

China Hongqiao Group Limited 中國宏橋集團有限公司

(Incorporated under the laws of the Cayman Islands with limited liability) Stock Code : 1378 2024 Environmental, Social and Governance Report



CONTENTS

ABOUT THIS REPORT	1
CHAIRMAN'S STATEMENT	4
ABOUT CHINA HONGQIAO CORPORATE PROFILE MANAGEMENT PHILOSOPHY	8 8 9
ANNUAL PROGRESS IN SUSTAINABLE DEVELOPMENT ANNUAL PERFORMANCE AND HONOURS PROGRESS IN SUSTAINABLE DEVELOPMENT FOR THE YEAR	10 10 15
RESPONDING TO EXPECTATIONS AND PRACTISING SUSTAINABLE GOVERNANCE THE BOARD'S STATEMENT SUSTAINABILITY GOVERNANCE SYSTEM ESG RISK MANAGEMENT STAKEHOLDER ENGAGEMENT MATERIALITY ASSESSMENT RESPONSE TO MATERIAL ISSUES	16 16 19 21 23 25
ENSURING OPERATIONAL INTEGRITY AND COMPLIANCE COMPLIANT GOVERNANCE AND STEADY OPERATION INTEGRITY AND CORRUPTION-FREE PRACTICES	34 34 35
CARBON NEUTRALITY REALISATION OF CARBON NEUTRALITY RESPONDING TO CLIMATE CHANGE	39 39 51
PART ONE: PURSUE EXCELLENCE IN QUALITY AND PROMOTE GREEN PRODUCTION I. PURSUING EXCELLENCE IN QUALITY THROUGH ATTENTION	64
 TO DETAIL 1.1 PLANNING AHEAD WITH LEAN SUPPLY 1.2 QUALITY FIRST, QUALITY FOREMOST 1.3 OPERATE IN COMPLIANCE AND LISTEN TO CUSTOMERS 1.4 PROTECTING PRIVACY WITH UTMOST SECURITY 1.5 PROTECTION OF PATENTS AND FAIR COMPETITION 	65 65 70 76 77 78
 II. PROMOTING GREEN OPERATION WITH MULTIPLE MEASURES 2.1 ENVIRONMENTAL PROTECTION AND GREEN PRODUCTION 2.2 GREEN OFFICE, STARTING WITH OURSELVES 	79 79 97
 PART TWO: PROTECTING EMPLOYEE SAFETY, CARING FOR COMMUNITY DEVELOPMENT III. ENSURING EMPLOYEES' HEALTH AND OCCUPATIONAL SECURITY 3.1 IMPROVING THE SYSTEM AND TAKING PREVENTIVE MEASURES 	100 101 101
3.2 TAKING CONCRETE ACTIONS TO PREVENT RISKS IV. RECRUITING TALENT EXTENSIVELY WITH A PEOPLE-	106
 ORIENTED APPROACH 4.1 SAFEGUARD RIGHTS AND INTERESTS, WITH A PEOPLE-CENTERED APPROACH 4.2 TALENT-DRIVEN SUCCESS AND BUSINESS GROWTH 	114 114 128
 V. CARING FOR SOCIAL WELL-BEING WITH WARM HEARTS 5.1 SPREADING LOVE AND MAKING A DIFFERENCE 5.2 ONE WORLD, ONE FAMILY 	136 136 142
VERIFICATION STATEMENT	148
APPENDIX I: SUMMARY OF KEY PERFORMANCE INDICATORS	152
APPENDIX II: ESG REPORTING CODE CONTENT INDEX	157
APPENDIX III: INTERNATIONAL FINANCIAL REPORTING STANDARDS S2 IFRS SUSTAINABILITY DISCLOSURE STANDARDS INDEX	161



1

China Hongqiao Group Limited 2024 Environmental, Social and Governance Report

ABOUT THIS REPORT

INTRODUCTION

China Hongqiao Group Limited (the "**Company**") and its subsidiaries (collectively referred to as "**China Hongqiao**", the "**Group**", or "**we**") are pleased to release the Environmental, Social, and Governance ("**ESG**") Report for 2024 (the "**Report**"). The Report highlights the Group's ESG initiatives and achievements over the year, fully addressing stakeholders' expectations for the Group's ESG information disclosure. By providing comprehensive ESG disclosures, we aim to strengthen stakeholders' understanding of and confidence in the Group. For further details on corporate governance, please refer to the Corporate Governance Report in the Group's Annual Report 2024.

REPORTING SCOPE

The Report focuses on the environmental and social performance of China Hongqiao's aluminum products and sales business during the period from 1 January 2024 to 31 December 2024 (the "**Year**" or "**during the Year**"). Such business is the core operation of the Group and the main source of its revenue. The environmental key performance indicators ("**KPIs**") disclosed in the report are based on the production sites and offices of the Group's production bases located in Shandong and Yunnan Provinces of the People's Republic of China (the "**PRC**"), as well as in overseas of Indonesia, all non-outsourced canteens, and offices in other regions (detailed data are listed in Appendix 1).

BASIS OF REPORTING

The Report has been prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Code under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and complies with the mandatory disclosure requirements and "comply or explain" provisions outlined thereof. Unless otherwise specified, currency units in the Report are denominated in Renminbi ("RMB").





REPORTING PRINCIPLES

The Group has prepared and compiled the Report in accordance with the four reporting principles of materiality, quantitative, consistency, and balance, as outlined in the aforementioned guide. These principles have been applied in the following manner:

Materiality: The content of the ESG Report is determined through the stakeholders engagement and materiality assessment process. This involves identifying key ESG issues, collecting and reviewing opinions and suggestions from management and stakeholders, assessing the relevance and materiality of various issues, and preparing and validating the reported content. The ESG Report addresses the key topics that are of interest to different stakeholders.

Quantitative: The disclosure of quantified environmental and social KPIs in the ESG Report allows stakeholders to gain a comprehensive understanding of the Group's ESG performance. Where appropriate, the Report includes information on the criteria, methodology, references and data sources used to calculate these KPIs.

Consistency: To ensure comparability of ESG reports over time, the Group has made efforts to maintain a consistent reporting format and calculation methodology, as far as reasonably practicable. If there are any changes in the methods, the Group will present and explain them in detail in the corresponding chapters.

Balance: The Group presents relevant data and content in an objective and balanced manner.

DATA SOURCE AND RELIABILITY ASSURANCE

The data and case studies in the Report are primarily sourced from the Group's official documents, statistical reports, and relevant public information. The Group ensures that the Report contains no false records or misleading statements and is fully responsible for the truthfulness, accuracy, and completeness of its content. The Report is prepared in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese one shall prevail.





CONFIRMATION AND APPROVAL

The Sustainability Committee (the "**Sustainability Committee**") of the Board of Directors (the "**Board**") and the senior management team of the Group approved the Report on 11 April 2025 and hereby warrant that the content of the Report does not contain any false records, misleading statements, or material omissions.

INFORMATION FEEDBACK

The Report can be viewed and downloaded from the Stock Exchange's website (www.hkexnews.hk) and the Group's official website (www.hongqiaochina.com). We value your views on the Report. Should you have any comments or suggestions, please feel free to email them to the following email address: zghqesg@hongqiaochina.com.





CHAIRMAN'S STATEMENT

Today, the situation of the world is turbulent, the climate crisis is intensifying, extreme weather events are becoming more frequent, the pressure for energy transition is increasing, and the global economy is evolving amidst fluctuations and changes. At the same time, the path of corporate development is increasingly challenging. However, as the saying goes, "although the Zhou dynasty is an ancient state, its mandate is ever renewed (周難 舊邦, 其命維新)". In this turbulent era, the question of how to seize opportunities while staying true to our values, and how to lead the future with a sense of responsibility towards the world, is one that every enterprise must deeply deliberate upon. China Hongqiao, as a corporation deeply rooted in China with a global vision, has always adhered to the principle of "starting a business for the country and benefiting the people". We value sustainable development as the foundation of our existence. We believe that technology is the key to industrial upgrading, and that social consensus is built through responsibility. Our goal is to forge new paths in achieving a harmonious balance between environmental protection, economic growth, and people's well-being. We are convinced that the long-term success of both our corporation and society depends on being open-minded. By turning our ideas into action through diligent efforts, we aim to contribute to China's ambitious goal of peaking carbon emissions before 2030 and achieving carbon neutrality by 2060 (the dual carbon goal), while also playing our part in creating a common future for humanity.

The year 2024 marked a crucial stage in "China's 14th Five-Year Plan". We have regarded high-quality development as our primary objective, concentrated on innovation-driven growth, industrial upgrading, and green transformation. By maintaining a forward-looking approach and pioneering innovations, we achieved significant progress in developing new-quality productive forces.

The Group's share of clean energy in its total energy consumption increased steadily year by year. We continued to accelerate the development of intelligent factories within the aluminum electrolysis sector and promote the deployment of new energy projects, including wind, solar, and hydro energy storage integration. These efforts aim to create a stable, efficient, green, and low-carbon energy supply system, fostering a green, multi-energy complementarity pattern, and laying a solid foundation for our low-carbon transition. By the end of 2024, aluminum alloy production in Yunnan accounted for over one-fifth of our total aluminum production. The Group's Green Innovation Aluminum Industrial Park in Yunnan has achieved a 100% in-situ conversion rate of molten aluminum metal, significantly reducing carbon emissions associated with ingot casting, downstream casting, and transportation. Through these initiatives, we are committed to becoming an exemplar of green manufacturing. Moreover, our green energy aluminum products now feature full closed-loop carbon footprint traceability and are certified under the certification system of the China Nonferrous Metals Industry Association (中國有色金屬工業協會), being widely used in industries such as automotive, technology, and photovoltaic framing.





5

China Hongqiao Group Limited 2024 Environmental, Social and Governance Report

In addition, the Group is actively advancing the development of a circular economy, continuously fostering innovation in low-carbon products, and striving to build strong brands for low-carbon primary and recycled aluminum. The Shandong Hongshun Recycling Technology Industrial Park (山東宏順循環科技產業園) has enhanced its production capacity in phases. Currently, it has achieved a 95% reduction in energy consumption per tonne of recycled aluminum and a reduction of over 85% in carbon emissions intensity compared to primary aluminum. With ongoing investment in capacity expansion, the annual production of recycled aluminum and the dismantling of end-of-life automobiles are set to grow steadily, positioning the Park to become the largest recycled aluminum production base in China. Simultaneously, the Group is steadily promoting the issuance of the recycled aluminum industry. These initiatives not only demonstrate the Group's commitment to achieving its "Dual Carbon" goal but also underscore our determination to drive high-quality development through green and intelligent manufacturing.

Over the past few years, as the green gene has become increasingly embedded within the lifeblood of our Group, we are advancing our sustainable development strategy. We have integrated green principles throughout the entire production management process, with a strong focus on optimising the industrial structure, ensuring efficient use of resources, and ecological environment protection. In particular, the Group has achieved ultra low emissions across the thermal and power engineering, alumina, and electrolytic aluminum, with all emission indicators consistently surpassing national environmental standards. At this crucial juncture of the industry's green transformation, we are seizing opportunities in green aluminum development to upgrade the industrial chain towards high-end, intelligent, and green production, significantly reducing the carbon footprint of our products.

In addition, with a strong focus on the lightweight needs of new energy vehicles (NEVs), the Group leverages innovative technology research and development (R&D) to accelerate the low-carbon transformation in the transportation sector and support the industry's green upgrade. We are focusing on the forward-looking deployment of key projects such as aluminum profiles, full vehicle body assemblies, and large-scale integrated die-casting. The Group is also establishing a closed-loop industrial chain that spans from R&D to production. This has enabled us to accelerate the development of China's largest full-process, lightweight automotive R&D and manufacturing base, as well as the world's leading aluminum-based lightweight research centre. We have also made significant progress in producing all-aluminum trailers, logistics vehicles, and other vehicle manufacturing projects, creating an integrated industrial ecosystem where the aluminum and automobile industries work together to achieve mutual development. During the Year, the Group launched three series of six aluminum alloy products that feature high strength, high toughness and high serviceability - reaching internationally leading standards. All of these products have independent intellectual property rights (IPRs). Compared to similar products, the weight of these components and assemblies has been reduced by 20% to 40%, and their carbon emissions have decreased by over 10%. This achievement not only provides comprehensive support for the green development, carbon reduction, and energy efficiency goals of the automobile industry, but also reinforces the Group's position as a leader in the lightweight automotive materials sector. Through technological innovation, the Group has become deeply embedded within the ecosystem of the new energy industry, with its innovative practices pushing the boundaries of green manufacturing efficiency.





At the crossroads of a new round of technological revolution and industrial transformation, we have always regarded technological innovation as the strategic cornerstone for driving green transformation. During the Year, the Group made significant strides in intelligent manufacturing, accelerated the intelligent transformation of the aluminum industry. We launched the Intelligent Aluminum AI&L model R&D project, designed to empower the high-end and intelligent transition of the aluminum industry through digital and AI technologies. The project has established a vertical model for the aluminum industry, enabling autonomous decision-making and control of the electrolysis production process with a cell-specific decision-making. This initiative has enhanced production efficiency, reduced energy consumption, and extended the lifespan of electrolysers. Not only does this create a new paradigm for the low-carbon production of electrolytic aluminum, but it also sets a new benchmark for intelligent manufacturing that leverages AI to boost efficiency. In parallel, we continued our research into inert anode technology and the comprehensive utilisation of bauxite residue. At the same time, we have continuously deepened our collaboration with Central South University (中南大學) in the research of inert anode technology and the comprehensive utilisation of bauxite residue and have successfully addressed the core challenges hindering bauxite residue reduction, further mitigating the environmental impact of solid waste. We have also continued to commission the Weiqiao & UCAS Research Academy (魏橋國科研究院) to vigorously support scientific research projects in key areas for sustainable development, continuously expanding the application of high-quality development initiatives and accelerates the transformation of technological achievements into tangible projects. In terms of building an innovation ecosystem, the Group is rapidly implementing a multi-dimensional integration strategy that combines industry, academia, and research. By establishing a national innovation platform, deepening industry-university-research collaboration, and expanding multi-industry high end talent reserve, we are forming a positive loop that connects technological research, results conversion, and industrial upgrading. Through these efforts, we are committed to contributing to the high-quality development of China's aluminum industry.

In addition, China Hongqiao is dedicated to win-win cooperation throughout its low-carbon transformation journey. Our goal extends beyond the transformation and upgrading of our own enterprise – we firmly believe that fostering a sustainable industrial cluster is essential for the long-term development of the entire business. To this end, we fully leverage our role as a leading enterprise in the aluminum industry chain, supporting the collaborative growth of small and medium-sized enterprises (SMEs) across upstream and downstream segments. Our vision is to build the world's premier high-end aluminum base by extending existing value chains, upgrading traditional industry chains, and cultivating emerging industry chains. Through these efforts, we aim to establish and expand advanced manufacturing clusters driven by new quality productive forces.

In the realm of international cooperation and social responsibility, the Group actively engages in global governance with an open mindset. We have been continuously deepening our efforts along the Belt and Road Initiative (BRI), with the Indonesia PT. Well Harvest Winning 2-million-tonne alumina project operating at full capacity. This project has not only generated significant local employment but has also enhanced environmental governance through innovative technological advancements. Additionally, we have contributed to community development in Guinea by donating hospitals and schools as part of our ongoing projects, benefiting nearly 200,000 residents and establishing a benchmark for China-Africa cooperation. During the Year, the Group actively participated in key domestic and international exhibitions, including Aluminum China (中國國際鋁工業展覽會), the Green Energy Pavilion of the South Asia Exposition (南亞博覽會綠色能源館), ALUMINUM (德國鋁工業





7

China Honggiao Group Limited 2024 Environmental, Social and Governance Report

展覽會), and the International Automotive Lightweight Conference & Exhibition (國際汽車輕量化大會). We have also collaborated with industry peers to host summit forums, showcasing advanced products and cutting-edge technologies across the entire industrial chain while fostering a high-end platform for discussions on the green, low-carbon, and high-quality development of the aluminum industry. Furthermore, the Group has been invited to the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) for four consecutive years, where we have shared our ecological-first green development path, demonstrated the commitment of Chinese enterprises to addressing climate change, and collaborated with global stakeholders to drive sustainable development.

During the Year, through steadfast efforts and dedicated contributions, the quality of our products has continuously improved, the Group achieved a series of standard certifications and prestigious awards, marking numerous successes. Zouping Hongfa Aluminum Technology Co., Ltd. (鄒平宏發鋁業科技有限公司) ("Hongfa Aluminum") received China's first product evaluation certificate for resource recycling in the aluminum deepprocessing industry, earning the highest AAA level rating. Additionally, both Zouping Dingrui Renewable Resources Co., Ltd. (鄒平鼎瑞再生資源有限公司) ("Zouping Dingrui") and Hongfa Aluminum successfully obtained certification under the Aluminum Stewardship Initiative (ASI) Chain of Custody standard, bringing the Group's total number of ASI-certified subsidiaries to 11. Beyond product excellence, the Group's remarkable performance in sustainable development and corporate responsibility has garnered widespread recognition. It was selected as one of the Excellent Cases in New Quality Productive Forces by Xinhua News Agency and has received multiple accolades from esteemed organisations, including UN bodies, the Hong Kong Quality Assurance Agency, and Bloomberg Businessweek/Chinese Edition.

In line with our commitment, the Group has embedded social responsibility into its governance DNA, striving to build a people-centred sustainable development ecosystem. Internally, we have systematically developed a talent training system and structured career development pathways, empowering employees to grow across multiple dimensions. We continuously enhance our labour protection mechanisms, refine occupational health and safety management standards, and reinforce workplace safety, ensuring a robust foundation for employee well-being. Externally, the Group remains deeply engaged in public welfare initiatives, spanning community revitalisation, education and medical development. Through scholarships, infrastructure donations, and financial support, we contribute to community development and give back to society. In essence, we translate corporate responsibility into concrete actions.

China Hongqiao envisions becoming a world-class benchmark enterprise in low-carbon development, guided by the principles of integrity and innovation, ecological priority, openness, and integration. Family values are at the core of our entrepreneurial spirit. Looking ahead, we will align our strategy with mid-term milestones towards the dual-carbon goal, accelerating energy mix optimisation, advancing recycled aluminum technologies, and expanding our wind, solar, and hydro power storage initiatives. With high aspirations, we aim to set new standards for green development. By leading with technology and embracing our responsibilities, we are committed to building a low-carbon ecosystem in collaboration with global partners, striving to become an industry benchmark. As Mencius, the ancient Chinese philosopher, once said, "Good timing is not as good as being advantageously situated, and being advantageously situated is not as good as having harmonious people". By staying true to our founding mission and forging ahead, we will grow alongside the times, create enduring value for society, and safeguard the environment for future generations.

Zhang Bo Chairman of the Board

11 April 2025





ABOUT CHINA HONGQIAO

CORPORATE PROFILE

China Hongqiao was incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange in 2011. It is mainly engaged in the production and sales of molten aluminum alloy, aluminum alloy ingots, aluminum fabrication products and alumina products. It is a leading aluminum product manufacturer in the world. After more than 20 years of hard work, the Group has formed a complete full-industry chain operation pattern of thermal power, mining, alumina, primary aluminum, aluminum deep processing, new materials and recycled aluminum, with remarkable scale benefits. During the Year, China Hongqiao had thirteen production bases in Zouping, Weiqiao, Bincheng District, Huimin, Yangxin, Beihai, Zhanhua, Boxing, Weihai, Linyi, Wenshan Prefecture of Yunnan, Honghe Prefecture of Yunnan, and Indonesia.

China Honggiao's production process and technical equipment are world-leading. Its thermal power production uses subcritical and supercritical power generation units, all of which have ultra-low emissions and are better than the emission standards of natural gas power generation units. Its alumina production adopts the world's advanced Bayer process. The Group's primary aluminum production all uses large-scale anodic prebaked electrolytic cells with a current intensity of more than 400KA. There is the world's first 600 KA ultra-large anodic prebaked electrolytic cell officially put into production, whose overall technology has reached the international leading level. The process technology and automation control of the Group's high-precision aluminum sheet, strip and foil production line have reached the international leading level. The Group's high-end products such as cans widely used in the packaging field, PS and CTP bases for modern thermal printing, aluminum foil blanks, aerospace and special high-end aluminum alloy plates and strips, can completely replace imported products. Aiming at lightweight development, relying on scientific and technological innovation resources such as Weigiao (Suzhou) Lightweight Research Institute, Weigiao & UCAS Joint Laboratory, and Weigiao & UCAS Research Academy, with the development of a series of high-strength and high-toughness new aluminum alloy materials for new energy vehicles as the core, the Group is committed to automotive lightweight system solutions and building a world-leading full-process lightweight research and development, experimentation, and manufacturing base. The Group is committed to demonstrating leadership in the circular economy, and cooperates with the German Scholz Recycling to build the Sino-German Hongshun Circular Technology Cooperation Project, focusing on the dismantling of scrapped cars, recycling of white household appliances, and recycling of batteries, recycling industrial products, and giving full play to its own advantages and value in the circular economy.

Moving forward, China Hongqiao will further enhance its fully integrated, closed-loop industrial chain spanning "thermal power – mining – alumina – primary aluminum – aluminum deep processing and new materials – recycled aluminum". The Group aims to establish a world-class, high-end aluminum manufacturing hub characterized by strong growth potential, robust supporting infrastructure, and a commitment to high-quality, sustainable development.





9

China Hongqiao Group Limited 2024 Environmental, Social and Governance Report

MANAGEMENT PHILOSOPHY

Upholding the core value of "starting a business for the country and benefiting the people", China Hongqiao regards promoting local economic development, providing employment for the workforce, increasing employee income, building a harmonious society, accelerating rural revitalization, and promoting common prosperity as the driving force and conscious pursuit of corporate development, and contributes to promoting the comprehensive development of the local economy and society. The Group actively responds to the national "Belt and Road" initiative and promotes international capacity cooperation. PT. Well Harvest Winning Alumina Project in Indonesia, bauxite resources project in Guinea, Iron Ore Project in Simandou, Guinea, the aforementioned projects are basically around the Group's main business needs, exploring strategic investment directions in the field of mining resources.

