金力永磁 JLMAG 用稀土创造美好生活 CREATE A BETTER LIFE WITH RARE EARTHS

2022

Environmental, Social and Governance Report

Full and a state of the state o

Stock Code: 300748.SZ / 06680.HK

Contents

Here and a survey that the state of the state of the

About this Report	
Message from the Chairman	
About JL MAG	
Our ESG Management	

04

Ensuring compliant operation to realize sound development Optimizing Corporate Governance Adhering to Business Ethics	13 14 15	Pursuing e better life Focusing on F Strictly Contr Focusing on L Responsible S Optimizing Cu
Focusing on the Carbon Peaking and Carbon Neutrality goals to tackle climate change	17	
Promoting Climate Governance Preventing Climate Risks	18	Keeping sa the defens
Achieving the Carbon Peaking and Carbon Neutrality Goals	18 19	Improving the Building Safe
Creating Low-Carbon Products	22	Framework Ensuring the I Insuring Occu
Maintaining green development to build ecological civilization Optimizing the Utilization of Resources	23 24	Putting pe along with
Strengthening the Management of Three Types of Wastes	25	Protecting the Employee
		Supporting th
		Caring for Ou

Pursuing excellency to create a **R&D** Innovations

27

28

31

33

34

35

36

37

38

39

41

0
Strictly Controlling Product Quality
Focusing on Lean Production
Responsible Supply Chain
Optimizing Customer Services

Keeping safe production to build the defense line for safety
Improving the Management System

```
Production Management
Production Safety
upational Health
```

```
eople first to develop
                                42
h our employees
ne Rights and Interests of
                                 43
he Development of Employee
                                 46
ur Employee
                                 49
```

Maintaining integrity to improve social welfare	50
Supporting Rural Revitalization	51
Engaging in Community Public Welfare Undertakings	52
Appendix	53
The ESG Key Performance Table	53
Content Index of the <i>Environmental, Social and</i> <i>Governance Reporting Guidelines</i> of the Hong Kong Stock Exchange	59
The GRI Standard Content Index	63

Maintaining green development

Pursuing excellency

Keeping safe production

Appendix

About this Report

Overview

This is the second environmental, social and governance (hereinafter referred to as "ESG") report released by JL MAG RARE-EARTH CO., LTD. (hereinafter referred to as "JL MAG", "Company" or "We") (JL MAG has released corporate social responsibility reports in 2019 and 2020 respectively). This report provides a comprehensive overview of our ESG concepts, practices and effectiveness in the process of corporate development and operation, aiming to strengthen communication and connection with related company stakeholders.

Reporting period

This report covers the period from January 1, 2022 to December 31, 2022, and some contents may be beyond this period to keep the information continuous

Reporting scope

Unless otherwise stated, the report convers JL MAG RARE-EARTH CO., LTD and its majority subsidiaries.

Reporting principles

In preparing this report, the principles of "Materiality", "Ouantitative". "Balance" and "Consistency" are applied to define the content of the report and how the information is presented.

Materiality: During the preparation of this report, the Company has identified main stakeholders and key ESG issues of their concern, and made targeted disclosure according to their relative materiality. For more information on materiality assessment, please refer to the sections "Stakeholder Engagement" and "Key ESG Issues Assessment" below.

Quantitative: This report adopts quantitative information to disclose the key performance indicators ("KPI") in the environmental and social aspects. The measurement standards, methods, hypothesis and/or calculation tools, and the source of conversion coefficient used for the KPIs are explained in their respective paragraphs.

Balance: The purpose of this report is to present a balanced view of the Company 's efforts in all aspects of ESG, including compliance operations, climate change, green development, products and services, work safety, talent management and giving back to the community.

Consistency: The data disclosed in this report adopts the statistical method consistent with previous years, with individual changes explained to ensure consistency.

Reporting standards

The report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Main Board Listing Rules on the Stock Exchange of Hong Kong Limited and Disclosure Requirements of Social Responsibility Report of Listed Companies on the Shenzhen Stock Exchange, with reference to the United Nations Sustainable Development Goals (UN SDGs) and the Global Reporting Initiative Standards (GRI Standards).

Data sources

The information, data and cases cited in this report are obtained from the Company's official documents, financial reports or public documents, as well as ESG practices collected and summarized by various functional departments of the Company. This report is published in both Chinese (simplified and traditional) and English. In case of any discrepancy, the Chinese version shall prevail.

Confirmation and approval

This report has been reviewed and approved by the Board.

Access to this report and feedback channel

Please call or write to us if you have any suggestions or comments on the content of this report. Our contact information is as follows:

Maintaining

integrity

JL MAG RARE-EARTH CO., LTD.

Address: No. 81, Jinling West Road, Economic and Technological Development Zone, Ganzhou City, Jiangxi Province, China

Post code: 341000

Tel: 0797-8068059

Email: ESG@jlmag.com.cn

Website: http://www.jlmag.com.cn

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first

Appendix

Chairman's Statement



In 2022, the global economic growth rate was slowing down sharply, lacking momentum and facing increasing downward. Despite the complicated external environment, the Company was still robust internally. In 2022, upholding its core value of "Customer Orientation and Value Co-Creation", and based on the attitude of operation integrity, the Company has been exploring the integration of ESG and our own operations against raging torrents and storms. The financial results of the Company have improved constantly, creating more value for our stakeholders.

Putting customer first and achieving stable growth. In terms of business plan, by putting customer first, the Company has been actively exploring international market, improving its high-end production capacity, and enhancing its product quality and technologies to develop, making and providing high-performance REPM for its customers globally. In 2022, the annual production capacity of our high-performance REPM blanks reached 23,000 tonnes. In terms of corporate governance, the Company continued to improve its governance structure, established a sound internal management and control system, made a sustainable development strategy, and strove towards our vision of "growing into the leading enterprise in the world rare earth permanent magnet industry". In 2022, the Company achieved revenue of RMB 7,165.2 million and the Profit attributable to owners of the parent amounted to RMB 702.7 million with yearon-year increases of 75.6% and 55.1% respectively, creating longterm and stable returns for our shareholders.

Driving the development with innovations and stimulating the growth driver. In 2022, the Company continued to increase the investment in R&D, improved our innovation platform, built our innovation team, enhanced our intelligent manufacturing capability, improved our automated production, enriched our independent core technologies and patent system with Grain Boundary Diffusion (GBD) technology as the core, and applied for a number of invention patents for our own GBD technology both at domestic and international market. In the past three years,

the Company had invested RMB 600 million in R&D. In 2022, the Company invested RMB 337.5 million in R&D, with a year-on-year increase of 110.7%, accounting for 4.7% of the revenue.

Focusing on the Carbon Peaking and Carbon Neutrality goals and promoting a new chapter in prioritizing green development. Lucid waters and lush mountains are invaluable assets. In the context of the strategic goals for the Carbon Peaking and Carbon Neutrality goals, the Company has solidly promoted the construction of ecological civilization. For years, we have been providing high-performance REPM for New Energy Vehicles (NEVs), energy-saving Variable-Frequency Air-Conditioners (VFACs), wind power generation and other environmental protection and energy-saving industries, and fully useing the energy-saving property of our products to reduce the power consumption of various motors. At the same time, we have been actively promoting renewable energy projects such as photovoltaic power and wind power genaration, and have invested in the "Rooftop Distributed Photovoltaic Power Station Project" to promote carbon reduction and carbon neutrality at the Company and product levels. In June 2022, the Company obtained the first PAS 2060 carbon neutral certification in the global NdFeB industry from SGS. In the future, the Company will further strengthen the recycling of raw materials, continue to increase the proportion of renewable energies consumption, and promote green development philosophy based on the Carbon Peaking and Carbon Neutrality goals.

Creating a harmonious enterprise and sharing a better life together. The Company regards talents as the foundation of the sustainable development of our company. Aiming at building a harmonious enterprise, we have effectively protected the rights and interests of our employees, cared for their physical and mental health, provided them with a clear career path, and ensured that they can all enjoy the development of our company. During the year, the Company has spent a total of RMB 102 million on employee benefits and allowances.

Small efforts can make great achievement. We also have actively engaged in public welfare undertakings, by supporting rural revitalization programs, developing skilled talents, and taking the initiative to undertake more social responsibilities. In 2022, the Company has issued 914 college scholarships to students, with a total amount of RMB 3.08 million.

Maintaining

integrity

Throughout the year, and we have already entered the promising year of 2023. In the future, our company will continue to pursue the mission of "creating a better life with rare earth", adhere to the principle of long-term development, strengthen the operation management, upgrade our technologies, develop more product lines, stick to low-carbon development, and provide quality products and services to clients both at domestic and international market. A person of action will make achievements eventually. In the future, no matter how the external market environment changes, we will make every effort to promote the innovation and development of the Company, while taking action to integrate social responsibility into our business philosophy and development strategy, and strive to create a new pattern in which the Company, society and the environment can develop together!

Cai Baogui

Co-founder, Chairman and General Manager

April 11, 2023

Maintaining green development

safe production

Putting people first Maintaining integrity

Appendix

About JL MAG

Company Profile

JL MAG RARE-EARTH CO., LTD., a high-tech enterprise integrating R&D, production and sales of high-performance REPM, magnetic components and the recycling and comprehensive utilization of REPM, and a leading supplier of high-performance REPM in the fields of new energy and energy-saving and environmental protection, was incorporated in August 2008. The Company was listed on the Shenzhen Stock Exchange (stock code: 300748.SZ) in September 2018 and the Main Board of the Stock Exchange of Hong Kong Limited (the "HKSE") (stock code: 06680.HK) in January 2022. The Company's revenue and net profit maintained a significant growth in 2022. During the Reporting Period, the Company achieved revenue of RMB 7,165.2 million, representing an increase of 75.6% as compared with the same period of last year; Profit attributable to owners of the parent amounted to RMB 702.7 million, representing an increase of 55.1% as compared with the same period of last year. The Company implements a continuous and stable profit distribution policy, values the reasonable return on investment of investors, the profit distribution plan in 2022 was - based on the total share capital of A shares and H shares on the equity record date determined in the Company's equity distribution implementation announcement, the cash dividend at RMB 2.60 (tax included) per 10 shares to shareholders, and transferred share premium into share capital with six shares issued for every ten shares, amounting to RMB 217,9 million in total. Since the establishment of the Company, the cumulative cash dividend amount has reached RMB 1.136 million ¹.

In 2022, the annual production capacity of our high-performance REPM blanks has reached 23.000 tonnes, and the production capacity scale has been further improved. At the same time, the Company used grain boundary diffusion (GBD) technology and produced 9,965 tonnes of high-performance REPM with a year-on-year increase of 64.33%, of which the output of ultra-high grade products² was 6,124 tonnes. By 2025, the Company's domestic production capacity layout of projects under construction and already built will reach 40,000 tonnes. In addition, the Company plans to invest USD 100 million in and construct a "Project for Comprehensive Utilization of Waste NdFeB Magnet "in Mexico. After completion of the Project, 5,000 tonnes of waste NdFeB magnet per year will be comprehensively utilized, and the capacity of producing 3,000 tonnes of high-end magnetic material products per year will be developed.

Project in Mexico

The Company plans to construct a "Project for Comprehensive Utilization of Waste NdFeB Magnet " with a processing capacity

of 5 tonnes/year,

accompanied by the production capacity of high-end magnetic products of

tonnes/vear

By 2025, production capacity will reach 40,000 tonnes/year

Capacity in construction is

Baotou Factory

excellency

Ganzhou Factory

15,000 tonnes/year

Capacity that reached the designed

Reached the designed capacity of Plan to build a base project for magnets used in high-efficiency and energy-saving motors with a capacity of

> **2,000** tonnes/year Will reach designed capacity in 2024-2025

Ningbo Factory

Capacity in construction

3,000 tonnes/year

"Project of Realizing an Annual Production Capacity of 3,000 Tonnes of Highend Magnets and 100 million Units/Sets of Component Parts" Will reach designed capacity in 2023-2024



² Ultra-high grade products: the Company's sintered NdFeB Permanent Magnets using GBD technology the sum of the intrinsic coercivity (Hcj, kOe) and the maximum energy product ((BH)max, MGOe) being greater than 75

Ensuring compliant operation Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first

Appendix

Maintaining

integrity

Our Major Businesses and Products

The Company's products are widely used for NEVs and automotive parts, energy-saving VFACs, wind power generation, 3C, robotics and industrial servo motors, energy-saving elevators, rail transit and other fields, and have established long-term and stable cooperative relations with leading enterprises at home and abroad in various fields.



Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development Pursuin excellen Keeping safe production

Maintaining integrity

The Company granted equity of a total of 2.826 million shares for 220 incentive recipients, accounting for about 0.34% of the total share capital of the Company

October,2022

Appendix

Chronicle of Events

February,2022

The Shanghai Stock Exchange and the Shenzhen Stock Exchange have transferred the Company's H shares to the Hong Kong Stock Connect stock list

April,2022

The Company established a wholly-owned subsidiary, Jiangxi Jincheng Permanent Magnet New Materials Co., Ltd., with a registered capital of RMB 300 million

March,2022

January,2022

- The Company has successfully been listed on the main board of the Stock Exchange of Hong Kong Limited, becoming the world's first "A + H" listed company in the high-performance REPM industry.
- The Company has obtained the Occupational Health and Safety Management System Certification which was issued by SGS Group.

The Board of the Company deliberated and approved the base project for magnets used in high-efficiency and energy-saving motors, with a total investment of RMB 720 million. After the completion of the project, it will form an annual production capacity of 2,000 tonnes of magnetic materials and 20,000 tonnes of magnetic materials surface treatment capacity

July,2022

- The Company established a wholly-owned subsidiary, JL Mag GREEN TECH (Hong Kong) Co., Ltd. ,expanding its international business strategic allocation
- Since its listing in 2018, the Company has obtained the A-level evaluation results of Shenzhen Stock Exchange Information Disclosure for three consecutive years

June,2022

The Company obtained the first PAS 2060 carbon neutral certification in the global NdFeB industry from SGS in 2022

wholly-owned ECH (Hong s international

September, 2022

The Board of the Company approved the investment and construction a "Project for Comprehensive Utilization of Waste NdFeB Magnet" in Mexico. The Company will invest USD 100 million in Mexico for the Project. After completion of the Project, 5,000 tonnes of waste NdFeB magnet per year will be comprehensively utilized, and the capacity of producing 3,000 tonnes of high-end magnetic material products per year will be developed



Ensuring compliant operation Focusing on the Carbon Peaking and Carbon Neutrality goals Maintaining green development Pursuing excellency Keeping safe production Putting people first Maintaining integrity

Appendix



Our ESG

Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Pursuing green development excellency

Maintaining

Keeping safe production

Putting people first Maintaining integrity

Appendix

ESG Highlight Performance Environmental

The Company promises to achieve product full life cycle carbon neutrality by 2030

Social

Utilizing **GBD** technology to produce 9,965 tonnes of high-performance REPM, a year-on-year increase of 64.33%, of which the output ultra-high grade products was 6,124 tonnes

The Company obtained **the first** PAS 2060 carbon neutral certification in the global NdFeB industry from SGS in 2022

The Company production's of high-performance NdFeb PMs products can assemble about **2.86 million** passenger NEVs, 50.28 million energy-saving VFACs compressors, 8.29 GW installed capacity of wind turbine generators, facilitating to reduce carbon emissions by about **37.82 million** tonnes/year

The Company signed the "Cooperation Agreement on 100% Rare Earth Reuse (Recycling) Products" with China Southern Rare Earth Group, ensuring that **100%** of the recycled rare earth raw materials purchased by China Southern Rare Earth Group come from traceable products

The Company plans to invest USD 100 million in and construct a "Project for Comprehensive Utilization of Waste NdFeB Magnet" in Mexico

The Company has carried out renewable energy cooperation plans with Goldwind Technology and China Resources Power

The Company's total investment in environmental protection was RMB **15.37** million, a year-on-year increase of about 50.98%

The total R&D investment of the Company reached RMB 337.5 million, a year-on-year increase of 110.7%,

accounting for **4.7%** of the revenue

The Company invested RMB 65 million for automation

The Company's digitalization investment has reached RMB **11.65 million** since 2021

The Company invested RMB 9.04 million in health and safety projects, a year-on-year increase of 25.84%

The Company's expense on employee benefits and allowances was RMB **102 million**

In October 2022, the Company granted **2.826 million** restricted shares to 220 incentive recipients, accounting for about

0.34% of the Company's total share capital

Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first Maintaining integrity

Appendix

Our ESG Management

Statement of Board

The Company attaches great importance to its ESG work, continues to improve its ESG governance capacity, and is committed to environmental, social and corporate sustainability. The Company has established an ESG governance structure consisting of the Board, management and ESG-related departments.

