data analysis can provide decision-making support for our production process management and product quality management.



We are keen on mobilizing our researchers' incentive and creativity to enhance their ability in technological innovation and application, and promote the translation of R&D results into commercial use for the Company's on-going rapid development. To this end, we have formulated the "Reward System for Training and Recruitment of Talents in Science and Technology", the "R&D Personnel Performance Appraisal and Reward System" and other relevant system. We have set up

performance appraisal awards for R&D projects and define the scope and evaluation criteria and standards for awards of different categories. To encourage R&D innovations, the Research Institute selects outstanding projects at the end of each year, and award honorary certificates and bonuses to selected project members. In addition, the Research Institute also grants financial rewards to R&D engineers who have been active in applying for invention patents.

## Energy Technology Research Institute

We have chosen a development path driven by self-dependent innovation and will further go global by expanding the overseas market and get involved in global competition. In response to China's development strategy for the new energy industry, we established Energy Technology Research Institute in 2010. There are ten institutes under the Research Institute specializing in various fields, they are Institute of Basic Materials, Institute of Diaphragm Base Film, Institute of Inorganic Coating of Diaphragm, Institute of Organic Matter Coating of Diaphragm, Institute of Recycling and Energy Saving, Institute of Diaphragm and Battery Performance Testing, Institute of New Packaging Materials, Institute of Water Treatment Membrane, Institute of Ultra-High Heat Resistant Insulating Film, Institute of New Battery Materials, and Institute of Aluminum and Plastic Film.

As Energy Technology develops over time, Shanghai Energy began to plan for a world-class R&D center in 2019 to maintain the advancement of technology and product leadership. Its areas of research and development expanded from battery separator films to cutting-edge products such as aluminum-plastic composite membrane used in soft battery packaging film, water processing film, and coated electrolyte film for new batteries, has currently employed a number of foreign experts from countries including the United States, Japan, and has established a wide range of production-academic research cooperation programs with higher education institutions including the Chinese Academy of Sciences, University of Macau, Donghua University, Shanghai University of Applied

Sciences, Nanjing University of Science and Technology, Nanjing University of Technology and Beijing Normal University.

On the basis of consolidating our existing resources, we also continue to expand basic research and development initiatives and drive technological innovation. We have established a "Separator Film Research and Development Technology Service Platform for Lithium Batteries for New Energy Vehicles", which has been supported by the funding introduced by the Shanghai Municipal Development and Reform Commission for the service industry. It focuses on the wide variety of lithium batteries in the market to provide customized separator film products to meet the diversified needs of customers, provide technical support for lithium battery and separator film manufacturers, and promote the independent innovation of China's new energy industry.

Shanghai Energy has participated in a number of key national research and development programs, national industrial foundation reconstruction programs and other relevant projects. In addition, we established the "Shanghai High-Performing Lithium Battery Separator Film Engineering Technology Research Center", "Shanghai Enterprise Technology Center" and "Pudong New Area Enterprise Postdoctoral Research Sub-Workstation", and set up the "Joint Laboratory of Advanced Battery Materials and Technology" together with the Shenzhen Institute of Advanced Technology of the Chinese Academy of Sciences.



附件 1

### 第 29 批新认定国家企业技术中心名单

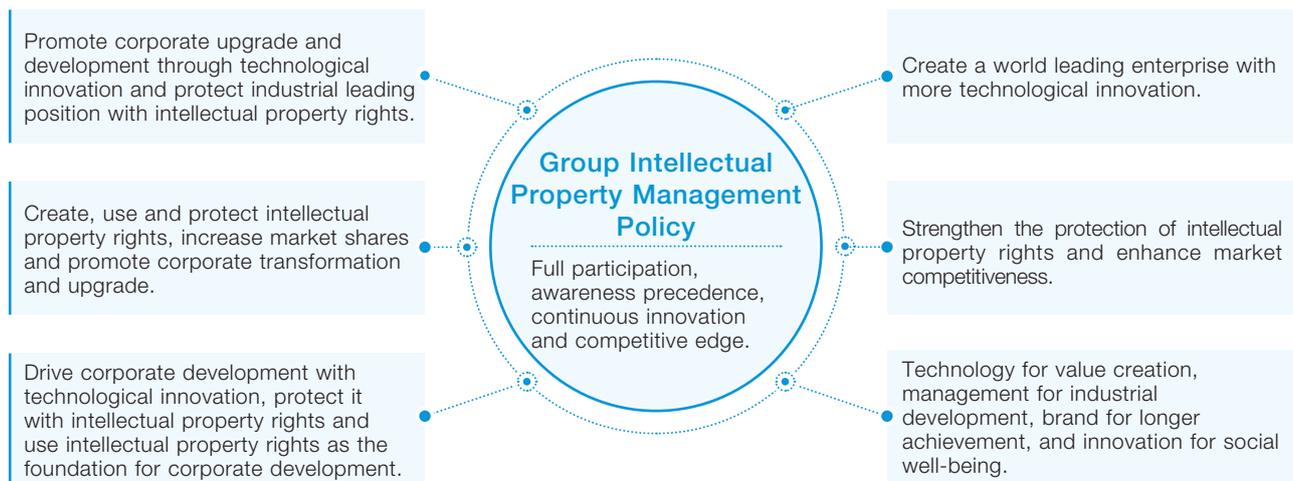
30	中铁上海设计院集团有限公司	中铁上海设计院集团有限公司技术中心	上海市
31	上海壹壹能源科技有限公司	上海壹壹能源科技有限公司技术中心	上海市
32	上海恩捷新材料科技有限公司	上海恩捷新材料科技有限公司技术中心	上海市
33	上海广为焊接设备有限公司	上海广为焊接设备有限公司技术中心	上海市

The enterprise technology center of Shanghai Energy obtained the “National Enterprise Technology Center” certification

Looking forward, the Group will always strive to improve its product quality and conduct cutting-edge technology research. It will enhance its innovation efforts, and act as a top player leading the development of the global new energy lithium battery separator film industry, in a move to forge Energy Technology into a world-class material R&D and production enterprise.