As a world-leading aluminum manufacturer, China Hongqiao is committed to becoming a resource-efficient and environmentally friendly enterprise, adheres to creating an environmentally friendly, green and efficient production method, actively upholds the principles of sustainable development and places strong emphasis on delivering social value alongside economic performance. The Group optimises its layout across the aluminum production value chain, reduces emissions and increases efficiency, and maintains continuous growth momentum.

In the future, the Group will vigorously implement the six major strategies of "leading by science and technology innovation, digital empowerment, ecological priority, openness and integration, responsibility for the country, and joint construction of homeland" to promote the steady and long-term development of the enterprise, stability and harmony, and accelerate its journey toward becoming a world-class, century-standing manufacturing enterprise.





ANNUAL PROGRESS IN SUSTAINABLE DEVELOPMENT

ANNUAL PERFORMANCE AND HONOURS



Environmental Protection



Sustainability Impact Enterprise Award - Excellence Award (United Nations Development Programme)



Carbon Neutral Award Commendation (Hong Kong ESG Reporting Awards (HERA))



2024 ESG Excellence Case Collection - Dual Carbon Innovation and Demonstration Award (Xinhuanet)

¹ Copyright ©2025 S&P Global

³ Copyright ©2021-2025 Wind

² Copyright ©2025 CDP Worldwide



Environmental Protection



2024 New Quality Productive Force Excellence Case (China Enterprise Reform and Development Research Committee)



Global Influence Award (Sustainable Industrial Manufacturing Asia Pacific)

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	资源循环	利用产	8			
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Hongfa Aluminum - Aluminum Processing Industry Resource Recycling and Utilisation AAA Premier Quality Certificate (China Quality Certification Center)



Asian Corporate Social Responsibility Award - Leadership in Green Development (Asia CSR Awards)



Social Responsibility

2024年前音速企业 取納就业20弦

ESG Leading Community Projects and Leading Environmental Protection Projects (Bloomberg Businessweek/ Chinese Edition)

Top 20 Non-Public Enterprises in Yunnan Province for Employment Absorption in 2024 (Yunnan Federation of Industry and Commerce)



Intelligent Green Factory



Superior Intelligent Factory (Ministry of Industry and Information Technology of the PRC

Center Limited)



List of Green Factories in Shandong Province in 2024 (Department of Industry and Information Technology of Shandong Province)



List of Provincial Energy Efficiency "Pioneers" for Key Industries in 2024 (Department of Industry and Information Technology of Shandong Province)

> & Yunnan Entrepreneurs Association)



(Yunnan Enterprise Federation & Yunnan Entrepreneurs Association)



Capital Markets / Governance



China Best Sustainabilitylinked Offshore Loan (Aluminum) (The Assets, an international financial magazine)



Hong Kong Green and Sustainable Finance Award 2024 - ESG Connect Guiding Institution Vanguard Award (Hong Kong Quality Assurance Agency (HKQAA))



Top 100 Hong Kong Listed Companies for Comprehensive Strength (No.66) (Top 100 Hong Kong Listed Companies Research Centre)



Overall ESG (Institutional Investor)



Most Honored Company (Institutional Investor)



Best Investor Relations Professional (Institutional Investor)







Best Investor Relations Team (Institutional Investor)



Best Company Board of Directors (Institutional Investor)



Best Chief Financial Officer (Institutional Investor)



Best Investor Relations (Institutional Investor)



Environmental **Responsibilties** Intensity of carbon emissions Intensity of hazardous waste tCO₂e per tonnes per 5.100.96 USD million sales USD million sales 1.018.24 -12% -10% 4,466.49 920.98 2023 2024 2023 2024 Packaging material consumption intensity Energy consumption intensity tonnes per USD million sales 0.0109 MWh per USD million sales 0.0103 0.93 -1% -27% 0.67 2024 2023 2024 2023 Numbers of subsidiaries certified with Certified with ISO14001 Environmental Management System Certification standards certification by ASI: 11 Certified with ISO 50001 Energy Management System Certification Employment Social Responsibilities Responsibilities Yunnan green aluminum innovation industrial park: the Certified with ISO 45001 Occupational Health percentage of indigenous staffs in Wenshan Prefecture: 80% and Safety Management System Certification The percentage of Guinean staffs in bauxite mining project in Serious injury and fatality (SIF) incident rate: Guinea: 95% Employee overall satisfaction: 100% The percentage of Indonesian staffs in PT. Well Harvest Winning Alumina Project in Indonesia: 90% Charitable donation: RMB 428,0780 million Product Supply Chain Governance Responsibilities Liabilities Acountability More than 40% of Directors The percentage of suppliers Certified with ISO 9001 Quality who have signed Integrity are female directors management system certification Event related to environmental Agreement: 100% Complaint case related to lawsuit, non-compliance and product and service: () environmental penalty: 0

PROGRESS IN SUSTAINABLE DEVELOPMENT FOR THE YEAR



RESPONDING TO EXPECTATIONS AND PRACTISING SUSTAINABLE GOVERNANCE

THE BOARD'S STATEMENT

The Group believes that well-established ESG governance principles will increase its investment value and bring long-term returns to its stakeholders. In alignment with the ESG Reporting Code of the Stock Exchange, the Group has established a sophisticated multi-tiered ESG management framework. The Board's oversight and active engagement in sustainability governance have been reinforced to ensure ESG principles are deeply integrated into daily operations and continually refining its sustainability governance structure with clearly defined roles, responsibilities, and accountability.

As the highest responsible body for ESG management and related disclosure, the Board is fully responsible for the Group's ESG initiatives, including:

- Review and approve the Group's ESG strategy and targets and significant matters involving ESG (including materiality assessment of ESG matters), and assume responsibilities for ESG strategy and reporting as required by the Listing Rules.
- Ensure the diversity of the Board and that each Director possesses appropriate skills to comprehensively handle ESG matters;
- Ensure the Group has personnel with appropriate skills, policies and measures to follow up on and manage the Company's ESG matters;
- Ensure the Group establishes and maintains appropriate and effective risk management and internal control systems (including material risks related to ESG);
- Ensure the adequacy of the Group's resources, staff qualifications and experience, training courses received by employees, and the related budget concerning the Group's ESG performance and reporting;
- Review changes in the nature and severity of material risks (including ESG risks), and the Group's ability to cope with changes in its business and the external environment;
- Review the scope and quality of management's ongoing monitoring of risks (including ESG risks) and the internal control system, and the work of the internal audit function and other assurance providers.

SUSTAINABILITY GOVERNANCE SYSTEM

The Group has formed a dedicated Sustainability Committee¹ to support the Board in overseeing its sustainability initiatives. Additionally, the Group has implemented a three-tier sustainability governance framework, led by the Board, with a clearly defined hierarchy and mandates. This framework operates across three levels: the Board provides overall supervision, the Sustainability Committee drives strategic initiatives, and various departments and branches are responsible for implementation.

¹ The Sustainability Committee of the Group was established in March 2025.





The Sustainability Committee is responsible for the following specific terms of reference:

- **Strategy and System Development:** Formulate the vision, objectives, strategies, and framework for the Group's sustainable development; research and recommend relevant management systems, procedures, standards, and methods in the Group's sustainable development management field to ensure compliance;
- Assisting the Board: Assist the Board in guiding, evaluating, and supervising, among others, the continuous optimisation of culture, management framework, in the areas of sustainable development and ESG; assist the Board in reviewing the implementation of sustainable development (including climate change) and ESG vision, objectives, and strategies;
- **Communication and Risk Control:** Communicate with various committees to ensure relevant committees understand the latest ESG-related issues affecting the Group. Review significant non-financial risks and report them to the Board; discuss with management the adequacy of measures for identifying and managing significant risks related to sustainable development;
- **Stakeholder Communication:** Facilitate regular communication on ESG issues between members of the Group's highest governance body and senior management and stakeholders such as investors. Monitor the communication channels and methods with the Group's stakeholders, and ensure that relevant policies have been formulated to effectively promote the Group's relationship with its stakeholders and maintain the Group's reputation;
- **Performance and Reporting Management:** Monitor the development and implementation of the Group's ESG vision, objectives, strategy, and framework; formulate the Group's ESG management performance targets and key performance indicators; review the progress in achieving targets; review the Group's environmental, social responsibilities, and sustainable development targets and key performance indicators; propose performance-based remuneration recommendations based on the results of management's execution of sustainable development affairs and the achievement of performance targets; and make recommendations on performance improvement to the Board. Receive and review reports on sustainable development-related matters (including but not limited to the adequacy and effectiveness of the ESG management framework, and performance of key performance indicators), discuss the results with management, and report to the Board;
- **Business Segment Supervision:** Supervise the operation of the sustainable development system of each business segment of the Group, review and examine the impact of the Group's business on the environment, society, and sustainable development, actively respond to emerging sustainable development issues, and provide recommendations and solutions for enhancing the Group's sustainable development performance;
- **Report Review:** Review ESG reports and other ESG-related disclosures, provide recommendations to the Board to maintain the completeness of ESG reports and other ESG-related disclosures, and ensure compliance with the requirements of the Listing Rules and the expectations of stakeholders;
- **Other Responsibilities:** Research other significant matters affecting the Group's sustainable development and provide recommendations. Track and inspect the implementation of the above matters. Fulfill other related duties assigned by the Board.



This comprehensive system drives sustained advancements in sustainability governance, solidifying the Group's commitment and responsibility towards sustainable development. It also ensures the effective achievement of ESG objectives while directly driving to the Group's long-term growth.

Case Study - ESG Training

During the Year, the Group has adhered to the principle of integrating ESG concepts into business development, invited professional sustainability consulting organisations to conduct systematic and professional ESG training. The training covered the Group's core business departments, providing an in-depth interpretation of the evolutionary path of global ESG policies and analysing best practice cases in the industry, enabling staff to better understand the latest international ESG policy trends and comprehensively enhance the Group's ESG management system. The training has simultaneously built a standardised framework for ESG indicators, further strengthening the standardisation and transparency of the Group's information disclosure and continuously promoting the improvement of ESG stewardship. These initiatives aim to promote the Group's comprehensive, coordinated and sustainable development in terms of economic efficiency, environmental protection and social responsibility, which will help the Group to seize the opportunities in the global ESG wave and realize high-quality development.



On-Site ESG Training Session



ESG RISK MANAGEMENT

Robust and effective risk management and internal control systems serve as critical safeguards for the Group's strategic objectives. The Group has made continued efforts in establishing a risk governance structure, implementing risk management processes and strengthening the risk culture. With reference to "Enterprise Risk Management-Integrating Environmental, Social and Governance-Related Risks into Corporate Risk Management", published by the Committee of Sponsoring Organisations of the Treadway Commission ("**COSO**") in collaboration with the World Business Council for Sustainable Development ("**WBCSD**"), the Group continually refines its systems to elevate risk resilience, ensuring long-term operational stability and sustainable growth.

The Group has established a comprehensive risk management framework and formulated an internal control system, clearly defined the responsibilities and authority of each business unit, department, and leadership tier. It enforces structured reporting and approval procedures, along with an accountability system, to ensure operational compliance and effectively monitor and control each business segment. Details of the Group's material risk assessments during the Year can be found in the "Corporate Governance Report" section of the Group's Annual Report 2024.

BOARD AND THE AUDIT COMMITTEE

- Establish a risk management framework, review and assess its effectiveness, and monitor the implementation of risk controls to ensure their successful execution.
- Receive annual reports from management on risk management and internal controls, review the effectiveness of relevant policies, and assess whether there have been any control failures or significant procedural deficiencies.
- Take proactive measures to address any serious internal control deficiencies identified, resolve the issues as effectively as possible, and review improvements at both the policy and procedural levels to rectify the situation.

MANAGEMENT DEPARTMENTS

 Identify and assess various situations, monitor and evaluate potential risk factors within the scope of responsibility and authority, seek professional advice when necessary, and report to the Board in accordance with internal management processes.



BUSINESS UNIT

 Identify risks that could impact the achievement of business objectives and collaborate with management to analyse and assess the materiality of these risks.

Risk Management Framework of the Group





Risk Management Process of the Group



STAKEHOLDER ENGAGEMENT

The Group recognised the intrinsic connection between stakeholders and sustainable business growth. The Report gathers views from different stakeholders, which has prompted us to be more informed about the Group's current environmental and social management. The information gathered in the Report serves as both a comprehensive summary of the Group's environmental and social efforts and a foundation for formulating strategies to drive short-term and long-term sustainable development.

In order to understand the stakeholders' opinions and expectations, the Group communicates with them through various channels so as to review and enhance our performance in environmental, social and corporate governance, ensuring that we address stakeholders' reasonable demands effectively.

Stakeholders	Expectations and Requirements	Communication and Response Methods
Government and Regulatory Authorities	 Compliance with the national policies and laws and regulations 	Regular submission of information
	Promotion of the local economic development	Regular communication with regulatory authorities
	Creation of job opportunities	Special report
	• Tax payment on time and in full	Inspection and supervision
	Production safety	
Shareholders	Investment returns	General meeting
	• Operation in compliance with laws and regulations	Announcements and circulars by the Group
	Enhancement of the Group's value	 E-mail, telephone, and website of the Company
	• Transparency of information and effectiveness of communication	Special report
		On-site inspection
		• Roadshows, meetings/teleconferences/ video conferences, etc.
Partners	Integrity management	Review and assessment meeting
	Fair competition	Business communication
	• Fulfilment of contracts in compliance with laws	Conferences and seminars
	Mutual benefits and win-win results	Discussion of cooperation
		Regular summits and forums



Stakeholders	Expectations and Requirements	Communication and Response Methods
Customers	Quality products and services	Customer service centre and hotline
	Health and safety	Customer opinion survey
	Fulfilment of contracts in compliance with laws	Customer communication meeting
	Integrity management	Social media platforms
		Return visits
		• Visits, etc.
Environmental Regulatory	Fulfilment of emission standards	Communication with local environmental protection departments
Departments	Energy conservation and emission reduction	Investigation and inspection
	• Efficient use of water resources	Report submission
	Ecological protection	
Industry	Formulation of industry standards	Communication with local labour departments
	Facilitating development of the industry	Participation in industry forums
		• Visits and inspections with industry peers
Employees	Safeguarding rights and interests	Employee communication meeting
	Occupational health	 Internal publication and intranet of the Group
	Remuneration and benefits	Employees mailbox
	Career development	Training and workshop
	Employee caring	Employee activities
		Employee representatives meeting
		Democratic forums
The Community and the Public	Improvement of community environment	Communication with the community
	Participation in charity	The Group's website
	Openness and transparency of information	Announcements issued by the Group
		Interviews with media
		Social media platforms



MATERIALITY ASSESSMENT

In preparing the Report, China Hongqiao has entrusted an independent third-party consultant to conduct a materiality assessment in a fair and equal manner. The materiality assessment is implemented in five main phases:

Identification of Material Issues	In alignment with relevant national and local standards and policies, industry development trends, the Group's business landscape, regulatory requirements (e.g. the Environmental, Social and Governance Reporting Code) (Appendix C2 to the Listing Rules), the UN Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board ("SASB") Foundation, MSCI, and other applicable standards and rating criteria, we have identified 30 potential material ESG issues that may impact our business operations or stakeholders.
Screening of Material Issues	Internal and external stakeholders (including directors, management, employees, partners, suppliers, and the community) are invited to complete online questionnaires to collect and identify their awareness of each of the issues.
Confirmation of Material Issues	The collected questionnaires are analysed to construct a two-dimensional matrix assessing "Materiality to China Hongqiao's Business Development" and "Materiality to Stakeholders". Material issues are prioritised based on survey results, alongside key ESG trends within the Group and industry peers. The final ESG materiality ranking and matrix are then established. Issues ranking within the top 20% are classified as extremely material.
Review of Material Issues	The results of the materiality analysis are submitted to the Board for review and discussion, after which the final materiality assessment is confirmed.
Response to Material Issues	Based on the materiality analysis results, we have identified key disclosure areas for the Report, provided targeted responses, and presented relevant information clearly and transparently.





Materiality to the Group's Business Development

Environment Ocommunity investment Ocovernance About practices Operating practices

Ext	remely Material	Ver	y Material	Mat	terial	Мо	derately Material
3	Risk Management	17	Remuneration Policy	20	Localised Employment	28	Community Relationship
1	Integrity and Anti-corruption	10	Water Resources Management	9	Energy Management	29	Public Charity
7	Greenhouse Gas Emissions	12	Bauxite Residue Management	19	Employee Training and Development	30	Promoting Regional Economic Development
5	Operational Compliance	27	Technological Innovation	25	Customer Relationship Management		
18	Occupational Health and Safety	16	Employment Management	24	Responsible Marketing		
22	Product Quality	23	Responsible Supply Chain	21	Employee Diversity		
		8	Air Quality Management	14	Biodiversity Conservation		
		4	Information and Privacy Protection	6	Director Engagement		
		26	Protection of Intellectual Property	13	Climate-related Risks and Opportunities		
		15	Waste and Hazardous Materials Management				
		11	Wastewater Management				
		2	Industry Trends and Policies				



The Group has identified 6 extremely material issues, including 3 governance issues, 1 environmental issue, 1 labour practices issue, and 1 operating practices issue. The Report will focus on these material issues in order to respond to the needs of key stakeholders.

Aspects	Material Issues	Corresponding Sections
Governance	Risk Management	ESG Risk Management
	Integrity and Anti-corruption	Ensuring Operational Integrity and Compliance
	Operational Compliance	Ensuring Operational Integrity and Compliance
Environment	Greenhouse Gas Emissions	Environmental Protection and Green Production
Labour Practices Occupational Health and Safety		Ensuring Employees' Health and Occupational Security
Operating Practices	Product Quality	Putting Quality First

RESPONSES TO MATERIAL ISSUES

Material Issues	Corresponding Sections	Our Positive Responses	Corresponding UN Sustainable Development Goals
Integrity and Anti- Corruption	Ensure operational compliance with integrity and order	 Promote a culture of integrity, establishes transparent and accessible grievance mechanisms, and promote sound and sustainable development. Business ethics, anti-corruption mechanisms and management initiatives Whistleblowing system and whistleblower protection mechanism Anti-corruption training 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Risk Management		 The Group has established a relatively sound risk management system and processes. Effective internal control system Reporting and approval effectively implemented for each business segment Implementation of job duties and authorities of all departments, units and staff 	



Material Issues	Corresponding Sections	Our Positive Responses	Corresponding UN Sustainable Development Goals
Operational Compliance		 The Group has established a sound corporate governance system, and has adopted and reviewed in depth the Group's corporate governance practices based on regulatory requirements and the Group's development needs. The principles of integrity, transparency, accountability and independence Continuous optimisation of internal audit and governance system Anti-corruption system and training 	
Director Engagement	Responding to expectations and practising sustainable governance	 The Board has clear responsibilities and duties, and directly supervises the Group's ESG-related matters and work. Formulation of relevant policies and measures, and supervision of overall ESG performance Audit of ESG-related information ESG risk management Accountable to stakeholders 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Material Issues	Corresponding Sections	Our Positive Responses	Corresponding UN Sustainable Development Goals
Product Quality	Pursuing excellence in quality through attention to detail	 The Group has established and implemented a "one-vote veto" quality management system, with the participation of all employees and strict control at all levels, to build a closely linked quality management system. Comprehensive quality control system and production management system Quality management post training to standardise personnel operation Industry and system certification 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Technological Innovation		 The Group will take the improvement of operational efficiency as a core task of its development, enhances the intelligentisation of management, and promotes intelligent production by introducing new technologies and equipment. Construction of intelligent factories Innovation and research and development of production projects Green production technology improvement 	17 PARTINERSHIPS FOR THE GOALS
Information and Privacy Protection		 The Group has established a sound information security system to protect internal confidential information and customer information, and to regulate internal information management. Information security training Regulating the use of computer and network resources Attaching importance to customers' privacy and information security 	
Protection of Intellectual Property		 The Group attaches great importance to the management of intellectual property rights, complies with relevant laws and regulations, and protects the Group's patents. Patent protection policy Trademark management 	
Industry Trends and Policies		 The Group actively participates in the formulation of a number of national and industry standards to improve the quality control and safety management of aluminum products and promote the progress of the industry. Participation in the formulation of national and industry standards Participating in industry conferences 	



Material Issues	Corresponding Sections	Our Positive Responses	Corresponding UN Sustainable Development Goals
Customer Relationship Management		 The Group strictly abides by relevant laws and regulations, maintains good market order and corporate reputation, establishes long-term cooperative relationships with a number of customers, and conducts product satisfaction surveys with customers. Maintaining market order and corporate reputation Providing products according to customer needs Customer satisfaction survey Handling customer complaints 	
Responsible Marketing		 The Group has conducted strict reviews of all product and business information before it is made public, and will resolutely put an end to misleading or deceiving customers with false information. Strict review of publicly disclosed information Putting an end to false publicity 	
Responsible Supply Chain		 The Group has established a responsible procurement policy, regularly carries out the identification of supply chain and social risks, and maintains a healthy supply chain system. Supplier admission and evaluation system Attaching importance to the ESG performance of suppliers Setting requirements for suppliers' code of conduct Sustainable supply chain 	



Material Issues	Corresponding Sections	Our Positive Responses	Corresponding UN Sustainable Development Goals
Water Resources Management	Promoting green operation with multiple measures	 The Group has formulated a number of assessment indicators for water resources and implemented relevant water resource work. Establishing a water resource management system Setting water conservation targets Formulating water resource management measures 	6 CLEAN WATER AND SANITATION V 7 AFFORDABLE AND CLEAN ENERGY
Bauxite Residue Management		 The Group has established a bauxite residue disposal areas safety management system, comprehensively implemented the safety standardisation work of bauxite residue disposal areas, implemented the pollution prevention and control, and supervision and management of bauxite residue, and strictly controlled safety indicators. Bauxite residue disposal areas safety management system Bauxite residue disposal areas safety indicator testing 	11 SUSTAINABLE CITIES 11 AND COMMUNITIES
Air Quality Management		 The Group treats and discharges all of its waste gas in accordance with relevant standards, and continues to promote clear production and improve environmental pollution. Installation of waste gas monitoring equipment Treatment of exhaust gas during production 	AND PRODUCTION
Waste and Hazardous Materials Management		 The Group complies with relevant laws and regulations, improves resource utilisation, promotes sustainable development, reduces process waste, and has formulated relevant measures to reduce waste. Recycling of waste Reducing waste generation during production Formulating waste management measures 	
Wastewater Management		 The Group strictly controls the quality of wastewater discharge, monitors wastewater discharge data in real time, and prevents the occurrence of water pollution problems. Strict management of wastewater discharge Real-time monitoring of wastewater discharge 	