Our ESG

management

Regulation of ESG matters

The Strategy Committee of the Board oversees the ESG matters of the Company and is chaired by Mr. Cai Baogui, the Chairman of the Board. Mr. Cai has extensive experience in the rare earth segment and has always been committed to promoting the development of new energy and environmental protection undertakings. The Strategy Committee of the Board studies and makes recommendations on ESG work, including the Company's sustainable development strategy and substantive topics concerned by stakeholders, and is responsible for following up and checking the implementation and improvement of ESG work, ensuring that the management and decision-making mechanism of the Company's important sustainable development issues meets the requirements of relevant laws and regulations,

ESG management policy and strategy

The Company regularly assesses the importance of environmental, social and governance issues. The process and results of the "assessment are detailed in the Stakeholder Engagement" and "ESG Material Assessment" of this report, and shall be reviewed by the Board. The Company has fully identified the significant ESG risks related to its own operations, including environmental protection, climate change, anti-corruption, occupational health and safety, and community relations, and has made relevant measures which shall be implemented by relevant departments in their operational management according to the requirements of the Company.

Review of ESG targets

During the year, the Company has set environmental goals related to its operations in terms of energy saving, emission reduction, water saving and waste reduction. The Board has reviewed and discussed these goals.

This report also discloses the above matters related to the aspects of environmental, social and governance, which has been reviewed and approved by the Board on March 30, 2023.



Maintaining green development saf

excellency

Keeping safe production ng first

integrity

Appendix

ESG Strategy

The Company has been improving its ESG strategy by integrating ESG factors such as compliance, climate change, green development, products and services, safety production, talent management and social charity into its operations and day-to-day management. The Board of the Company regularly reviews the ESG strategy of the Company to ensure that it is in line with the Company's development strategy. Based on the characteristics of its own business, the Company has identified the priorities of the United Nations Sustainable Development Goals (UN SDGs) ³ and integrated them with the ESG strategy of the Company to guide our ESG work.



Ensuring compliant operation to realize sound development

The Company will continue to optimize its corporate governance structure, enhance its corporate governance and optimize its business ethics management to ensure that it can create long-term value for its various stakeholders while implementing its business strategy.

EACE, JUSTICE No strong	17 FOR THE GOALS	
	&	

13 cunate actum

 $\hat{\Omega}$

Focusing on the Carbon Peaking and Carbon Neutrality goals to tackle climate change



The Company has tried to reduce its own carbon emissions through various energy-saving methods such as technological innovation, lean production, process energy saving, efficiency improvement, equipment replacement and development of green power, and contributed to the achievement of carbon neutrality for both China and the work by supplying rare earth permanent magnetic materials to many leading new energy and energy-saving environmental protection enterprises. During the year, the Company has continued to promote climate governance programs, prevent climate risks, and set its carbon neutrality goal and implementation roadmap to tackle climate change.

Maintaining green development to build ecological civilization



The Company always aims at developing into a resource-saving and environmentfriendly enterprise, and firmly follows the route of green development. During the year, the Company will continue to optimize the use of resources, strengthen the management of waste gas, wastewater and waste, integrate the concept of environmental protection into every aspect of its production and operation, minimize its adverse impact on the environment during the Company's operation, and carry out green development with practical actions.



Pursuing excellency to create a better life

The Company has implemented the quality strategy of maintaining our leading role in product quality to constantly strengthen our R&D innovations, ensure lean production, strictly control product quality, build a responsible supply chain, and make every effort to ensure the sound operation and production of our company. On this basis, the Company has built a reliable customer service system and continuously deepened our customer service management around the core value of "Customer Orientation and Value Co-Creation".

Keeping safe production to build the defense line for safety



With its safety policy of "All employees take the safety and prevention as top priority with a holistic, healthy development and continuous improvement approach" in our mind, the Company will constantly improve our safety management mechanism, enhance the occupational health and safety risk awareness of operating personnel and create a healthy and safe working environment in order to minimize the occupational health and safety risk of employees and contractors in production operations.

Putting people first to develop along with our employees



Aiming at "Optimizing the talent structure and developing a professional team with innovative spirit", the Company has built a comprehensive human resource management system integrating "Talent selection, employment, cultivation and retention", providing equal career opportunities for all employees, building a scientific salary system and performance evaluation mechanism, creating a good working atmosphere and environment for employees, enhancing their sense of belonging, and realizing the joint development growth of employees and the Company.



Maintaining integrity to improve social welfare

The Company will fully support rural revitalization and continue to engage in community public welfare activities, and do its best to contribute to society to help achieve the goal of common prosperity earlier.



³ The purpose of the United Nations Sustainable Development Goals (UN SDGs) is to guide the countries around the world in addressing development issues in three major areas: society, economy and environment, and to encourage all sectors of society to make contributions to realize sustainable development.

About JL MAG	Our ESG management	Ensuring compliant operation	Focusing on the Carbon Peaking and Carbon Neutrality goals	Maintaining green development	Pursuing excellency	Keeping safe production	Putting people first	Maintaining integrity	Appendix
	•								

Communication with Stakeholders

Materiality Assessment

Based on the principle of "Mutual Benefit and Common Development", the Company has been communicating with the stakeholders in different ways to timely learn about and respond to their needs and use their opinions and demands as the motivation to continuously improve the ESG management of the Company. During the year, the Company has identified important stakeholders that may significantly influence its operations, and the specific communication matters and channels are shown in the following table:

Under the supervision of the Strategy Committee of the Board, the Company has carried out stakeholder surveys to identify materiality ESG issues closely related to its business by reviewing national policies, industry trends and the Company's development plans, and has built a matrix of materiality analysis, which has been confirmed by the Board. The matrix of materiality analysis related to ESG for the year is as follows:

Materiality Matrix of ESG Issues for JL MAG in 2022

High Product quality 📒 Three types of wastes management Safe production 📒 Health and safety Climate change Company governance Employee rights Customer service Technological renovation Green product Refined production Materiality to Business ethics Stakeholders Employee development Resource recycling Governance Intellectual property protection Environment Community investment Society Supply chain management

Materiality to JL MAG

High

12

Customer	Product quality Quality service Protection of customer's rights	On-site visit Telephone/ E-mail communication
Employee	 Compliance employment Compensation and benefits Occupational health and Training and development 	 Employee contract Employee training Employee training Employee satisfaction survey
Shareholders/Investors	Results of operation Risk prevention Risk prevention Business ethics	Shareholders' meeting On-site survey Online communication
© Supplier	Fair procurement Trading integrity Supplier training and empowerment	Supplier meeting Supplier contract Telephone/ E-mail communication
Government	Driving employment Operation compliance	Visit reception Information disclosure Document submission
Industry partners/Industry association	Product responsibilities Mutual benefits	 Participation in standard development School-enterprise partnership Industry exchange meeting
合	Social welfare Volunteer service	Volunteer activities Charitable donations



management

Our ESG

Ensuring compliant operation

Ensuring compliant operation to realize sound development

A sound corporate governance is essential for the sustainable development of the Company. The Company will continue to optimize its corporate governance structure, enhance its corporate governance and optimize its business ethics management to ensure that it can create long-term value for its various stakeholders while implementing its business strategy.

ESG Highlight Performance :

The signing rate of the Commitment Letter on Anti-Bribery of Suppliers and the

Good Faith Procurement Agreement reached 100%

Anti-corruption and anti-bribery compliance training coverage was 100%

Business ethics audits covered over 95% of our businesses

Member of the second council of China Rare Earth Industry Association

Vice President Unit of Rare Earth Branch of China Nonferrous Metals Industry Association



×

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first

Appendix

Maintaining

integrity

Optimizing Corporate Governance

In strict accordance with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Shares on the Growth Enterprise Market of the Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws, regulations and normative documents, the Company has established and improved its Articles of Association and internal control rules and regulations, continuously improved its corporate governance structure, standardized its operations, improved its corporate governance, and formed a clear, scientific and efficient corporate governance mechanism with clear responsibilities and powers.

The governance structure of the Board

The general meeting of shareholders, the Board of Directors and the Supervisory Committee of the Company operate in accordance with the law, and each governance body has well defined duties, authorities and responsibilities, and is independent of and collaborates with each other. The Board, as the supreme decision-making body of the Company, has four special committees, namely, the Remuneration and Appraisal Committee, the Strategy Committee, the Audit Committee and the Nomination Committee, providing powerful support in regulating corporate governance, strengthening day-to-day operation and management and making decisions on major matters. The management shall carefully implement the resolutions of the Board, strengthen lean management, optimize industrial structure and strive to achieve the annual production and operation targets set by the Board. During the year, the Company has held 8 meetings of the Board and 10 special committee meetings to review, decide on and approve the operation and development matters of the Company.



Diversity policy of the Board

The Company regards the diversity of the Board as a necessary factor to enhance the effectiveness of the Board, maintain its competitive advantages and support its sustainable development. The Company established the Policy on Diversity of Members of the Board in 2021 to define the objectives and methods to achieve and maintain the diversity of the Board. The Nomination Committee considers a number of factors in screening candidates for the Board, including, but not limited to, professional experience, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service, and continually monitors the diversity of the Board.

The Company had nine board members, including two executive directors, four non-executive directors and three independent nonexecutive directors. The members of the Board have extensive industry experience and are professionals in such areas as manufacturing, metal materials, economics and management. In the future, the Company will also continue to enhance gender diversity at all levels, including the Board and senior management, to provide diverse perspectives and insights for the Company's development.

Compositions of special committees of the Board



compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first Maintaining integrity

Appendix

Adhering to Business Ethics

The Company strictly complies with the laws and regulations such as the Anti-Monopoly Law of the People's Republic of China. Anti-Unfair Competition Law of the People's Republic of China, Interim Provisions on Prohibition of Commercial Bribery and other laws and regulations, has formulated systems related to business ethics such as the *Reporting Management System of the* Company, Anti-Money Laundering Management System, Anti-Fraud Management System and Supplier Management Procedures. In 2022, the Company continued to improve business ethics, clearly define the code of ethics for employees, and establish integrity in our daily work.

Our ESG

management

Business ethics governance

The Company has established a three-tier system on business ethics consisting of the Board, the Audit Committee and the Audit Department. The Board receives regular reports on business ethics, monitor the overall performance of the Company in business ethics, and take the ultimate responsibility for such matters. The Audit Committee is chaired by an independent and non-executive director who's responsible for coordinating, supervising and directing efforts related to business ethics in the Company. The Audit Committee shall hold regular meetings on a quarterly basis, and ad-hoc meetings could be held at the proposal of the Audit Committee members to communicate. monitor and verify related work. The Audit Department is responsible for carrying out anti-fraud audits, anti-fraud investigations and special work assigned by the senior management.

Internal audit for business ethics

The Company's Audit Committee shall make annual audit plan, conduct annual reviews and random checks on the implementation and results of business ethics-related issues, and ensure that the audit covers more than 95% of the Company's businesses. In 2022, the Company conducted business ethics audits in related departments and major subsidiaries, including an on-site comprehensive audit on Jinli Permanent Magnet (Baotou) Technology Co., Ltd. and a remote audit on JL MAG RARE-EARTH (NINGBO) CO., LTD.

To effectively prevent fraud behaviors, each department shall conduct regular self-assessments on internal control, establish internal control critical points with fraud risks, and check antifraud systems, processes and performance. The Company has also implemented strict internal control over procurement and other business processes that are prone to corruption, and incorporated procurement practices into electronic procurement management system to ensure that relevant information could be audited and monitored by several persons, effectively preventing violations of rules from occurring. In 2022, there was no embezzlement lawsuit filed against the Company or its employee that were concluded.

95%

Audit covers over 95% of the Company's businesses

There was no embezzlement lawsuit filed against the Company or its employee that were concluded during the year



Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first

Appendix

100%

The signing rate of the Commitment Letter on Anti-Bribery of Suppliers and the Good Faith Procurement Agreement reached 100%

Business ethics reporting channels

Address: Audit Department, Jiangxi JL MAG RARE-EARTH CO., LTD., No. 81, Jinling West Road, Ganzhou City, Jiangxi Province, China Post code: 341000 Email: SJ@ilmag.cn Tel.: 0797-8068243

Whistle blowing and case handling

The Company has opened up business ethics whistle blowing channels and encouraged employees, suppliers, customers and other informed persons to report any behaviors violating laws, regulations, company systems and ethical guidelines through letters, emails, phone calls and in-person reports. Report processing personnel shall strictly keep the confidentiality of the reporter's name, unit, contact information and other personal information, as well as the content of the reported matter, and the investigation on the reported matter shall be carried out without disclosing the identity of the reporter to protect the report from retaliation in any forms. In addition, when the report processing personnel and the reporting or reported persons have conflicts of interest, the report processing personnel shall avoid to participate in the investigation to ensure that the reported matter could be handled fairly.

Suppliers integrity management

The Company attaches great importance to integrity management. In the Procurement Operation Management System, we have set out 14 articles regarding Professional Conduct for Personal Integrity and Self-discipline that must be strictly followed by the procurement team. For suppliers with cooperation intention, the Company requires them to strictly abide by the requirements for procurement transparency and integrity, and must sign the Commitment Letter on Anti-Bribery of Suppliers and the Good Faith Procurement Agreement before conducting business with the Company, and the Company clearly rejects any bribery in any form to its employees. At the same time, the Company has also disclosed the reporting phone number and reporting email in procurement contracts to encourage suppliers to actively report incidents of business ethics violations. During the cooperation, the Company will also conduct on-site visits to investigate the suppliers' business ethics compliance from time to time. Once any violation is found, the partnership with the violating suppliers will be terminated in a timely manner. During the year, the signing rate of both Commitment Letter on Anti-Bribery of Suppliers and Good Faith Procurement Agreement of the Company was 100%.

Business ethics training

The Company continues to enhance employees' awareness of business ethics compliance and require all management members and sales and procurement personnel to sign the Business Ethics Commitment Letter, provide regular anticorruption and anti-bribery compliance training and seminars to all employees, and establish a business ethics monitoring system to inspect and assess the compliance of employees at all levels with business ethics rules to create an integrity working environment. At the same time, during the training of new employees, the Company explains to all new employees our business ethics system and the code of conduct for business ethics, including the general rules of business ethics, ethical business conduct, and the definition and handling of conflict of interest. In addition, the Company has conducted two business ethics training sessions for the directors to help the directors fully understand the requirements of relevant laws and regulations and avoid violations of business ethics through internal meetings and external lectures.

Maintaining

integrity



About II MAG

Our ESG management

Focusing on the Carbon Peaking and Carbon Neutrality goals

Focusing on the Carbon Peaking and Carbon Neutrality goals to tackle climate change

With the mission of "creating a better life with rare earth", the Company is committed to protecting the environment and fulfilling its corporate social responsibility. Reducing carbon emissions through methods including technological innovation, lean production, process energy saving, efficiency improvement, equipment replacement and green power, and contributed to the achievement of carbon neutrality for both China and the world by supplying rare earth permanent magnetic materials to many leading new energy and energy-saving enterprises. During the year, we actively promoted climate governance, prevented climate risks, set the Company's carbon neutrality target and implementation route to respond to the Carbon Peaking and Carbon Neutrality goals of China and actively tackle climate change.

ESG Highlight Performance :

The Company promises to achieve product full life cycle carbon neutrality by 2030

The Company obtained the first PAS 2060 carbon neutral certification in the global NdFeB industry from SGS in 2022

The sales volume of magnetic steel products in the fields of NEVs and automotive parts, energy-saving VFACs, and wind power generation helped reduce carbon

emissions of **37.82 million** tonnes

Cooperated with Goldwind Technology and China Resources Power to vigorously promote the construction of renewable energy projects such as photovoltaic power and wind power generation

Obtained SCS Pre-consumer Recycled Content Certification for products

The Company plans to invest USD 100 million in and construct a "Project for Comprehensive

Utilization of Waste NdFeB Magnet" in Mexico



MAG RARE-FARTH CO

Ensuring compliant operation Focusing on the Carbon Peaking and Carbon Neutrality goals Maintaining green development Pursuing excellency Keeping safe production Putting people first Maintaining integrity

Appendix

Promoting Climate Governance

Preventing Climate Risks

To manage the risks and opportunities related to climate, the Company has assigned a Chief Carbon Reduction Officer dedicated to comprehensively implementing a green business practice model in all aspects from product development to operation management. The deputy general manager of the Company shall act as the Chief Carbon Reduction Officer, who shall be responsible for planning the overall work related to carbon neutrality, promoting and monitoring the important carbon reduction projects of the Company, selecting carbon neutrality projects for investment. At the same time, the Company has established a Carbon Neutrality Promotion Team, with the director of quality department as the responsible person and the Secretariat of the Board, Department of Human Resources and the Department of Marketing, Department of Supply Chain Management, Department of Production, Department of Quality Control, Centre of Production Planning as the main promotion and support business units, to fully manage the Company's strategic planning, policies, resource, target-setting and monitoring project's implementation and execution on climate change issues, and to report to the Chief Carbon Reduction Officer monthly.