## Protection of Intellectual Property

As an innovative enterprise, we attach great importance to the protection of property rights. On the one hand, we proactively protect the intellectual property rights of the Group, and on the other hand, we respect the intellectual property rights of others to avoid infringement.



In accordance with the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations, we have established an Intellectual Property Department, formulated Intellectual Property Management Manual, Patent Management System and other related documents to clarify the standards and processes for the creation, use, management and protection of intellectual property rights of the Group. On the one hand, the Intellectual Property Department provides research personnel with assistance and creates facilitating conditions for product structure, product performance, process and equipment patent applications. On the other hand, it develops a series of courses to help R&D personnel enhance their awareness of independent intellectual property rights, with the aim of nurturing them to become compound talent who understands both R&D and patent protection.

We perform classified management of intellectual property rights based on different product attributes. In the new energy business units, products are enjoying a period of vigorous development with enhanced level of innovation. Therefore, all the new products are subject to intellectual property feasibility studies, and patent application is included in the KPI for the assessment of researchers.

In 2023, we conducted 10 online and offline intellectual property training programs covering issues such as the introduction of intellectual property and patent law, and training on patent application in practice. 100 employees participated in the training.

In terms of the layout of intellectual property rights, Energy Technology attaches great importance to such initiatives. During the reporting period, the Company continued its momentum to achieve many breakthroughs in technological innovation. As at the end of the reporting period, the Company and its subsidiaries obtained 606 patents, including 396 utility model patents, 198 invention patents (including 34 international patents), and 12 design patents. The Company attaches great importance to the layout of overseas patents, 120 international invention patents are being applied for registration and have been accepted, and 144 domestic invention patents are being applied for registration and have been accepted. Among them: the Company's lithium battery separator film research and development team has obtained remarkable achievements in the improvement of production efficiency, the improvement of quality for lithium battery separator film products and the development of new products. A total of 420 valid authorized patents are currently in hand, including 34 international patents.

291 patents are under application, including 120 international invention patents. At the same time, the Company has established arrangements with industry giants from countries such as South Korea, Japan and the United States which have possessed core patent rights on base membrane and coating on the mutual sharing or authorization of technology and intellectual property rights.

In sorting out purchased database accounts and patent relevance, we have incorporated all historical patents of the Group into our self-developed database, and gathered patent information related to the Group's products, which is updated once a month to form a systematic and normalized intellectual property management approach. With an emphasis on technology first, we observe market development from the perspective of intellectual property rights. Monthly patent briefings are produced by the Intellectual Property Department for the research institute to refer to in developing ideas for its new projects, which reflects two-way dynamic cooperation. The intellectual property management of the R&D, production and sales of Shanghai Energy lithium ion battery separator film has been certified by GB/T29490-2013 intellectual property management system.



GB/T29490-2013 Intellectual Property Management System Certification of Shanghai Energy

Going forward, the Energy Technology will continue to explore new technologies and new projects. We plan to launch new projects continuously mainly targeting thin film technologies for lithium batteries, including high-performance films such as water treatment films. We will vigorously accelerate the construction of a patent system in the context of big data



Shanghai Energy was recognized as a Model Patent Enterprise in Shanghai

analysis to gradually enrich our patent knowledge base. Our research institute will also increase the transition of research and development and actively promote research on advancement and relevance based on existing technologies and equipment.

# SUPPLY CHAIN SUSTAINABILITY

The quality of raw materials and the stability of their supply are indispensable when it comes to the quality of finished products and the stability of delivery to customers. Therefore, sustainable supply chain management is key to ensuring the first-class quality of our products.

According to the different degrees of influence of purchased products on the quality of finished products, we adopt a

hierarchical management model for suppliers in order to complete the daily access, evaluation, assessment, rectification and withdrawal of suppliers in a targeted manner, and set up an assessment team consisting of team members from the Global Procurement Department, and the Procurement Execution Department, Quality Department and Warehousing Department of each base to conduct the relevant assessment work.

Supplier classification	Definition of the classification
<b>Classification of packaging suppliers</b>	
A class material suppliers	The main raw material suppliers that have a great impact on product quality.
B class material suppliers	Suppliers that have some impact on product quality.
C class material suppliers	Suppliers that have a certain impact on product quality, such as the spare parts, office supplies, packaging materials, plastic bags and other sporadic material suppliers.
D class material suppliers	Suppliers of energy and resources such as water, electricity, coal, steam, etc.
<b>Classification of new energy suppliers</b>	
Grade I	Major materials suppliers
Grade II	Intermediate materials/major auxiliary materials their suppliers
Grade III	Additives/minor auxiliary materials suppliers

## Prudently Selecting Partners to Ensure Stable Supplies

We strictly abide by *the Bidding Law of the People's Republic of China* and other relevant laws and regulations, implement strict controls on the selection of business-related suppliers, and put forward specific requirements on the selection of suppliers, the procurement process and the verification of procured products and services through internal systems such as the "Supplier Management System", the "Procurement Manual", the "Supplier Evaluation Management Procedure", the "Supplier Performance Appraisal Form, Administrative Regulations on Supplier Audit", and the "Administrative Regulations on Evaluation of Qualified Suppliers". We also continue to consolidate and develop partnerships with suppliers, stabilize supply channels and ensure supply quality.