Material Issues	Corresponding Sections	Our Positive Responses	Corresponding UN Sustainable Development Goals
Biodiversity Conservation		 The Group attaches great importance to biodiversity conservation, actively manages production and living activities that may have an impact on the local ecosystem, strengthens environmental awareness education internally, and actively undertakes the responsibility of protecting the local ecological environment. Strictly controlling all kinds of production and living activities Actively participating in environmental protection activities 	
Greenhouse Gas Emissions	Carbon neutrality	 The Group has set carbon neutrality targets, striving to achieve carbon peak by 2025 and net-zero emissions from its own operations by 2055 under its current business framework. In addition to ensuring the achievement of its "Dual Carbon" goals, the Group also actively promotes the deep participation of stakeholders along the value chain in carbon reduction actions. Setting carbon neutrality targets Promoting value chain stakeholder engagement in carbon reduction 	ABBEE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION COO 13 CLIMATE ACTION
Energy Management		 The Group adheres to green development, advocates the participation of all employees in building a green enterprise, and constructs intelligent energy-saving equipment to reduce energy consumption. Remuneration and assessment system linked to sustainability Energy conservation and emission reduction training Enhance operational efficiency Integrate downstream processing Development of circular economy 	
Climate-related Risks and Opportunities		 The Group always maintains a high level of sensitivity and pays close attention to the potential risks and opportunities arising from climate change. With a proactive attitude, the Group has implemented a series of precise and effective measures across the board to minimise the negative impact of climate change and fully explore potential development opportunities. Conducting analysis on low-emission and high-emission scenarios Risk mitigation tailored to the Group's specific attributes Integrating climate change-related risks into the Group's ESG management and internal control systems 	



Material Issues	Corresponding Sections	Our Positive Responses	Corresponding UN Sustainable Development Goals
Occupational Health and Safety	Ensuring employees' health and occupational security	 The Group strictly complies with laws and regulations related to occupational health, formulates a sound safety management framework, sets and manages safe production targets, upgrades safety technologies, conducts safety and health training for employees, and prevents safety risks. Establishing a safety management framework Safety management supervision Safety production targets and risk prevention and control Equipment safety technology retrofit Occupational health and safety training 	8 ECCENT WORK AND ECCONOMIC GROWTH 9 INDUSTRY, INNOVATION 9 INDUSTRY, INNOVATION 9 INDUSTRY, INNOVATION 10 INFRASTRUCTURE 10 INFRASTRUCTURE 10 INFRASTRUCTURE 11 INFRASTRUCTURE 12 INFRASTRUCTURE 12 INFRASTRUCTURE



Material Issues	Corresponding Sections	Our Positive Responses	Corresponding UN Sustainable Development Goals
Remuneration Policy	Recruiting talent extensively with a people-oriented approach	 The Group has implemented a robust compensation management framework to protect employee rights, in full compliance with labor legislation. It offers a competitive benefits and compensation structure and has established the Remuneration Committee to objectively assess employee salary levels. Compensation management system development Employee compensation and incentive system Scientific performance management 	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION
Employment Management		 The Group expands talent recruitment channels, embraces diversity and equality in recruitment, and establishes a comprehensive protection mechanism for employees from onboarding to departure. Compliant employment Compliance with labour standards Human rights protection Democratic communication Legitimate rights and interests of female employees 	10 REDUCED INEQUALITIES
Localised Employment		 The Group promotes localised employment, respects local cultures, and provides job opportunities locally. Recruit local employees at the Group's and project companies' locations Create development platforms for local employees 	
Employee Training and Development		 The Group focuses on the overall quality improvement of its workforce, provides all-round training for employees, and continuously supports their growth. Diverse training methods Enhance the overall capability of employees 	
Employee Diversity		 The Group adheres to the principle of diverse recruitment in the recruitment process, and assesses and recruits talents openly, fairly and impartially, ensuring that there is no differential treatment for any reason and that the Group's employees are from diverse backgrounds. Diverse recruitment policy Anti-discrimination policy 	



Material Issues	Corresponding Sections	Our Positive Responses	Corresponding UN Sustainable Development Goals
Community Relationship	Caring for social well-being with warm hearts	 The Group is committed to community investment, persists in education and poverty alleviation, actively participates in various volunteer activities, proactively undertakes social responsibilities, and strives to build a better community together. Diverse volunteer activities Community investment 	1 POVERTY ***** ***
Charity and Public Welfare		 The Group actively participates in various charitable and public welfare donations at home and abroad, is dedicated to farmer support activities, and contributes to social progress. Charitable donations Poverty alleviation and farmer support Supporting impoverished students 	4 QUALITY EDUCATION
Promoting Regional Economic Development		 During its development, the Group has always taken promoting local economic development as its goal and shouldered its social responsibilities. Promotion of the local economic development Facilitating common development Undertaking livelihood improvement projects in overseas project locations 	6 CLEAN WATER AND SANITATION
			17 PARTNERSHIPS FOR THE GOALS



ENSURING OPERATIONAL INTEGRITY AND COMPLIANCE



COMPLIANT GOVERNANCE AND STEADY OPERATION

The Group believes that a robust corporate governance system is fundamental to sustainable growth, serving as a cornerstone of shareholder trust and reinforcing its core values. The Group places great emphasis on corporate governance practices, adopting and conduct an in-depth review of the Group's corporate governance practices in accordance with regulatory requirements and the development needs of the Group.

The Group upholds the principles of integrity, transparency, accountability, and independence, continuously refining and innovating internal review and governance framework to enhance corporate governance standards and effectiveness. It strictly adheres to the Company Law of the PRC, Part II of Appendix C1 Corporate Governance Code under the Listing Rules, and other regulatory requirements to ensure ongoing improvements to its governance system. For further details on the Group's corporate governance practices during the Year, please refer to the "Corporate Governance Report" section of the Group's Annual Report 2024.

The Group prioritises meritocratic appointments and diversity-driven board composition, ensuring candidates are selected based on skills, experience, gender balance, and strategic alignment. The Group has adopted board diversity policy. As at 31 December 2024, the Board consists of 12 members, including 4 executive Directors, 4 non-executive Directors, and 4 independent non-executive Directors. Among them, 5 are female, accounting for over 40% of the total number of the Board members. Among non-executive Directors and independent non-executive Directors, 8 possess professional expertise in risk management, while each independent non-executive Director holds relevant professional qualifications or experience in fields such as accounting, finance, metallic materials, and international economics. They provide independent and objective advice on major corporate decisions, actively deal with potential conflicts of interest, and play a crucial role in enhancing decision-making and promoting the Group's sustainable development. The Board convenes at least 4 regular Board meetings annually, with directors participating either in person or through online channels such as electronic communication.

The Board has established the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Sustainability Committee, each authorised to collectively oversee the implementation of corporate governance. These committees play a vital role in overseeing operational and financial performance, evaluating management effectiveness, monitoring information disclosure, assessing and managing risks, and reviewing sustainability strategies and objectives. Through collaboration with these committees, the Group ensures that its corporate governance practices align with international best practices, effectively underpinning its long-term development.


INTEGRITY AND CORRUPTION-FREE PRACTICES

Upholding business ethics and corporate integrity is not only a legal obligation but also a cornerstone of sustainable operations. Dedicated to cultivating a culture of ethical management, the Group always maintains a zero-tolerance policy towards illegal activities such as bribery, extortion, fraud, and money laundering. The Group ensures that all staff uphold the highest standards of honesty and integrity in every business interaction, steadfastly maintaining core values of integrity, uprightness, and fairness. In essence, the Group makes every effort to create a corporate culture of integrity and transparency.

The Group firmly condemns corruption, bribery, and all other forms of illegal or unethical behaviour. Anticorruption and anti-money laundering (AML) measures are systematically integrated into all operational facets. On the one hand, the Group continuously strengthens its integrity policies and has established a rigorous antibribery framework to ensure that all business activities follow all the regulations. On the other hand, stated in Whistleblowing Policy, it has implemented clear whistleblowing channels, encouraging employees and relevant stakeholders to actively participate in anti-corruption efforts. Additionally, the Group conducts regular supervisory inspections to thoroughly review business processes and assess potential exposure to corruption risks or related controversies, whether related to specific business activities or geographies of operation. These proactive measures aim to eliminate corruption risks at their source and maintain a clean, transparent business environment. During the Year, the Group was not involved in any anticompetitive practices or business ethics controversies.



1) Business Ethics and Anti-Corruption Policy

During the Year, the Group maintained fully compliant with relevant laws and regulations, including the Anti-Money Laundering Law of the PRC, the Criminal Law of the PRC, and the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). In parallel, it upheld internal policies such as the Integrity Management and Anti-Corruption Policy, the Anti-Fraud Measures and Control Procedures, and the Complaints and Whistleblowing Management Measures. These policies apply universally to all personnel, including directors, senior executives, and employees – whether full-time, part-time, or temporary. They also extend to external parties engaged in business with the Group, as well as individuals representing the Group in an agency or fiduciary capacity, such as agents, consultants, and suppliers. By enforcing these stringent measures, the Group ensures a robust framework to prevent and eliminate unlawful activities, including bribery, extortion, fraud, and money laundering, across all levels of its operations.

The Board is fully responsible for the Group's business ethics and anti-corruption matters. It has established a permanent oversight body to oversee and enforce anti-fraud responsibilities across all departments. Each department holds a monthly anti-corruption meeting to review, analyse, and review past compliance incidents, reinforcing integrity awareness among employees. Additionally, the Chairman of the Board convenes regular anti-corruption meetings to motivate and supervise department leaders, ensuring a strong sense of responsibility and commitment to ethical governance. These efforts collectively foster a culture of transparency and integrity.

To further enhance the positive impact of the Group's integrity culture on the supply chain and strengthen ethical management, a series of targeted measures have been implemented, particularly in key areas such as bidding and procurement. The Group remains committed to fairness, transparency, and impartiality throughout the bidding process. All contracts with business partners, whether enterprises or individuals, are required to include an Integrity Agreement or a Commitment on Integrity and Self-Discipline, ensuring strict adherence by both parties. This proactive approach helps prevent fraudulent practices such as kickbacks and underhand dealings at the source while making sure that third-party partners comply fully with the Group's internal integrity policies and relevant national laws and regulations. During the Year, 100% of the Group's suppliers signed the Integrity Agreement, underscoring the Group's firm commitment to integrity management. Furthermore, the Group continues to strengthen its integrity and self-discipline awareness through mutual supervision with its partners during contract execution, fostering a business environment built on transparency and trust.

2) Business Ethics and Anti-Corruption Training

To comprehensively strengthen employees' commitment to integrity, professionalism, and ethical conduct, the Group conducts regular anti-corruption training every year for all personnel, including outsourced and part-time staff, as well as suppliers, ensuring a thorough understanding of ethical business practices across all operational tiers.

The Group collaborates with other departments to produce various anti-corruption publications, such as Anti-Corruption in Organisation (《勤廉陣地》) and The Overhanging Sword (《利劍高懸》). These publications include and provide in-depth analyses of typical corruption cases.





To cultivate professional ethics among the Group's middle and senior executives, the Group invites experts to conduct annual anti-corruption and integrity training for all employees, including outsourced and parttime staff. These training sessions utilise various formats such as films, television programmes, educational books, case studies of corruption penalties, and warning videos to strengthen awareness of integrity across the organisation.



Anti-corruption and Integrity Training

During the Year, no instances of non-compliance with anti-bribery, anti-fraud, anti-extortion, or anti-money laundering laws were identified.

3) Whistleblowing System and Whistleblower Protection Mechanism

The Group is committed to upholding high standards of integrity and ethical business conduct. We encourage all stakeholders to report any actual or suspected misconduct, malpractice, or unethical behaviour involving employees and/or external parties in matters related to the Group. To facilitate this, we have established a corruption reporting system with multiple whistleblowing channels, including a dedicated phone hotline, email address, in-person reporting, and written submissions. Any individual aware of potential violation of this policy, fraudulent activities, or procedural breaches may report the matter to the Economic Supervision Department (or its designated representative) or the relevant department through the channels and procedures outlined in the Whistleblowing Policy or related procedures. The Economic Supervision Department (or dedicated personnel designated by it from time to time) is responsible for supervising compliance and conducting periodic spot checks across the Group and its branches to ensure the effective implementation of the whistleblowing framework.

Whistleblowing Channels Whistleblowing hotline: 86-543-4161355 Whistleblowing email: zbjjcc@163.com Mailing address: Economic Supervision Department, Huixian 1st Road, Zouping Economic Development Zone, Zouping City, Shandong Province, China



In addition, the Group strictly upholds the principle of whistleblower protection by treating all allegations as sensitive and confidential information and providing anonymous protection for whistleblowers. Meanwhile, the Group expressly prohibits all departments and personnel from engaging in retaliatory actions against whistleblowers for any reason, and has taken preventive measures against potential retaliation.

4) Business Ethics Audit

Under the material issue of corporate business ethics management, the Group prioritises the comprehensiveness and continuous enhancement of its internal anti-corruption and business ethics auditing supervision system. We systematically refine the internal control self-assessment mechanism, strengthen the rules on rewards and penalties, and establish clear divisions of responsibility between the Group's internal auditing bodies and operational units.

The Group conducts internal audits of all business operations at least once every three years, adhering to internal policies such as the Integrity Management and Anti-Corruption Policy, the Anti-Fraud Measures and Control Procedures, and the Complaints and Whistleblowing Management Measures. Annually, the Economic Supervision Department carries out comprehensive anti-corruption audits focusing on key departments. These audits assess compliance with business ethics standards, the effectiveness of governance structures, and the implementation of operational compliance policies. They are aimed at reducing fraud and commercial bribery risks and ensuring the effective enforcement of integrity management policies. These efforts reinforce the Group's unwavering commitment to transparency and legal compliance and sustainable governance, enhance market reputation, and strengthen long-term sustainability.



CARBON NEUTRALITY

REALISATION OF CARBON NEUTRALITY

Enhance operational efficiency

Apply cutting-edge technologies

Develop circular economy

China Honggiao has formulated key initiatives for carbon neutrality, which encompass business transformation as the strategic core direction, operation transformation as the key entry point, and organisational and influence transformation as capability support. The aim is to achieve the Group's "Dual Carbon" goals steadily and systematically under the current business framework, striving for carbon peak by 2025 and net-zero emissions within its own operational scope by 2055.



Apply negative emission technology

Deploy advanced technology like inert anode and CCUS

Promote recycled aluminum

The Group has defined 2020 to 2030, as the initial decarbonisation phase. Given the high proportion of fossil fuels in the preliminary stage, energy structure transformation is the key focus at the outset. Firstly, actively promote the development of a hydropower-based aluminum base in Yunnan Province; Secondly, accelerate investment and practical application in clean energy fields such as wind power and photovoltaic power, thereby gradually replacing fossil fuels with clean energy. The Group will also leverage multiple initiatives, including promoting technological innovation, improving operational efficiency, launching low-carbon products, expanding downstream product categories, developing a circular economy, and strengthening comprehensive resource utilisation, to achieve the goals of energy conservation and carbon reduction, continuously deepening its commitment to green development. Moreover, the Group continues to implement afforestation and mountain closure for forest regeneration in the Yunnan Green Aluminum Innovation Industrial Park, contributing to carbon emission reduction through forest carbon sinks and continuously achieving ecological carbon sink compensation.



Remuneration and Performance Assessment System Linked to Sustainability

The Group has formulated a detailed remuneration and performance assessment system linked to sustainability, incorporating relevant indicators such as energy conservation and efficiency improvement into the performance assessment system for managers at all levels. Executive remuneration is linked to multiple indicators, including the implementation and effectiveness evaluation of energy conservation and emission reduction projects, effectively implementing the management reward and punishment mechanism of "one post, two responsibilities" and "managing production needs to manage environmental protection". The performance evaluation standards are established by the Corporate Management Department. The energy-saving and emission reduction indicators are broken down by combining the production indicators and output of each production processes, such as alumina, electrolytic aluminum, and thermal power), and allocated to various production processes, such as gasoline consumption, overall electricity consumption, coal consumption, and water consumption. These are reflected in the performance-linked salary summary of each employee. Guidance and assistance are provided to employees who perform poorly in assessments, ensuring that all employees, from management to frontline personnel, fully understand the importance of dual carbon efforts and safeguarding the smooth progress of dual carbon efforts.

Raising Awareness of Emission Reduction

On the path towards achieving the "Dual Carbon" goals, China Hongqiao upholds the belief in a "just transformation". While taking necessary measures to reduce emissions, change the energy system, and promote new business models, it also raises employees' awareness and capability in energy conservation and emission reduction through publicity and education. This guides and motivates all employees to create a favorable atmosphere for energy conservation and emission reduction and to practice energy conservation and emission reduction collectively.

The Group implements a low-carbon model internally, organises "Dual Carbon" management training sessions and special lectures on environmental protection laws and regulations, and carries out low-carbon cultural learning activities to integrate the concept of low carbon into the daily behavior of employees. Examples include regularly organising green outdoor practice activities such as wetland walking, fitness walking, employee tree planting, and voluntary activities. During the Year, China Hongqiao provided employees with training on energy conservation and emission reduction, covering enterprise production and national energy conservation policies, the importance of energy conservation and emission reduction, extreme weather response, and requirements and control indicators for energy conservation and emission reduction. We established training programmes and assessment standards to help employees better understand the importance of cleaner production, energy conservation and emission reduction, and to ensure that they have the necessary environmental awareness.



Case study – Promoting the Concept of Energy Conservation

During the Year, at the 2024 Mid-Year Work Review and Skilled Technician Recognition Conference, China Hongqiao publicly recognised exemplary teams and individuals for their exceptional contributions to energy conservation, emission reduction initiatives, and green manufacturing practices. This acknowledgment underscored the Group's commitment to fostering operational excellence and sustainability leadership across its operations. The Group actively responded to the call for green development, deeply exploring the potential for energy conservation and emission reduction in the production process. Through R&D innovation, optimisation of existing processes, and improvement of operational techniques, energy consumption and carbon emissions have been effectively reduced. The Group calls on all employees to take them as role models, base themselves on their own positions, actively engage in innovation and performance improvement practices, strive to make breakthroughs in key process technologies such as energy conservation and emission reduction, deeply practice craftsmanship, and help the Group move forward steadily on the path of green development, achieving a win-win situation in both economic and environmental benefits.



Work Review and Skilled Technician Recognition Conference

Transform the Energy Structure

Driven by various factors, including relocation of production bases of electrolytic aluminum, implementation of photovoltaic projects, industrial synergy and financing support, China Hongqiao's energy structure transformation is gradually establishing a green and efficient development model. In the future, it is expected to contribute more to regional energy structure optimisation and green economic transformation while promoting the Group's own sustainable development, making every effort to accelerate the transformation of the energy structure towards low-carbonisation. During the Year, the Group was certified as a Shandong Pillar "Geese Formation Cluster" and "Leading Goose" Enterprise by the Shandong Development and Reform Commission, and was included in the list of "Leaders" in Energy Efficiency Benchmarks for Key Provincial Industries in 2024 released by the Shandong Provincial Department of Industry and Information Technology, marking a further step forward in the Group's journey of low-carbon development.



The Group has proactively planned and implemented hydropower and photovoltaic projects, injecting new impetus into the sustainable development and energy structure optimisation of the Group. During the Year, the Yunnan Wenshan Green Aluminum Innovation Industrial Park (hereinafter "Industrial Park") operated smoothly, fully leveraging the abundant hydropower and photovoltaic power generation resources in Yunnan Province, and successfully established a multi-energy parallel green power supply system. In this process, the Group continued to reduce coal consumption and continuously increased the proportion of green energy in its energy supply. On the one hand, it replaced traditional energy sources with green hydropower entirely, utilised hydropower resources efficiently, promoted the deep integration of hydropower and the aluminum industry, and enhanced the added value of the industry. On the other hand, the Industrial Park achieved 100% local conversion of molten aluminum, significantly reducing carbon emissions from ingot casting, downstream smelting, and transportation. It also effectively extended the industrial chain, enhanced the development of industrial clusters, and injected strong momentum into achieving carbon reduction goals and the sustainable development of the industry.

During the Year, the molten aluminum metal and remelted aluminum ingots produced in the Industrial Park obtained product carbon footprint certificates, fully demonstrating the Group's proactive approach and achievements in low-carbon development.



Yunnan Wenshan Green Aluminum Innovation Industrial Park Product Carbon Footprint Certificate (Excerpt)

In this Year, the green medium-term notes issued by the Group were used for the construction of photovoltaic power station projects under the Group, have received an "AA+" rating. This green financing initiative provides strong financial support for the large-scale expansion of photovoltaic projects and also demonstrates the capital market's recognition of the Group's green development strategy.



Enhance Operational Efficiency

China Hongqiao has always regarded improving operational efficiency as a core task for the development of the enterprise. Through the deep integration of technological innovation and management upgrades, it is driving the enterprise towards a higher-quality development path. In terms of technological innovation, the Group is actively building an intelligent management platform, making full use of cutting-edge technologies, constructing "intelligent electrolytic aluminum plants", "intelligent alumina future factory", and "intelligent power plants", implementing AI-powered intelligent monitoring systems for aluminum deep processing products to enhance the intelligence level of management, and accelerating the "digital transformation" to empower the transformation, optimisation, and upgrading of traditional industries. In terms of management upgrades, we are fully committed to promoting the upgrading and transformation of production processes, introducing new technologies and equipment, and continuously enhancing the greening and energy conservation of the production chain, striving to increase production efficiency while reducing energy consumption, and achieving the goal of sustainable development.