The Company identified the impact that climate-related risks and opportunities may have on its business based on the characteristics of the industry in which it operates and the actual conditions.

Potential Impact

Physical

risks

Transition

risks

Opportunitie

Climate change may result in increasingly severe extreme weather incidents, such as more frequent storms, typhoons and floods. Extreme weather is likely to cause failure to the power or water supply facilities for the Company's production, resulting in a disruption of the Company's supply chain, which in turn may increase operating costs and the cost of maintaining assets and equipment facilities.

Description

The Company has formulated 18 policies such as the *Environmental Monitoring Management Procedures* and the *Environmental Accident Emergency Preparedness and Response Procedures*, and regularly sets environmental objectives, makes management plans, and conducts internal and external audits.

Potential Impact

The domestic energy structure is gradually shifting to nonfossil and low-carbon energy sources, and as a result, China may introduce new regulations related to climate change, which may increase the Company's operating and compliance costs.

Description

The Company has assigned the Chief Carbon Reduction Officer, established a Carbon Neutrality Promotion Team, actively paid attention to the changes in climate change-related policies and set practical carbon neutrality targets and implementation route, including actively adopting energy efficiency solutions and taking a number of water and power saving measures to promote a sustainable production and operation model in a comprehensive manner.

Potential Impact

Governments generally advocate technological improvements or innovations that contribute to the transition to a low-carbon economic system, and corporate customers may be inclined to seek green and low-carbon products and services. In response to market demand, the Company is exploring green products in advance, which may lead to revenue growth.

Potential Impact

By producing and providing high-performance sintered NdFeB PMs, the Company could continue to play an important role in its own products for NEVs and automotive parts, energysaving VFACs, wind power generation, 3C, robotics and industrial servo motors, energy-saving elevators, rail transportation and other environmental protection industries, and strive to contribute to the global low-carbon transition. Our ESG management Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development Pursuing excellency Keeping safe production Putting people first Maintaining integrity

Appendix

Achieving the Carbon Peaking and Carbon Neutrality Goals

Pursuing a green future based on the low-carbon strategy. During the year, the Company had made a commitment to the undertaking related to the Carbon Peaking and Carbon Neutrality goals, announced that it would "achieve product full life cycle carbon neutrality by 2030" and set clear environmental targets and carbon reduction routes.



The company promises to achieve product full life cycle carbon neutrality by 2030



• From 2021, the Company plans to reduce carbon emissions per product unit by 5%-10% on each year

By the end of 2025, the Company plans to reduce electricity consumption per RMB 1,000 of revenue

• By the end of 2025, the Company plans to reduce natural gas consumption per RMB 1,000 of

Energy saving

by 40% compared with 2021

revenue by 20% compared with 2021



By the end of 2025, the Company plans to reduce water consumption per RMB'000 by 40% compared with 2021



• By the end of 2023, the Company plans to achieve 100% compliant discharge of wastewater, waste gas and hazardous waste, and 100% compliant disposal of solid waste as usual



About	Our ESG	Ensuring
JL MAG	management	compliant operation

suring F nt operation

Focusing on the Carbon Peaking and Carbon Neutrality goals Maintaining green development Pursuing excellency Keeping safe production

Appendix

Maintaining

integrity

Road to Carbon Neutrality

The Company's roadmap to carbon neutrality is divided into 3 phases:

Phase I (2022):

Ganzhou factory of the Company has completed ISO 14064 greenhouse gas certification and obtained the first PAS 2060 carbon neutral certification in the global NdFeB industry from SGS in 2022, which means that Ganzhou factory 's product produced in 2022 has achieved "Zero" carbon emissions.

Phase II (2023-2030):

The Company plans to achieve product full life cycle carbon neutrality by 2030 through investment in renewable energy projects such as photovoltaic and wind power, forestry carbon sequestration schemes such as afforestation, and the purchase of a certain number of green certificates.

Indicator Unit 2022 2021 2020 **Total GHG emission⁴** tCO2e 109,146 91,005 73,971 GHG emission (scope 1) tCO2e 3,221 2,562 2,177 GHG emission (scope 2) tCO2e 105,925 88,443 71,793 **GHG emission intensity per RMB** tCO2e/RMB'000 0.015 0.022 0.031 1.000 of revenue⁵

Phase III (2031-2032):

The Company's product life-cycle carbon neutrality will be fully achieved and certified.



⁴ During the reporting period, GHG emissions included Scope 1 and 2 emissions. Scope 1 direct emissions come mainly from fossil fuel combustion, while Scope 2 indirect emissions come mainly from purchased electricity. GHG emissions data are presented in terms of CO2 equivalent, with Scope 1 GHG emissions calculated by multiplying fossil fuel consumption by emission factors, and Scope 2 GHG emission calculated by multiplying fossil fuel consumption by emission Factors, of China's Regional Power Grids for 2011 and 2012".

⁵The GHG emission intensity per RMB'000 of revenue is calculated by dividing emissions by annual product sales revenue



云

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

for the billioning production

Pursuing excellency

Keeping safe production

Putting people first Maintaining

Appendix

Case

Assisted carbon neutralization

Implementing green power cooperation plan

On January 23, 2022, the Company and Ganzhou Tiancheng Tongchuang Intelligent Energy Co., Ltd., a wholly-owned subsidiary of Goldwind Technology, signed the PV Power Plant Contract Energy Management Cooperation Agreement for the "Rooftop Distributed Photovoltaic Power Station Project". The power plant operates in the power consumption mode of generating power for self-consumption and sending surplus power to the grid, and the generated power will be supplied to the Company preferentially for its normal production, while the surplus power will be sent to the public grid.

This project was integrated into the 3-year action plan for the development zone of Jiangxi Province in July 2022. The project has been completed and connected to the grid on January 30, 2023, with a total installed capacity of 2.61MW and an average annual power generation of 2.78 million KWh. It is expected to reduce annual carbon emissions by 1,991 tonnes.

January 30, 2023

total installed capacity 2.61 мw	annual power generation 2.78 million KWh	average annual carbon emission reduction 1,991tonnes

The project has been completed and connected to the grid on

In order to further expand the use of renewable energy and promote low-carbon development, on May 17, 2022, Jinli Permanent Magnet (Baotou) Technology Co., Ltd. has entered into a Strategic Cooperation Framework Agreement with the northern branch of China Resources Power Investment Co., Ltd. Under the framework agreement, Jinli Permanent Magnet (Baotou) Technology Co., Ltd. entered into the 3.2 MW Rooftop Distributed Photovoltaic Power Station Energy Management and Rooftop Usage Contract.

The grid connection of the PV power station in Ganzhou factory and the Baotou project are powerful measures for the Company to actively implement the low-carbon concept, solidly promote energy conservation and emission reduction, and help the Company achieve the Carbon Peaking and Carbon Neutrality goals.

Developing an industrial chain of recyclable rare earths

Rare earth is a non-renewable strategic resource, and promoting the recycling of rare earth is of great significance to save resources, stabilize the supply chain and achieve the Carbon Peaking and Carbon Neutrality goals. For this purpose, the Company has been actively developing the rare earth recycling industry. Since 2018, we have taken the lead in the global rare earth permanent magnet industry to propose a fully recycled and green traceable rare earth permanent magnet industry chain, and signed the five-year "Cooperation Agreement on 100% Rare Earth Reuse (Recycling) Products" with China Southern Rare Earth Group to use medium and heavy rare earth

metals obtained by recycling rare earth scraps to produce and supply high performance rare earth permanent magnetic materials to customers worldwide. It ensures that 100% of the recycled rare earth raw materials purchased by China Southern Rare Earth Group come from traceable products.

100%

Ensuring that 100% of the recycled rare earth raw materials purchased by China Southern Rare Earth Group come from traceable products

The Products of the Company Passed SCS Certification

During the year, the Company passed the strict audit by SCS Global Service, a global authority on recycled content certification, and won SCS Certificate for pre-consumption recycled components of products. This is the second consecutive year since 2021 that the Company has received this important certificate. The successful certification is the recognition of the Company's work in environmental protection.

The Company obtained the first PAS 2060 carbon neutral certification in the global NdFeB industry from SGS in 2022

integrity

On June 30, 2022, the Company obtained the first PAS 2060 carbon neutral certification in the global NdFeB industry from SGS, marking that the Company's efforts in carbon neutrality have been highly recognized by international authorities, while providing a benchmark demonstration for the green development of the rare earth permanent magnet industry and moving towards carbon neutrality.





⁶"PAS 2060"is the internationally recognized carbon neutral standard, which requires companies to quantify their greenhouse gas emissions in an effort to reduce emissions and achieve a low-carbon production model. For carbon emissions that cannot be reduced, enterprises are encouraged to voluntarily adopt compensation and offsetting to achieve carbon neutrality.

⁷This certification can only be obtained after the SGS audit team has completed independent verification of the Company's greenhouse gas inventory management system, greenhouse gas emission reduction management plan, carbon offset scheme and related data stateme

Ensuring compliant operation Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first Maintaining

integrity

Appendix

Creating low-carbon products

NdFeB PMs is the permanent magnet material with the best comprehensive performance in the current industrial production. By producing and providing high-performance sintered NdFeB PMs, the Company could continue to play an important role in its own products for NEVs and automotive parts, energy-saving VFACs, wind power generation, 3C, robotics and industrial servo motors, energysaving elevators, rail transportation and other environmental protection industries, and strive to contribute to the global low-carbon transition.

By the end of 2022, the sales volume of the Company's magnetic steel products for NEV drive motors can assemble approximately 2.86 million passenger NEVs, facilitating to reduce carbon emissions by approximately 5.90million tonnes/year; The sales volume of the Company's magnetic steel products for energy-saving VFACs can assemble approximately 50.28 million VFAC compressors, facilitating to reduce carbon emissions by approximately 18.19 million tonnes/year; The sales volume of the Company's magnetic steel products for wind power sector can equip wind turbine generators with an approximate aggregate installed capacity of 8.29 GW, facilitating to reduce carbon emissions by approximately 13.73 million tonnes/year. The total contribution to reducing carbon emissions is about 37.82 million tonnes/vear.

The total contribution to reducing carbon emissions is about



The sales volume of the Company's magnetic steel products for NEV drive motors can assemble approximately

2.86million passenger NEVs

Facilitating to reduce carbon emissions by approximately

5.90 million tonnes/year



50.28 million **VFAC compressors**

Facilitating to reduce carbon emissions by approximately

18.19 million tonnes/year

The sales volume of the Company's magnetic steel products for wind power sector can equip wind turbine generators with an approximate aggregate installed capacity of



Facilitating to reduce carbon emissions by approximately

13.73 million tonnes/year



About II MAG

Our ESG

management

compliant operation

Focusing on the Carbon Peaking

Maintaining green developme

safe production

Putting people first Maintaining Appendix

integrity

Maintaining green development to build ecological civilization

The Company always aims at developing into a resource-saving and environmentally friendly enterprise, and firmly follows the route of green development. During the year, the Company will continue to optimize the use of resources, strengthen the management of air emission, wastewater and waste, integrate the concept of environment protection into every aspect of its production and operation, minimize its adverse impact on the environment during the Company's operation, and carry out green development idea with practical actions.

ESG Highlight Performance :

Investment in environmental protection in 2022 was RMB 15.37 million, a year-on-year increase of about

50.98%

A total of **15.23** million KWh of electricity was conserved through projects such as optimizing energy utilization, process energy saving, and equipment improvement.

Waste gas and wastewater were 100% qualified for discharge, an the treatment rate of hazardous waste was

100%

The reuse rate of general industrial solid waste was 95.4%







6 CLEAN WATER AND SANITATION

Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first

Appendix

Maintaining

integrity

Optimizing the Utilization of Resources

During the year, the Company continued to strengthen resource management and solidly promoted various energy-saving and consumption reduction programs. The Company has formulated and optimized the Regulations on Energy Consumption Management, clarified the organizational structure and job responsibilities for energy management, standardized the use and statistical standards for water, electricity and gas consumptions that are regularly reviewed and improved, and carried out relevant performance assessments.

Boiler renovation

The Company continues to improve energy efficiency and reduce energy consumption. During the year, Jinli Permanent Magnet (Baotou) Technology Co., Ltd. has renovated and upgraded its boiler system to significantly reduce the natural gas consumption per unit heating area and the natural gas consumption by 42% year-on-year, saving the energy expense of RMB 181.6 thousand in total. In the future, the Company will continue to upgrade the boiler system and strive to reduce the natural gas consumption by 5%-10% in 2023 compared to the current year.

Energy saving for Manufacturing processes

The Company has been actively promoting the revolution of low-carbon technology, and 25 related energy-saving projects have been identified and completed this year. For example, in the sintering process optimization project, the Company reduced the power consumption by 37.5% by adjusting the sintering temperature rise curve and shortening the production cycle of the sintering process. Under the overall planning, the Company saved 11 million KWh of electricity through process related energy-saving projects this year, so that to achieve Carbon Peak and Carbon Neutrality goals as soon as possible.

Water Saving Action

The Company will continuously strengthen the awareness of water saving and take water saving measures in every section. This year, the Company has reduced its water consumption by standardizing operations, optimizing processes, reusing wastewater, and improving post-overflow water discharge. In the phosphating process, the Company could save 74,000 tonnes of water each year by reusing the back section washing water for the front section washing; and in the chamfering process, the Company can save water about 64,000 tonnes every year. In addition, the Company is actively working with product manufacturers on clean water projects to further enhance its water management capabilities.

Indicator	Unit	2022	2021	2020
Energy consumption	MWh	199,940	181,069	147,473
Energy intensity per RMB 1,000 of revenue	MWh/RMB'000	0.03	0.04	0.06
Water consumption	tonne	785,400	732,345	551,868
Water intensity per RMB 1,000 of revenue	tonne/ RMB'000	0.11	0.19	0.24



About II MAG

Our ESG management

Focusing on the Carbon Peaking and Carbon Neutrality goals

Pursuing green development excellency

Maintaining

Keeping safe production

Putting people first

Appendix

Maintaining

integrity

Strengthening the Management of Three Types of Wastes

The Company strictly complies with the laws and regulations such as the Environmental Impact Assessment Law of the People's Republic of China, the Regulations on Environmental Protection Management of Construction Projects, and the Interim Measures for Environmental Protection Acceptance of Construction Project Completion. According to the requirements of ISO14001:2015 environmental management system, the Company has revised the Solid Waste Management System, the Emission Permit Management System and other systems to strengthen the management of exhaust gas, waste water and solid waste, and it is committed to reducing the impact of its operations on the surrounding environment.

Air emission management

The air emission produced by the Company through production process are mainly sulfur dioxide, nitrogen oxides, volatile organic compounds (VOC) and particulate matter. The Company ensures that the production emissions could 100% meet the standard by strictly enforcing systems and control procedures related to exhaust gas management, increasing investment in environmental protection equipment, and standardizing the exhaust gas treatment process for each production step.

Wastewater management

The wastewater discharged from the production process of the Company is collected, treated and recycled by our own wastewater treatment facility with a treatment rate of 100%. To strengthen water resources management, the Company has used classification collection and pre-treatment to reduce the wastewater, and has installed water treatment and recycling systems to recycle the wastewater.

During the year, the Company invested about RMB 2.8 million to renovate the old wastewater treatment facility. We designed a hydrolytic acidification tank based on the characteristics of the electrophoresis wastewater and chamfering wastewater using the biochemical treatment process of modified sectional influent two-stage AO contact oxidation, and set up CRP integrated wastewater depth treatment equipment at the end of the system. After the renovation, the overall treatment capacity of the system has been increased by about 30%. For phosphate wastewater, the Company has used the treatment process of "Coagulation and sedimentation + denitrification + biological contact oxidation + air flotation" to effectively control the content of ammonia nitrogen. phosphorus and other pollutants in phosphate wastewater.