Before adding new suppliers, the Procurement Department will make preliminary screening and form the "Supplier Information Survey Form", and then the evaluation team will evaluate the suppliers according to the relevant information, and the suppliers who pass the evaluation will be included in the "Qualified Supplier List". In the basic supplier evaluation, we include the system certification and whether the supplier has the relevant qualification of green activities, whether the supplier has ISO 14001 or ISO 45001 certificate and other factors into the evaluation, and check the relevant certificates at the supplier site when necessary to ensure the authenticity and validity of the certificates provided by the supplier.

The Group has formulated the "Supplier Evaluation Management Procedure". During the cooperation period,

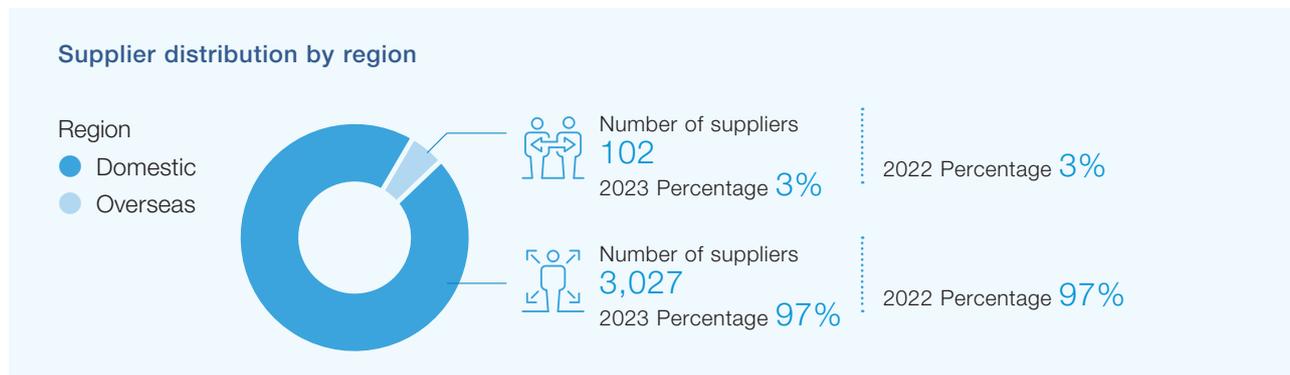
we determine various assessment frequency for suppliers of different importance, and set quantifiable indicators for annual assessment of suppliers in terms of quality, terms of delivery, price and service, etc., and fill out the *Supplier Performance Appraisal Form*. In 2023, we conducted 55 on-site audits (45 for packaging materials and 10 for raw materials) and 59 document audits (10 for packaging materials and 49 for raw materials).

The Group's suppliers are divided by raw and auxiliary materials, packaging materials, and comprehensive supplies. The acceptance of raw and auxiliary materials requires that the supplier pass system management certifications, such as by relevant documents to provide a specific basis for supplier evaluation, which include the ISO 9001 quality management system certificate, the environmental management system certificate, the heavy metal inspection report and the safe production and standardization certificate, etc.

For new energy suppliers, we have developed a standardized *Procurement Manual* in order to clarify on the management of regulated environmental substances, prevent pollution and reduce risks. The Procurement Department will also be responsible for communicating with the suppliers on regulated environmental substances related to the supplied materials, and conducting relevant supervision and management. Suppliers are required to submit relevant qualification certificates and sign a commitment for the proper management of regulated environmental substances.

In 2023, the Group had a total of 3,129 suppliers (including 2,901 suppliers in the new energy sector), including 312 suppliers of bulk raw materials, 282 suppliers of packaging accessories, 1,256 suppliers of hardware & electrical materials and low-value consumables, 1,154 suppliers of infrastructure equipment, 106 suppliers of machining parts and 18 suppliers of other materials. There were 216 newly admitted suppliers.

To improve supply chain efficiency and security, promote nationalization and localization of imported materials and support local economic development, we implement local procurement on the basis of ensuring production requirements. In 2023, the number of suppliers in the location where we operate (domestic) accounts for 97% (2022: 97%) of the total number of suppliers.



## Conducting Centralized Procurement to Lower Costs and Raise Efficiency

The Group's New Energy BU and Packaging BU have each formed a supply chain management approach that suits their own business needs. Under each segment, certain bulk raw materials are purchased in a centralized manner and managed by the Global Procurement Department to ensure stability and quality as well as lower costs and improve efficiency. Small purchases such as the purchase of low-value consumables are directly carried out by each subsidiary, and priority is given to local purchases where other conditions remain the same, so as to achieve zero inventory (low inventory) management through flexible procurement.

In 2023, we continued to use the Supplier Relationship Management (SRM) System to sign electronic agreements with 1,125 suppliers, which enabled the sharing of supplier resources within the group, effectively promote scientific sourcing for procurement activities, collaborate efficiently with suppliers, manage suppliers through informatization means, and seek continuous improvement with suppliers. In 2023, we also added the supplier assessment into the SRM System to realize the electronic annual assessment for all suppliers. During the reporting period, all the suppliers have conducted various types of collaboration with the Company through the SRM system, enabling them to reduce costs and increase efficiency for a win-win situation.

## Adopting Responsible Procurement for a Bright Future

The environmental and social performance of suppliers is instrumental in supporting the stability of their supply. Striving for the excellence of products and services, we have formulated the "Administrative Regulations on Assessment of Supplier ESG Risks", and have been conducting assessment on suppliers' ESG performance, as an important factor to be incorporated into our supplier audit. We also set the goals to achieve a 100% coverage rate for supplier ESG assessment, and a 100% rate for signing CSR agreements with suppliers.