Intelligent Factory Construction

China Hongqiao, in alignment with the "Made in China 2025" initiative, has proposed to accelerate intelligent transformation. It has taken the lead in launching the construction of intelligent electrolytic aluminum factories. Driven by data, and relying on four major functions – intelligent control, deep process optimisation, task management, and intelligent safety – it aims to achieve a 95% digital control rate for key equipment. This will enhance production efficiency, shorten order completion cycles, and ultimately drive the simultaneous upgrade of the Group's overall performance and lean management standards. After undergoing self-assessment, evaluation by a third party, expert review, and public announcement processes, our Group has been recognised as a "National-level Green Factory" and designated as a benchmark enterprise for intelligent manufacturing in Shandong Province. Additionally, we have received certification from the Ministry of Industry and Information Technology of the PRC for our intelligent electrolytic aluminum factory, which is optimised based on experiential, mechanistic, and data-driven approaches. This recognition fully affirms our Group's efforts in promoting intelligent factories and leading the intelligent transformation and upgrading of the manufacturing industry in the region.

China Hongqiao, with unwavering determination, is steadily promoting the digital transformation of the enterprise, from top-level design to fundamental operations. The Group believes that transformation does not mean abandoning traditional industries, but rather leveraging advanced AI technologies to empower existing industries in an all-around way. It aims to promote the in-depth optimisation and efficient improvement of organisational structure, production systems, energy structure, and industrial structure, gradually achieve the optimisation and upgrading of traditional industries, and lay a solid foundation for venturing into other fields.

China Hongqiao's intelligent factory, by reducing manual intervention via automated control, preventing process deviations with real-time monitoring, utilising data analysis to optimise production parameters, and employing AI technology for precise defect identification, has achieved the following results across various segments of the aluminum industry chain:

- Enhanced Quality Consistency: Process standardisation and closed-loop data management effectively reduce product quality fluctuations.
- Reduced Defect Rate: Real-time detection and early warning mechanisms intercept non-conforming products.
- Efficient Resource Utilisation: Precise control of production processes reduces energy consumption and material waste.
- Optimised Product Performance: Digital simulation and intelligent decision-making are used to facilitate the development of high-value-added products.



Value Chain	Applications of Intelligent Factories
Electrolytic Aluminum	 Real-time Monitoring and Precise Control The automatic temperature monitoring system for the bottom of the electrolytic bath can continuously measure temperature around the clock and is equipped with an over-temperature alarm function, effectively reducing errors caused by manual operation and ensuring the stable operation of the electrolytic bath. The precise aluminum tapping system, in conjunction with the bath control system, can perceive changes in voltage and the anode busbar stroke in real-time, automating the aluminum tapping process. This not only improves current efficiency but also reduces variations in single-bath indicators.
	 Data-Driven Process Optimisation The intelligent process system transforms the experience of industry experts into data models and combines digital twin technology to optimise production parameters such as aluminum tapping volume and fluoride salt feeding volume, significantly improving process consistency. The data center integrates multi-source heterogeneous data, providing strong support for real-time process adjustments and predictive maintenance, effectively reducing the impact of equipment failures on product quality.
Alumina	 Full-process Automation and Intelligence Automated transportation of raw materials is achieved using enclosed belt conveyors, coupled with mechanical homogenisation and fully-piped leaching technology. This ensures a uniform mixture of raw materials. The intelligent monitoring system can collect over 3,200 indicator data points in total, such as leaching temperature and steam temperature, in real time, and quickly respond to abnormal fluctuations through the central control screen to maintain stable process parameters.
	 Intelligent Decision Support The "Industrial Brain" platform uses AI algorithms to analyse production data, automatically providing suggestions for process optimisation and improving leaching rate and product purity. The abnormal data detection and alarm function effectively prevents product quality fluctuations caused by process deviations.



Value Chain	Applications of Intelligent Factories
Aluminum Deep-Processing Products	 Surface Quality and Defect Control The hot rolling surface quality inspection system uses AI image recognition technology to continuously monitor the surface of aluminum strips for defects such as cracks and bubbles 24 hours a day, preventing unqualified products from flowing into downstream processes. Closed-loop quality management was achieved throughout the entire process by promoting the use of surface inspection instruments in processes such as straightening and trimming.
	 Enhanced Production Stability The intelligent unmanned inspection system automatically scans the cold rolling mill oil depot equipment, monitoring equipment temperature in real time and issuing early warnings, reducing production interruptions and defect rates caused by equipment abnormalities. The safety production risk monitoring and early warning system dynamically evaluates parameters such as liquid level, pressure, and temperature during the casting process, reducing the impact of safety hazards on product quality.
Lightweight Products	 Precise Material and Process Control The digital twin technology is used to simulate the forming process of lightweight materials, optimise key process parameters such as stamping and casting, and reduce material waste and structural defects. The intelligent quality inspection system integrates AI and 3D modeling technology to detect the dimensional accuracy and mechanical properties of products in real time, ensuring that the products meet lightweight design requirements.
	 Data-Driven Collaborative Manufacturing By relying on the Industrial Internet platform to integrate data from design, production, and inspection, we achieve quality traceability throughout the product lifecycle, enhancing product consistency.



Case Study – Intelligent Future Factory: A Pioneer in the Integration of Digital and Physical Reality

Intelligent Aluminum AI&L Model R&D Project

China Hongqiao is actively promoting the intelligent aluminum Al&L model R&D project. Based on a general-purpose large language model, the project builds a vertical model for the electrolytic aluminum industry to achieve an autonomous decision-making control model of "one strategy for each bath" in the electrolytic production process. This model can not only significantly improve production efficiency and reduce energy consumption, but also extend the service life of electrolytic bath. While pioneering a new paradigm for low-carbon production of electrolytic aluminum, the project leverages Al technology to empower the "industrial brain" and strives to set a new benchmark for intelligent manufacturing efficiency.

Intelligent Alumina Future Factory

In the future, the project team will continue to leverage intelligent and information-based methods to further improve and optimise the intelligent management system. The plan is to build a series of advanced systems, including digitisation teams, intelligent laboratories, intelligent decision analysis system 2.0, and data indicator platforms. The Group will vigorously develop and apply intelligent inspection and monitoring systems for key processes, continuously improve the intelligent level of production, and fully accelerate the development process of the "Industrial Super Brain" for alumina. The factory takes the lead in piloting the project, aiming to provide strong support and empowerment for "intelligent transformation and digital upgrading" in the industry.



The Central Control Room of the Intelligent Alumina Future Factory



Energy-saving Transformation

China Hongqiao continues to promote green aluminum production and the application of cutting-edge technologies. Aluminum electrolytic baths are the primary equipment for electrolytic aluminum production, and the composite cathodes within them, as the core conductive device, directly affect the service life and production indicators of the baths. Internationally, steel bars are commonly used as raw materials, resulting in high energy consumption and pollution. Energy-saving and environmentally friendly cathode materials for aluminum electrolytic baths have become one of the key factors in achieving green and low-carbon development in the electrolytic aluminum industry. The Group participated in the development of the Aluminum Electrolysis Integrated Copper-Carbon Composite Cathode (RuC) technology, a brand-new iterative technology developed for the global aluminum electrolysis field. The Group has applied for and owns the green low-carbon aluminum brand HQALight based on this technology.



Aluminum Electrolysis Integrated Copper-Carbon Composite Cathode (RuC) Technology

Adopted all-copper current-conducting rods for the first time and cathode carbon blocks in cold-state precision assembly to develop an integrated copper-carbon composite cathode featuring anti-carburising and corrosion resistance, which reduces the resistance difference and horizontal current, and realises stable operation of large-capacity aluminum electrolytic baths at lower voltages

The development of a homogeneous current distribution technology for the integrated copper-carbon composite cathode has significantly extended the life of electrolytic baths.

The lining insulation materials have been upgraded, and the heat balance matching design has been optimised to achieve "low heat loss, slow attenuation" and good heat balance.

A standardised production process adapted to the copper-carbon composite cathode technology has been established.

Technical Highlights of the Aluminum Electrolysis Integrated Copper-Carbon Composite Cathode (RuC) Technology

The primary aluminum production line designed by Shandong Weiqiao Aluminum & Electricity Co., Ltd. ("Weiqiao Aluminum & Electricity"), a subsidiary of the Group, boasts of advanced and reliable technology, effectively improving both output and energy utilisation. Weiqiao Aluminum & Electricity's energy-saving electrolytic aluminum production model continues to be listed as a standardised demonstration project by The Standardisation Administration of the PRC.



During the Year, the Group successfully completed more than 530 energy-saving projects and technological transformation projects, such as the installation of cooling oil pumps at the induced-draft fan's lubrication oil station, the recycling of materials after aluminum extraction, the application of thermit welding technology in electrolytic baths, and the utilisation of residual heat from self-produced steam in steam jackets, continuously improving environmental protection technologies and maintaining ultra-low emissions.

Case Study – Small On-Site Design Brings Significant Cost Reduction Effect

In production and operations, a subsidiary of the Group actively explored the potential for cost reduction and efficiency enhancement and achieved remarkable results through a series of ingenious small on-site designs. The equipment manager of the company noticed that during motor bearing replacement, the motor was prone to collisions, leading to a reduction in insulation. After careful consideration and trials, a dedicated lifting tool for motor rotor transportation was created in-house. The front end of this lifting tool was flexibly welded with matching sleeves based on the actual size of the motor rotor shaft. At the top, adjustable-sized lifting lugs were ingeniously designed according to the different power of the motor to ensure a high degree of balance during the lifting process. Using this dedicated lifting tool, motor rotor lifting became smooth and efficient, eliminating the need for multiple personnel to collaborate on securing the load and significantly improving work efficiency.

At the same time, the Instrumentation and Control Workshop also achieved a breakthrough in technological innovation, successfully designing and developing an automatic start function for the CO analyser after power restoration. The workshop technicians meticulously wrote the PLC program and completed the configuration settings, enabling the CO analyser to automatically start after power restoration and implement sample back-blowing control, eliminating the need for manual restart. This design not only effectively reduces the workload of employees and improves work efficiency but also promotes the improvement of automation operation levels, providing more efficient and convenient technical support for production operations.



Production Site



Integrate Downstream Processing

China Hongqiao is actively expanding its downstream processing business, deploying in multiple areas such as products, technology, markets, and industrial parks, to promote industrial upgrading and sustainable development.



The Group is accelerating the development of a lightweight base, focusing on the R&D of a series of highstrength and high-toughness new aluminum alloy materials for new energy vehicles, and is committed to creating a full-process lightweight R&D, testing, and manufacturing base to provide systematic solutions for automotive lightweighting. The Group is accelerating the development of China's largest full-process automotive lightweight R&D and manufacturing base and a world-leading aluminum-based lightweight research center, vigorously deploying whole vehicle manufacturing projects such as all-aluminum trailers and logistics vehicles, forming an industrial ecology where the aluminum industry and the automotive industry integrate and develop together. During the Year, the Group launched three major series of six high-strength, high-toughness, and high-durability aluminum alloy material products, all internationally leading with independent intellectual property rights. Compared with similar products, the components and assemblies are 20% to 40% lighter. When used in electric vehicles, they can increase the driving range by 3% to 5%, and in fuel vehicles, they can reduce carbon emissions by 10% per 100 kilometers.



Automotive Lightweight R&D Results Demonstration



Development of Circular Economy

In alignment with China Hongqiao's pursuit of its "Dual Carbon" goals, the traditional linear economic model is no longer able to meet the needs of sustainable development. The development of a circular economy has become a crucial pathway to achieving sustainable development. The Group is actively building a circular economy and green ecological chain, taking the circular economy as a crucial point of convergence for the Group's vision of a green and low-carbon future and its long-term strategy.

China Hongqiao is developing recycled aluminum projects. The Sino-German Hongshun Recycling Technology Project is built around the "3+N model" of resource utilisation of end-of-life vehicles, aluminum recycling, and supporting industrial chains. In particular, the energy consumption of the recycled aluminum production line is reduced by 95% compared to electrolytic aluminum, and the carbon emission reduction intensity is reduced by more than 85%. The Group continues to invest resources in capacity expansion, aiming to realize an environmentally friendly pretreatment production line for dismantling end-of-life vehicles with a total annual dismantling capacity of 100,000 end-of-life vehicles for the mixed metal recycling. Upon achievement of this ambition, the production of recycled aluminum from scrap aluminum is able to reduce an average annual carbon emissions of 1.10 million tonnes as compared to primary aluminum. The project's unique technology for removing impurities from recycled aluminum without downgrading its quality, and the highly automated metal crushing and sorting technologies, have reached international leading levels. The project is building a modern, automated, collaborative, and green metal mineral circular economy industrial base, aiming to become the largest recycled aluminum recycling base in China.

In addition, the Group is advancing brand building, creating the green and low-carbon aluminum brand HQALoop. Its raw materials are 100% derived from post-consumer scrap aluminum, with carbon emissions only about 5% of that of primary aluminum, achieving remarkable results in energy conservation and emission reduction.

Case study – Tap into the Value of Offcuts, Create a Circular Aluminum Industry

A subsidiary of the Group has established two dual-chamber melting furnaces, which are mainly used for melting scraps from can-making plants, aluminum foil plants, production returns, as well as waste or clean ingots collected from the market. Dual-chamber furnace melting technology is a highly efficient method for smelting recycled aluminum. It is primarily designed for the melting process of thin and light scrap, aluminum chips, and large irregular scrap. By optimising the preheating and melting process, the dual-chamber furnace transforms raw materials into high-quality recycled molten aluminum, significantly reducing energy consumption and burning loss, improving aluminum recovery rate, lowering production costs, and achieving green circular production in the aluminum industry.

Based on this, Hongfa Aluminum uses this recycled molten aluminum to produce can materials that are more in line with the concept of sustainable development. With its outstanding performance in resource recycling and green production, Hongfa Aluminum has successfully passed the certification as a national-level green factory. At the same time, it was also awarded the first certificate for resource recycling product evaluation in the domestic aluminum deep processing industry by the China Quality Certification Center, with an evaluation result of AAA, the highest level, setting an industry example on the path of green development.



Recycled Aluminum Can Material Products



RESPONDING TO CLIMATE CHANGE

China Hongqiao has always been closely concerned with the potential risks and opportunities arising from climate change, and with a proactive attitude, it has taken a series of practical and effective measures to mitigate the potential impacts of climate change. During the Year, based on a strong sense of responsibility for the environment and the future development of the enterprise, the Group has made in-depth reference to the International Financial Reporting Sustainability Disclosure Standard 2 – Climate-related Disclosures ("IFRS S2") of International Sustainability Standards Board ("ISSB") framework. We have proactively and comprehensively identified climate change-related risks in our daily business operations across four levels: governance, strategy, risk management, and metrics and targets. We have meticulously reviewed each business segment and conducted a comprehensive investigation of potential risk factors throughout our entire business processes that may be affected by climate change, and we are actively addressing them. At the same time, the Group has continued to improve its climate risk prevention mechanisms and constantly enhance its ability to address climate change. In addition, the Group has keenly identified opportunities inherent in climate change and is actively seizing them to advance its sustainable development and move towards a greener and more resilient future.

1) Governance

China Hongqiao deeply recognised the significant challenges that climate change poses to the environment, society, and economy. Facing the impacts and challenges brought about by climate change, we are proactively taking measures, integrating climate management functions into our ESG governance framework, and pursuing sustainable development through continuous improvement and innovation. To ensure the effective management of climate change, we have established a climate change management system with the Board as its highest decision-making body.

As the Group's highest governing body, the Board directly supervises and leads the Group's management of climate-related risks and opportunities, ensuring that relevant policies are effectively implemented and executed. The Board also raises and discusses the Group's performance and progress in addressing climate change at its meetings when necessary, in order to achieve the Group's objectives in the field of climate change. As of the date of this report, the Group has established a Sustainability Committee to oversee the assessment and management of climate-related risks and opportunities. It progressively conducts research on the current status, formulates strategies, implements risk management, identifies and manages indicators and targets for the risks and opportunities that the Group may face due to climate change, and reports information on climate-related risks and opportunities to the Board when necessary.



2) Strategy

The impacts of climate risks and opportunities are full of uncertainties, which presents a challenge for developing climate change response measures. To comprehensively analyse the climate risks and opportunities that we may encounter in the course of our business development, we need to consider factors such as global warming pathways, climate policy shifts, and impact durations. During the Year, we engaged professional consultants who selected scenario-based models and related parameters published by the United Nations Intergovernmental Panel on Climate Change (IPCC) to conduct climate scenario analysis for both low-emission and high-emission scenarios. The aim is to gain a deeper understanding of and respond to these risks and opportunities, clarifying the differences between them. The specific scenario selections are as follows:

Scenario	IPCC Climate Scenario Reference Model	Scenario Description
Low-Emission Scenario (Sustainable Development Pathway)	Climate Change Projection Model: SSP1-2.6 Scenario	In this scenario, global warming is limited to below 2.0℃, with strict policy regulations. Transition risks are more severe, impacting businesses significantly. However, physical risks cannot be ignored either.
High-Emission Scenario (Fossil Fuel Development Pathway)	Climate Change Projection Model: SSP5-8.5 Scenario	In this scenario, global warming exceeds 4.0° , with relaxed policy regulations. This will lead to a series of severe climate issues, presenting businesses with greater physical risks.

Risk Response

During the Year, China Hongqiao has identified climate change-related risks and opportunities in the short term (1-5 years), medium term (5-10 years) and long term (10 years and above) by comprehensively considering factors such as the national macro environment, industry characteristics and the Group's own development plan. It has also deeply analysed the impact of these risks on the Group and proactively taken practical and feasible countermeasures in all aspects of production, operation and the supply chain.



The following table sets out the climate risks that have a high potential impact on the Group's business:

Climate Risk	Risk Description	Potential Impac	ts	The Group's Response
Type and Level				
Physical Risk				
Extreme Weather Risk Level: Medium-low to Medium	 The natural environmental risks brought about by the increasing severity and frequency of extreme weather events may cause transportation difficulties and supply chain disruptions. Extreme weather events lead to increased operating costs and physical damage to tangible assets. Extreme weather leads to safety risk accidents, adversely affecting employee health, safety and attendance. Extreme weather leads to abnormal power generation, affecting production lines that rely on hydropower. 	Impact Cycle: Long-term Impact on the Value Chain: • Operation • Upstream Value Chain Financial Impact: • Expenditures • Assets and Liabilities • Others	 Under the Low-Emission Scenario: Impact on marine transportation due to extreme weather: Extreme weather events (typhoons), which bring gale force winds, huge waves, storm surges and torrential rains, etc., could threaten the safety of ship navigation, cause disruptions to port operations, and lead to route adjustments and delays, while rising sea levels could damage port facilities, change the condition of shipping lanes, and increase the risk of coastal flooding, thus affecting the marine transportation of enterprises. However, the Group has set up a risk alert and emergency response plan, under which the impact on the Group's marine transportation is currently limited. Impact on operating costs due to equipment damage: Extreme weather events (such as floods, droughts, and hurricanes) could lead to equipment damage, production disruptions, and raw material supply shortages, thereby increasing operating costs; and the costs of restoring and repairing damaged facilities will also gradually increase. Impairment and premature retirement of existing assets (such as damage to property and assets in areas prone to extreme weather) materialise, with increased operating costs (such as insufficient water inflow for hydropower stations and inadequate cooling water for thermal power plants). However, at this stage, the Group has insured vulnerable assets. Impact on operating costs due to increased extreme weather management processes: The implementation of new practices and processes for managing extreme weather events, difficulties in transportation, and increased operating costs. However, the Group has implemented climate-related risk prevention measures to ensure stable production and operations. Impact on employees under extreme weather events may impact the health, safety, and work efficiency of employees to a certain extent. However, the Group has implemented climate-related risk prevention measures to ensure stable production and operations. Impact on employees	 weather resistance tests and modifications on key equipment, and introduce advanced materials and technologies. Conduct regular inspections and maintenance, promptly repair and upgrade outdated equipment to ensure robust infrastructure. Strengthen safety management, conduct regular safety training and extreme weather emergency drills, and enhance employee safety awareness and emergency response capabilities. Formulate safety operating procedures, provide necessary safety equipment and emergency supplies to ensure employee safety. Diversify energy supply by exploring wind, solar and other sources to reduce reliance on a single energy source. Invest in new electricity system to enhance the stability of electricity transmission and distribution and formulate a power emergency plan. Promote the application of environmentally friendly technologies, enhance sustainable



Climate Risk Type and Level	Risk Description	Potential Impac	ts	The Group's Response
			 Impact on the aluminum product business in Yunnan: As hydropower is the main source of electricity supply in Yunnan Province and is susceptible to weather and water conditions, extreme weather events in Yunnan will affect the production, transmission, and distribution of hydropower. Increased energy consumption and equipment maintenance costs: Longer- term shifts in climate patterns may increase the Group's operating costs. For instance, sustained high temperatures will increase the demand for water supply and summer cooling, leading to higher energy consumption and equipment maintenance costs. Under the High-Emission Scenario: Revenue reduction: Decreased production capacity leads to reduced product output, resulting in decreased revenue. Increased production and operating costs: Extreme weather damages equipment through various means, accelerating its aging process. Equipment aging leads to increased maintenance frequency, significantly higher maintenance personnel, and rising labor costs. 	
Global Average Temperature Rise Risk Level: Medium	Climate pattern shifts	Impact Cycle: Long-term Impact on the Value Chain: Operation Financial Impact: Expenditures	 Under the Low-Emission Scenario: Gradual increase in operating costs: Longer-term climate pattern shifts may increase the Group's operating costs. For example, sustained high temperatures will increase the demand for water supply and summer cooling, leading to a gradual increase in energy consumption and equipment maintenance costs. Under the High-Emission Scenario: Less corporate revenue: Rising temperatures lead to a decline in employee labor productivity and equipment performance, resulting in reduced production capacity and a significant decline in revenue. Increased operational pressure: Increased production and operating costs (such as electricity costs, equipment maintenance costs, and labor costs for maintenance personnel). 	 Promote the application of environmentally friendly technologies, enhance sustainable development capabilities, and maintain a positive corporate image. Establish a high-temperature monitoring and early warning system for production equipment, adopt scientific and efficient cooling solutions, and conduct regular comprehensive equipment inspections to ensure stable operation under high-temperature conditions, meeting production needs while improving workplace comfort.