Indicator	Unit	2022	2021
Total volume of wastewater treatment	ten thousand tonnes	35.52	24.93
Wastewater treatment intensity per RMB 1,000 of revenue	tonne/RMB'000	0.05	0.06

Participating in the special air pollution treatment project launched by the Central Government

In response to pollution control and make further efforts to keep our skies blue, the Company has actively applied for the deep treatment project for air pollution, and obtained the "Special Fund for Air Treatment of the Central Government" in 2022 to purchase 2 organic exhaust gas treatment facilities and 6 melting and sintering exhaust gas treatment facilities. After putting such facility into operation, the total VOC emissions will be reduced by 11.52 tonnes/year and the concentration will be reduced by 83.3%, which will further reduce the environmental impact.

100%

5.27 toppes

that the production waste gas emission emissions could 100% meet the standard



with a treatment rate of 100%

100%



invested about RMB 2.8 million to renovate the old wastewater treatment facility



Our ESG G management Ensuring compliant operation Focusing on the Carbon Peaking and Carbon Neutrality goals Maintaining green development Pursuing excellency

industrial solid waste recovery rate is about 95.4%.

The Company has classified and managed non-hazardous waste

and set up corresponding disposal measures based on different

categories. The Company engages with qualified third-party

institutions to recycle or dispose of general industrial solid waste,

while domestic waste and kitchen waste are handled by local

sanitation departments. During the year, the Company's general

Non-hazardous waste in 2022

Non-hazardous waste

Keeping safe production Putting people first Appendix

Waste management

The Waste generated in the production of the Company can be mainly divided into hazardous waste and non-hazardous waste. Hazardous waste mainly includes activated carbon, organic solvents, wasted oil, spraying wasted liquid, wasted glue and resin, packaging materials, and wastewater treatment sludge; and non-hazardous waste mainly includes general industrial solid waste⁸, domestic waste and kitchen waste.

Hazardous waste

The Company has established a comprehensive hazardous waste management system and built a hazardous waste storage facility that meets national requirements. During the year, the Company has upgraded the "Temporary storage room for hazardous waste" by installing new automatic sprinkler system, electrostatic discharge device and other protective facilities to ensure the proper storage of hazardous waste. In addition, the Company has assigned professional management personnel, properly recorded

Indicator	Unit	2022	2021	
Total volume of hazardous waste treated	tonne	463.27	407.00	310.74tonr
Hazardous waste treatment intensity per RMB 1,000 of revenue	kg/RMB'000	0.06	0.10	

the storage and transfer of hazardous waste, and signed transfer contracts with organizations with professional recycling qualifications. In 2022, the compliant treatment rate of hazardous waste was 100%.

Hazardous waste by treatment method in 2022





With the growing global demand for REPM and the increasing number of waste NdFeB magnet reaching their life cycle overseas, the recycling of waste NdFeB magnet is critical to promoting the green and sustainable application of rare earth resources. The Company has taken rare earth products as a starting point to actively build a recycling industry system of "Recycling dismantling - regeneration - remanufacturing" to realize the recycling of rare earth waste.

Maintaining

integrity

Case Study

Project for Comprehensive Utilization of Waste NdFeB Magnet in Mexico

During the year, the Company plans to invest USD 100 million in and construct a "Project for Comprehensive Utilization of Waste NdFeB Magnet" in Mexico, installing new recycling and processing equipment and magnetic material production equipment. After completion of the Project, 5,000 tonnes of waste NdFeB magnet per year will be comprehensively utilized, and the capacity of producing 3,000 tonnes of high-end magnetic material products per year will be developed. This Project is an important practice to implement the Company's carbon neutral strategy, which is conducive to the further improvement of the Company's global competitiveness.

100% The Compliant treatment rate of hazardous waste was 100% during the year Amount of hazardous waste treated through landfill

Amount of hazardous waste treated through combustion (without heat recovery)

Amount of hazardous waste treated through combustion (with heat recovery)

Amount of hazardous waste treated through other methods⁹

95.4%

The Company's general industrial solid waste recovery rate was about 95.4% during the year

⁸General industrial solid waste mainly includes magnetic mud, waste iron, waste plastics, waste powder, wood and recycled materials produced in the production process.

 $^{9}\mbox{The treatment}$ for this portion of waste was in compliance with laws and regulations but has not acquired the follow-up treatment from a qualified third-party company.

About JL MAG Our ESG management suring nt operation the Carbon Peaking n Neutrality goals Maintaining reen development ursuing cellency Keeping afe production

Putting people firs Ар

Pursuing excellency to create a better life

The Company has implemented the leading quality strategy to constantly strengthen our R&D innovations, ensure lean production, strictly control product quality, build a responsible supply chain, and make every effort to ensure the sound operation and production of our Company. On this basis, the Company has built a reliable customer service system and continuously deepened our customer service management around the core value of "Customer Orientation and Value Co-Creation".







JL MAG RARE-EARTH CO., LTD. 2019 pnmental, Social and Governance Report

Maintaining green development

Pursuing excellency

people firs e production

Keeping

Maintaining integrity

JL MAG RARE-EARTH CO., LTD

Environmental, Social and Governance Re

Focusing on R&D Innovations

With the vision of "growing into the leading enterprise in the world rare earth permanent magnet industry", the Company has continued to increase investment in science and technology innovations, tried to build a team of scientific research and innovation talents, made breakthroughs in production and processing technologies, insisted on respecting and protecting intellectual properties, and drove highquality development with science and technology innovations.

R&D of key technologies

The Company attaches great importance to R&D innovation and continues to deploy a global R&D landscape by expanding its R&D team consisting of 647 R&D staff to further enhance its advantages in innovating technologies and products, so as to facilitate its high-quality development.

Rare earth is a non-renewable strategic resource and a key element for many functional materials in the field of high technologies. How to efficiently utilize resources and reduce the amount of medium and heavy rare earth has always been an important topic. For this purpose, the Company has taken its responsibilities and focused on innovation to handle the industry-leading GBD technology, and continuously used the technology to develop high-grade products, so as to significantly reduce the amount of medium and heavy rare earth while maintaining the high performance of magnetic materials. During the year, the Company produced 9,965 tonnes of highperformance REPM utilizing the GBD technology, a year-on-year increase of 64.33%, accounting for 77.94% of the Company's total product output in the same period, of which 6,124 tonnes was ultra-high-grade products, further reducing the medium and heavy rare earth raw materials used by the Company.

647

Expanded R&D team consisting of 647 R&D staff.

High-performance REPMs utilizing the GBD technology produced during the year

9,965_{tonnes}

year-on-year increase 64.33%

Percentage of the Company's total product output in the same

period 77.94%

Ultra-high-grade products $6,124_{tonnes}$

About JL MAG

management

compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

resources.

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first Maintaining integrity

Appendix

During the year, the Company invested RMB 337.5 million in R&D, accounting for 4.7% of the revenue, a year-on-year increase of 110.7%. The Company has made significant breakthroughs in the key process of high-performance sintered NdFeB magnetic steel for NEVs. During the year, the Company evaluated 24 science and technology innovation awards, rewarded 163 persons, and distributed RMB 1.27 million as bonus in total.

Our ESG

Ensuring

In June 2022, the Company actively worked with Nanchang University of Aeronautics and Astronautics and the Central Iron & Steel Research Institute to carry out productionstudy-research cooperation programs, and the R&D topic guided by the Company, "Key Technology Development of High-Performance, Low-Weight Rare Earth Magnets and Industrialization Application of REPM Motors" won the first prize of Jiangxi Provincial Science and Technology Progress Award. The performance of the PM product independently developed by the project team is leading in the world, which could reduce the amount of medium and heavy rare earth used in the production by more than 50%.



The first prize of Jiangxi Provincial Science and Technology

Progress Award



process.

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first Appendix

Maintaining

integrity

Protection of intelligent properties

The Company respects and protects intellectual property rights, and strictly abides by the Patent Law of the People's Republic of China, the Intellectual Property Law of the People's Republic of China and other laws and regulations. We have established the JL MAG Intellectual Property Management System, prepared the China NdFeB Invention Patent Summary, and has built the Intellectual Property Technology Center to protect our intellectual property rights in all aspects.

To enhance employees' awareness of intellectual property rights, the Company provide intellectual property training twice a year, with courses covering Basic Knowledge of Intellectual Properties, Training on the Basics of Enterprise Patent Exploration and Application Process, Patent Basics and Patent Exploration, Training on Patent Technical Explanation Letter, and Overview of Patent System. The training coverage of the Company's technical staff, R&D personnel and IP-related business personnel reached 100%.

For the high quality development of our company, the Company has actively applied for patents in new technologies. By the end of 2022, we held 60 authorized patents, including 28 authorized invention patents and 32 authorized utility model patents. During the Reporting Period, 5 new invention patents were authorized, and 13 new invention patents were accepted. The penetration technology of the Company for producing ultra-high-grade magnetic steel has been patented in Europe, the United States and Japan, ensuring that the high-performance magnetic steel manufactured by the Company has completely independent intellectual property rights. In addition, the Company undertook one provincial and ministerial level research project during the year.







Domestic and foreign invention patent certificates obtained by the Company

100%

The training coverage of the Company's technical staff, R&D personnel and IP-related business personnel reached 100%

30

About JL MAG

Our ESG management

Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Pursuing

excellency

Maintaining

green development

Keeping safe production Maintaining integrity

Putting

people first

Quality management structure

Appendix



Strictly Controlling Product Quality

Adhering to the quality policy of "Full participation, full control, prevention-oriented, constant improvement and customer satisfaction", the Company has implemented the quality leadership strategy, set up a quality management structure from the top to bottom, established a sound quality management system covering the whole value chain, provided training covering quality awareness and skills, firmly promoted quality improvement work, and strove to achieve the overall goal of "Optimizing the quality management system and developing the competitiveness of highperformance NdFeB products".

Quality management structure

The Company has strictly implemented ISO9001 quality management system and IATF16949 quality management system for the automotive industry, and has built a quality management structure from top to bottom. The Company regularly reviews the achievement of its annual quality objectives to ensure the successful achievement of such objectives.



The Company and its subsidiaries have passed the certification under various quality systems

The Company carries out management review on yearly basis to track and monitor the implementation of the Company's quality strategy, objectives and major quality goals.

Management level

Execution level

The Quality Department of the Company is responsible for planning, supervising and managing all the quality related work and regularly collecting data and supervising the achievement of quality targets of all departments on daily basis, proposing improvement suggestions and supervising the rectification of noncompliant items.

Subsidiaries of the Company shall be responsible for the quality control of specific production sections in accordance with the quality requirements.

About JL MAG

Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Keeping safe production

Putting people first Maintaining integrity

Appendix

Quality management process

The Company has developed a quality management process that covers the entire life cycle of products, and required all product lines to fully participate in, comply with and continuously improve the quality management process. At the same time, the Company has set up various inspection lines such as first inspection, selfinspection, mutual inspection, special inspection, common inspection, shipment inspection and other procedures to prevent non-conformance products from entering into the market. During the year, the Company's product quality inspection has covered all product categories, with a process inspection timeliness rate of 100%, and a correction rate of 100%.

According to the Company's requirements for product quality, the Quality Management Department shall regularly inspect the defective products, and convene the production department. technology R&D department and other relevant units to carry out review and analysis, propose solutions to deal with defective products, issue analysis and processing reports, and take corresponding improvement measures. During the year, no products sold or shipped by the Company were subject to recall due to safety and health issues.

100%

Pursuing

excellency

The Company's product quality inspection has covered all product categories during the year, with a process inspection timeliness rate of 100%, and a correction rate of 100%

RMB million

The Company has set up a quality improvement RMB 1 million

Case

The Company won the Fourth Jinggang Quality Award of Jiangxi Province

In December 2022, with the approval by the Central Government, JL MAG was awarded the Fourth Jinggang Quality Award of Jiangxi Province by the Jiangxi Provincial People's Government.

The purpose of "Jinggang Quality Award of Jiangxi Province"is to encourage all kinds of organizations to strengthen quality management, pursue excellence in performance, and promote the transformation of the province's economic development and improve the overall guality. The review and evaluation for the award are carried out once every two years. Not more than 3 organizations or individuals will win the award and not more than 5 organizations or individuals will be nominated for the award. The award won by the Company represents the high recognition and acknowledgment of the Jiangxi Provincial Government and the evaluation committee to the Company in terms of products, quality, technologies and social responsibility.



incentive bonus of

lines to fully participate in, comply with and continuously improve the quality management process. At the same time, the Company has set up various inspection lines such as first inspection, selfinspection, mutual inspection, special inspection, common inspection, shipment inspection and other procedures to prevent non-conformance products from entering into the market. During the year, the Company's product quality inspection has covered

Quality awareness promotion

all product categories, with a process inspection timeliness rate of 100%, and a correction rate of 100%.

The Company has developed a quality management process that

covers the entire life cycle of products, and required all product

The Company attaches importance to the development of quality awareness among our employees to create a quality culture of pursuing excellence, and continuously strengthens the practical skills of our quality personnel. During the year, the Company has held 83 training sessions on product protection knowledge to avoid material damage during the boxing, transferring and handling of products. In addition, the Company has provided quality system training courses on its "OA System" and tested the learning conditions of our employees by means of "Mandatory examination after training". The Company has held 22 quality awareness improvement competitions in total, covering the processes related to production, finished products and plating to comprehensively improve the quality awareness of the employees. The Company has set up a quality improvement incentive bonus of RMB 1 million, and regularly selects the winners of such awards as the "Quality Progress Award", the "Outstanding Individual" and the "Top Ten Stars of Quality Improvement" to motivate employees at all levels to actively participate in quality improvement.

To improve the quality management awareness of our suppliers, the Company has organized 8 supplier quality management training sessions during the year, covering 8D quality analysis reports and production process quality control to help suppliers gain a deeper understanding of our quality management culture and further enhance their quality exception analysis and management improvement capabilities.



JI MAG RARE-FARTH CO., I TD. 32 Environmental, Social and Governance Report 2022

Raw material inspection

• Raw materials are purchased and tested in accordance with the *Standardization of Raw Material Procurement*, and the Guideline of Sampling and Inspection as well as other systems.

R&D and design

• The R&D and design work shall be carried out according to the Advance Planning Procedures for Product Quality to summarize and evaluate the success rate of new product R&D. It is required that the success rate for new product R&D for strategic customer projects shall be higher than 99%.



 \odot

Processing inspection

 Production self-inspection and production control inspection mechanism shall be carried out according to the Production Process Monitoring and Measurement Control Procedures to ensure the stable production process, and conduct product testing in strict accordance with national standards, industry standards or customers' standards.



Finished product delivery

• After the products are delivered, the marketing department and quality assurance team shall perform the quality management during the use of the products.

Focusing on Lean Production

The Company has been sticking to the business philosophy of "Leading technology, reliable quality, on-time delivery, management (service) upgrade, capital support and leapfrog development" to firmly build a lean operation system, strengthen Digital construction, develop lean talents, and enhance the core competitiveness of the Company based on high-quality product supply and product delivery capabilities. In 2022, the Company has completed 2,286 lean production projects, and the average delivery time of products is 0.5 days shorter than previous year.



The Company actively builds a digital system of production, supply and marketing cooperation and sharing, and carries out the construction of information system in R&D, sales, planning, procurement, production, guality, inventory, HR, smart park and other links. During the year, the Company completed the upgrade and official launch of ERP system, continued to improve the development and application of OA collaborative business, actively promoted the digital transformation of various business systems, and achieved management effects such as inter-organizational business collaboration, automation of business data collection, integration of cost accounting and quantification of various company-level performance indicators, helping the Company to move to a new level of refined and standardized management. Since 2021, the Company has invested a total of RMB11.65 million in digitization.



Automation research and development and application is one of the core competitiveness of the Company, the Company has an automation construction team composed of 213 engineers and technicians, to improve the level of production automation inject strong momentum. According to the requirements for product and production processes, the Company is committed to developing non-standard automated equipment, from robots, vision systems to precision machine tools, to ensure product quality while significantly improving production efficiency. During the year, the Company invested a total of RMB 65 million in building the automation system, independently developed 342 pieces of new automated equipment and upgraded 52 pieces of existing automated equipment, increasing the production efficiency by 18.8%.



production

The Company has established the Method of Certifying Talents for Lean Production and Refinement Management, and is committed to developing a team of talents who are skilled in Lean tool methodology and practical operation through knowledge test and improvement week activities for talent rating certification. In the past three years, the Company has conducted 198 improvement week training activities, and lean thinking has penetrated horizontally to all subsidiaries.

2,286

Lean production projects

11.65_{RMB million}

The Company's total investment in digitization since 2021.