Among the suppliers we cooperate with, including a number of domestic and foreign head of large-scale chemical well-known enterprises. We have obtained an understanding of the environmental and social performance of these well-known suppliers through publicly disclosed information. For enterprises that have not disclosed information publicly in this regard, we pay visits to them from time to time, perform on-site inspections of their working environments and management conditions, and gain an in-depth understanding of their circumstances, so as to make our evaluation more objective and comprehensive.

During the reporting period,



we did not terminate our cooperation with any suppliers which we had assessed due to major environmental or social risks. In the future, we will further incorporate the environmental and social performance of suppliers into our supplier evaluation form, assign fixed scores and weightings for routine observation and consideration.

## No Usage of Conflict Minerals

We actively support the policy of prohibiting the use of conflict minerals and comply with the requirements of the *Dodd-Frank Wall Street Reform and Consumer Protection Act (HR4173)* on not to use conflict minerals. We strive to ensure that all the materials used in our products come from socially and environmentally responsible sources. Participation or cause in any way that contributes to conflict-induced environmental harm or human rights abuses will not be tolerated. Our suppliers understand our "conflict minerals" policies: we do not support or use minerals mined from areas of armed conflict, illegal mining or using forced labor, i.e., "conflict minerals". Democratic Republic of Congo is the country with the largest mineral deposits of cobalt (Co) where risks of armed conflict and child labor are high, so cobalt is also one of the minerals from "high-risk areas". Suppliers should investigate tin (Sn), tungsten (W), tantalum (Ta) and gold (Au) contained in their products to ensure that they are not mined from "conflict-affected and high-risk areas".

Our suppliers guarantee that metals used or contained in the products and parts provided to the company (including but are not limited to semi-finished products, finished products, raw materials, accessories, packaging, etc.) are not sourced from Congo (Kinshasa) and its neighboring countries. Stronger supply chain management ensures that raw materials are sourced lawfully, and the use of conflict minerals is avoided. During the reporting period, all suppliers were required to sign "Letters of Commitment on Non-Conflict Minerals". On the other hand, suppliers would be subject to our enquiry of the source of raw metals, they are required to complete and respond to our enquiry on the "conflict minerals" and provide relevant information, and make an undertaking on the truthfulness, accuracy and integrity of their response and the information provided. "No Conflict Minerals Undertaking" is signed together with cooperation agreements between the Group and our suppliers.

During the reporting period,



we conducted the "Conflict Minerals" risk identification, and no suppliers were identified that violated the conflict minerals policy after the identification.

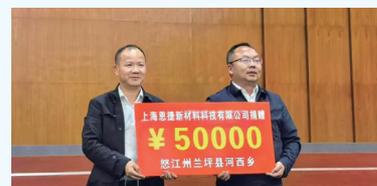
## CHARITY WORK AND COMMUNITY ENGAGEMENT

Co-existence and co-prosperity with the community is an important factor in promoting the steady development of enterprises. Over the years, while pursuing our own business expansion and rapid growth, the Group also focused on delivering social benefits and actively organized community public welfare activities in the place where we operated, so as to promote the harmony and integration of the enterprise and the communities and foster shared prosperity between the enterprise and the communities.

We actively participate in events and initiatives locally in each subsidiary to promote the well-being of disadvantaged groups. Such initiatives include fund and goods donations, volunteerism program to further engage with local communities, and blood donations. We have "community service hour" as working hour, as well as incentive measures, such as special leaves (3 days per person-time) and compensation for nutrients, for potential blood donors.

In 2023, our subsidiaries actively carried out a variety of public welfare activities such as rural vitalization, alleviation in the location where they operate. About RMB400,000 in total was put into public welfare activities such as:

Volunteers from Shanghai Energy visited Lanping County, Nujiang Prefecture in Yunnan Province to carry out paired assistance work themed with "Joining Hands for Rural Revitalization" and signed a donation agreement with the People's Government of Hexi Township in Lanping County. Under the agreement, Shanghai Energy donated RMB50,000 to relieve the living burden of the disadvantaged and underprivileged groups, mainly including 10 low-income households, 10 extremely impoverished people, 4 children without de facto caregivers, and 10 severely disabled people in Hexi Township. Such efforts reflected our commitment to promote rural revitalization with actual deeds;



Jiangxi Tonry's Party Branch organized a series of activity to celebrate the 102nd anniversary of the founding of the Communist Party of China (CPC), with a theme of "Delivering the Party's Caring Message by Visiting Veteran Party Members with Comforts ". During the activities, representatives visited experienced troop veteran party members with comforting gifts, to deliver the Party's caring message, while integrating the propaganda of the Party's guidelines and policies into the activity, so that the veterans can still honored themselves for being a member of the Party;



In 2023, Hongchuang Packaging organized volunteers to visit disadvantaged households in the surrounding villages in January (during the Spring Festival), May and during the Dragon Boat Festival. During their visits, they also made donations approximately RMB25,000 in total.