Climate Risk Type and Level	Risk Description	Potential Impac	ts	The Group's Response
Transition risl	s			
Tightening policies and regulations Risk Level: Medium to High	Pressure from greenhouse gas emission reduction policies	Impact Cycle: Short, medium, and long term Impact on the Value Chain: Operations Financial Impact: Expenditures	 Under the Low-Emission Scenario: Impact on legal compliance risks: China Hongqiao has assets all over the world, and the regulations in different regions vary. Legal compliance risks have become a significant challenge. In response to China's carbon peak and carbon neutrality goals, China Hongqiao is committed to achieving carbon peak by 2025, striving for net-zero emissions in its own operations by 2055 under the current business framework. Certain pressure on production and operation activities: Pressure from long- term macroeconomic policy adjustments will be transmitted to China Hongqiao's production and operation activities. Under the High-Emission Scenario: Increasing financial impact: In the long term, the Group may face increased production and operating costs (such as electricity costs, equipment maintenance costs, labor costs for maintenance personnel). 	 Regularly review global and local government policies and regulatory updates on climate change, technological advancements, and market trends. Enhance communication with government and regulatory authorities to ensure timely understanding of policy changes and proactive adjustments to relevant work to adapt to the ever-changing regulatory environment. Actively respond to national development policies and implement the national "3060" dual carbon commitment strategic goals. The planning, arrangement, and implementation of dual carbon efforts have been launched ahead of schedule. Formulate the Corporate Carbon Emission Management Measures to standardise the carbon emission management system.



Climate Risk Type and Level	Risk Description	Potential Impac	ts	The Group's Response
Increasing Carbon Pricing Risk Level: Medium	 Gradual increase in carbon pricing (e.g., emissions trading, carbon tariff systems) Insufficient supply of fossil fuels 	Impact Cycle: Short, medium, and long term Impact on the Value Chain: • Operation • Upstream Value Chain Financial Impact: Expenditures	 Under the Low-Emission Scenario: A slight increase in financial costs: Varying carbon pricing mechanisms across different jurisdictions will gradually increase financial costs. With the successive introduction of supporting control and regulatory mechanisms for emissions rights globally, there is a possibility that China Hongqiao's global assets will be included in the scope of emissions trading control. The additional operational and financial costs may affect the stability and cost of energy supply. Energy crisis impacting production costs: As the energy supply crisis becomes more pronounced due to insufficient supply of fossil fuels as a result of energy restructuring in different regions, the Group's production may be affected by the supply of fossil fuels, resulting in higher costs. However, China Hongqiao is now actively transforming its energy structure to reduce its reliance on fossil fuels. The probability of an energy crisis is relatively low, which in turn will have a lower impact on the Group's production costs. Under the High-Emission Scenario: Increased production and operating costs: The cost of purchasing carbon credits increases. 	 Enhance energy structure, deploy clean energy sources such as hydropower in Yunnan, and increase the proportion of new energy. Accelerate the development of the new energy industry, continue to carry out capacity replacement and transfer, increase the development of photovoltaic and wind power projects, continue to promote the construction of electrode boilers and molten salt energy storage steam supply, deploy clean energy, and increase the proportion of clean energy use. While implementing the carbon reduction strategy, closely monitor the carbon pricing mechanisms in the countries where assets are located and globally, especially the progress of requirements related to the emissions trading mechanism. Strive towards international best practices and actively and flexibly embrace challenges. Set carbon intensity targets for products and corresponding implementation plans. Strengthen carbon emission supervision and management, and enhance compliance inspections to address increasingly stringent policy regulations. Continue to improve the carbon reduction path, disclose the Group's carbon reduction measures.



Climate Risk Type and Level	Risk Description	Potential Impact	ts	The Group's Response
Increased Stakeholder Concern Risk Level: Medium	Stakeholder demands for climate risk disclosure	Impact Cycle: Medium term Impact on the Value Chain: • Operations • Downstream Value Chain Financial Impact: • Revenue • Assets and Liabilities	 Under the Low-Emission Scenario: Mild risk to business operations and revenue: Regulatory department, investors, customers, and consumers are increasingly demanding public disclosure of climate risks and low-carbon products. Non-compliant disclosure and inappropriate climate performance may lead to reputational damage and financing disruption, which in turn poses a risk to business operations and revenue. The Group's ESG Report, which are published regularly, includes relevant disclosures on climate risk and are communicated with stakeholders on a regular basis. Currently, the Group has limited exposure to this risk. Under the High-Emission Scenario: Increased financial pressure on the Group: With increased stakeholder attention, in the long run, climate issues will increase financial pressure on investors due to shrinking asset values and rising portfolio risks. At the same time, the Group may face reduced credit limits, higher interest rates, and difficulties in raising funds due to changes in credit risk assessments, increased capital costs, and less financing channels. 	 Regularly publish ESG Reports, enhance communication with stakeholders, improve transparency and trust, and strengthen and optimise climate change risk management. Regularly communicate with professional consultants on climate-related impacts and response strategies to understand emerging climate-related risks and their opinions and perspectives on climate-related issues, and identify potential climate-related risks that may impact the Group's business. Benchmark against ESG ratings, enhance ESG risk management, pay attention to domestic and international ESG development trends, and grasp ESG hotspots in the capital market. Strengthen partner exchanges, participate in ESG seminars, and understand the latest industry trends. We have issued a sustainability-linked loan overseas, set energy conservation and emission reduction targets, and are committed to continuously improving sustainability performance. We have issued green bonds domestically and used the proceeds to support waste resource recycling projects and renewable energy project development, actively promoting the development of a green economy. We actively provide employees with energy conservation and emission reduction training to enhance their environmental awareness.



Climate Risk Type and Level	Risk Description	Potential Impac	:ts	The Group's Response
Market Shift Risk Level: Medium	 Increasing customer demand for low- carbon products and services Low-emission alternatives to existing products and services Market signal uncertainty Research and development and investment in low- carbon transition technologies Lagging behind in low-carbon transformation technologies related to high-energy- consumption processes in smelting, and electrolytic aluminum production may result in falling behind competitors and impacting market share Failure to invest in new technologies 		 Under the Low-Emission Scenario: Impact on corporate revenue: The increasing market demand for low-emission alternatives may lead to a decline in the market share of existing high-emission products, impacting corporate revenue. Currently, China Hongqiao has started energy transformation and invested in low-carbon products. Impact on corporate market performance: The increasing social demand for low-carbon products will put pressure on the industry chain, influencing downstream manufacturers to prefer metal products with lower carbon footprints, thereby impacting corporate market performance. Currently, China Hongqiao has devoted itself to energy transformation and invested in the field of low-carbon products, enhancing product diversification. A slight increase in production costs: Shifting consumer preferences may lead to a decrease in demand for goods and services. Moreover, the ever-changing input prices (such as energy and water) and output requirements (such as waste management) could potentially increase production costs. Investment in technology development affecting the Company's financial status and market position: R&D expenditures in innovative and alternative technologies cannot cover the funding gap in technology development. The uncertainty surrounding the research and development and aplication of new technologies may result in investment conditions impacting the Group's financial position and market standing. 	 Develop differentiated low-carbon aluminum products, including continuing to promote HQALight, HQALoop, and other green aluminum branding efforts to meet the market demand for environmentally friendly products, enhance the Group's influence and low-carbon image in the value chain, and expand the Group's reputation and market share of green products. Continue to improve sustainability management. Currently, several branches under the Group have successfully passed the ASI Performance Standard certification. Conduct product Life Cycle Assessment (LCA) certification, adjust its product portfolio in a timely manner, and launch low-emission alternatives that meet market demands to maintain market competitiveness. Increase the amount of scrap aluminum recycled and continuously optimise the market presence of recycled aluminum. Establish a market monitoring mechanism to obtain market dynamics in a timely manner and flexibly adjust production and sales strategies in response to market changes. Maintain ongoing communication with customers. We have issued a sustainability-linked loan overseas, set energy conservation and emission reduction targets, and are committed to continuously improving sustainability performance. We have issued green bonds domestically and used the proceeds to support waste resource recycling projects and renewable energy project development, actively promoting the development of a green economy. Increase the promotion and application of energy-saving technologies, reduce energy consumption, lower production costs, accelerate the development of new energy industries, strengthen the construction management. Actively invest in artificial intelligence (AI), build intelligent factories, and improve energy efficiency. Implement a technical evaluation mechanism to strictly screen investment projects, ensure the effectiveness of capital investment, and establish a risk management framework to deal with potential tec



59

Climate-related Opportunity Identification

Climate Opportunity Type and Level	Opportunity Description	Potential Impacts	The Group's Response
Products and Services Opportunity Level: High	Increasing customer demand for low-carbon products and services: With the development and growth of new energy industries (such as electric vehicles), the market will shift towards renewable energy and decarbonisation, and the demand for key raw materials for green energy and green aluminum materials will steadily increase.	Medium and long term	 Carry out low-carbon certification. Set carbon intensity targets for products and corresponding implementation plans. Develop differentiated low-carbon aluminum products to meet the market demand for environmentally friendly products. Increase the amount of scrap aluminum recycled and continuously optimise the market presence of recycled aluminum. Carry out integrated dismantling of end-of-life vehicles. Faced with the growing demand for green development, the Group keeps up with market trends and actively participates in the research and development of green products, climate-related risk solutions and services to meet market demands and fully promote sustainable development.
Policy Support Opportunity Level: Medium	Green Finance: Green finance provides new financing channels for enterprises, such as green bonds and green credit, increasing the diversification of financial assets, enabling enterprises to obtain financial support at relatively low interest rates, and promoting the implementation of sustainable development projects.	Short, medium, and long term	 Actively participate in the green finance market, develop green financing strategies, apply for green bonds and other green financial products to support investment in renewable energy projects and environmental protection technologies. At the same time, establish a green project evaluation system to ensure the effective use of funds and maximise environmental benefits.

The following table sets out the climate risks that have a high potential impact on the Group's business:



Climate Opportunity Type and Level	Opportunity Description	Potential Impacts	The Group's Response
Resource Efficiency Opportunity Level: High		Time Horizon: Short, medium, and long term Value Chain: • Upstream Value Chain Financial Impact: • Expenditures • Cash Flow	 Leverage policy support, and increase R& investment in the above fields, so that relevatives results can not only meet policy requirement but also respond to market demands, there helping sustainable development reach a nelevel. Accelerate the development of new enerrindustries, continue to carry out capace replacement and transfer, increase t development of photovoltaic and with power projects, continue to promote t construction of electrode boilers and molt salt energy storage steam supply, increat the proportion of new energy, and strength energy conservation and emission reductimanagement. Increase the promotion and application energy-saving technologies, reduce energ consumption, and lower production cost Regularly conduct energy audits, identify enerwaste and improvement opportunities, devel energy management plans, and promote t application of energy-saving technologies. Increase R&D investment, establish a technologi innovation incentive mechanism, and encoura employees to participate in the development and application of new technologies. At t same time, cooperate with universities a research institutions to carry out technic cooperation and exchanges, and promot the rapid implementation and application technologies. Continuously conduct market research, ident opportunities for alternative resources and no product development, and establish a diversifit supply chain management system. At the sart time, strengthen cooperation with supplie to ensure a stable supply of resources a reasonable prices. Carry out research on the comprehensive was recycling and utilisation of buxite resid resources to scrap aluminum. At the same timr raise awareness of recycling of employe and the public, and promote the recycling resources.



Case Study – Flood Control and Prevention Emergency Drill

In enhancing the ability to respond to extreme weather at various levels, the Group has put forward specific measures and plans to ensure the continuous improvement of production safety and promote itself to a higher level of intrinsic safety.

In response to the problem of abnormal situations such as rainwater backflow during the flood season, the Group organised a special flood control and prevention emergency drill. The drill simulated a scenario of sudden increase in rainfall, untimely rainwater drainage, rapid rise in water level, and eventual rainwater backflow. After the emergency occurred, the Group immediately activated the flood control emergency plan. Upon receiving the instructions, the staff acted quickly to install flood barriers, lay flood control sandbags, and activate emergency pumps for emergency drainage. Through this drill, the flood control emergency plans of each unit were further improved, and the emergency response capabilities of employees in handling unexpected accidents under rainstorms during flood season were effectively enhanced.



Scene of Flood Control and Prevention Emergency Drill



3) Risk Management

In terms of risk management, the Group has established a strict and flexible response mechanism. Specific and practical measures have been formulated for different types of risks. At the same time, the Group continues to improve the prevention mechanism for climate change-related risks, including establishing and improving a climate risk monitoring and early warning system, collecting climate data and related information in real time, so as to quickly detect and take action at the initial stage of risks. Through this series of measures, the Group continuously enhances its resilience to climate change, enabling the enterprise to maintain stable operations in a changing climate.

The Group incorporates climate change-related risks into the Group's ESG management and internal control scope, regularly monitors and assesses their changes to enhance the effectiveness of climate-related risk management. The specific process is as follows:

Risk Review and Identification	 Based on the IFRS S2 framework and regional climate disaster situations, a preliminary review of climate risk and opportunity categories is conducted to identify all aspects of the Group's business operations that may be affected by climate factors. In-depth analysis of the current status of the industry is conducted, researching best practices of peers in addressing climate risks and seizing climate-related opportunities to learn from their experience. Through systematic analysis and research, a detailed list of climate risks and opportunities is formulated, providing a strong reference for the Group to develop sustainable development strategies.
Risk	 Discussions are conducted with various business departments on the Group's current status and climate risk
Assessment	identication and assessment.
Risk	 Based on their own business development, each business department thoroughly analyses the impact of
Response	various climate risks on business operations, conducting comprehensive assessments.
Improvement Measures and Risk Monitoring	 Corresponding strategies are proposed to address the significant climate risks and opportunities identified through assessments. Regularly monitor and evaluate the progress of risk control enhancements. Establish a climate indicator monitoring and early warning mechanism for carbon emissions and disaster losses, which tracks progress and report any anomalies, ensuring that risks are controllable.



4) Metrics and Targets

The Group has set the "Dual Carbon" goals under the current business framework, striving to achieve carbon peak before 2025 and net-zero emissions within its own operational scope before 2055. This Year, the Group has made remarkable achievements in its carbon reduction goals. Compared with 2023, the Group's carbon emission intensity has been reduced by 12%. For a detailed description of the Group's carbon neutrality initiatives, please refer to the "Realisation of Carbon Neutrality" section of this Report.

At the same time, the Group continuously discloses greenhouse gas (GHG) emission data for Scope 1 and Scope 2, undergoing verification of GHG emissions to enhance data accuracy and transparency. In the future, the Group will explore conducting internal asset assessments, evaluating in detail the amount and percentage of assets or business activities vulnerable to climate-related risks. Simultaneously, capital expenditures, financing, and investment amounts used to address climate-related risks and seize climate-related opportunities will be reviewed. Additionally, the Group will continue to delve into the internal carbon pricing mechanism to comprehensively analyse the financial impact of its carbon footprint. This will facilitate a more scientific and precise planning of the Group's sustainable development path.

PART ONE:

PURSUE EXCELLENCE IN QUALITY AND PROMOTE GREEN PRODUCTION

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I. PURSUING EXCELLENCE IN QUALITY THROUGH ATTENTION TO DETAIL



1.1 PLANNING AHEAD WITH LEAN SUPPLY

1) Supplier admission and evaluation

The Group has established a comprehensive system for supplier selection. The key raw materials for the Group's production and operation include raw coal, bauxite, and anode carbon blocks. The required materials include equipment, accessories, production ancillaries, personal protective equipment, and office supplies. The Group has established a comprehensive system for supplier selection. Regardless of the types of materials procured, suppliers that cooperate with the Group must possess relevant qualifications as required by the state. Suppliers are required to complete registration on the tender website and submit relevant information, followed by a step-by-step review by the supplier administrator of the Settlement Department. Suppliers shall strictly comply with the Group's supplier management regulations, sign confidentiality and integrity agreements and pay security deposits, to ensure the standardisation and safety of cooperation.

During the Year, the Group proactively promoted the optimisation and upgrade of its supplier management system, focusing on the Standards for the Selection of New Suppliers of Materials by the Procurement Department. It updated the standards for the selection of new suppliers of equipment and production accessories, basic construction materials, and auxiliary materials, further improved the details of the standards for the selection of suppliers, and adapted to the digital transformation and upgrade of departmental procurement, thus enhancing the level of automated control over the selection of suppliers.



Admission Assessment	 The dedicated staff will be responsible for conducting a comprehensive assessment of the suppliers, including their production capacity, credit assessment and environmental protection, human rights risks, quality management system and contractual performance; Through a combination of questionnaire surveys and site visits, a comprehensive environmental performance survey will be conducted on all suppliers, focusing on assessing and monitoring their actual performance in terms of environmental compliance, environmental protection measures, and effectiveness in resource conservation, etc.; In the supplier selection process, for materials with high demand, priority is given to manufacturers or first-tier agents to ensure stable supply and reasonable price. Specialised parts for equipment are procured directly from the original manufacturer, while hardware and electrical appliances are procured through a combination of cooperation with traders and agents; The certification of low-carbon products, environmental management systems (e.g. ISO14001), occupational health management systems (e.g. OHSAS18001) and quality management systems (e.g. ISO9001) are taken into account in the supplier admission and assessment.
Overall Evaluation	 The suppliers are assessed on a combination of dynamic and annual basis; The phase-out assessment will set out the corresponding assessment scoring criteria according to different business categories to better reflect the business substance; Environmental protection is recognised as an extra credit factor. If a supplier's overall score fails to meet the Group's standard, the Group will take appropriate measures (including but not limited to elimination, warning or suspension of cooperation, etc.) based on the assessment results and form the final evaluation result accordingly; The Group screens suppliers with environmental audits to minimise toxic releases in the supply chain; Once a supplier's product is recalled due to safety and health concerns, we will verify and take prompt action; Once the suppliers are found to have human rights risks, the Group will work with the suppliers to formulate risk mitigation measures and programs.
Dynamic Management	 The Group practices dynamic management of suppliers and eliminates suppliers, in a timely manner, which do not meet the assessment standards; Set and track performance indicators in contracts to measure key suppliers' ESG management performance. For example, all contracts with key suppliers are required to include safety performance indicators, while some also incorporate environmental indicators related to the reduction or minimisation of environmental impacts depending on the nature of the products or services provided; Suppliers that do not meet the Group's standards are required to make the necessary corrections and cooperation will be resumed only after they pass the corrections; For suppliers involved in corruption, fraud, bribery or major security incidents, all cooperation relationship will be terminated and they will be blacklisted from any future business dealings.

The Group's Initiatives for Supplier Admission and Evaluation



2) Building a Sustainable Supply Chain

To effectively manage the environmental and social risks associated with suppliers, our Group adheres to a responsible procurement policy, implements stringent supplier management procedures, and has established a Supplier Code of Conduct. This is aimed at promoting the joint fulfillment of environmental and social responsibilities by our Group and our suppliers.

The following are the requirements of the Supplier Code of Conduct regarding the environmental and social responsibility of suppliers:

Environmental and Social Responsibility Requirements	Requirements
Business Ethics	 To comply with the requirements of China Hongqiao's Integrity Management and Anti-corruption Policy. The Group has established basic codes of conduct for its employees and other personnel who conduct business on its behalf, and expects suppliers to adopt the same or even stricter standards in accordance with the nature and scale of their business activities, the characteristics of the goods they provide, and the types of services they perform. It is expected that both sides will uphold basic principles including legal compliance, fairness and honesty, anti-corruption, and human rights, and implement these principles appropriately and reasonably.
Labour Protection	 To comply with the UN Guiding Principles on Business and Human Rights (UNGPs). To regularly conduct human rights impact assessments to identify the actual and potential impacts of the Group's operations on human rights, and regularly evaluate the effectiveness of management measures. To safeguard the human rights of employees and treat them fairly and with respect in accordance with internationally recognised standards, specifically: to prohibit child labour and eliminates any form of child labour; to prohibit forced labor, and labor practices related to human trafficking, and safeguard the right of employees to freely choose their employment; to ensure that employees have reasonable and legal rest time; to provide employees with reasonable and legal salaries and benefits in accordance with labor laws and regulations and industry standards; to implement people-oriented management and prohibit any form of discrimination, harassment, and corporal punishment; to provide reasonable and legal special protection to female employees, ensure that female employees enjoy all rights granted by law, eliminate gender discrimination, and promote gender equality. Not to support armed conflict or human rights abuses in conflict-affected or high-risk areas, to sign the Non-use of Conflict Minerals Undertaking and never to use "conflict minerals" mined in countries of origin using armed conflict, illegal or inferior working conditions.



Environmental and Social Responsibility Requirements	Requirements
Occupational Health and Safety	 To provide comprehensive emergency measures to ensure a rapid response to emergencies. Employees are required to receive general and job-specific safety training to enhance safety awareness and operational skills. To provide employees with the necessary labour protection equipment and to providing training on its correct use and maintenance. In the event of a work-related injury, the necessary medical services will be provided immediately to protect the health of employees. Special equipment shall be used with legally obtained approvals and permits, and operators must be certified to work.
Environmental Friendliness	 To attach importance to environmental responsibility and make every effort to reduce negative impacts on communities, the environment and natural resources throughout the manufacturing process, effectively protecting public health and safety: To proactively obtain, properly maintain and timely update all necessary environmental permits, approvals and registration certificates, operate legally and compliantly in strict accordance with operational and reporting requirements; To implement pollution prevention measures, promote resource conservation initiatives, improve resource utilisation efficiency and reduce the damage of production activities to the environment; To implement safe handling, storage, transportation, use, recycling, reuse and final disposal of hazardous substances to eliminate the risk of environmental pollution; To minimise the discharge of wastewater, waste gas, and solid waste to reduce the harm of production activities to the ecological environment; To minimise energy consumption, reduce greenhouse gas emissions, and proactively address climate change.
Confidentiality	• To comply with local laws and regulations regarding privacy and information security, as well as the Group's relevant management rules and regulations, to ensure privacy and information security.



At present, the Group has established long-term and stable cooperative relationships with many suppliers. During the cooperation with suppliers, the Group has conducted regular risk screening on environmental, employment, and operational aspects to reduce environmental and social risks in the supply chain. Suppliers must strictly comply with the laws and regulations of the countries and regions in which they operate in terms of business ethics, environmental protection, labor rights, occupational safety and health, to ensure that the products and services they provide always meet the Group's standards. For suppliers who have complete relevant certifications and excellent performance in social responsibility, we will give extra points to promote the sustainable development of the supply chain.