65_{RMB million}

52_{sets}

Average delivery time of products

shortened than previous year

0.5_{days}

The Company's investment in building the automation system during the year



18.8%

New automated equipment independently developed by the Company during the year

Existing automated equipment upgraded

efficiency

Increase in production

198_{times}

Improvement week training activities conducted



Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

39.80%

Ratio of local suppliers¹⁰

100%

materials

Pass rate for rare earth raw

Maintaining green development

96.76%

Ratio of timely procurement

00%

Pass rate for other raw

delivery

materials

Pursuing excellency

Keeping safe production

Putting people first Maintaining integrity

Appendix

Responsible Supply Chain

The Company is committed to bring out the best performance of the supply chain and working with suppliers to create quality products and services. The Company has established the regulations such as the Supplier Management Procedures, the Procurement Management Control Procedures and the Code of Conduct for Sustainable Supplier Development covering all suppliers, which shall be strictly implemented by the Company and its subsidiaries to ensure the continuous and stable development of our procurement work.

The ESG management of suppliers by the Company is always carried out throughout the supply chain value process. The Company has set up a supply chain management department and a quality improvement team to define environmental requirements in supplier sourcing, development, auditing and cooperation in order to identify, assess and manage environmental and social risks in all parts of the supply chain. In addition, the Company has implemented a supplier grading and classification management mechanism, conducted supplier performance appraisals on a quarterly basis, and carried out supplier site audits on an annual basis to create a competitive and sustainable product supply chain.



Supplier ESG management



Searching for suppliers that meet the appropriate criteria based on business needs:

Under the same quality and service conditions, priority will be given to suppliers who use energy-saving and environmentally friendly products.

Development stage

To check the qualifications of the selected suppliers, and require them to present environmental protection certificates and third-party certificates such as ISO14001 environmental management system certificate and ISO50001 energy management system certificate to provide a basis for the identification, evaluation, supervision and management of environmental risks of the suppliers.

Auditing stage

To conduct on-site audits of potential suppliers to assess their development strategies, production site conditions, staff quality and production standards;

Based on the Code for Supplier Sustainable Development, we will identify supplier risks comprehensively, issue the Supplier Social Responsibility Review Checklist and Supplier Law and Regulation Questionnaire, and audit the suppliers in five modules covering labor management, health and safety, environmental protection, business ethics, and management systems to ensure that all suppliers working with us are in line with our sustainable development strategy.



The suppliers who could pass the audit and sample evaluation will be included into the Company's qualified supplier list, and all cooperative suppliers are required to sign the Social Responsibility Commitment Letter.

According to the Supplier Management Procedures, suppliers will be rated as grade A (excellent), B (good), C (passed) and D (failed) quarterly on the basis of their pass rate, compliance rate, correction rate, timely delivery rate, health and safety, material cost and new product cost.

We will carry out quality assistance improvement for suppliers with C or D performance ratings and track the results of rectification.



The Company will terminate the cooperation with suppliers whose products do not meet the standards or are rated as D in performance evaluation with rectification still does not meet the Company's requirements.

¹⁰ local suppliers: suppliers that are in the same province as the production base that made the procurement

Our ESG

Ensuring compliant operation Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first Maintaining integrity

Appendix

Optimizing Customer Services

The Company strictly follows the *Law on the Quality of Products* of the People's Republic of China, and develops the management systems such as the *Customer Service Practice*, so as to establish a "Long-term, stable, cooperative and win-win" business partnership with our customers. During the year, the Company has continued to optimize customer relationships, listened to the voices from our customers, and protected their rights and interests to build a better product and service network to support the long-term sustainable development of our company.

Listen to the voice of our customer

Aiming to "Meet the best satisfaction of our customers", the Company attaches great importance to the customer satisfaction and optimizes our complaint approach and is always eager to learn about the expectations and needs of our customer. The Company has established relevant systems like the Customer Complaints Management Procedures, and Corrective and Preventive Measures Control Procedures, and launched numerous customer satisfaction surveys and improved our customer complaint mechanism in order to improve customer satisfaction.

In terms of handling customer complaints, the Company has in place our service and consultation channels and portal websites, service hotline, emails, letters, etc., to provide customers with convenient and diverse feedback approaches. According to the seriousness and urgency of the complaint, the Company will set up a leading group for complaint resolution within 8 hours after receiving the complaint, and organize relevant departments to discuss the causes, urgent countermeasures and improvement measures together. During the year, the Company's customer complaint resolution rate is 100%.

In terms of customer satisfaction survey, the Company will release satisfaction survey to customers every six months to learn about our customer's satisfaction with us on product quality, R&D capability, timely complaint response rate, customer service and other aspects. The customer satisfaction survey rounded off with 98 points during the year. Additionally, the Company has regularly analyzed and sorted out the customer satisfaction survey results and put out a Customer Satisfaction Evaluation Summary, and passed the customer needs to the quality, production, R&D and other relevant departments as a reference for the product research and development, service improvement and marketing decisions.

Information security

The Company attaches importance to the customer information security and protection. According to the management systems such as the Project Information Security Management System and the Project Management Procedures, the Company and all customers shall sign confidentiality agreements. In terms of internal control, the Company divides the confidentiality into four levels according to the sensitivity and importance of project information security, and major projects are strictly controlled in accordance with the confidentiality management rules and regulations stipulated by the Company to ensure customer information security.

During the year, the Company conducted two special training sessions on information security and privacy protection for all employees, covering TISAX ¹² prototype protection awareness training and JL MAG Information Security training, so as to enhance the awareness of all employees on information security and customer privacy confidentiality.

99.3% Order on-time delivery rate

98 points

Customer satisfaction

100%

The Company's customer complaint resolution rate is 100% during the year

12 TISAX, Trusted Information Security Assessment Exchange

About II MAG

Our ESG

management

afe production

people first

Keeping safe production to build the defense line for safety

The Company regards production safety as the cornerstone of its production and development and always adheres to the safety policy of "All employees take the safety and prevention as top priority with a holistic, healthy development and continuous improvement approach". The Company has actively improved its safety management mechanism, constantly enhanced the occupational health and safety risk awareness of operating personnel and created a healthy and safe working environment in order to minimize the occupational health and safety risk that may be encountered by the employees and contractors in production operations.

ESG Highlight Performance :

Investment in health and safety projects was around RMB 9.04 million, a year-on-year increase of 25.84%

Investment related to protective equipment for on-site operators' occupational disease prevention was around RMB million

The number of work-related deaths was U, the number of production safety accidents with serious injuries or above was

The ratio of occupational disease occurrence was

Training on safety and health knowledge benefitted 4, 879 participants





Contributing to t SDGs correspond
Our ESG

Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first

Appendix

Maintaining

integrity

Improving the Management System

The Company strictly abides by the Production Safety Law of the People's Republic of China, the Fire Prevention Law of the People's Republic of China, the Occupational Disease Prevention Law of the People's Republic of China and other laws and regulations, and have established 36 safety management systems in accordance with the requirements of the production safety standardization management system, such as the Safety Production Target Management System, Post Responsibility System for All Employees, Hazard Identification and Risk Assessment Management System, Warning Signs and Safety Protection Management System, Dangerous Operation Safety Management System, Accident Emergency Rescue Management System, etc. In addition, the Company will sign safety production responsibility statement with all subordinate production and operation units every year to clarify the production safety responsibilities of all their employees in order to ensure the product system could be implemented efficiently. During the year, the Company has invested RMB 9.04 million in health and safety projects, a year-on-year increase of 25.84%.

Indicator	2022	2021	2020
Coverage of three-level safety education training for new employees	100%	100%	100%
Certification and regular checkup rate of special equipment	100%	100%	100%
Potential hazard correction rate	100%	100%	100%



Investment in health and safety projects

9.04 RMB million

()

25.84%

Year-on-year increase

The number of work-related fatalities, number of safety accidents resulting in serious injuries or beyond, and number of fire accidents causing more than RMB 10,000 of direct economic loss were 0 for past three consecutive years

Our ESG

Ensuring compliant operation Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development Pursuing

excellency

Keeping safe production

Putting people first

JIANGXI JLMAG RARE-EARTH CO., LTD.

江西金力水磁科技股份

有限公司

Appendix

Maintaining

integrity

Building Safe Production Management Framework

The Company has constructed the production safety management framework in strict accordance with the three-level management system standard of production safety standardization, and have constantly enhanced the prevention and control of production safety, and clarified the production safety responsibility from top to bottom internally. During the year, the Company once again obtained ISO45001 occupational health and safety management system certification, and has continued to improve its own safety management and comprehensive management based on leading management standards, marking the further standardization and modernization its safety management.



Focusing on the Carbon Peaking and Carbon Neutrality goals Maintaining green development

Pursuing excellency

Mechanical injury

maintenance.

employees.

C ~ Noise

• Have safety facilities in place, such as

protective cover, protective net,

protective door, safety chain, safety

grating, and emergency stop switch, and

conduct regular inspection and

Have sound insulation in place and equip

employee with protective earplug. Erect

occupational hazard notice board in the

workshop, and organize regular

occupational health examination for

Keeping safe production Putting people first

Machining

Raw

Material

Maintaining integrity

Appendix

Ensuring the Production Safety

The Company hails the safety concept of "putting people first and develop healthily", increases our investment in production safety continuously, improves our production safety management, and makes every endeavor to protect the life safety of our employees.

Improve the emergency management system

In order to ensure the timely control and effective rescue of any production safety accidents, the Company has made many internal emergency plans such as the Emergency Plan for Production Safety Accidents, Emergency Rescue Management System for Accidents, and Emergency Preparation and Response Procedures for Environmental Accidents, and established emergency management system, and formed an emergency team to ensure a quick activation of all emergency efforts in case of fire, explosion, special equipment accidents, occupational poisoning and other unexpected accidents, minimizing casualties or property losses. In case of any production safety accident, the Company will strictly trace the cause of the accident and put forward a series of safety management initiatives to continuously improve the safety production management and prevent the recurrence of similar accidents to the maximum extent.

Manage and control the major safety risks

Life first, safety first. The Company always puts the safety of employees in the first place and eliminates the occurrence of major casualties, major disasters and social impact events. The Company has formulated internal systems such as the *Chemical Management System*, *Fire Safety Management, Parttime Firefighter Management System*, and identified processes with major hazards in the production process according to the *Rules on Hazard Identification, Classification, Risk Assessment and Hierarchical Management*, and adopted specific control measures to prevent the production safety risks. During the year, we have achieved 100% in the effectiveness of the Company's safety and preventive control measures.

100%

We have achieved 100% in the effectiveness of the Company's safety and preventive control measures during the year

Powder-related risks

 The air isolation method is adopted for closed operation and nitrogen positive pressure is used for protection. The operators are required to wear personal protective equipment such as safety helmet, protective mask, and fireproof suit.

Object drop

• Equip the employee with safety helmet, especially equip employee who transports or handles materials with safety shoes to prevent drop of objects.

II Fire hazard due to chemicals

The hazardous chemicals warehouse shall be equipped with emergency facilities and materials such as fire extinguishers, fire hydrants, fire sand, anti-overflow ditches, leakage trays and eye washers, and shall be inspected and maintained regularly;

- Have cooling spray in place to prevent fire caused by high temperature;
- All hazardous chemicals shall be transported sealed according to the approved weight limit, height limit and speed limit of forklift truck. Transportation personnel shall be trained before operation;
- Distribute all kinds of protective equipment to employees and supervise their proper use.

Hydrogen-related risks

 The hydrogen production station is designed according to national standards such as Code for Fire Prevention in Construction Design and Code for Hydrogen Production Station Design, and a series of prevention and control measures have been established, such as upgrading the fire resistance of the electrolytic chamber of the hydrogen production station to Grade 2, the construction of well-ventilated gas building, the setting of flammable gas leakage alarm facilities and linked accident fans, etc.



compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Case Study

Maintaining green development Pursuing

excellency

Keeping safe production Maintaining

integrity

Improve production safety capacity

Our ESG

management

The Company has developed a culture of "Developing a safe habit" and adhered to the principle of "Everyone is responsible for production safety", and created an atmosphere of production safety for all our employees. The Company has formulated the Production Safety Education and Training System and the Production Safety Reward and Punishment Management System, established incentive and restraint mechanisms for production safety, and carried out a series of safety training, safety drills, and evaluation activities to encourage and urge our employees to secure our production safety capacity. By the end of 2022, the proportion of the Company's safety management personnel, special operators and special equipment operators holding this special certificate reached 100%.

Ensuring

During the year, the Company held 37 emergency drills for production safety accidents, including 19 on-site emergency drills, 13 special emergency drills for firefighting, 2 comprehensive emergency drills, 2 special drills for hazardous chemical leakage, and 1 emergency drill for confined space accidents, to continuously enhance the emergency response capability of employees.



Emergency drills for production safety accidents held in 2022

100%

By the end of 2022, the proportion of the Company's safety management personnel, special operators and special equipment operators holding this special certificate reached 100%

"JL Cup" safety knowledge contest

During the year, the Company held the first "JL Cup" safety knowledge contest to help employees fully understand our safety policy with our safety concept of "Be safe, be informed in safety and act safely" deeply rooted in their mind. The contest lasted for 45 days and 3,192 employees participated in it. It was a fun and educational way to motivate employees to learn safety knowledge and enhance their awareness of work safety.

Insure the safety of our contractors

The Company attaches equal importance to the occupational health and safety of its contractors. In the Contractor Management System, the Company clearly requires its contractors to sign a Safety and Environmental Protection Agreement to implement the safety management system and production safety measures. At the same time, the Company will also carry out regular on-site reviews to supervise and manage the implementation of safety standards during the operation of the contractors.





Measures on contractor safety management

- 1. Review the qualifications of selected contractors;
- 2. Sign the safety and environmental protection agreements with qualified contractors;
- 3. Conduct safety training and safety clarification on contractors at admission to site;
- 4. The production safety department will supervise the safety operation of contractors and request them to make correction in any substandard cases.

Maintaining green development Pursuing excellency Keeping safe production Putting people first

Appendix

Insuring Occupational Health

5.32_{RMB million}

operators

Investment in occupational disease safety protection supplies for the on-site

Incidence of occupational diseases among the Company's employees for three consecutive years

4,879

Employees covered by health training sessions The Company has formulated the Occupational Health and Safety Management System, Labor Protection Supplies Management System, External Construction Personnel Safety Management System, Medicine Box Management System and other systems and rules in accordance with the requirements of ISO45001 environmental management system, and numerous efforts have been taken in the occupational health management of our employees. From 2020 to 2022, the incidence of occupational diseases among the Company's employees was 0 for three consecutive years. In 2023, the Company will continue to work with the goal of zero occupational diseases among employees.

Increase investment in labor protection

The Company has provided its employees with protective masks, glasses, gloves and boots and other protective equipment. During the year, the Company has invested as high as RMB 5.32 million in occupational disease safety protection supplies for the on-site operators.

Occupational health examination

The Company has provided occupational health examination for all employees during the whole cycle to prevent those with occupational contraindications from engaging in hazardous operations.

Improve the notification and warning of occupational hazards

The Company has attached labels of chemical safety risk to the equipment in the place where high toxic substances exist, and listed the preventive measures.

Health knowledge training

During the year, the Company has conducted 23 safety and health training sessions for 4,879 employees, covering hazardous chemical safety training, occupational health and safety knowledge, heat prevention and cooling knowledge, rescue knowledge, dangerous operation safety management training, restricted space safety training, etc.

Maintaining

integrity









Our ESG management

compliant operation

and Carbo

Carbon Peaking utrality goals ient ex

Keep safe proo Putting people first Maintaining integrity

Appendix

Putting people first to develop along with our employees

Aiming at "Optimizing the talent structure and developing a professional team with innovative spirit", the Company has built a comprehensive human resource management system integrating "Talent selection, employment, cultivation and retention", providing equal career opportunities for all employees, building a scientific salary system and performance evaluation mechanism, creating a good working atmosphere and environment for employees, enhancing their sense of belonging, and realizing the joint development growth of employees and the Company.

ESG Highlight Performance :

Expense on employee welfare and benefits was RMB 102 million

Sum of various types of bonuses granted was around RMB 44.39 million

In October 2022, the Company granted 2.326 million restricted shares to 220 incentive recipients, accounting for

about 0.34% of the Company's total share capital

The Company has 5,003 employees in total, a year-on-year increase of 41.77%. The number of fem

employees is 1,642, accounting for 32.82% of the Company's employees

ontributing to these



JL MAG RARE-EARTH CO., LTD Invironmental, Social and Governance Report 2022

Ensuring compliant operation Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first Maintaining integrity

Appendix

Protecting the Rights and Interests of Employee

The Company strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Women's Rights and Interests, the Special Provisions on the Labor Protection of Female Employees and other relevant laws and regulations, providing equal career opportunities for all employees and making every endeavor, and making contributions to social security and public housing funds for all employees on time to protect the legitimate rights and interests of employees. The Company will not discriminate against any employee based on age, ethnicity, sex, marital status, nationality, race, religion, union membership or other factors in the recruitment and employment of employees.