# APPENDIX

## Industry Associations

Base	Name of Association	Position
Shanghai Energy	China Industrial Association of Power Sources -Separator Branch	Chairman
	Working Group on Standards for Lithium-ion Battery and Similar Products of the Ministry of Industry and Information Technology	Full Member
	China Battery Industry Association – Innovative Materials Branch	General Member
	Membrane Materials Industry Development Alliance of Shanghai	General Member
	Enterprise Technology Center Innovation Alliance of Shanghai	General Member
	Shanghai Pudong Association of Enterprises with Foreign Investment	General Member
	Safety Production Association of Shanghai Pudong New Area	General Member
	Shanghai Pudong New Energy Association – Lithium Battery Special Committee	General Member
	Shanghai Pudong Jinqiao Chamber of Commerce	Deputy Chairman
	Shanghai Pudong Huinan Chamber of Commerce	General Member
Zhuhai Energy	Guangdong Battery Industry Association	Honorary Chairman
	Guangdong Council for the Development Promotion of Small and Medium Enterprises	General Member
	Zhuhai Intelligent Manufacturing Federation	General Member
	Zhuhai Enterprise and Entrepreneur Federation	General Member
Jiangxi Tonry	YiChun High-Tech Enterprises Association	Deputy Chairman
Jiangxi Enbo	Jiangxi Association of Enterprises with Foreign Investment	General Member
Wuxi Energy	Jiangsu Power and Energy Storage Battery Industry Innovation Alliance	General Member
	Xishan Enterprise Alliance for Ethnic Affairs	General Member
Suzhou GreenPower	Jiangsu Power and Energy Storage Battery Industry Innovation Alliance	General Member
	Wujiang Intelligent Manufacturing Association	Deputy Chairman
Newmi Technology	Chongqing New Materials Industry Federation	General Member
Chongqing Energy	Chongqing Changshou New Materials Industry Chamber of Commerce	Deputy Chairman
Jiangsu Energy	Changzhou Council for the Development Promotion of New Materials Industry Technical Innovation	General Member
Hubei Energy	Jingmen Power and Energy Storage Battery Industry Technical Innovation Alliance	General Member
	Jingmen Digital Economy Ecology Alliance	General Member
Xiamen Energy	Xiamen Power Battery & Energy Storage Industry Development Alliance	General Member
Yunan Energy	Yunnan Packaging Industry Association	General Member
	China-Europe Business Council	General Member
	Yunnan Enterprise Technology Center Association	General Member
Dexin Paper	Yunnan Packaging Industry Association	General Member
	Yunnan Enterprise Technology Center Association	General Member
Hongta Plastics	China Plastic Processing Industry Association	General Member
	Yunnan Packaging Industry Association	General Member
Hongchuang Packaging	Yunnan Packaging Industry Association	General Member
	China Condiment Industrial Association	General Member

## GRI Index

GRI Standard	Disclosure	Location/Note
<b>GRI 1: Foundation 2021</b>		
1: Foundation 2021	Report foundation, including GRI content index and instructions for use, etc	About this Report GRI Content Index
<b>GRI 2 General Disclosures 2021</b>		
The organization and its reporting practices		
2-1	Organizational details	About the Group
2-2	Entities included in the organization's sustainability reporting	About this Report
2-3	Reporting period, frequency and contact point	About this Report
2-4	Restatements of information	Resource and Energy Utilization
2-5	External assurance	Need further improvement
Activities and workers		
2-6	Activities, value chain and other business relationships	About the Group
2-7	Employees	People-Centered Operation
2-8	Workers who are not employees	Need further improvement
Governance		
2-9	Governance structure and composition	Corporate Governance
2-10	Nomination and selection of the highest governance body	Refer to the 2023 Annual Report.
2-11	Chair of the highest governance body	Refer to the 2023 Annual Report.
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance
2-13	Delegation of responsibility for managing impacts	Refer to the 2023 Annual Report.
2-14	Role of the highest governance body in sustainability reporting	Corporate Governance ESG Governance
2-15	Conflicts of interest	Refer to the 2023 Annual Report.
2-16	Communication of critical concerns	ESG Governance
2-17	Collective knowledge of the highest governance body	ESG Governance
2-18	Evaluation of the performance of the highest governance body	Refer to the 2023 Annual Report.
2-19	Remuneration policies	Refer to the 2023 Annual Report.
2-20	Process to determine remuneration	Refer to the 2023 Annual Report.
2-21	Annual total compensation ratio	Refer to the 2023 Annual Report.
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	ESG Governance
2-23	Policy commitments	Corporate Governance ESG Governance Operation in Compliance
2-24	Embedding policy commitments	Corporate Governance ESG Governance Operation in Compliance

GRI Standard	Disclosure	Location/Note
2-25	Processes to remediate negative impacts	ESG Governance Operation in Compliance
2-26	Mechanisms for seeking advice and raising concerns	ESG Governance Product Responsibility
2-27	Compliance with laws and regulations	Governance Principles Taking Care of the Planet People-Centered Operation Achieving Prosperity
2-28	Membership associations	Appendix
Stakeholder engagement		
2-29	Approach to stakeholder engagement	ESG Governance
2-30	Collective bargaining agreements	Employment and Employee Benefits
<b>GRI 3 : Material Topics 2021</b>		
3-1	Process to determine material topics	ESG Governance
3-2	List of material topics	ESG Governance
3-3	Management of material topics	ESG Governance
<b>GRI 201: Economic Performance 2016</b>		
201-1	Direct economic value generated and distributed	Sustainable Development Outcomes in 2023 Refer to the 2023 Annual Report
201-2	Financial implications and other risks and opportunities due to climate change	Response to Climate Change
201-3	Defined benefit plan obligations and other retirement plans	Employment and Employee Benefits
201-4	Financial assistance received from government	Refer to the 2023 Annual Report
<b>GRI 202: Market Presence 2016</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Need further improvement
202-2	Proportion of senior management hired from the local community	Need further improvement
<b>GRI 203: Indirect Economic Impacts 2016</b>		
203-1	Infrastructure investments and services supported	Need further improvement
203-2	Significant indirect economic impacts	Topic: Joining Hands to Promote the Belt and Road Initiative and Open a New Chapter of Global Cooperation
<b>GRI 204: Procurement Practices 2016</b>		
204-1	Proportion of spending on local suppliers	Need further improvement
<b>GRI 205: Anti-corruption 2016</b>		
205-1	Operations assessed for risks related to corruption	Need further improvement
205-2	Communication and training about anticorruption policies and procedures	Operation in Compliance
205-3	Confirmed incidents of corruption and actions taken	Operation in Compliance