During the cooperation process, the Group actively shares with suppliers the Group's goals and progress in environmental protection, energy conservation and emission reduction, and biodiversity management, to achieve the goal of an environmentally friendly enterprise together. In addition, the Group makes every effort to ensure that all suppliers follow the Group's commitment to product quality and business ethics, strictly abide by the Group's anti-bribery policy, and ensure that all business activities are always in line with proper business ethics.

China Hongqiao joined ASI in 2017, and in this Year, two of its subsidiaries (Hongfa Aluminum and Zouping Dingrui) have obtained the ASI Chain of Custody (CoC) Standard V2 (2022) certification. The ASI CoC Standard V2 (2022) establishes clear requirements for responsible procurement, aiming to regulate supply chain management, ensure the traceability and accountability of aluminum products throughout the supply chain, and mitigate risks such as illegal procurement and environmental damage. The Group's successful acquisition of this certification fully demonstrates the effectiveness of its initiatives in supply chain management and responsible procurement, and has gained international recognition.





1.2 QUALITY FIRST. QUALITY FOREMOST

The Group attaches great importance to product guality, comprehensively implements the "onevote veto" system in quality management, and strictly implements the principles of "two prohibitions" and "three non-tolerances"² in daily production. All employees, from front-line production staff to middle and senior management, are involved in the quality control system. All positions, according to their responsibilities, control each step from raw material procurement and acceptance to product packaging and delivery, forming a rigorous quality management network.

1) Quality management system

The Group is well aware that quality is the lifeline of an enterprise, and for this reason, it has established a comprehensive quality control system, which carries out inspections at every step from raw materials, semi-finished products to finished products. All production processes of raw materials from entering to leaving the factory are traceable, in which composition testing, random sampling, packing, transportation and other aspects all strictly comply with relevant standards and specifications. To identify and control non-conforming products, the Group has set out in the Control Procedures of Non-Conforming Products the review and disposal of non-conforming products, the identification. review and disposal of non-conforming products. Responsibilities for non-conforming products are assigned to each production position, with clear procedures and disposal results. Incidents resulting in non-conforming products are classified and handled in accordance with the Group's relevant quality accident handling regulations.

Department	Content of Responsibility
Production Workshops	 The supervision of workshop process operations is given top priority, dynamically tracking the progress of various production indicators and conducting irregular and strict assessments to ensure standardised operations and accurate processes. Strict control is exercised over the entire process from the receipt of materials at the factory to their use in production, minimising the risk of pollution due to poor material management and avoiding unnecessary resource consumption.
Process System Control Room	 We improve product quality from the source by continuously optimising personnel operation standards. In response to abnormal data that arises during production, we promptly organise professional teams to carry out special analyses, adjust process parameters in a timely manner, and focus on overcoming various difficulties encountered during the process.
Production System Manager	 A bi-weekly quality analysis mechanism has been established, led by production system managers, to regularly convene workshop directors, work area chiefs, and relevant department heads to conduct root cause analysis and discussions on product quality fluctuations and production control bottlenecks. Based on comprehensive analysis, practical and feasible preventive measures are formulated and continuously tracked and implemented, forming a closed-loop management system to provide a solid institutional guarantee for the long-cycle and stable operation of the production system.
Safety and Technology Department	• In accordance with the Quality Target and Indicator Management Plan, the product quality is comprehensively and strictly controlled to ensure that the products meet various standards.

The Group's Systematised Production Management System

That is, defective products from the previous process are not allowed to flow into the next process, and products judged unqualified by quality inspection are not allowed to enter or leave the warehouse. That is, no tolerance for unclear reasons, unimproved measures, or unhandled responsibilities. 1

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To guarantee the health and safety of its products used for food packaging, the Group always strictly conforms to the requirements of the National Food Safety Standard for Food Contact Materials and Use of Additives Standards for Products (GB9685-2016), the National Food Safety Standard – General Hygiene Practices for Food Production (GB 14881-2013) and the National Food Safety Standard for Metallic Materials and Articles in Contact with Food (GB4806.9-2023). In the production of food and pharmaceutical packaging products, the Group strictly controls and ensures that the content of toxic and harmful elements is lower than the legal standards, and that the production environment and processes meet specific health requirements. The Group attaches great importance to product quality, and proactively applies for various relevant certifications and qualifications, including the ISO 22000:2018 Food Safety System Certification and ISO 9001:2015 Quality Management System Certification.



This Year, the Department of Industry and Information Technology of Shandong Province announced the 2024 "Shandong Manufacturing • Qilu Excellence" list. Shandong Hongqiao's metallurgical-grade alumina was successfully selected due to its excellent quality and strong product competitiveness. The inclusion of Shandong Hongqiao fully demonstrates its innovation, technology, and development potential. In the future, the Group will continue to improve its industrial model, accelerate high-end development, and strive to become a world-class enterprise.



Case Study – Revising and Improving the Promotion and Implementation System to Enhance Corporate Management Efficiency

This Year, to further refine existing management systems, the Group conducted in-depth research aligned with 2024 operational priorities through on-site visits and digital surveys. Over 300 managers participated in face-to-face consultations, while feedback from more than 10,000 mid-level and frontline managers and employees informed the comprehensive revision of 13 existing management systems. Following the revisions, in order to facilitate a systematic understanding and effective implementation of the new systems among managers and employees, the Corporate Management Department organised three business offices – Cost Management, Equipment Management, and General Management – to conduct detailed presentations and in-depth interpretations of the new systems from six perspectives: production performance appraisal, equipment management, energy-saving and technology renovation, innovation management, intellectual property management, as well as measurement and inventory management. This round of promotion and implementation has effectively strengthened the implementation of the system and enhanced the execution ability of the Company.



On-site of the Discussion on the Promotion and Implementation System Revision



2) Innovation and R&D

Innovation and R&D are the core driving forces for the Group, playing a crucial role in reducing production energy consumption, refining production technology, and enhancing product quality. The Group has always attached great importance to the construction of innovation platforms and industry-academia-research collaboration, elevating it to a strategic level. On the one hand, we are making significant investments in resources, actively establishing research and development centers and laboratories, recruiting outstanding R&D talent, introducing advanced scientific research equipment, and continuously enhancing the strength of our R&D team. On the other hand, the Group has strengthened its cooperation with research institutions through industryacademia-research collaboration, jointly exploring paths for technological innovation, forming a powerful synergy for innovation, and helping the Group maintain a leading edge in technology. During the Year, the Group continued to exchange and cooperate with the University of Chinese Academy of Sciences, Soochow University, Central South University, Northeastern University, Shandong University and other institutions. Besides, the Group encourages its staff to work on improvements of production facilities and techniques regarding safety, energy conservation, efficiency enhancement and environmental protection and to learn from and promote the technical transformation projects with promotional value. During the Year, we implemented a total of 254 minor reform projects.

3) Facilitating Development of the Industry

Adhering to the concept of openness and cooperation, China Hongqiao actively engages in the common development of the industry by participating in industry exchanges and seminars. It takes part in the formulation of a number of association standards, which promotes the standardisation of China's aluminum industry and enhances the quality control of aluminum products and the level of production safety control.

Name of Standard	Standard Purpose	Issuance Status
The Metal Smelting Plant Water Efficiency Level Evaluation Norms	To establish a sound system for evaluating the water use efficiency of metal smelters and enhance the water use efficiency of enterprises	Issued and implemented
Methodology and Requirements for Quantifying the Carbon Footprint of Greenhouse Gas Products – Electrolytic Aluminum	To specify requirements on the methods and requirements for quantifying the carbon footprint of electrolytic aluminum products	Issued but to be implemented
Calculation Methods for Carbon Dioxide Emissions from Flue Gas Treatment Processes in Aluminum Smelting Enterprises	To clarify the boundary, steps, methodology and data quality management of carbon dioxide emission calculation in the flue gas treatment process of aluminum smelting enterprises	Issued and implemented

During the Year, China Hongqiao participated in the development of the following standards.



As a Chinese enterprise actively expanding into global markets and deeply engaged in international cooperation, our Group is committed to aligning with the highest standards of the global aluminum industry. Currently, 11 subsidiaries of the Group have passed a number of ASI standard certifications, including the ASI Performance Standard V3 (2022) certification and the ASI Chain of Custody (CoC) Standard V2 (2022) certification. Under the guidance of the ASI Standard, the Group will stick to its beliefs and initiatives to the sustainable production, procurement, and corporate governance of aluminum. We will continuously enhance our management standards, implement the sustainable development concept of green, low-carbon, and environmental protection, fully realize the requirements for high-quality development, and strive to play a greater role in the sustainable development of the aluminum value chain. In the future, the Group will accelerate the process of achieving carbon neutrality, promote sustainable development, actively facilitate the responsible production of aluminum, and strengthen close ties with international partners to jointly contribute to the green transformation of the industry.





Case Study – China Hongqiao Showcases its Green Aluminum Achievements at the South Asia Expo

During the Year, China Hongqiao participated in the South Asia Expo, which was jointly organised by the People's Government of Yunnan Province, the Ministry of Commerce of the PRC, and the commerce authorities of South Asian countries. The Expo was themed on "Solidarity and Coordination for Common Development".

China Hongqiao actively participated in the exhibition at the Green Energy Pavilion of the Expo, with its booth featuring the prominent theme of "Building a Green, Low-Carbon, and Eco-friendly Aluminum Industry Cluster". The main exhibits included green aluminum, aluminum deep-processing products, lightweight automotive components, aluminum alloy wires and cables, and aluminum alloy photovoltaic frames. The exhibits showcased the Group's latest technologies, products, and achievements made in recent years through continuous investment in scientific research, proactive optimisation and adjustment of its energy structure, and vigorous expansion into high-end applications of aluminum. With its latest development achievements, China Hongqiao vividly interpreted the theme and concept of "green, low-carbon, and eco-friendly" at the Expo, successfully attracting widespread attention and unanimous praise from the industry.



Exhibition



1.3 OPERATE IN COMPLIANCE AND LISTEN TO CUSTOMERS

During the Year, the Group continued to strictly comply with relevant laws and regulations such as the Advertising Law of the PRC and the Trademark Law of the PRC, as well as its internal rules including the Working Rules of Sales Corporation and the Corporate Customer Credit Management System. All product and business information are carefully reviewed before being publicly disclosed to eradicate any acts of misleading or cheating clients with false information, and to fully uphold good market order and corporate reputation.

The Group maintains long-term relationships with multiple clients and adopts a business model of "determining production based on sales" and provides various products with different specifications in accordance with the requirements of downstream customers, which ensures its product supply and minimises inventory backlog. The Group mainly promotes its sales and services through participating in customer seminars and exhibitions and publishing promotional videos and booklets.

In terms of customer satisfaction surveys on the Group's products and services, the Group has stipulated working regulations for sales companies and required sales personnel to contact customers on their own initiative and establish a continuous and stable communication channel in accordance with the Customer Relationship Management Process, so as to conduct regular customer satisfaction surveys on product safety, quality, delivery, and services. The Group will make rectifications based on the customer satisfaction survey forms and establish a closed-loop management system to improve customer satisfaction. If we receive complaints from customers or stakeholders about the Group's products, we will handle them in accordance with the workflow of the Stakeholder Complaint Handling System.



During the Year, the Group did not receive any complaints in relation to products and services.

In terms of the investigation into the quality issues of aluminum products, upon receiving customer complaints about product quality, the Group will immediately initiate the relevant improvement process and conduct a thorough analysis of the root causes of the product quality issues.

Product Quality Complaints Received	 If a complaint from a customer about the quality of the Group's products is received, the Group will analyse the cause of the product quality issue and formulate preventive measures and product quality improvement plans
Return Process	 For products that customers request to return, we will communicate with the customers at the earliest opportunity. After confirming the details of the return, we will promptly proceed with the return process The Group is committed to completing all return processes within 5 days to safeguard the best interests of customers
After the Completion of the Return Process	 After the completion of the return process, the Group will continue to maintain a high level of attention to product improvements and will keep following up on the progress of these improvements The production workshop will strictly organise production according to the established product quality improvement plan, ensuring that every production process meets high standards, and gradually promoting the steady enhancement of product quality

Procedures for Handling Complaints about Products

During the Year, the Group did not recall any products for safety and health reasons.

1.4 PROTECTING PRIVACY WITH UTMOST SECURITY

The Group prioritises information security as a key measure to protect both internal privacy and client information. The Group adheres to the principle of combining prevention and emergency response, strictly complies with laws and regulations such as the Cybersecurity Law of the PRC and has developed the Information System Data Management Regulations to gradually improve the system and clarify work processes. The IT Center provides training sessions on information security, system operation, and security protection from time to time to improve employees' system operation skills and security awareness.

To regulate the use and management of computers and internet resources, the Group has, in accordance with its internal regulations and rules such as the Administrative Rules for Security of Using Office Computers and Network, formulated regulations governing data backup and protection, antivirus system management, central computer room management and user password setting. Employees are responsible for the management of the Group's public property, including computers, and are prohibited from making unauthorized modifications or lending them out. The configuration of hardware and software is to be uniformly managed by the IT Center. It is forbidden to connect unauthorized peripherals, install irrelevant software, or engage in activities that may damage the network. Regular antivirus measures and password saving must be maintained. In terms of user management, a formal application form needs to be completed for adding new users or changing permissions. User deletion is automatically processed by a procedure. Relevant records are reviewed regularly. Data backup is categorized into automatic, offsite and code backups, with regular recovery tests conducted. Antivirus system management requires, among others, normal server operation and timely upgrades, automatic workstation upgrades, and system administrator monitoring of virus alerts. Central Computer Room management involves key management, sanitation and cleaning, routine inspections, entry and exit



logging, and UPS equipment testing. Password management requires users to set complex passwords, update them regularly and keep them confidential. The system administrator will conduct checks and accounts found to be non-compliant will be locked or deactivated.

We emphasise the importance of protecting customer privacy and ensuring information security, and take appropriate technical and organisational measures to prevent unauthorised access, use or disclosure. The Group collects and uses customer information through lawful means, collecting only the necessary parts, and uses it solely for contractual purposes within the scope permitted by law and with the customer's consent. The Group has established and strictly observes confidentiality measures in accordance with laws and regulations, and clearly informs its employees of the policies and guidelines regarding the handling of customer information. Employees must have sufficient justification to access customer information in order to fulfill their duties or complete specific tasks. In addition to improving information security, the Group also ensures that the privacy interests of both the Group and its customers are protected by supervising the bidding and purchasing procedures strictly, carrying out education regarding confidentiality, and signing confidentiality agreements with employees in specific positions, customers and suppliers.

In addition, we actively conduct employee education and training, focusing on enhancing their sense of responsibility when handling customer information. To provide clear guidance and standards for employees, enabling them to fully understand how to comply with the privacy policy, and the best practices to be followed when handling customer information.

1.5 PROTECTION OF PATENTS AND FAIR COMPETITION

The Group attaches great importance to the management of intellectual property rights and complies with relevant laws and regulations, including the Patent Law of the PRC, the Trademark Law of the PRC, the Copyright Law of the PRC and the Anti-Unfair Competition Law of the PRC.

For new technologies, new processes, utility models and product packaging designs and other aspects, the Group will file applications and maintain patents in an all-round manner, in order to create favourable conditions for our innovative research and development. The Group respects intellectual property rights. We use licensed software internally and ensure that all software is used pursuant to license agreements. Our employees are required to apply to the Group to install any software, so as to ensure that they do not infringe on the intellectual property rights of others.

During the Year, the intellectual property rights obtained are as follows:



In terms of trademark management, the Group has registered a number of trademarks in Mainland China and Hong Kong in accordance with local laws and regulations, and has entered into cooperation agreements with various partners, demonstrating its respect for the trademark rights of others and safeguarding its own trademarks from infringement legally. In the future, the Group will continue focusing on intellectual property management and protection, ensuring that its innovation achievements are respected and protected, while adhering to relevant laws and regulations to promote fair competition and innovative development.



II. PROMOTING GREEN OPERATION WITH MULTIPLE MEASURES

2.1 ENVIRONMENTAL PROTECTION AND GREEN PRODUCTION

China Hongqiao has always adhered to the concept of green development, striving relentlessly and steadfastly advancing on the path of green development. The Group has been proactively increasing its investment in environmental protection, determined to build a green production enterprise with low consumption, low emissions and high input-output ratio, striving to become a benchmark for green environmental protection in the aluminum industry and contributing to ecological environmental protection and the construction of ecological civilisation.

1) Environmental and Energy Management System Development and Training

As a responsible corporate, the Group advocates the concept of "all employees participating in building a green enterprise" and integrates the concept of sustainable development into its corporate culture. In compliance with national and local environmental protection laws and regulations, China Hongqiao has formulated the Environmental Protection Management System, and has made all-round efforts to promote the Group's green development in four key aspects, namely, pollution prevention and control, energy conservation and consumption reduction, resource recycling and reuse, and green office. During the Year, the Group continued to strictly comply with laws, regulations and industry standards related to energy management, measurement, and consumption quotas, including the Gauge Condition for the Aluminum Industry, the Norm of Energy Consumption Per Unit Product of Electrolytic Aluminum and Alumina (GB21346-2022), Alumina (GB/T24487 – 2022), and Aluminum Ingots for Remelting (GB/T 1196-2023).





China Hongqiao has established a sound environmental and energy management system based on the ISO 14001 Environmental Management System and ISO 50001 Energy Management System. It conducts annual environmental and energy audits for all of the Group's operating sites. To improve the quality of our environment and energy management system, we are actively pursuing certifications for ISO 14001 and ISO 50001. Among the entities of the Group which are engaged in the production and operation of aluminum alloy products and alumina products in the PRC, over 80% have obtained the ISO 14001 certification. We are also promoting the ISO 14001 certification for our aluminum fabrication products and lightweight products. China Hongqiao will stay true to its commitment to green development, protecting the environment throughout its growth, practicing responsibility through innovation, and making its contribution to the green transition of the industry and the development of ecological civilisation. For information on the Group's initiatives and progress in energy saving and emission reduction, please refer to the "Carbon Neutrality" section of this Report.



The Group's Environmental and Energy Management System



Moreover, based on the environmental and energy management system established, the Group divides responsibilities by departments. Through a hierarchical and step-by-step approach, various environmental and energy management responsibilities are precisely assigned to each department and each job position to ensure systematic, orderly and efficient operation of the Group's environmental and energy management system.



Department	Responsibilities
The Board and the Sustainability Committee	 To comprehensively supervise the Group's environmental protection status and formulate annual targets and strategies. To develop and oversee the implementation of internal environmental protection policies and guidelines. To keep abreast of the latest developments in China's relevant environmental laws, regulations, and standards.
Environmental Protection Department	 To prepare environmental risk emergency plans. To organise training and emergency drills. To conduct regular inspections of the Group's production facilities and pollutant discharge facilities. To implement environmental performance assessments for each production entity.
Corporate Management Department	 To jointly organise regular training and awareness activities with the Environmental Protection Department. To formulate monthly target quota plans for each production entity, and with the aid of the internal Production Performance Assessment System and Implementation Measures, to conduct performance assessments linked to sustainable development based on indicators such as product quality, output rate, energy efficiency, and usage of raw and packaging materials. To supervise energy conservation and emission reduction efforts during production and make every effort to eliminate production waste.

Furthermore, during the Year, the Group provided green environmental protection training to employees, covering the importance of environmental protection, heavy air pollution response, and environmental control indicators. We established training programmes and assessment standards to promote employees' understanding of the importance of cleaner production and ensure that they have the necessary environmental awareness.

In the Year and the past four years, there have been no incidents concerning environmental litigation, violations, or environmental penalties related to the Group.



2) Contingency Plan for Environmental Emergencies

Each company under the Group regularly and systematically carries out environmental factor risk identification and assessment. Based on the identification results, preventive and improvement measures are developed in a targeted manner, and a Contingency Plan for Environmental Emergencies is formulated and issued, aiming to effectively respond to emergencies of various types. The emergency plan covers emergency response measures for material leakage accidents, environmental protection facility failures, soil pollution accidents, and heavy pollution weather, which can effectively control, mitigate, and even eliminate environmental pollution. The Group conducts regular emergency plan preparation, evaluation and emergency drills in accordance with the relevant regulations of the national emergency management authorities. Based on the actual production situation, management of major hazard sources, identification and evaluation of hazard sources, as well as the implementation and summary of emergency rescue drills, and other relevant information, the Group makes timely amendments to the emergency plan to ensure its continuity and appropriateness.



Case Study - Confined Space Operation Special Emergency Drills

To strengthen production safety management and raise awareness about the safety of employees working in confined spaces and hazardous areas, the Group formulated the Emergency Rescue Plan for Confined Space Accidents and organised confined space emergency drills.

In a scenario simulation, an operator, while performing a task in a tank with limited space, was exposed to toxic gas generated by confined space due to improper wearing of protective gear. This resulted in the operator falling to the ground due to poisoning and suffocation. Upon discovering the situation, the on-site supervisor immediately called for help and reported to the team leader. The team leader arrived at the scene, conducted an emergency assessment, and promptly reported to the supervisor. The supervisor upon receipt of the report activated the accident emergency response plan, and various emergency rescue forces took immediate action according to their designated responsibilities. The purpose of this emergency drill is to prevent accidents in limited space operations and to improve the awareness of prevention and self-rescue and mutual-rescue abilities of operators.



Scene of Confined Space Operation Special Emergency Drills



3) Air Emission Management

The exhaust gas emissions of the Group primarily originate from the combustion and consumption of fossil fuels, such as coal and natural gas, in stationary equipment, as well as industrial waste gas emitted during production processes such as carbon anode consumption, anode effects, and desulfurisation.

The Group has always strictly complied with relevant laws and regulations such as the Law of the PRC on the Prevention and Control of Atmospheric Pollution. All waste gas undergoes purification treatment within the plants and is discharge in compliance with relevant standards.

China Hongqiao has been proactively reviewing and improving its emissions management systems and treatment facilities, promoting cleaner production processes, adopting new pollution control technologies, and striving to control pollutant emissions to minimise their impact on the surrounding environment. The Group has integrated the operation of environmental protection facilities into its regular production management system. Automatic monitoring instruments are installed at waste gas discharge outlets to monitor the compliance status of emissions and the operating parameters of environmental protection facilities 24/7, ensuring the long-term, stable, and compliant operation of these facilities. Furthermore, the Group uploads realtime monitoring data to the monitoring platform of the government's environmental protection department. This facilitates remote and continuous monitoring of the Group's waste gas emissions by the environmental protection department, realising comprehensive and thorough environmental supervision.