At the same time, the Company will sign labor contracts with employees on a voluntary basis, clearly prohibiting child labor and all forms of forced labor. In case of any violation, we will strictly follow the Control and Protection Procedures for the Prohibition of Forced Labor, the Control and Protection Procedures for the Relief of Child and Minor Workers, and the Control Procedures for the Prohibition of Discrimination, Harassment and Abuse of Employees to punish violators and provide appropriate remedial measures to affected parties in a timely manner. No illegal employment practices such as child labor or forced labor were discovered during the year.



Our ESG
management

Ensuring compliant operation Focusing on the Carbon Peaking and Carbon Neutrality goals Maintaining green development Pursuing excellency Keeping safe production Putting people first Appendix

Maintaining

integrity

Employee recruitment and retention

Directed Education Mechanism for Colleges and

Universities In January 2022, the Company signed a college-enterprise cooperation agreement with Jiangxi Environmental Engineering Vocational College to set up a talent training

The Company provides fair and equal opportunities for candidates during recruitment, formulates and abides by the *Recruitment and Employment and Post Shift Management System*, continuously diversify our recruitment approaches, and has established a core talent identification criteria in a bid to building a diverse and dynamic talent team.

The Company has recruited many outstanding college graduates through campus channels in combination with online and offline recruitment. We will publish recruitment requests on the websites of career guidance centers of colleges and universities nationwide as well as external recruitment websites, focusing on the students from universities that are highly matching with our job requirements, and we will interview and accept outstanding graduates first through online communication. We will also participate in large offline campus job fairs and presentations to establish exclusive recruitment channels for new graduates, introduce the Company's recruitment process and corporate culture to them, and attract outstanding young talents.

In terms of social recruitment, the Company will select candidates that match our job requirements and recruit those senior professionals through a variety of recruitment channels, such as online recruitment, headhunter, on-site recruitment, staff referral and internal recruitment. During the year, we have hired¹⁵ 1,971 new employees, with internal recruitment accounting for 23.19%.

Number of







The leaders of the parties granted plaques to each other ¹⁵Number of new emplo

Case Study

¹⁵Number of new employees: Number of employees newly hired in 2022 and still standing on the payroll by the end of 2022 ¹⁶The number of employees includes only full-time employees, no part-time employees were employed by the Company during the year. About II MAG

Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Keeping safe production

Putting people first Maintaining integrity

Appendix



32.82%

Percentage of female employee

10.82%

Percentage of female employee in technical department

32.65%

Percentage of female employee in sales, production and customer service department 12.50%

Percentage of female employee in senior management

17.39%

Percentage of female employee in middle management

16.88%

Percentage of female employee in general staff

Total amount of performance and special bonuses

44.39 RMB million

2.826 million

The Company granted a total of 2.826 million restricted shares to 220 incentive recipients

Compensation and performance of employee

Pursuing

excellency

We have formulated and strictly complied with the *Compensation* Management Control Procedure and have built a scientific compensation system and performance evaluation mechanism to reward and motivate our employees. The Company will conduct regular performance evaluation on all employees and decide their salary according to their positions and abilities. We will provide basic salary, overtime salary, performance evaluation salary, as well as various special rewards for our employees within a fair and reasonable salary system. In addition, the Company has also awarded a variety of prizes, such as safety production prize, quality improvement prize, scientific and technological innovation prize, excellent sales performance, outstanding employee, individual with excellent performance, JL Craftsman, etc., to honor those exemplary individuals and teams with outstanding performance. During the year, the Company has awarded prizes to 208 individual and 83 teams, with a total amount of performance and special bonuses of RMB 44.39 million.

We actively implements the sharing concept of "create a platform and share results", pays attention to the establishment of longterm talent incentive mechanism, implements equity incentive for core employees, fully mobilizes the initiative and enthusiasm of employees, and is committed to realizing the common growth and development of employees and the organization. The Company granted a total of 2.826 million restricted shares to 220 incentive recipients, accounting for about 0.34% of the Company's total share capital in October 2022.



Employee communication and engagement

The Company values the opinions and feedback from its employees and always ready to hear from them through a smooth complaint and feedback channel and protect their legitimate rights and interests.

The Company has formulated the Employee Complaint and Handling Procedure and assigned an employee relationship commissioner to ensure the complaint is handled fairly, transparently and openly. If an employee has any doubts on his/her salary and performance evaluation results, he/she may feedback to the department head and relevant personnel through the complaint hotline, complaint mailbox, complaint form and other channels within 7 working days. After receiving the complaint, the relevant personnel shall verify the complaint timely and handle it within 7 working days. If the employee is still not satisfied with the result, he/she may raise an appeal and we will ensure that the employee's appeal is resolved.

Any employee may communicate directly or indirectly with his/her superiors through any channels such as complaint boxes, employee surveys, OA office groups, employee congresses, regular work meetings and others. The Company will conduct a bi-annual satisfaction survey covering all employees to fully understand their demands, respond to their complaints and suggestions, and implement improvement measures. During the year, we have conducted two satisfaction surveys covering all employees, with 86.74% of them having reported their satisfaction in general.

The Company has formed a trade union to protect the legitimate rights and interests of employees and develop the collective welfares, so as to protect their rights to exercise democratic management in real term according to law. We will hold the employee congress regularly to receive the opinions and suggestions of employee on the development in order to implement democratic management. During the year, all employees of the Company have joined the labor union.

Our ESG management

Ensuring compliant operation Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first Maintaining integrity

Appendix

Supporting the Development of Employee

The Company strives to create promotion opportunity for our employees, optimize our training system, attend to their career development and professional skills improvement, aiming to achieve a win-win results for both employee and the Company.

Promotion of employee

The Company attaches great importance to the development of employee, and provides a dual-track ("technical" and "management") career development approach for employees with different abilities, qualities and career interests in order to open up the career development routes for employees and facilitate their career development. With the "management" approach, the Company will create a vertical promotion mechanism for first line, middle and senior management to cultivate the employee with management potential to become an excellent team leader; and under the "technical" approach, the Company has established five major sequences as profession, quality, sales, function and production to refine the technical development routes for employees in different sequences, so as to provide the employees with diversified career development channels.

The Company will carry out annual assessment on employees by means of "Written test online + practical operation offline", in the forms of: 360-degree evaluation, performance evaluation and quality test to select outstanding talents that can meet standards with great potentials. In addition, the Company will also provide opportunities for employees to transfer to other positions horizontally through internal recruitment, the talent pool, and position rotation inside the Company.







Our ESG

management

Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development safe production

Keeping

Pursuing

excellency

Putting people first Maintaining integrity

Appendix

Employee training

Training system

The Company will continue to build up our talent team and improve the internal training systems such as the Training Management System, New Employee Training Management, Internal Trainer Management System, Reserve Cadre Training System, External Training Management System, in order to improve the overall quality of employee, optimize the training management system, course system, teaching resources and training incentive mechanism, build a multi-level and multichannel training system to continuously improve the quality and result of employee training.

Diversified offline training courses

We conduct centralized face-to-face training on new employees and customize our training plan to each employee, so as to help them better adapt to their work. The Company will assign a mentor for new employees and conduct induction training, preservice theory and skills training, and workshop internship.

We also conduct various kinds of customized training for inservice employees in different positions by means of JL Classroom, external training, knowledge contest, Skill Competition, etc., to improve their professional skills. We create a post rotation training mechanism to provide regular post rotation training for employees in order to diversify their professional skills. The Company will evaluate the training result by means of contest, examination, supervisor evaluation and others to help employee identify their weakness, so as to improve their professional abilities.

In terms of leadership training, the Company will continue to diversify our training programs, providing leadership training with different focuses for senior, middle and first line management. The Company will conduct cultural values guidance training, senior executive rotation, internal and external exchanges, senior management workshops and other trainings for middle and senior management to stimulate their leadership, enhance team vitality, teamwork spirit and creativity. The Company has corporate culture, team management and other trainings for first line management to help them understand corporate culture, build their teams, and constantly improve their management skills.

The Company has formed an internal trainer team composed of cadres and experts to teach safety management, quality management, lean production and other courses to our employees, building and sharing our knowledge within the Company. We have 255 internal trainers during the year.

Improve the online training platform

The Company has built an online learning platform to constantly innovate online training and examination modes and provide video training courses on production safety and environmental protection for employees. During the year, the Company has offered 57 courses on the online platform and had 41,167 participants.



About JL MAG	Our ESG management	Ensuring compliant operation	Focusing on the Carbon Peaking and Carbon Neutrality goals		Keeping safe production	Putting people first	Maintaining integrity	Appendix

In order to encourage employees to receive online training, the Company continues to optimize the training incentive mechanism. We design a credit mall to encourage employees to earn credits for gifts by receiving trainings, which stimulates their learning motives and creates a positive learning atmosphere. During the year, the employees of the Company spent 778,730.74 hours in training, an increase of 19.94% compared to last year, and the duration of training per capita was 155.65 hours.

Support of external skill training

The Company will encourage employees to attend external professional skills training and examination in order to acquire vocational certificates or degree certificates. We will grant skills allowance or fully reimburse their expenses for employees who have obtained relevant certificates, so as to motivate them to continue learning. During the year, the Company has signed a new apprenticeship training agreement with higher education institutions and granted subsidies to employees who have attended training and obtained relevant certificates.





Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first Maintaining integrity

Appendix

Caring for Our Employee

The Company cares for the physical and mental health of our employees, and offers immense benefits and a variety of cultural and sports activities to enrich their life, which has tremendously enhanced their sense of identity and loyalty to the Company.

Benefits

The Company is committed to creating a healthy, comfortable and friendly working environment, constantly improving the construction of living areas and public facilities such as gymnasium, soccer field, basketball court and yoga room, and providing free dormitories and canteens for employees. At the same time, at every Spring Festival, Dragon Boat Festival, Mid-Autumn Festival, Women's Day, Factory Day and employee's birthday, the Company will give beautiful gifts for employees, and provide leaves including maternity leave, nursing leave, lactation leave, family leave, and parental leave, so that employees can feel the Company's care. In addition, the Company provides employees with various allowances such as seniority allowance, high temperature days allowance and travel allowance, so that employees can enjoy the tangible rewards brought by the development of the Company. During the year, the Company has spent a total of approximately RMB 102 million on employee welfare and benefits.

Expense on employee benefits and allowances during the year

102 RMB million



Employee activities

The Company organized various cultural and celebrating activities to enhance the cohesion of our employees. During the year, the Company held various contests and activities such as the "2022 Garden Party", and the Food Festival to create an easy and relaxing atmosphere for them. At the same time, the Company actively carries out various cultural and sports activities to encourage employees to be physically fit and to strengthen the emotional connection between employees in cultural and sports events.



Our ESG management

Maintaining integrity to improve social welfare

The Company is fully aware of its social responsibility. We fully support rural revitalization, continue to engage in community public welfare activities, and do our best to contribute to society to help achieve the goal of common prosperity earlier.

ESG Highlight Performance

Since 2012, the Company has offered scholarships to 914 college students, with a cumulative award amount of RMB

3.08 million

More than 60% of the employees of the Ganzhou factory come from the former national poverty county district

Contributing to these SDGs correspondingly



Our ESG

Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production Putting

people first

Maintaining integrity

Appendix

Case Study

Supporting Rural Revitalization

As an advocate of rural revitalization campaign, we have further promoted the targeted poverty alleviation action to improve the living conditions of remote mountain villages. We have recruited many employees from former poverty-stricken counties in Ganzhou jurisdiction to promote the development of those poverty-stricken areas.

Facilitate rural infrastructure development

The Company continues to promote the construction of rural infrastructure, and is committed to improving rural production and living conditions, and turning villages into a place suitable for living and business. During the year, the Company has donated RMB 300 thousand to the Red Cross Society of Xingguo County and RMB 100 thousand to Ningbo Jiangbei Charity Federation.

Promote the employment of former national poverty county district

The Company has recruited many employees from promote the employment of former national poverty county district and made our effort in ensuring stable employment and rural revitalization. By the end of 2022, we have recruited a total of 2,296 employees from 10 former national key counties and urban areas for poverty alleviation and development, including Gan County, Shangyou County, Yudu County, Huichang County and Nankang County under Ganzhou jurisdiction, accounting for about 60% of the Ganzhou headquarters factory staff.



Build a "Bridge to prosperity" for villagers

In January 2022, in order to facilitate the rural revitalization undertaking of China, we donated RMB 300 thousand to the Red Cross Society of Xingguo County for construction of the Shangyuan Bridge in Gaoxi Village. The slope of highway was protected and reinforced to improve the infrastructure of Gaoxi Village. By the end of 2022, the bridge was completed for traffic, making the villagers' lives much more convenient. The villagers called it a "Bridge to prosperity".



Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development Pursuing

excellency

Keeping safe production

Putting people first Maintaining integrity

Appendix

Engaging in Community Public Welfare Undertakings

The Company focuses on the needs of the community, deeply cares about education, actively invests human and material resources, cooperates with a number of universities to set up the outstanding talent scholarship incentive program to encourage those college students excellent in character and academic performance, feeding back to the community with a firm initial intention and practical actions.

During the year, we set up scholarships at Harbin Institute of Technology, University of Science and Technology Beijing, Nanchang University, Nanchang University of Aeronautics and Astronautics, Jiangxi University of Science and Technology, Shenyang University of Technology, and Ningbo Institute of Materials Technology and Engineering, Chinese Academy of Sciences to sponsor those outstanding students majoring in powder metallurgy, metal materials, magnetic materials, rare earth, and mechanical and electrical engineering. During the year, the Company has provided scholarships of RMB 810,000 cumulatively, and 74 outstanding college students in total were awarded. Since the Company has established scholarships in some universities in 2012, it has offered scholarships to 914 college students with a total cumulative amount of RMB 3.08 million.