GRI Standard	Disclosure	Location/Note
<b>GRI 206: Anti-competitive Behavior 2016</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Need further improvement
<b>GRI 207: Tax 2019</b>		
207-1	Approach to tax	Transparent Tax Payment According to the Law
207-2	Tax governance, control, and risk management	Transparent Tax Payment According to the Law
207-3	Stakeholder engagement and management of concerns related to tax	Transparent Tax Payment According to the Law
207-4	Country-by-country reporting	Refer to the 2023 Annual Report
<b>GRI 301: Materials 2016</b>		
301-1	Materials used by weight or volume	Resource and Energy Utilization
301-2	Recycled input materials used	Resource and Energy Utilization
301-3	Reclaimed products and their packaging materials	Need further improvement
<b>GRI 302: Energy 2016</b>		
302-1	Energy consumption within the organization	Resource and Energy Utilization
302-2	Energy consumption outside of the organization	Need further improvement
302-3	Energy intensity	Resource and Energy Utilization
302-4	Reduction of energy consumption	Resource and Energy Utilization
302-5	Reductions in energy requirements of products and services	Need further improvement
<b>GRI 303: Water and Effluents 2018</b>		
303-1	Interactions with water as a shared resource	Resource and Energy Utilization
303-2	Management of water discharge- related impacts	Emission Management
303-3	Water withdrawal	Resource and Energy Utilization
303-4	Water discharge	Emission Management
303-5	Water consumption	Resource and Energy Utilization
<b>GRI 304: Biodiversity 2016</b>		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Emission Management
304-2	Significant impacts of activities, products and services on biodiversity	Emission Management
304-3	Habitats protected or restored	Need further improvement
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Need further improvement
<b>GRI 305: Emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	Response to Climate Change
305-2	Energy indirect (Scope 2) GHG emissions	Response to Climate Change
305-3	Other indirect (Scope 3) GHG emissions	Need further improvement
305-4	GHG emissions intensity	Response to Climate Change

GRI Standard	Disclosure	Location/Note
305-5	Reduction of GHG emissions	Need further improvement
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Emission Management
<b>GRI 306: Waste 2020</b>		
306-1	Waste generation and significant waste-related impacts	Emission Management
306-2	Management of significant waste related impacts	Emission Management
306-3	Waste generated	Emission Management
306-4	Waste diverted from disposal	Need further improvement
306-5	Waste directed to disposal	Emission Management
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
308-1	New suppliers that were screened using environmental criteria	Supply Chain Sustainability
308-2	Negative environmental impacts in the supply chain and actions taken	Need further improvement
<b>GRI 401: Employment 2016</b>		
401-1	New employee hires and employee turnover	Employment and Employee Benefits
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment and Employee Benefits
401-3	Parental leave	Employment and Employee Benefits
<b>GRI 402 : Labor/Management Relations 2016</b>		
402-1	Minimum notice periods regarding operational changes	Need further improvement
<b>GRI 403: Occupational Health and Safety 2018</b>		
403-1	Occupational health and safety management system	Occupational Safety and Health
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Safety and Health
403-3	Occupational health services	Occupational Safety and Health
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Safety and Health
403-5	Worker training on occupational health and safety	Occupational Safety and Health
403-6	Promotion of worker health	Occupational Safety and Health
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Safety and Health
403-8	Workers covered by an occupational health and safety management system	Occupational Safety and Health
403-9	Work-related injuries	Occupational Safety and Health
403-10	Work-related ill health	Occupational Safety and Health

GRI Standard	Disclosure	Location/Note
<b>GRI 404 : Training and Education 2016</b>		
404-1	Average hours of training per year per employee	Need further improvement
404-2	Programs for upgrading employee skills and transition assistance programs	Staff Training and Development
404-3	Percentage of employees receiving regular performance and career development reviews	Need further improvement
<b>GRI 405 : Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	Corporate Governance Standardized Employment With Diversified Structures
405-2	Ratio of basic salary and remuneration of women to men	Need further improvement
<b>GRI 406 : Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	Standardized Employment With Diversified Structures
<b>GRI 407 : Freedom of Association and Collective Bargaining 2016</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Standardized Employment With Diversified Structures
<b>GRI 408 : Child Labor 2016</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	Standardized Employment With Diversified Structures
<b>GRI 409 : Forced or Compulsory Labor 2016</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Standardized Employment With Diversified Structures
<b>GRI 410 : Security Practices 2016</b>		
410-1	Security personnel trained in human rights policies or procedures	Not applicable
<b>GRI 411 : Rights of Indigenous Peoples 2016</b>		
411-1	Incidents of violations involving rights of indigenous peoples	No relevant incidents during the reporting period
<b>GRI 413 : Local Communities 2016</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	Charity Work and Community Engagement
413-2	Operations with significant actual and potential negative impacts on local communities	No relevant incidents during the reporting period
<b>GRI 414 : Supplier Social Assessment 2016</b>		
414-1	New suppliers that were screened using social criteria	Adopting Responsible Procurement for a Bright Future
414-2	Negative social impacts in the supply chain and actions taken	No relevant incidents during the reporting period
<b>GRI 415 : Public Policy 2016</b>		
415-1	Political contributions	Not applicable