China Hongqiao constructs diversified emission reduction equipment based on the environmental impact assessment report and the requirements of environmental protection departments. The following are the sources, compositions, treatment facilities, and processes of waste gas generated during the Group's production:



Sources of Exhaust Gas	Major Components	Processing Facilities and Processes
Boilers at Power Plant	Nitrogen oxide	Denitration system: low-nitrogen combustion + SCR (Selective Catalytic Reduction) process
	Particulate matter	Dust removal system: High-efficiency electrostatic precipitator + wet dust collector or tubular dust collector
	Sulfur dioxide	Desulfurisation system: limestone-gypsum wet desulfurisation and magnesia wet desulfurisation (desulfurisation efficiency up to 96.5%-98.1%)
Alumina Production	Sulfur dioxide	Desulfurisation system: Tannin extract wet desulfurisation
Process	Nitrogen oxide	Denitration system: Low-nitrogen combustion + SNCR (Selective Non-Catalytic Reduction) + SCR process
	Particulate matter	Dust removal system: Electric-bag composite dust removal + YT membrane dust removal
Electrolytic Aluminum	Sulfur dioxide	Desulfurisation system: limestone-gypsum wet desulfurisation
Production Process	Fluoride	Dry flue gas purification system: Alumina adsorption + bag
	Particulate matter	dust capture
Aluminum Deep Processing and Recycled Aluminum Production Process	Emissions from aluminum melting furnace, holding furnace and ingot heating furnace ³	Emit after disposal by bag filter and adpot low-nitrogen combustion measures
	Waste gases generated from the hot rolling, cold rolling, rough rolling, finish rolling, and annealing processes	Collected by the hood, treated by an oil contamination purifier before being discharged, and using electric heating
	Nitrogen oxide	A dual-chamber furnace is equipped. This equipment not only improves heat exchange efficiency but also subjects hot flue gas to high-temperature decomposition and secondary combustion. This fully utilises the calorific value generated by combustible impurities in the pyrolysed gas and inhibits the production of nitrogen oxides.
Automobile Dismantling Operations	Oil mist emissions	Various waste oil liquids are extracted in a sealed manner and stored in sealed tanks. Additionally, a dust removal system is installed to purify and treat the oil mist emissions.

³ The main fuel of such process is natural gas which belongs to clean energy, and does not produce highly concentrated air pollutants.



The following shows the Group's air pollutant emissions during production processes and the national/local standards followed: The relevant data shows that the Group's waste gas emission concentrations are only one-third to one-tenth of the national/local standards. This data fully demonstrates the Group's unwavering commitment to controlling waste gas emissions and dedication to environmental protection.

Process	Air Pollutant	Emission Concentration	Emission Limits	National/Local Standards
	Sulfur dioxide	Not detected	≤35mg/m³	Emission Standards for
Power Plant Process	Nitrogen oxide	Not detected	≤50mg/m³	Air Pollutants from Thermal Power Plants
	Particulate matter	1.95mg/m ³	≤5mg/m³	(DB37/664-2019)
	Sulfur dioxide	0.01mg/m ³	≤50mg/m³	Comprehensive Emission
Aluminum Electrolysis Process	Particulate matter	0.22mg/m ³	≤10mg/m³	Standards of Air Pollutants for Regional Application (DB37 2376-2019)
	Fluoride	0.003mg/m ³	≤3.0mg/m ³	Aluminum Industry Pollutant Discharge Standard (GB25465-2010)
	Sulfur dioxide	0.02mg/m ³	≤50mg/m³	Comprehensive Emission Standards of Air Pollutants for Regional Application (DB37 2376-2019) Emission Standards for Odorous Pollutants (GB14554-1993) Comprehensive Emission Standards of Air Pollutants for Regional Application (DB37 2376-2019)
	Hydrogen sulfide	0.004mg/m ³	≤0.06mg/m ³	
Alumina Process	Particulate matter	0.32mg/m ³	≤10mg/m³	



4) Water Resource Management

The Group continues to improve its water resource management assessment indicators, implements water-saving measures through various means, and actively enhances the efficiency of water resource management. The water source for the Group's operations mainly comes from the local water companies. The consumed water resources are mainly used for daily office work and production. There are no problems in obtaining suitable water resources.

The wastewater discharged by the Group is mainly classified into two categories: production wastewater and domestic sewage. In the wastewater treatment work, the Group always strictly complies with a series of relevant laws and regulations such as the Wastewater Pollution Prevention and Control Law of the PRC, and upholds a high sense of responsibility and mission. Wastewater is first pre-treated in the factory to ensure that its water quality meets the requirements of the Water Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015), the Integrated Wastewater Discharge Standard (GB8978-1996) and the Aluminum Industry Pollutant Discharge Standard (GB25465-2010), and then discharged into the local municipal sewage treatment plant through the municipal pipe network for deep treatment. In order to further ensure that the wastewater discharge meets the standards, the Group's Environmental Protection Department conducts regular sampling and testing of the water quality at the sewage outlets every month to precisely control the quality of wastewater discharge with a rigorous attitude and scientific methods. In addition, online monitoring systems have been installed at sewage outlets, and these systems are connected to the monitoring network of the local environmental protection department, uploading monitoring data to the environmental protection department in real time, ensuring that the entire wastewater discharge process is under strict supervision.

As of the issuance of this Report, the Group has established a three-level water resource management system led by the Board and the Sustainability Committee to comprehensively promote the efficient use of water resources and effective control of wastewater discharge, prevent water pollution, and actively improve water resource management strategies and performance in production and life.

The Group has focused on water conservation and improving water recycling rates as the direction for water resource management efforts. Based on its own operational realities, the Group has set water conservation targets to improve water resource utilisation efficiency and reduce waste.

The Group has developed a comprehensive water conservation strategy, tracking and recording the completion of water conservation targets, improving water reduction targets annually, and evaluating the comprehensiveness of target application. The following are the Group's water resource management measures:



Aspect	Water Resource Management Measures
Water Supply Management	• Accurate investigation and evaluation, and scientific water use planning: Actively carry out water resource risk investigation and evaluation to comprehensively, deeply and accurately grasp the water resource situation in the project location. Formulate practical and reasonable water use plans based on detailed data to ensure demand of production and operation for water, while realising the sustainable use of water resources.
	• Promoting recycling and reducing water source dependence: Promote the widespread application of recycled water utilisation technology, and through advanced technical means and facilities and equipment, improve the recycling rate of water resources, minimise dependence on local natural water sources, and reduce the pressure of production activities on the natural water environment.
	• Utilising Alternative Water Sources and Improving Rainwater Collection: The Group utilises alternative water sources, including rainwater, in its production processes. The Group has successfully built the first rainwater harvesting and utilisation system for bauxite residue in China. Through a well- designed collection, treatment, and reuse process, the efficient recycling and rational utilisation of rainwater resources in bauxite residue have been realised, which not only reduces the waste of water resources but also reduces the environmental impact that may be caused by rainwater discharge.
	• Establishing a cooperation mechanism to promote resource sharing: Take the initiative to build cooperative relations with local governments and communities, jointly developing management plans for sharing water resources, ensuring the rational allocation and efficient utilisation of water resources among all parties, and safeguarding the fairness and sustainabilit of regional water use.



Aspect	Water Resource Management Measures
Water Quality Protection Measures	• Innovating production processes to reduce pollution at the source: Start from the source of production processes, actively research, introduce, and adopt low-pollution production technologies and processes to effectively reduce the generation of wastewater pollutants and fundamentally reduce the pollution load on the water environment.
	• Strengthening internal treatment and enhancing wastewater reuse: Make every effort to enhance internal wastewater treatment capacity, optimise treatment processes and equipment configuration, maximise wastewater recycling and reuse, and reduce external discharge, thereby saving water resources and reducing corporate production costs.
	• Equipping with high-efficiency equipment and strictly controlling emission standards: Utilise high-performance water treatment equipment to strictly control the total amount and concentration of pollutants in wastewater, ensuring that discharged wastewater fully complies with relevant national and local emission standards, and preventing the occurrence of illegal discharge activities.
	• Establishing a monitoring system for timely pollution prevention and control: Establish a comprehensive and multi- level water quality monitoring system to conduct regular water quality monitoring and comprehensive assessment work. Install online monitoring equipment at the outlet to monitor water quality changes in real-time, and immediately take effective prevention and control measures once potential pollution problems are detected to prevent the spread of pollution incidents.



Aspect	Water Resource Management Measures
Groundwater Protection Strategies	• Strictly complying with regulations and prohibiting groundwater extraction: The Group strictly abides by relevant regulatory requirements, resolutely prohibiting any form of groundwater extraction, effectively protecting groundwater sources, maintaining the balance and stability of regional water resources, and ensuring the sustainability of groundwater resources.
	• Introducing third-party assessments and enhancing risk control: Commission third-party professional institutions to carry out water resource risk assessment, drawing on their professional technical strength, rich industry experience, and objective assessment perspective to enhance the ability to identify, analyse, and control water resource risks.
	• Promoting water-saving technologies and reducing groundwater consumption: Actively promote the application and promotion of water-saving technologies in all aspects of production and operation, encourage the use of water-saving facilities and processes, effectively reduce the consumption of groundwater resources from production activities, and promote the sustainable utilisation of water resources.
	• Establishing a monitoring system and preventing water level decline: Establish a comprehensive and sensitive groundwater monitoring system to closely monitor groundwater levels, timely detect and effectively address issues such as groundwater level decline, ensure the safety of groundwater resources and maintain the health of the regional water environment.
	• Strengthening plant campus inspections and preventing wastewater leakage: Increase the inspection of areas within the plant campus where wastewater leakage may occur, arrange for professionals to conduct comprehensive inspections regularly, timely detect and repair leakage risks, and prevent wastewater leakage from polluting groundwater.
	• Strengthening anti-seepage measures for projects and blocking pollution pathways: During the construction process, strict anti-seepage treatment is applied to infrastructure involving groundwater protection. This cuts off the pathways for sewage to infiltrate the groundwater aquifer from the source, eliminating the risk of groundwater contamination.



Aspect	Water Resource Management Measures
Community Water Collaboration	• Establishing regular communication and understanding community needs: Establish a regular and periodic communication mechanism with surrounding communities, proactively listen to the water needs of community residents, pay attention to their concerns about water resources-related issues, and timely respond to and addressing their questions and appeals.
	• Carrying out responsibility projects and improving community water conditions: Actively carry out social responsibility projects to help improve water conditions in local communities through technical support, financial investment, and other means, enhance the efficiency of community water resource utilisation, and improve the well-being of community residents.
	• Participating in park decision-making and coordinating the interests of all parties: We proactively participate in the decision-making process for water resource management in the industrial park, fully leveraging our role as an enterprise. We strive to comprehensively and rationally consider and coordinate the interests of all parties in water resource management within the industrial park to promote sustainable water resource management.
Water Consumption Management Measures	• Improving management and strengthening environmental monitoring: Establish and improve professional environmental protection supervision and management departments; reinforce the management personnel and technical force; strengthen the overall planning, coordination, and supervision of corporate environmental management; and regularly conduct in-factory environmental monitoring to comprehensively understand the impact of corporate production activities on the surrounding environment.
	• Strengthening employee training and enhancing environmental awareness: We are strengthening daily environmental protection education and training for our employees through various training activities, such as thematic lectures, online courses, and field exercises. This allows employees to deeply understand the significance of reducing wastewater discharge, strengthens their environmental awareness and sense of responsibility, and encourages them to consciously participate in the Group's environmental protection efforts, creating a positive atmosphere of collective participation.



In practical production applications, we also adopt a series of water-saving and wastewater management practices:

Alumina Production	 We have achieved full recycling of wastewater, successfully reaching the goal of zero wastewater discharge, eliminating wastewater pollution at its source.
Electrolytic Aluminum Production	• The cooling water used in processes such as casting is recycled, greatly improving the utilisation efficiency of water resources and reducing the use of fresh water.
Power Plant Cooling Towers	Wastewater is prioritised for recycling and reuse, fully tapping into the value of water resources and maximising their utilisation in the production process.
Switching to Square, Non-filling Cooling Towers	 The new cooling towers offer better cooling performance, effectively reducing water consumption while meeting the needs of the production process.
Wastewater Recycling and Reuse	 Water used for spraying and cleaning vehicles leaving the factory is collected and recycled. After a certain degree of circulation, it is reused for spraying coal yards, effectively achieving a cascade utilisation of water resources. Temporary pipelines are used to direct the heat-traced drainage from electrostatic precipitator ash hoppers to the desulfurization absorption tower for recovery. Drainage from each soot blower is collected and returned to the circulating water system for reuse using drainage pumps.
Desulfurization Process	 Fluoride-containing wastewater is treated using desiccant adsorption to reduce its fluoride content, allowing the treated wastewater to be recycled and reused. This approach addresses the challenges of treating fluoride-containing wastewater while conserving water resources. The makeup water for the desulfurization process tank is designed with two sources: recycled water and industrial water. While meeting the water demand for the desulfurization process, the flow rate of recycled water pumps and the opening of pipeline shut-off valves are adjusted to reduce water consumption.
Construction of Rainwater Sedimentation and Purification Pools within the Plant Area	 Processes such as sedimentation and impurity removal effectively reduce the content of pollutants like alumina powder and fluoride salts in rainwater. This prevents the discharge of contaminated rainwater and allows a portion of the treated rainwater to be reused for production, maximising the utilisation of natural water resources.



The following shows the water pollutant discharge data of the Group's wastewater testing during the production process and the national/local standards followed. The relevant data clearly shows that the concentration of water pollutants discharged by the Group was lower than the national/ local standards, which fully demonstrated the Group's firm determination in controlling wastewater discharge.

Process	Water Pollutant	Discharge Concentration	Discharge Limits	National/Local Standards
Power Plant Process	Chemical oxygen demand	46.67mg/L	≤60mg/L	Comprehensive Emission Standards of Basin Water
	Ammonia nitrogen	3.07mg/L	≤10mg/L	Pollutant Discharge Part 4: Haihe River Basin (DB37 3146.4-2018)
	Total nitrogen	5.81mg/L	≤20mg/L	
Electrolysis Process	Chemical oxygen demand	20.00mg/L	200mg/L	Aluminum Industry Pollutant
	Ammonia nitrogen	1.55mg/L	25mg/L	Discharge Standard (GB 25465-2010)
	Total nitrogen	6.54mg/L	30mg/L	

5) Waste and Resource Management

The final solid waste generated by the Group is classified into two main categories: general industrial solid waste and hazardous waste. The Group always strictly implements relevant regulations, including the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste, the General Industrial Solid Waste Storage and Landfill Pollution Control Standard (GB18599-2020), and the Control Standard of Contaminated Hazardous Waste Storage (GB18598-2019), to ensure the proper treatment and disposal of solid waste.

In terms of resource utilisation and product management, the Group has set specific waste reduction targets, engaged in recycling and reuse, conducted in-depth assessments of product life-cycle impacts, and actively participated in the development of a circular economy. Moreover, the Group continues to promote technological transformation and upgrading, strives to minimise process waste generation during production, continuously improves aluminum ash, slag, and residue treatment processes, promotes the recycling and reuse of aluminum waste, enhances resource utilisation efficiency, reduces waste discharge, and integrates the sustainable development strategy into every production link. The Group will also monitor the progress of emission targets, ensuring a solid track record of achieving its waste discharge reduction targets, and minimising environmental harm.

Furthermore, the Group states in the "Environmental, Social and Governance Code of Conduct" that effective waste reduction measures will be ensured throughout the entire process of product planning, design, production, equipment maintenance, and recycling, ultimately achieving emission reduction targets.



Overall product planning stage

Adhering to the sustainable development strategy, we are committed to conducting a comprehensive assessment of the impact of the product throughout its entire life cycle from the perspective of the product life cycle, so as to improve the effective utilisation rate of resources and actively promote the recycling and reuse of aluminum.

Recycling stage

A close cooperative relationship has been established with recycling and reuse service providers to fully support the accurate measurement of the recycling and reuse of aluminum-containing products and continuous efforts are made to improve the recycling rate of aluminum-containing products.



Product design stage

Fully consider the impact factors of the life cycle, formulate clear environmental goals, which cover the impact indicators of terminal products at the product life cycle level.

Production stage

Reduce the generation of process waste and set specific targets for waste recycling or reuse to reduce resource waste.

Equipment maintenance stage

Incorporate life cycle impact into consideration, and seek a more effective operation mode.

The following are the Group's measures for reducing waste generation during the production process:

Waste Management and Recycling	Process Enhancement: The Group has deeply improved the treatment process for aluminum ash, slag, and residues, setting specific recycling targets for waste materials. They aim to reduce waste discharge at the source, maximising resource utilisation and minimising environmental impact.	
	Technology Application:	
	 Dual Chamber Furnace Technology: This technology is specifically designed for scrap aluminum containing impurities, such as thin-walled materials and market scrap, featuring high-efficiency melting capabilities. By employing the dual chamber furnace technology, not only can the loss of scrap aluminum during the melting process be significantly reduced, but it can also effectively minimise the negative impact on the environment and improve resource utilisation efficiency; 	
	2) Flotation Process: For aluminum electrolysis waste carbon residue (slag), a flotation process is used for fine separation. After separation, a portion of the waste carbon residue can be directly returned to the electrolytic aluminum production process, achieving internal recycling of resources. The residues can be sold to other related industries for reuse, achieving true resource utilisation and avoiding direct waste discharge.	
	• Aluminum Electrolysis Waste Carbon Residue Project: The Group is actively promoting the aluminum electrolysis waste carbon residue project, transforming waste carbon residue, originally considered waste, into usable resources with economic value. This initiative not only successfully prevents environmental pollution but also creates additional economic benefits for the Group, achieving a win-win situation for both environmental and economic benefits.	



Resource Efficiency	•	Establishing a 100% Scrap Recycling Target:	
Enhancement in Aluminum Deep Processing		1) Prioritising Remelting Strategy: The Group prioritises remelting scrap as a replacement for traditional waste recycling methods. Implementing this strategy not only effectively reduces emissions from long-distance transportation associated with waste recycling but also avoids potential pollution during secondary processing, thereby lowering the environmental cost of the entire recycling process;	
		2) Process Control and Classification Management: Through precise process control, scientific alloy classification management, and optimisation of metal flow paths in the production process, the Group has successfully reduced energy consumption during recycling and improved overall resource recovery efficiency.	
	•	Expanding the Recycled Aluminum Supply Chain: The Group is actively integrating various sources of recycled aluminum, including but not limited to offcuts, recycled molten aluminum, and remelted ingots. By expanding the supply channels of recycled aluminum, the Group has increased the proportion of recycled aluminum used in production, further promoting the circular utilisation of aluminum resources and reducing reliance on primary aluminum.	
	•	Technological Innovation – "Casting Instead of Forging": The Group has successfully developed six new cast aluminum alloy materials with high strength, toughness, and service life. The development of these new materials aims to replace traditional forged aluminum alloys. In practical applications, the "casting instead of forging" technology not only significantly reduces energy consumption during production but also greatly enhances material performance, providing strong support for technological upgrading in the aluminum deep processing industry.	
Packaging Reduction and Transportation Optimisation	•	Reducing Bagged Alumina Procurement: The Group has vigorously promoted the use of bulk transportation methods such as containers and tank trucks to replace the traditional bagged alumina procurement model. This shift has effectively reduced the consumption of packaging materials, not only lowering packaging costs but also mitigating environmental pressures associated with packaging waste disposal, achieving a green upgrade in the transportation process.	



6) Soil Pollutant Management

Bauxite residue (as known as "red mud"), a strongly alkaline solid waste, is generated during the Group's alumina production process. If not disposed properly, it can cause serious pollution to surrounding soil, as well as significant harm to groundwater and the atmosphere. To eliminate such environmental risks and effectively safeguard ecological safety and human health, the Group strictly adheres to the Regulations on Safety Supervision and Management of Tailings and Safety Code for Tailings, comprehensively implementing pollution prevention and control measures, as well as supervision and management of bauxite residue.

Bauxite Residue Disposal Areas (BRDA) Safety Management

- Improve the safety management system, implement safety standardisation, and integrate it into daily operations;
- Strengthen the whole-process quality control of dam construction, flood control and closure projects to ensure that safety facilities meet standards;
- Implement the monitoring of operational safety indicators, formulate plans, and use professional equipment and technology to track indicator changes;
- Build an online slope detection system to realize 24-hour real-time monitoring and early warning of abnormalities; Regularly carry out safety inspection
- tours and safety status assessments to provide a basis for safety management.

Bauxite Residue Treatment and Pollution Prevention and Control

- The bauxite residue is finely treated and discharged into a dedicated leak-proof storage facility for dry stacking to eliminate pollution;
- Designate control zones around relevant facilities, set up groundwater observation wells, regularly monitor water quality, and carry out timely prevention and control;
- Regularly organise accident emergency drills to improve bauxite residue control and emergency response capabilities, and ensure environmental safety.

Resource Utilisation of Bauxite Residue

- Adhering to the concept of resource recycling, we explore ways to utilise bauxite residue as a resource;
- High magnetic materials are recovered by centrifugal separation and magnetic separation technology; Through technological transformation, optimise the process flow, improve
- production efficiency, extraction rate and the level of iron resource recycling and utilisation.

Incentives for Bauxite Residue Reduction

 Formulate an incentive scheme for the bauxite residue reduction, reward teams that meet the requirements and achieve the target of increasing iron production, promote bauxite residue reduction work, and help enterprises achieve sustainable development.

The Group's Soil Pollutant Management Measures



7) Biodiversity Management

The Group places great importance on biodiversity conservation and proactively carries out comprehensive and in-depth biodiversity risk identification in production areas. The Group follows a scientific mitigation hierarchy, systematically managing the impact of its operations on biodiversity. In every production stage and daily operation, the protection of ecosystems and biodiversity is prioritised. The Group strives to minimise potential negative impacts. Based on the needs of the corporate strategic plan, we collaborate with various stakeholders to seek for nature-based solutions and develop ecological restoration strategies that meet actual needs.