914 participants

3.08 RMB million Scholarship offered since its establishment by the Company in 2012



Our ESG

management

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first

Appendix

Maintaining

integrity

Appendix: ESG Key Performance Sheets

Focusing on the Carbon Peaking and Carbon Neutrality goals to tackle climate change

	Indicator	Unit	2022	2021	2020
1	Total GHG emission	tCO2e	109,146	91,005	73,971
2	GHG emission (scope 1)	tCO2e	3,221	2,562	2,177
3	GHG emission (scope 2)	tCO2e	105,925	88,443	71,793
4	GHG emission intensity per RMB 1,000 of revenue	tCO2e/RMB'000	0.015	0.022	0.031

Maintaining green development to build ecological civilization

	Indicator	Unit	2022	2021	2020
1	Energy consumption	MWh	199,940	181,069	147,473
2	Energy intensity per RMB 1,000 of revenue	MWh/RMB'000	0.03	0.04	0.06
3	Total direct energy consumption	MWh	14,204	12,830	10,905
4	Natural gas consumption	m ³	1,300,453	1,184,947	1,007,188
5	Diesel consumption	MWh	33.98	/	/
6	Gas emission	MWh	97.25	/	/
7	Electricity consumption	MWh	185,736	168,239	136,568
8	Water consumption	tonne	785,400	732,345	551,868
9	Total discharge of water	tonne	337,953	/	/
10	Water intensity per RMB 1,000 of revenue	tonne /RMB'000	0.11	0.19	0.24

	I	Indicator	Unit	2022	2021	2020
11	Total exhaust e	mission	tonne	5.27	/	/
	Exhaust emissions by	Nitrogen oxide emissions (NOx)	tonne	2.26	/	/
12		Sulfur oxide emissions (SOx)	tonne	0.51	/	/
12	type	Particulate matter emissions	tonne	1.98	/	/
		Volatile Organic compound emissions (VOC)	tonne	0.52	/	/
13	Total volume o	f wastewater treatment	ten thousand tonnes	35.52	24.93	/
		Chemical oxygen demand (COD)	tonne	6.01	/	/
	The amount by substance in the wastewater	Ammonia nitrogen emissions from wastewater	tonne	1.41	/	/
14		Phosphorus emissions from wastewater	tonne	0.05	/	/
		Nitrogen emissions from wastewater	tonne	0	/	/
15	Wastewater tre revenue	atment intensity per RMB 1,000 of	tonne/RMB'000	0.05	0.06	/
16	Total volume o	f hazardous waste treated	tonne	463.27	407.00	/
		Landfill	tonne	5.24	/	/
17	Hazardous waste by	combustion (without heat recovery	tonne	143.15	/	/
17	treatment method	combustion (with heat recovery)	tonne	4.14	/	/
		Other methods	tonne	310.74	/	/
18	Hazardous was 1,000 of revenu	te treatment intensity per RMB e	kg / RMB'000	0.06	0.10	/

About	Our ESG	Ensuring	Focusing on the Carbon Peaking	Maintaining	Pursuing	Keeping	Putting	Maintaining	Appendix
JL MAG	management	compliant operation	and Carbon Neutrality goals	green development	excellency	safe production	people first	integrity	

	Indicator		Unit	2022	2021	2020
Com	pliant treatment	rate of hazardous waste	%	100	100	/
		General industrial solid waste	tonne	14,380	/	/
20 Non-hazardous waste by type		Domestic waste	tonne	413	/	/
		Kitchen waste	tonne	284	/	/
Reco	overy rate of gene	ral industrial solid waste	%	95.4	/	/
Non-	hazardous waste	2	tonne	15,077	1,237	/
Non-hazardous treatment intensity per RMB 1,000 of revenue			kg/RMB'000	2.10	/	/
Amount of environmental protection investment			RMB million	15.37	10.18	/
	-on-year increase ronmental protec	rate of Investment in tion	%	50.98	/	/
Non- Non- 1,000 Amou inves Year-	-hazardous waste -hazardous treatr 0 of revenue unt of environme stment -on-year increase	e nent intensity per RMB ntal protection rate of Investment in	tonne kg/RMB'000 RMB million	15,077 2.10 15.37	/	

Pursuing excellency to create a better life

	Indicator	Unit	2022	2021	2020
1	Cumulative investment of R&D in recent three years	RMB million	600	328	223
2	Amount of investing in R&D	RMB million	337.5	160.2	103.2
3	R&D investment as a percentage of revenue	%	4.7	3.9	4.3
4	Year-on-year increase rate of R&D investment	%	110.7	55.2	60.4
5	Number of science and technology innovation awards evaluated by the Company	-	24	24	/
6	Amount of bonus awarded for the science and technology innovation awards	RMB million	1.27	1.45	/
7	Number of people awarded by the science and technology innovation award	person	163	/	/
8	Number of authorized patents helded	item	60	50	37

		Indicator	Unit	2022	2021	2020
9	Number of authorized	Authorized invention patents	item	28	23	37
9	patents by type	Authorized utility model patents	item	32	27	17
10	Number of newly	authorized invention patents	item	5	4	6
11	Number of provin	cial and ministerial level research projects	item	1	/	/
		Annual production	tonne	9,965	6,064	4,111
	Production of high-	Year-over-year increase	%	64.33	47.51	95.76
12	performance REPM utilizing GBD technology	Percentage of the Company's total product output in the same period	%	77.94	58.73	42.77
		Ultra-high-grade products	tonne	6,124	3,437	/
13	Training sessions	on product protection knowledge	-	83	/	/
14	Quality managem	ent process inspection timeliness rate	%	100	/	/
15	Quality managem	ent process correction rate	%	100	/	/
16	Quality improvem	ent incentive bonus	RMB million	1	/	/
17	Investment in digi	tization since 2021	RMB million	11.65	9.55	/
18	Investment in buil	ding the automation system	RMB million	65	/	/
19	Increase in produc	ction efficiency	%	18.8	14	/
20	New automated e	quipment independently developed	set	342	250	100
21	Existing automate	d equipment upgraded	set	52	130	/
22	Improvement wee	k training activities conducted	time	198	/	/
23	Number of supplie	ers	-	304	148	/

Ensuring

Our ESG

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development Pursuing

excellency

Keeping safe production

Appendix

Maintaining

integrity

Keeping safe production to build the defense line for safety

		Indicator	Unit	2022	2021	2020
1	Investment in he	ealth and safety projects	RMB million	9.04	7.19	/
2	Year-on-year inc	rease of investment in health and safety projects	%	25.84	/	/
		Investment in improving, renovating and maintaining safety protection facilities and equipment	RMB million	0.05	/	/
		Investment in equipping, maintaining and maintaining emergency rescue equipment, equipment and emergency exercises	RMB million	0.37	/	/
	Health and security	Work safety inspection and evaluation (excluding safety evaluation of new construction, reconstruction and expansion projects), consultation and standardization construction expenditures	RMB million	0.18	/	/
3	projects Investment by type	Investment in publicity, education, training and activities related to workplace safety	RMB million	0.06	/	/
		Outlay for equipping and updating safety protective equipment for field workers	RMB million	5.32	/	/
		Investment in inspection and inspection of safety facilities and special equipment	RMB million	0.53	/	/
		Other Investment directly related to work safety	RMB million	0.24	/	/
		Other	RMB million	2.20	/	/
		Occupational health management (including occupational-disease-inductive factor test and assessment, occupational health examination fee)	RMB million	0.60	/	/
4	Number of work	-related fatalities	person	0	0	0
5	Rate of work-related fatalities		%	0	0	0
6	Time lost due to work injuries		day	1,394	657	/
7	Number of work-related loss events		-	68	/	/
8	Number of safety accidents resulting in serious injuries or beyond		-	0	0	0
9	Number of fire a economic loss	ccidents causing more than RMB 10,000 of direct	-	0	0	0

		Indicator	Unit	2022	2021	2020	
		Number of suppliers in East China	-	175	51	/	
		Number of suppliers in Central China	-	17	51	/	
24	Number of	Number of suppliers in South China	-	52	24	/	
24	suppliers by region	Number of suppliers in North China	-	50	17	/	
		Number of suppliers in West China	-	10	5	/	
			Number of suppliers in foreign countries and regions	-	0	0	/
25	Ratio of loca	al suppliers	%	39.8	/	/	
26	Supplier qu	ality management training sessions	-	8	/	/	
27	Raw materia	materials	%	100	/	/	
21	pass rate by type	Pass rate for other raw materials	%	100	/	/	
28	Ratio of time	ely procurement delivery	%	96.76	/	/	
29	Customer sa	atisfaction	point	98	/	/	
30	Average delivery time of products shortened than previous year		day	0.5	2	/	
31	Order on-tir	ne delivery rate	%	99.3	/	/	
32	Customer co	omplaint resolution rate	%	100	/	/	

10

11

12

13

14

15

16

17

18

19

20 21

22

23

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Keeping safe production

Pursuing

excellency

Putting people first Maintaining integrity

Appendix

Putting people first to develop along with our employees

Unit	2022	2021	2020			Indicator	Unit	2022	2021	2020	
%	100	/	/	1	Number of emp	oloyees	person	5,003	3,529	3,043	
%	100	/	/	2	Number of	Male	person	3,361	2,332	2,041	
%	100	/	/	2	gander	Female	person	1,642	1,197	1,002	
%	100	/	/			30 or below	person	1,509	1,038	837	
%	100	/	/	3		31-40	person	2,467	1,797	1,557	
-	37	14	/		age	41-50	person	976	651	608	
-	2	1	/			51 or above	person	51	43	41	
-	2	1	/			Jiangxi province	person	3,825	3,148	3,020	
-	13	4	/	4	Number of employees by region	Inner Mongolia Autonneomous Region	person	1,090	354	5	
-	19	8	/	-		Zhejiang province	person	66	/	/	
-	1	/	/			Other parts of China and overseas	person	22	27	18	
-	0	0	0		Number of	Senior management	person	8	8	8	
-	23	6	/	5	employees by	Middle management	person	253	190	138	
person	4,879	/	/		cutegory	General staff	person	4,742	3,331	2,897	
				6	Percentage of fe	emale employee	%	32.82	33.92	32.93	
					Percentage of	Percentage of female employee in senior management	%	12.50	12.50	12.50	
				7	female employees by	Percentage of female employee in middle management	%	17.39	/	/	
					category	Percentage of female employee in general staff	%	16.88	/	/	
				8	Percentage of female	Percentage of female employee in sales, production and customer service department	%	32.65	/	/	
					employees by department	Percentage of female employee in technical department	%	10.82	/	/	
				9	Employee turno	over	person	653	/	/	
	% % <td< td=""><td>% 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 - 2 - 2 - 13 - 19 - 0 - 23</td><td>% 100 / % 100 / % 100 / % 100 / % 100 / % 100 / % 100 / % 100 / % 100 / - 37 14 - 2 1 - 2 1 - 13 4 - 19 8 - 1 / - 0 0 - 23 6</td><td>%100//$%$$100$//$%$$100$//$%$$100$//$%$$100$//$%$$100$//$%$$100$//$37$$14$/$2$$1$/$2$$1$/$13$$4$/$19$$8$/$0$$0$$0$$23$$6$/</td><td>% 100 / / 1 % 100 / / 2 % 100 / / 3 % 100 / / 3 % 100 / / 3 % 100 / / 3 % 100 / / 3 ~ 37 14 / 3 ~ 2 1 / 4 ~ 13 4 / 4 ~ 19 8 / 5 person 4,879 / / 5 1 / / / 5 1 / / / 5 person 4,879 / / 6 7 8 / 7 8 8 8 8 8 1 1</td><td>% 100 / / % 100 / / 2 Number of employees by garder % 100 / / 3 Number of employees by garder % 100 / / 3 Number of employees by garder % 100 / / 3 Number of employees by age ° 2 1 / / 3 Number of employees by age ° 2 1 / / 4 Number of employees by age ° 2 1 / / 4 Number of employees by region ° 13 4 / / 4 Number of employees by region ° 1 / / / 5 Number of employees by region ° 1 / / / / 6 Percentage of female employees by region ° 1 / / / / 6 Percentage of female employees by region ° 1 / / / / /</td><td>% 100 / / % 100 / / 2 Number of employees by gender Male % 100 / / / 30 or below % 100 / / 30 or below 31-40 % 100 / / 31-40 41-50 - 37 14 / 41-50 51 or above - 2 1 / 41-50 51 or above - 13 4 / 7 160 00 00 - 1 / / / 20 10 / - 13 4 / / 100 00 00 20</td><td>% 100 /</td><td>% 100 / / 5.003 % 100 / / 3.31 % 100 / / 3.31 % 100 / / 3.31 % 100 / / 1 Number of employees by gamma Male person 1.642 % 100 / / / 30 or below person 1.642 - 37 14 / / 31.40 person 2.467 - 2 1 / / 30 or below person 2.467 - 2 1 / / 30 or below person 2.467 - 2 1 / / 30 or below person 5.10 - 2 1 / / 30 or below person 3.351 - 13 4 / / janggi province person 3.351</td><td>90 100 / / 96 100 / / 96 100 / / 96 100 / / 96 100 / / 96 100 / / 96 100 / / 96 100 / / 96 100 / / 97 14 / / 9 100 / / // 9 100 / /// /// /// /// /// //// //// ///// ///// ///// ///// ///// ////// ///// ////// ////// /////// ////// /////// ////// ////// /////// ///////</td><td>9 100 /</td></td<>	% 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 - 2 - 2 - 13 - 19 - 0 - 23	% 100 / % 100 / % 100 / % 100 / % 100 / % 100 / % 100 / % 100 / % 100 / - 37 14 - 2 1 - 2 1 - 13 4 - 19 8 - 1 / - 0 0 - 23 6	% 100 // $%$ 100 // $%$ 100 // $%$ 100 // $%$ 100 // $%$ 100 // $%$ 100 // $ 37$ 14 / $ 2$ 1 / $ 2$ 1 / $ 13$ 4 / $ 19$ 8 / $ 0$ 0 0 $ 23$ 6 /	% 100 / / 1 % 100 / / 2 % 100 / / 3 % 100 / / 3 % 100 / / 3 % 100 / / 3 % 100 / / 3 ~ 37 14 / 3 ~ 2 1 / 4 ~ 13 4 / 4 ~ 19 8 / 5 person 4,879 / / 5 1 / / / 5 1 / / / 5 person 4,879 / / 6 7 8 / 7 8 8 8 8 8 1 1	% 100 / / % 100 / / 2 Number of employees by garder % 100 / / 3 Number of employees by garder % 100 / / 3 Number of employees by garder % 100 / / 3 Number of employees by age ° 2 1 / / 3 Number of employees by age ° 2 1 / / 4 Number of employees by age ° 2 1 / / 4 Number of employees by region ° 13 4 / / 4 Number of employees by region ° 1 / / / 5 Number of employees by region ° 1 / / / / 6 Percentage of female employees by region ° 1 / / / / 6 Percentage of female employees by region ° 1 / / / / /	% 100 / / % 100 / / 2 Number of employees by gender Male % 100 / / / 30 or below % 100 / / 30 or below 31-40 % 100 / / 31-40 41-50 - 37 14 / 41-50 51 or above - 2 1 / 41-50 51 or above - 13 4 / 7 160 00 00 - 1 / / / 20 10 / - 13 4 / / 100 00 00 20	% 100 /	% 100 / / 5.003 % 100 / / 3.31 % 100 / / 3.31 % 100 / / 3.31 % 100 / / 1 Number of employees by gamma Male person 1.642 % 100 / / / 30 or below person 1.642 - 37 14 / / 31.40 person 2.467 - 2 1 / / 30 or below person 2.467 - 2 1 / / 30 or below person 2.467 - 2 1 / / 30 or below person 5.10 - 2 1 / / 30 or below person 3.351 - 13 4 / / janggi province person 3.351	90 100 / / 96 100 / / 96 100 / / 96 100 / / 96 100 / / 96 100 / / 96 100 / / 96 100 / / 96 100 / / 97 14 / / 9 100 / / // 9 100 / /// /// /// /// /// //// //// ///// ///// ///// ///// ///// ////// ///// ////// ////// /////// ////// /////// ////// ////// /////// ///////	9 100 /

About	Our ESG	Ensuring	Focusing on the Carbon Peaking	
JL MAG	management	compliant operation	and Carbon Neutrality goals	gre

eaking Maintaining oals green development

Pursuing nt excellency

Keeping safe production Putting people first Maintaining

integrity

	Indica	tor	Unit	2022	2021	2020	
10	Employee turnover by	Male	person	420	/	/	
10	gender	Female	person	233	/	/	
		30 or below	person	250	/	/	
11	Employee	31-40	person	318	/	/	
11	turnover by age	41-50	person	83	/	/	
		51 or above	person	2	/	/	
		Jiangxi province	person	537	/	/	
12	Employee turnover by region	Inner Mongolia Autonneomous Region	person	115	/	/	
12			Zhejiang province	person	2	/	/
		Other parts of China and overseas	person	0	/	/	
13	Employee turnove	r rate ¹⁵	%	8.88	/	/	
	Employee	Male	%	8.44	9.80	/	
14	turnover rate by gender	Female	%	9.78	10.93	/	
		30 or below	%	9.58	12.09	/	
15	Employee	31-40	%	8.98	9.76	/	
15	turnover rate by age	41-50	%	7.18	7.86	/	
		51 or above	%	4.00	4.55	/	
		Jiangxi province	%	10.13	11.15	/	
10	Employee	Inner Mongolia Autonneomous Region	%	5.87	0.45	/	
16	turnover rate by region	Zhejiang province	%	2.67	/	/	
		Other parts of China and overseas	%	0	6.90	/	

	Indicator		Unit	2022	2021	2020
17	New employees	s hired	person	1,971	664	/
18	Percentage of in	nternal recruitment	%	23.19	/	/
19	Labor contract	signing rate	%	100	100	/
20		ing contracts related to the male employees' special rights	%	100	/	/
21	Employee wage signing rate	e protection related agreement	%	100	/	/
22	Social Insurance contribution rat	e and Provident Fund tes	%	100	/	/
23	Percentage of employees who have joined the labor union		%	100	/	/
24	Number of Individual awards		item	208	/	/
25	Number of Group awards		item	83	/	/
26	Total amount of performance and special bonuses		RMB million	44.39	33.85	/
27	Equity grants in	centivize employee numbers	person	220	220	/
28	Granted restrict	ed shares	million shares	2.826	4.9958	/
29	Ratio of the tota	al share capital	%	0.34	2	/
30	Duration of trai	ning per capita	hour	155.65	183.93	164.54
31	Duration of training per	Male employees average duration of training	hour	155.65	183.93	164.54
51	capita by gender	Female employees average duration of training	hour	155.65	183.93	164.54
	Duration of	Senior management average duration of training	hour	104.94	112	108
32	training per capita by	Middle management average duration of training	hour	169.59	201.63	183.4
	category	General staff average duration of training	hour	154.99	182.03	163.8
33	Total hours of t	raining for employees	hour	778,730.74	649,272.90	499,872.52