GRI Standard	Disclosure	Location/Note
<b>GRI 416 : Customer Health and Safety 2016</b>		
416-1	Assessment of the health and safety impacts of product and service categories	Quality Management in Pursuit of Excellence
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No relevant incidents during the reporting period
<b>GRI 417 : Marketing and Labeling 2016</b>		
417-1	Requirements for product and service information and labeling	Quality Management in Pursuit of Excellence Providing optimized services in a timely manner
417-2	Incidents of non-compliance concerning product and service information and labeling	No relevant incidents during the reporting period
417-3	Incidents of non-compliance concerning marketing communications	Providing optimized services in a timely manner
<b>GRI 418 : Customer Privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No relevant incidents during the reporting period

## CASS-ESG 5.0 Index

Topics	No.	Index	Report content/remarks
Report specification (P1)	P1.1	Quality assurance	About This Report
	P1.2	Information description	About This Report
	P1.3	Reporting system	About This Report
Speech by senior executives (P2)	P2.1	Situation analysis and strategic consideration of ESG work	Message from the General Manager
	P2.2	Annual ESG progress	Message from the General Manager
Responsibility focus (P3)	P3.1	Major events of ESG	Sustainable Development Outcomes in 2023
Company Profile (P4)	P4.1	Essential information	About the Group
	P4.2	Strategy and culture	About the Group
	P4.3	Business Overview	About the Group
			About the Group
P4.4	Significant changes in organizational size, structure, ownership or supply chain during the reporting period	About the Group	
Corporate governance (G1)	G1.1	The composition of the board of directors is diverse	Corporate Governance
	G1.2	Independence of the Board of Directors	Corporate Governance
	G1.3	Legal compliance system	Corporate Governance
	G1.4	Compliance training performance	Corporate Governance
	G1.5	Anti-unfair competition	Operation in Compliance
	G1.6	Grievance and reporting mechanism	Operation in Compliance
	G1.7	Anti-commercial bribery and anti-corruption system	Operation in Compliance
	G1.8	Anti-corruption training performance	Operation in Compliance
	G1.9	Corruption incidents and countermeasures	Operation in Compliance
	G1.10	Information transparency	Corporate Governance
	G1.11	Events subject to punishment due to violation of information disclosure regulations	Corporate Governance
Board ESG Governance (G2)	G2.1	ESG Management Policy of the Board of Directors	ESG Governance
	G2.2	ESG work leadership mechanism of the Board of Directors	ESG Governance
	G2.3	Identification of ESG risks and opportunities by the Board of Directors	ESG Governance
	G2.4	Board ESG Objective Review	ESG Governance
	G2.5	Executive compensation is linked to ESG	Not Yet Disclosed
ESG management (G3)	G3.1	ESG responsible department	ESG Governance
	G3.2	ESG strategy	ESG Governance
	G3.3	ESG working system	ESG Governance
	G3.4	Participate in ESG research or industry ESG standard development	Not involved
	G3.5	ESG major issues identification	ESG Governance
	G3.6	Stakeholder communication activities	ESG Governance
	G3.7	ESG information disclosure channels	ESG Governance
	G3.8	ESG assessment system	ESG Governance
	G3.9	ESG training	Not Yet Disclosed
	G3.10	ESG training performance	Not Yet Disclosed
	G3.11	ESG Honors	Awards

Topics	No.	Index	Report content/remarks
Environmental management (E1)	E1.1	Environmental management system	Taking Care of the Planet
	E1.2	Environmental management objectives	Taking Care of the Planet
	E1.3	Environmental protection investment	Taking Care of the Planet
	E1.4	Environmental protection early warning and emergency mechanism	Taking Care of the Planet
	E1.5	Environmental assessment policy for new projects	Taking Care of the Planet
	E1.6	Passed environmental management system certification	Taking Care of the Planet
	E1.7	Environmental protection training and publicity	Taking Care of the Planet
	E1.8	Research, development and application of environmental protection products or technologies	Product responsibility
	E1.9	Environmental protection violations and punishment	Taking Care of the Planet
Resource utilization (E2)	E2.1	Energy management system	Resource and Energy Utilization
	E2.2	Energy consumption	Resource and Energy Utilization
	E2.3	Energy consumption intensity	Resource and Energy Utilization
	E2.4	Clean energy use policy	Resource and Energy Utilization
	E2.5	Clean energy consumption	Resource and Energy Utilization
	E2.6	Policies to reduce the use of packaging materials for manufactured products	Resource and Energy Utilization
	E2.7	Total amount of packaging materials used for finished products	Resource and Energy Utilization
	E2.8	Recycling ratio of packaging materials used in finished products	Resource and Energy Utilization
	E2.9	Water use policy	Resource and Energy Utilization
	E2.10	Fresh water consumption	Resource and Energy Utilization
	E2.11	Water consumption intensity	Resource and Energy Utilization
	E2.12	Water saving	Resource and Energy Utilization
	E2.13	Circulating water consumption	Resource and Energy Utilization
	E2.14	Green office measures	Resource and Energy Utilization
	E2.15	Green office performance	Resource and Energy Utilization
Emission (E3)	E3.1	Wastewater emission reduction policy	Emission Management
	E3.2	Wastewater discharge	Emission Management
	E3.3	Emission reduction policy	Emission Management
	E3.4	Exhaust emissions	Emission Management
	E3.5	Waste discharge management policy	Emission Management
	E3.6	General waste discharge	Emission Management
	E3.7	General waste discharge intensity	Emission Management
	E3.8	Hazardous waste discharge	Emission Management
	E3.9	Discharge intensity of hazardous waste	Emission Management
	E3.10	Waste recycling performance	Emission Management
Protect ecological security (E4)	E4.1	Impact of business operation on biodiversity and ecology	Emission Management
	E4.2	Biodiversity conservation action	Emission Management
	E4.3	Ecological restoration and treatment	Emission Management
Addressing climate change (E5)	E5.1	Governance mechanisms to address climate-related risks and opportunities	Response to climate change
	E5.2	Impact of climate-related risks and opportunities on business	Response to climate change
	E5.3	Climate related risk management	Response to climate change
	E5.4	Objectives and performance of climate-related risks and opportunities	Response to climate change
	E5.5	Direct greenhouse gas emissions	Emission Management
	E5.6	Indirect greenhouse gas emissions	Emission Management
	E5.7	Greenhouse gas emission intensity	Emission Management