¹⁵ Employee turnover rate = Number of employees leaving after passing the probation period/(number of employees at the beginning of the period + number of new employees in the current period)

Our ESG

management

Focusing on the Carbon Peaking and Carbon Neutrality goals Maintaining

Pursuing excellency green development

Keeping safe production

Appendix

Maintaining

integrity

Maintaining integrity to improve social welfare

	Indi	cator	Unit	2022	2021	2020
34	Total hours of training for	Male	hour	523,148.91	429,108.69	335,497.06
54	employees by gender	Female	hour	255,581.83	220,164.21	164,375.46
35	Year-over-year increase rate	e of training hours for employees	%	19.94	29.89	/
36	Number of employee traine	d	person	5,003	3,529	3,043
27	Number of employee	Male	person	3,361	2,332	2,041
37	trained by gender	Female	person	1,642	1,197	1,002
		Number of senior management trained	person	8	8	8
38	Number of employee trained by category	Number of middle management trained	person	253	190	138
		Number of general staff trained	person	4,742	3,331	2,897
39	Percentage of employee tra	ained	%	100	100	100
40	Percentage of employee	Male	%	67.18	/	/
40	trained by gender	Female	%	32.82	/	/
		Proportion of senior management trained	%	0.16	/	/
41	Percentage of employee trained by category	Percentage of middle management trained	%	5.06	/	/
		Percentage of general staff trained	%	94.78	/	/
42	Employee training activities		item	677	/	/
43	Percentage of employees co	overed by business ethics training	%	100	/	/
44	Comprehensive employees	atisfaction	%	86.74	/	/
45	Expense on employee bene	fits and allowances	RMB million	102	63	/

	Indicator	Unit	2022	2021	2020
1	Amount of community investment	RMB million	1.21	2.14	/
2	Number of employees from the former national poverty county district	person	2,296	2,062	/
3	Cumulative number of scholarship offered	participants	914	840	/
4	Cumulative amount of scholarship	RMB million	3.08	2.20	/
5	Total taxes contribution since the Company was established	RMB million	824	644	/

Appendix: Content Index of the *Environmental, Social and Governance Reporting Guidelines* of the Hong Kong Stock Exchange

Maintaining

green development

Pursuing

excellency

Keeping

safe production

Putting

people first

Maintaining

integrity

Appendix

About

JL MAG

Our ESG

management

Ensuring

compliant operation

Focusing on the Carbon Peaking

and Carbon Neutrality goals

Subject Areas, Aspec	cts, General Disclosures and KPIs	Response	Requirements, key	areas, dimensions, general disclosure and Key Performance Indicators	Response
Mandatory Disclosure I Governance Structure	 A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 			Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Maintaining green development to build ecological civilization togethe Strengthening the Management of Three Types of Wastes
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder	About this Report Reporting Principles	KPI A1.1	The types of emissions and respective emissions data.	Maintaining green development to build ecological civilization togethe Strengthening the Management of Three Types of Wastes
	engagement.		KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnenes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Focusing on the Carbon Peaking an Carbon Neutrality goals to tackle climate change Achieving the Carbon Peaking and Carbon Neutrality Goals
Reporting Boundary	 and the second structure of the second st	About this Report Reporting time frame Reporting scope	KPI A1.3	Total hazardous waste produced (in tonnenes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Maintaining green development to build ecological civilization Strengthening the Management of Three Types of Wastes
"Comply or explain" Pr A. Environmental		Reporting scope	KPI A1.4	Total non-hazardous waste produced (in tonnenes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Maintaining green development to build ecological civilization Strengthening the Management of Three Types of Wastes
Aspect A1: Emissions			KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Focusing on the Carbon Peaking an Carbon Neutrality goals to tackle climate change Creating low-carbon products Maintaining green development to build ecological civilization Strengthening the Management of Three Types of Wastes

KPI A1.6Description of how hazardous and non-hazardous wastes are handled, and a description
of reduction target(s) set and steps taken to achieve them.Maintaining green development to
build ecological civilization
Strengthening the Management of
Three Types of Wastes

About	Our ESG	Ensuring		Maintaining	Pursuing	Keeping	Putting	Maintaining	Appendix
JL MAG	management	compliant operation	and Carbon Neutrality goals	green development	excellency	safe production	people first	integrity	Appendix

Subject Areas, Aspe	cts, General Disclosures and KPIs	Response
Aspect A2: Use of Resc	nurces	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings,	Maintaining green development to build ecological civilization Optimizing the Utilization of Resources
KPI A2.1	electronic equipment, etc. Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total	Maintaining green development to build ecological civilization together
1111/2.1	(KWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Optimizing the Utilization of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Maintaining green development to build ecological civilization
	racinty).	Optimizing the Utilization of Resources
		Focusing on the Carbon Peaking and Carbon Neutrality goals to tackle climate change
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Achieving the Carbon Peaking and Carbon Neutrality Goals
		Maintaining green development to build ecological civilization
		Optimizing the Utilization of Resources
		Focusing on the Carbon Peaking and Carbon Neutrality goals to tackle climate change
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Achieving the Carbon Peaking and Carbon Neutrality Goals
		Maintaining green development to build ecological civilization
		Optimizing the Utilization of Resources
KPI A2.5	Total packaging material used for finished products (in tonnenes) and, if applicable, with reference to per unit produced.	This is a non-material subject
Aspect A3: The Enviror	nment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Maintaining green development to build ecological civilization
	natural resources.	Optimizing the Utilization of Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Maintaining green development to build ecological civilization
		Optimizing the Utilization of Resources
Aspect A4: Climate Cha	ange	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Focusing on the Carbon Peaking and Carbon Neutrality goals to tackle climate change
		Preventing climate risks

Subject Areas, Aspe	cts, General Disclosures and KPIs	Response
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Focusing on the Carbon Peaking and Carbon Neutrality goals to tackle climate change
	may impue, the issuer, and the actions taken to manage them.	Preventing climate risks
		Creating low-carbon products
B. Social		
Employment and Labo	our Practices	
Aspect B1: Employmer	nt	
	Information on:	Putting people first to develop along with our employees
General Disclosure	(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer	Protecting the Rights and Interests of Employee
	relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Supporting the Development o Employee
		Caring for Our Employee
		Putting people first to develop
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and	along with our employees
III DI.I	geographical region.	Protecting the Rights and Interests of Employee
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	ESG Key Performance Sheets
Aspect B2: Health and	Safety	
	Information on:	
	(a) the policies; and	Keeping safe production to
General Disclosure	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	build the defense line for safety
	relating to providing a safe working environment and protecting employees from occupational hazards.	Insuring Occupational Health
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	ESG Key Performance Sheets
KPI B2.2	Lost days due to work injury.	ESG Key Performance Sheets
KPI B2.3	Description of occupational health and safety measures adopted, and how they are	Keeping safe production to build the defense line for safety
	implemented and monitored.	Insuring Occupational Health

About JL MAG	Our ESG management	Ensuring compliant operation	Focusing on the Carbon Peaking and Carbon Neutrality goals		Keeping safe production	Putting people first	Maintaining integrity	Appendix

Subject Areas, Aspe	ects, General Disclosures and KPIs	Response	Subject Areas, Aspe	cts, General Disclosures and KPIs	Response
Aspect B3: Developme	nt and Training				Pursuing excellency to create
		Pursuing excellency to create a	KPI B5.1	Number of suppliers by geographical region.	better life
		better life			Responsible Supply Chain
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Strictly Controlling Product Quality	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Pursuing excellency to create better life
Seneral Disclosure	Note: Training refers to vocational training. It may include internal and external courses paid	Putting people first to develop		process are being implemented, and now arey are implemented and monitored.	Responsible Supply Chain
	by the employer.	along with our employees Supporting the Development of	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain and how they are implemented and monitored.	Pursuing excellency to create better life
		Employee		and now they are implemented and monitored.	Responsible Supply Chain
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Putting people first to develop along with our employees	KPI B5.4	Description of practices used to promote environmentally preferable products and services	Pursuing excellency to create a better life
	management, middle management).	Supporting the Development of Employee		when selecting suppliers, and how they are implemented and monitored.	Responsible Supply Chain
		Putting people first to develop	Aspect B6: Product Re	sponsibility	
KPI B3.2	The average training hours completed per employee by gender and employee category.	along with our employees		Information on:	
NFT DJ.Z	The average training hours completed per employee by gender and employee category.	Supporting the Development of		(a) the policies; and	Pursuing excellency to create a
		Employee	General Disclosure	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	better life
Aspect B4: Labour Sta	Aspect B4: Labour Standards			relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Optimizing Customer Services
	(a) the policies; and	Putting people first to develop along with our employees	KPI B6.1		Pursuing excellency to create a
General Disclosure	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	0 1 ,		Percentage of total products sold or shipped subject to recalls for safety and health reasons.	better life
	relating to preventing child and forced labour.	Interests of Employee			Optimizing Customer Services
		Putting people first to develop along with our employees	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Pursuing excellency to create a better life
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Protecting the Rights and			Optimizing Customer Services
		Interests of Employee Putting people first to develop	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Pursuing excellency to create a better life
		along with our employees			Focusing on R&D Innovations
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Protecting the Rights and Interests of Employee			
Operating Practices					
Aspect B5: Supply Cha	in Management				
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Pursuing excellency to create a better life			

Responsible Supply Chain

About JL MAG	Our ESG management	Ensuring compliant operation	Focusing on the Carbon Peaking and Carbon Neutrality goals	Maintaining green development	Pursuing excellency	Keeping safe production	Putting people first	Maintaining integrity	Appendix

<pi b6.4<="" th=""><th>Description of quality assurance process and recall procedures.</th><th>Pursuing excellency to create a better life Strictly Controlling Product Quality Maintaining green development to</th></pi>	Description of quality assurance process and recall procedures.	Pursuing excellency to create a better life Strictly Controlling Product Quality Maintaining green development to
KPI B6.4	Description of quality assurance process and recall procedures.	Maintaining green development to
KPI B6.4	Description of quality assurance process and recall procedures.	
		build ecological civilization
		Strengthening the Management of Three Types of Wastes
<pi b6.5<="" td=""><td>Description of consumer data protection and privacy policies, and how they are</td><td>Pursuing excellency to create a better life</td></pi>	Description of consumer data protection and privacy policies, and how they are	Pursuing excellency to create a better life
	implemented and monitored.	Optimizing Customer Services
Aspect B7: Anti- corruption		
	Information on:	
	(a) the policies; and	Ensuring compliant operation to
General Disclosure	(b) compliance with relevant laws and regulations that have a significant impact on the	realize sound development
	issuer	Adhering to Business Ethics
	relating to bribery, extortion, fraud and money laundering.	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Ensuring compliant operation to realize sound development
	or its employees during the reporting period and the outcomes of the cases.	Adhering to Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are	Ensuring compliant operation to realize sound development
	implemented and monitored.	Adhering to Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Ensuring compliant operation to realize sound development
		Adhering to Business Ethics
Community		
Aspect B8: Community		

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Maintaining integrity to improve social welfare	
		Engaging in Community Public Welfare Undertakings	

Subject Areas, Aspect	s, General Disclosures and KPIs	Response
		Maintaining integrity to improve social welfare
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Supporting Rural Revitalization
		Engaging in Community Public Welfare Undertakings
		Maintaining integrity to improve social welfare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Supporting Rural Revitalization
		Engaging in Community Public Welfare Undertakings

Ensuring compliant operation

Focusing on the Carbon Peaking and Carbon Neutrality goals

Maintaining green development

Pursuing excellency

Keeping safe production

Putting people first Maintaining integrity

Appendix

Appendix: GRI Standard Content Index 3

Numbering	content	Disclose location	Numbering	content	Disclose location
101	Reporting Basics, containing the reporting principles needed to define the content and quality of the report	About this Report Reporting Principles	206	Anticompetitive behavior	Ensuring compliant operation to realize sound development Adhering to Business Ethics
102	Company Profile	About JL MAG Company Profile Chronicle of Events Honors and awards	207 ENVIRONMENT	Taxes	About JL MAG ESG Highlight Performance
		ESG Highlight Performance			Focusing on the Carbon Peaking and Carbon
Economy					Neutrality goals to tackle climate change
201	Economic performance	Chairman's Statement	301	Materials	Achieving the Carbon Peaking and Carbon Neutrality Goals
202	Market performance	Not applicable			Pursuing excellency to create a better life
203	Indirect Economic effects Maintaining integrity to improve social welfare Supporting Rural Revitalization Participating in community welfare Purchasing Practices Pursuing excellency to create a better life Fighting corruption Ensuring compliant operation to realize sound development Adhering to Business Ethics Adhering to Business Ethics			Responsible Supply Chain Focusing on the Carbon Peaking and Carbon Neutrality goals to tackle climate change Achieving the Carbon Peaking and Carbon	
		Focusing on Lean production Responsible Supply Chain Ensuring compliant operation to realize sound development	302		Neutrality Goals
204				Energy	Creating low-carbon products
204				Maintaining green development to build ecological civilization	
					Optimizing the Utilization of Resources
205					Maintaining green development to build ecological civilization together
			303	Water Resources and Sewage	Optimizing the Utilization of Resources
					Strengthening the Management of Three Types of Wastes

About JL MAG	Our ESG management	Ensuring compliant operation	Focusing on the Carbon Peaking and Carbon Neutrality goals	Maintaining green development	Pursuing excellency	Keeping safe production	Putting people first	Maintaining integrity	Appendix

Numbering	content	Disclose location	Numbering	content	Disclose location
304	Biodiversity	Not applicable			Keeping safe production to build the defense line for safety
305	Emissions	Focusing on the Carbon Peaking and Carbon	404	Training and Education	Ensuring the Production Safety
		Neutrality goals to tackle climate change	404		Putting people first to develop along with our
		Creating low-carbon products			employees
		Maintaining green development to build ecological civilization together			Supporting the Development of Employee
		Strengthening the Management of Three Types of Wastes	405	Diversity and equality of opportunity	Putting people first to develop along with our employees
					Protecting the Rights and Interests of Employee
306	Waste Maintaining green development to build ecological civilization together		Putting people first to develop along with our		
		Strengthening the Management of Three Types	406	Anti-discrimination	employees
		of Wastes			Protecting the Rights and Interests of Employee
308	Supply chain environmental assessment	Focusing on the Carbon Peaking and Carbon Neutrality goals to tackle climate change	407	Freedom of Association and collective bargaining	Not applicable
		Achieving the Carbon Peaking and Carbon Neutrality Goals	408	Child labor	Putting people first to develop along with our employees
		Pursuing excellency to create a better life	400	Child Iabor	Protecting the Rights and Interests of Employee
		Responsible Supply Chain			
			409	Forced and compulsory labor	Putting people first to develop along with our
society					employees Distanting the Dights and Interacts of Employee
401	Hire	Putting people first to develop along with our			Protecting the Rights and Interests of Employee
		employees	410	Security practice	Not applicable
		Protecting the Rights and Interests of Employee	411	Aboriginal Rights	Not applicable
402	Labor relations	Putting people first to develop along with our			Maintaining integrity to improve social welfare
		employees	412		Maintaining integrity to improve social welfare
		Protecting the Rights and Interests of Employee	413	Local community	Supporting Rural Revitalization
03	Occupational and Health Safety	Keeping safe production to build the defense			Participating in community welfare
		line for safety			Ensuring compliant operation to realize sound
		Insuring Occupational Health			development
			414	Supplier social evaluation	Adhering to Business Ethics
					Pursuing excellency to create a better life
					Responsible Supply Chain

Ab	out	
JL	MAG	

Maintaining integrity

Numbering	content	Disclose location
415	Public Policy	Not applicable
416	Customer health and safety	Pursuing excellency to create a better life Optimizing Customer Services
417	Marketing and signage	Pursuing excellency to create a better life Optimizing Customer Services
418	Customer privacy	Pursuing excellency to create a better life Optimizing Customer Services

Dear readers:

Hello!

Thank you for taking your precious time to read JL MAG RARE-EARTH CO., LTD. Environmental, Social and Governance Report 2022.

We cordially invite you to fill out the feedback form and tell us your valuable comments on JL MAG's ESG performance and report to help us further improve our ESG management capability.

You can give us valuable feedback by scanning the QR code on the right or contact us by email.

Our Contact Information Email: <u>ESG@jlmag.com.cn</u>



Scan the QR code and give us your valuable feedback.