Topics	No.	Index	Report content/remarks
Employment (S1)	S1.1	Compliance with labor standards	Employment and Employee Benefits
	S1.2	Diversity and equality of opportunity	Employment and Employee Benefits
	S1.3	Staff composition	Employment and Employee Benefits
	S1.4	Labor contract signing rate	Employment and Employee Benefits
	S1.5	Employee turnover rate	Employment and Employee Benefits
	S1.6	Democratic management	Employment and Employee Benefits
	S1.7	Salary and welfare system	Employment and Employee Benefits
	S1.8	Social insurance coverage	Employment and Employee Benefits
	S1.9	Per capita paid annual leave days	Not Yet Disclosed
	S1.10	Employee care	Employment and Employee Benefits
	S1.11	Employee satisfaction	Employment and Employee Benefits
Development and training (S2)	S2.1	Career development channel	Staff training and development
	S2.2	Vocational training system	Staff training and development
	S2.3	Vocational training input	Staff training and development
	S2.4	Vocational training performance	Staff training and development
Occupational health and safety production (S3)	S3.1	Occupational health management	Occupational Safety and Health
	S3.2	Passed the certification of occupational health and safety management system	Occupational Safety and Health
	S3.3	Number of new occupational diseases	Not Yet Disclosed
	S3.4	Safety production management system	Occupational Safety and Health
	S3.5	Safety publicity, implementation and training	Occupational Safety and Health
	S3.6	Troubleshooting and rectification of hidden dangers	Occupational Safety and Health
	S3.7	Emergency management system	Occupational Safety and Health
	S3.8	Safety production input	Occupational Safety and Health
	S3.9	Safety production training performance	Occupational Safety and Health
	S3.10	Number of safety production accidents	Occupational Safety and Health
	S3.11	Number of work-related injuries/deaths	Occupational Safety and Health
	S3.12	Lost working days due to industrial injury	Occupational Safety and Health
Customer responsibility (S4)	S4.1	Product/service quality management	Product responsibility
	S4.2	Product qualification rate	Product responsibility
	S4.3	Responsible marketing	Product responsibility
	S4.4	Stop loss and compensation mechanism	Product responsibility
	S4.5	Actively respond to customer complaints	Product responsibility
	S4.6	Information security and privacy protection	Operation in Compliance
	S4.7	Customer satisfaction	Product responsibility
	S4.8	Complaint resolution rate	Product responsibility
	S4.9	Negative customer health and safety events during the reporting period	Not occurred
Responsible supply chain management (S5)	S5.1	Supply chain ESG management system	Supply Chain Sustainability
	S5.2	Supplier ESG review and evaluation	Supply Chain Sustainability
	S5.3	Number of suppliers reviewed	Supply Chain Sustainability
	S5.4	Number of suppliers whose cooperation has been suspended due to non-compliance	Supply Chain Sustainability
	S5.5	Number of potential suppliers rejected due to non-compliance	Supply Chain Sustainability
	S5.6	Supplier ESG training system	Supply Chain Sustainability
	S5.7	Supplier ESG training performance	Supply Chain Sustainability

Topics	No.	Index	Report content/remarks
National value (V1)	V1.1	Concepts and policies serving the major national strategies	Charity Work and Community Engagement
	V1.2	Major national strategic contribution areas	Charity Work and Community Engagement
	V1.3	Action measures to serve major national strategies	Charity Work and Community Engagement
	V1.4	Achievements achieved in serving major national strategies	Charity Work and Community Engagement
Industrial value (V2)	V2.1	Institutional mechanism of technological innovation	Product responsibility
	V2.2	Action measures for technological innovation	Product responsibility
	V2.3	R&D investment	Product responsibility
	V2.4	Major technological innovation achievements	Product responsibility
	V2.5	Drive the coordinated development of upstream and downstream industrial chains	Product responsibility
	V2.6	Ensure the safety and stability of the industrial chain supply chain	Product responsibility
	V2.7	Participate in the development of industry standards	Product responsibility
	V2.8	Strategic cooperation mechanism and platform	Product responsibility
People's livelihood value (V3)	V3.1	Action measures to promote employment	Employment and Employee Benefits
	V3.2	New employment	Employment and Employee Benefits
	V3.3	Participate in infrastructure construction	Not involved
	V3.4	Public welfare action field	Charity Work and Community Engagement
	V3.5	Create brand public welfare projects	Not involved
	V3.6	Total public welfare donations	Charity Work and Community Engagement
	V3.7	Volunteer service performance	Charity Work and Community Engagement
Environmental value (V4)	V4.1	Carbon peak carbon neutralization strategy and objectives	Not Yet Disclosed
	V4.2	Action plan and path for carbon peak and carbon neutralization	Not Yet Disclosed
	V4.3	Effect of carbon reduction	Response to climate change
	V4.4	Action measures to protect green ecology	Emission Management
	V4.5	Progress and effect of protecting green ecology	Emission Management
	A1	Future plans	This Report
	A2	Key Performance Table	Sustainable Development Outcomes in 2023
	A3	Report evaluation	Not evaluated yet
	A4	Reference index	Appendix
	A5	Feedback	About This Report