In practice, the Group strictly controls various activities related to production and operation. Starting at the source, it formulates detailed operating standards and management processes to eliminate any behaviors that may threaten ecosystem stability and biodiversity. Whether it is the planning and design of new projects or daily production operations, the impact on the surrounding ecological environment is fully considered. The Group also conducts biodiversity risk identification and assessment to ensure that the Group's production and operation activities do not damage the ecosystem. We are committed to maintaining the integrity and stability of biodiversity and protecting diverse biological resources to the fullest extent.

Furthermore, the Group is unwavering in its commitment to protecting the local ecological environment and sticks to green corporate transformation initiatives. Not only do we strengthen environmental awareness education internally and enhance employees' ecological conservation concepts within the Group, but we also actively participate in community ecological conservation activities, promoting the popularization of green development concepts in surrounding areas. From afforestation, wildlife protection, to promoting sustainable production and lifestyles, the Group demonstrates its role as an ecological environment protector through concrete actions, striving to contribute to building a beautiful homeland.



Employee Participation in River Cleanup as a Volunteer

Arbor Day Public Welfare Activities



2.2 GREEN OFFICE, STARTING WITH OURSELVES

The Group actively responds to national environmental protection policies, firmly upholding the philosophy of low-carbon and environmentally friendly office. We encourage all employees to start with themselves and pay attention to small details, cultivating habits of conserving water and electricity in their daily work, reducing the consumption of office supplies such as paper, and strengthening their awareness of waste management. Moreover, the Group encourages employees to actively choose walking, taking public transportation, or carpooling based on the odd-even license plate restriction policy for commuting, thereby reducing the frequency of motor vehicle use and enabling employees to practice a green and healthy mode of transportation.

Targeted Environmental Benefits	Response
Increasing Energy Use Efficiency	 Lighting system Turning off the lights after work Using daylighting as much as possible Keeping lighting fixtures and lamps clean and increasing their energy efficiency as much as possible Installing independently controllable lighting switches in different lighting areas Using energy-efficient lighting fixtures (e.g. T5 fluorescent lamps and light-emitting diodes)
	 Using heating and air-conditioning systems Regularly cleaning filters/coiled tube fans Installing sealing strips on doors and windows to avoid leakage of cooled/warmed air Setting the minimum temperature of the air-conditioning system to 26 degrees Celsius Turning off air conditioners after work Affixing UV insulation film to windows to minimise heat absorption Using low-radioactive glass to block heat-producing UV rays Utilising variable speed drives and adjusting the pump and fan systems according to the actual demand of air conditioners Carrying out variable refrigerant flow system to optimise refrigerant flow



Targeted Environmental Benefits	Response
	 Electronic equipment & appliances Making computers enter automatic standby/sleep mode when they are idle Turning off electronic devices during non-working hours Making statistics on electricity consumption on a monthly basis to monitor electricity consumption and take appropriate improvement measures
Reducing Use of Resources	 Water consumption Tightening up the taps Posting water conservation reminder stickers in all toilets Immediately repairing dripping faucets Conducting regular leakage tests on concealed water pipes Regularly checking water meter readings and hidden water leaks Using infrared-sensitive faucets and urinals
Reducing Waste Discharge	 Paper consumption Reuse or double-sided use of paper whenever possible Setting default modes to duplex printing and ink-saving for computers and printers, respectively Posting energy-saving tips at conspicuous places near photocopiers/ printers to remind staff to use double-sided photocopying or reusable paper Reducing paper use by utilising electronic communication technology to convey information wherever possible Using thin fonts and line spacing for files that must be printed Regularly monitoring print runs and setting print limits for users where feasible Purchasing printing paper, toilet paper and tissue paper containing recycled materials Replacing paper-based office administration system with electronic office system (OA system) Placing recycling bins for collection of paper files, e.g. waste paper, posters, letters and envelopes Using waste paper to take notes Sending waste paper to a waste paper recycling company for recycling, except for paper printed with confidential information Replacing all disposables, such disposable cups and wooden chopsticks with non-disposable items, such as ceramic cups and reusable tableware Installing electronic hand dryers to reduce paper towel use Using e-cards during the festive season Periodically making statistics on paper consumption to monitor paper consumption and take appropriate improvement measures



Targeted Environmental Benefits	Response
	 Waste Management Reusing envelopes, folders, file cards and other stationery Using replacement refills to reuse pens and avoid discarding pens Using recyclable toner/ink cartridges Evaluating material usage to avoid overstocking
Reducing Atmospheric Pollutants and Greenhouse Gas Emissions	 The Group's vehicles Regularly checking and inflating tires to maintain the correct level of tire pressure Ensuring no idling engines Providing low-carbon driving training for drivers (e.g. avoiding sudden acceleration) Choosing electric or hybrid vehicles
	 Employee commuting and business travel Encouraging staff to use public transportation Encouraging staff to share transportation Choosing direct flights for unavoidable business trips Holding video conferences to replace unnecessary overseas business trips
Raising Awareness of Environmental Protection and Energy Conservation	 Staff participation Encouraging staff to participate in environmental activities organised by green groups Encouraging staff to use staircases more often than lifts Promoting emission reduction measures through emails, posters, intranet and other media to enhance staff's sense of environmental responsibility Offering regular environmental training courses for staff
	 Event organisation and management Organising activities at locations with convenient transportation

PART TWO:

PROTECTING EMPLOYEE SAFETY, CARING FOR COMMUNITY DEVELOPMENT



III. ENSURING EMPLOYEES' HEALTH AND OCCUPATIONAL SECURITY



China Hongqiao regards protecting the occupational health and safety of its employees as a top priority in its business operations. The Group has long adhered to the philosophy of "comprehensive management with priority of safety and emphasis on prevention" for safe production and continuously promoted the improvement of its internal health and safety management system. In terms of improving the safety production responsibility system, the responsibility is clearly assigned to each department and every employee. At the same time, it actively builds a scientific and effective safety risk prevention and control mechanism to identify, assess, and respond to various safety hazards in advance.

In addition, China Hongqiao also standardises the safety production performance indicators of various internal departments, quantifies the effectiveness of safety work, and ensures that safety management is well-regulated and targeted. Through comprehensive and multi-level efforts, the Group strives to create a safe and healthy working environment, ensuring that every employee can work in a secure and comfortable atmosphere.

3.1 IMPROVING THE SYSTEM AND TAKING PREVENTIVE MEASURES

1) Safety management framework

The Group strictly complies with laws and regulations such as the Law of the PRC on Prevention and Control of Occupational Diseases and the Production Safety Law of the PRC. It has formulated and implemented internal systems such as the Occupational Safety Management Manual, the Prohibition on Unsafe Construction Practices, the Construction Safety-Related Management System, and the Knowledge of Safety Production and Regulations for Construction Safety Production, and continues to improve the internal health and safety management system. The Group's health and safety management system is used to guide the Group's comprehensive safety management efforts, covering all of the Group's activities and workplaces, and managing the health and safety of all Group employees (including full-time, part-time and outsourced employees), suppliers, and contractor employees.

The Group's CEO participates in managing the Group's overall health and safety performance and is jointly responsible with the Board for formulating the Group's health and safety strategies. The Safety Supervision Department and the general managers of subsidiaries jointly lead the Group's safety work, fully supporting the development and implementation of employee health and safety policies and standards in all the Group's business entities and operations. The Safety Technology Division of subsidiaries is responsible for formulating and annually updating the safety management rules, regulations, and safe operating procedures for major hazard sources, to regulate operating processes and conditions, and clearly identify hazard points and operating steps, thereby ensuring the safety of employees during operations.



The Group's Safety Management Structure

In addition, in order to effectively protect the occupational health and safety of outsourced employees, the Group has strengthened the risk control of outsourced operations by establishing a three-tier safety management mechanism.

Policy and Regulations

- Formulate the Safety Management System for Outsourced Projects and Commissioned Operations to systematically regulate the entire safety management process of outsourced operation.
- Partnering entities are required to establish a comprehensive safety management framework encompassing a work safety responsibility system, an education and training system, operating procedures, and emergency plans.
- It is stipulated that specialised safety technical briefing, risk identification and assessment, and targeted safety training must be completed before the commencement of projects.

Supervision and Implementation

 The technical reform management department and the department of safety production supervision and management, as well as the main responsible units are formed as the corresponding supervisory department, which supervises, guides, and assesses the project responsible units, outsourced project teams and commissioned operation teams.

Assessment and Accountability

 The Work Safety Reward and Punishment System and Work Safety Accident Classification and Assessment Standards include a module on "Special Assessment for Outsourced Operations", linking assessment results to departmental performance and cadre appraisals, thus achieving full chain traceability of safety responsibilities.

Three-Level Management of Outsourced Personnel Safety



2) Safety Management Audit and Supervision

The Group has formulated the Internal Audit Control Procedures, which require each department to conduct an internal health and safety management audit at intervals of no more than 12 months to ensure that the occupational health and safety management system meets relevant standards. If the monitoring and measurement results do not meet expectations, they will be handled in accordance with the Control Procedures for Nonconformities and Corrective Actions. First, clarify the non-conforming facts and identify the responsible department; The responsible department shall immediately analyse the reasons, formulate corrective measures, and implement them after reporting to the Occupational Health and Safety Management Representative for approval; The Safety Supervision Department is responsible for tracking and verifying the effectiveness of implementation.

The Group holds regular thematic meetings on work safety on a quarterly basis, comprehensively analysing various issues existing in the current work safety and security efforts, and making targeted arrangements and detailed planning accordingly to further improve relevant work. The Group's subsidiaries hold three to four meetings annually to review and evaluate the planning of health and safety policies and related initiatives, while supervising the performance of related safety work. To continuously monitor whether the working environment and operation of each production workshop meet the Group's occupational safety and health standards, the Group has established a supervisory mechanism based on the actual situation of each production entity, combining the work safety responsibility system to implement safety management, building a normalized hazards investigation mechanism, comprehensively inspecting, classifying and grading hidden dangers, and implementing rectifications. For work safety accidents, the Group's Safety Supervision Department is responsible for organising an investigation team to investigate and determine the nature of the accident. The accident report is then issued to all units within the Group for study and to draw lessons from the accident. The Group also keeps records of health and safety incidents and reports them in the monthly overall performance report.



Safety regulations and requirements must be deeply ingrained in every shift team and every employee, while supervision and assessment are strengthened. All maintenance, operations and employee behavior are regulated and standardised, making every employee a participant and responsible party in safety management.

The performance report, as an important tool for safety management, combined with the "Red, Orange, or Yellow" three-violation personnel control measures to ensure that everyone performs their duties safely. In-depth analysis of various data is conducted to accurately identify deficiencies and promptly address weaknesses.

Daily scoring and uploading of scores to the Safety and Environmental Protection Division allow for continuous monitoring of the quality and effectiveness of the shift teams.

A special safety inspection team has been set up to conduct unannounced inspections on three violations on middle and night shifts and during idle periods, as well as the performance of duties by on-duty cadres at night.

Employees in relevant positions are organised to sign the "Anti-Three Violations" commitment letter, calling on everyone to abide by laws and regulations on work safety, corporate rules on work safety, operating procedures, and labor discipline.

The Group's Production Entity Supervision Mechanism

The Group has formulated the Performance Monitoring and Control Procedures to monitor occupational health and safety performance.



The Group's Key Performance Indicators for Occupational Health and Safety Monitoring



The Group's entities, which are engaged in the production of aluminum alloy ingots, aluminum and aluminum alloy busbars, molten aluminum alloy, aluminum and aluminum alloy extruded profiles, aluminum and aluminum alloy plates, and alumina and relevant operation and management activities in the PRC, have successfully passed the ISO 45001:2018 Occupational Health and Safety Management System certification. During the Year, among the entities of the Group which are engaged in the production and operation of aluminum alloy products and alumina products in the PRC, over 80% have obtained the ISO 45001:2018 certification. We are also actively promoting the certification of occupational health and safety management systems for the uncertified entities of the Group, striving to bring the Group's overall occupational health and safety management to a higher level, and comprehensively protecting the safety and health of employees' working environment.





3.2 TAKING CONCRETE ACTIONS TO PREVENT RISKS

1) Work Safety Targets

The Group has always regarded work safety as the cornerstone of its development and made every effort to set scientific and reasonable work safety targets. We are committed to reducing the incidence of various safety accidents and ensuring zero accidents and fatalities among contractors and employees throughout the Year. By strengthening employee safety training, improving the safety management system, and regularly carrying out hazard investigations, we will comprehensively guarantee production safety and build a solid safety line for employees and the enterprise.

In safety management, setting safety targets is particularly crucial. Each year, the Group's Safety Supervision Department signs safety target responsibility agreements with the principal persons in charge of each production and construction entity, supervises and urges each entity to complete the items listed in the responsibility agreements, and at the same time, improves the work safety responsibility system for all departments (positions) at all levels. Safety production management target responsibility agreements are signed at every level from top to bottom, forming a "horizontal to edge, vertical to bottom" safety management mechanism, and the responsibility is implemented to every employee.

The following are the Group's specific work safety targets and their achievement status. During the Year, the Group achieved 100% completion of its health and work safety targets.

Targets	Status of Completion
Zero fatality and serious injury rate.	✓ Zero fatality and serious injury rate.
Zero incidence rate of major and above equipment- related production accidents; Zero incidence rate of significant and above liability- related production accidents.	 Zero incidence rate of major and above equipment-related production accidents; Zero incidence rate of significant and above liability-related production accidents.
Zero incidence rate of significant and above fire and explosion accidents.	 Zero incidence rate of significant and above fire and explosion accidents.
Zero incidence rate of occupational diseases and acute poisoning accidents, and zero incidence rate of food poisoning accidents affecting five or more people at a time.	 Zero incidence rate of occupational diseases and acute poisoning accidents, and zero incidence rate of food poisoning accidents affecting five or more people at a time.
Zero incidence rate of major construction quality and construction injury accidents.	 Zero incidence rate of major construction quality and construction injury accidents.
Zero incidence rate of major traffic accidents for which the Group bears primary responsibility.	 Zero incidence rate of major traffic accidents for which the Group bears primary responsibility.


2) Occupational Health and Safety Risk Prevention and Control

The Group has formulated and earnestly implemented a comprehensive and detailed emergency response plan for production safety accidents in strict accordance with the requirements of laws and regulations such as the Work Safety Law of the PRC, the Special Equipment Safety Law of the PRC, the Interim Provision on the Identification and Treatment of Hidden Perils of Work Safe Accidents, the Provisions on Safety Training of Production and Operation Entities, the Administrative Measures for Emergency Plan of Production Safety Accidents of Shandong Province, and the Regulations on Safety Production in Shandong Province, to provide guidance and ensure the smooth progress of safety management. The Group has incorporated production safety risk management into its corporate risk management process and identifies and controls production safety risks in accordance with procedures. In addition, the Group strictly abides by relevant laws and regulations such as the Law of the PRC on the Prevention and Control of Occupational Diseases and the Provisions on the Administration of Occupational Health in Workplaces, and earnestly implements occupational health management for employees throughout the entire production and operation process. From warning and informing about occupational disease hazards to education on the prevention and control of occupational diseases, from the provision of protective equipment and the maintenance of facilities to hazard monitoring and assessment, and to the reporting of hazardous accidents and emergency rescue, we strive for perfection in all aspects.

Employee Health Management	• For newly recruited employees or those exposed to occupational disease hazards, the Human Resources Department arranges pre-employment and on-the-job occupational health examinations, establishes detailed health records, and regularly tracks their health status.
	• Upon employee resignation, the Group provides pre-departure occupational health examinations.
	• We invite market supervision authorities to provide guidance on food supply chain safety to ensure the safety and health of employees' diets.



Construction Safety Management	 Employees are provided with complete and professional personal protective equipment, including safety helmets, safety glasses, earplugs, heat-resistant safety shoes, insulated shoes and gloves, acid- and alkali-resistant gloves, dust masks and gas masks. Emphasis is placed on the precautions for construction personnel during work, including but not limited to the requirements for wearing personal protective equipment and on-site safety measures, and the importance of setting up construction warning signs, while strictly supervising the wearing of protective equipment and the operation status and protective effect of protective facilities. We play safety warning educational videos to make employees deeply aware of the serious consequences of non-standard construction, educate construction personnel on preventing problems before they occur, and enhance their awareness and ability to prevent accidents. We require the in-charge personnel of each construction entity to strictly fulfill their primary responsibility for safety, refine safety supervision measures, strengthen the supervision of violations by personnel at the construction site, eliminate safety accidents caused by personnel violations and non-standard construction, and ensure safety during the construction process. We regularly disinfect production areas and equipment to effectively prevent the spread of any infectious diseases in the production areas. In terms of identifying and controlling the sources of occupational disease hazards such as air pollutants, dust, noise and radiation, the Group entrusts qualified occupational health technical service providers to regularly test the occupational disease hazard factors in each workshop to ensure a safe production environment by scientific means.
Safety Culture Development	 Each year, the Group's branch plants set safety management goals based on the previous year's equipment status and personnel, and post the targets on bulletin boards to create a safety culture atmosphere. We regularly hold safety production evaluation and recognition events to reward outstanding employees and shift team leaders every quarter and set benchmarks.
Safety Skills Competition	• We organise safety skills competitions to comprehensively inspect employees' safety knowledge and operating skills, reward outstanding contestants, and arrange for them to share their experiences to enhance the overall safety and operational level of employees.
Collaboration with Local Hospitals	• A medical examination team composed of professional medical staff from hospitals conducts regular health checkups for employees to ensure their occupational health and safety.



The Group also conducts exchange with employees in a democratic manner on occupational health and safety matters in accordance with the Information Exchange and Communication Management Procedures, in which employees have the following rights:

- The Group elects employee representatives, stipulates the responsibilities of employee representatives, and communicates the list of employee representatives to every employee.
- The Group involves employees at all levels in the identification of hazards, risk assessment, and determination of control measures, and obtains the consent of employee representatives.
- In the event of an accident, the Group's employee representatives participate in the investigation of the incident and communicate the findings to the relevant employees.
- The Group should solicit employee feedback appropriately when conducting policy reviews and target-setting reviews.
- Any changes to the Group's occupational health and safety management shall be subject to employee feedback.

Case Study – Emergency Drill for Safety Accidents

During the Year, to enhance the emergency response and handling capabilities of employees in the gas desulfurization workshop in the face of production incidents, the Group planned and carried out a series of targeted drills. The drills focused on scenarios of poisoning and suffocation accidents that may occur in the gas desulfurization workshop, with an emphasis on on-site handling procedures and practical exercises for emergency rescue operations. After the drill, all participants are required to conduct an objective and comprehensive evaluation of the drill's effectiveness and compile a detailed report. In addition, relevant personnel at all levels will formulate practical and feasible rectification measures based on the problems revealed during the drill and continuously track the implementation of the rectification, striving to enhance the effectiveness of the drill and strengthen emergency response capabilities through this series of measures, thereby fortifying a strong defence line for the safety production of the gas desulfurisation workshop.





Emergency Drill for Employees in the Gas Desulfurisation Workshop



Case Study – Employee Health Checkup

During the Year, the Group has strictly adhered to the relevant laws, regulations, and policy guidelines of the state concerning occupational health protection. With attitude of taking high responsibility for our employees, we have deeply and comprehensively recognised that safeguarding the occupational health of our employees is of paramount importance to the long-term development of the enterprise and the welfare of our employees. Based on this, the Group cooperated with local hospitals to formulate a health checkup plan for employees in accordance with relevant standards and requirements. During the implementation of the health checkup, all relevant departments worked closely to ensure the orderly progress of the examination process, enabling employees to complete various examination items smoothly and efficiently. This collaborative health checkup not only helped to identify potential occupational health problems of employees in a timely manner, but also demonstrated the Group's determination in safeguarding employees' occupational health rights and its efforts in implementing occupational health protection measures.



Employee Health Checkup Site

1) Equipment Safety Technology Retrofit

During the Year, the Group carried out a number of safety technology upgrades, involving power supply optimisation, intelligent technology introduction, hazard elimination, system transformation, and measures to prevent misoperation, to enhance production efficiency and safety.



Case Study – AI Intelligent Monitoring and Identification System

Alumina Branch of the Group actively responded to the call for digital transformation and took the lead in introducing the AI intelligent monitoring and identification system. The AI intelligent monitoring system has been installed and deployed in key areas, important equipment, and hazardous operation areas of the alumina calcination workshop in Process Area B. This system can perform real-time monitoring and analysis, and make accurate identification and judgments on personnel violations, such as non-compliance in wearing personal protective equipment, missing safety helmets, accidental falls, invasion and staying in dangerous areas, as well as the operating status of important equipment, such as belt blockage, tank overflow and other abnormal phenomena. After turning on the abnormality identification alarm function, once an abnormality image involving personnel or equipment is detected, the AI intelligent monitoring system will inform managers at all levels and the central control room of abnormal data in real time through data mining after intelligent decision analysis. Managers can effectively control the on-site situation in a timely manner, ensuring the safe and orderly operation of workshop production, and thus greatly improving the intrinsic safety level of the workshop.



Interface of AI Intelligent Monitoring and Identification System

2) Occupational Health and Safety Training

The Group proactively builds a diverse safety training platform for employees, organises a wide range of occupational safety and health-themed activities and production safety activities, and makes every effort to improve employees' skills and awareness in protecting their own safety and health and those of others. All units have adopted a multi-pronged approach and made precise efforts to strengthen the foundation of safe production and effectively build a solid line of defense for safe production through measures such as strengthening safety awareness and education, and carrying out first-aid skills training.



Establishing a Diversified Training System for Employees and Outsourced Personnel

- Carrying out special trainings on electrical safety, food safety, fire safety, confined space operation, firstaid skills, traffic safety, and work-related injury prevention.
- Organising a "multi-pronged approach" of training + drills + competitions, including safety knowledge competitions, skill competitions (such as welding, electrical maintenance), and emergency drills (such as power outages, SF6 leaks, and electric shock accidents).
- Safety training for outsourced construction entities: strengthening the awareness of safety regulations among construction personnel, correcting non-standard on-site behavior, and organising the viewing of warning and educational videos.

Providing Thematic Training for Personnel With Special Work Requirements

- Providing safety supervision personnel with training on responsibility awareness and supervision skills to improve their ability to identify and control risks during hazardous operations.
- Conducting safety management and teamwork training for management personnel.
- Providing targeted safety training for new employees, drivers, canteen staff and other personnel (such as special training to enhance safety awareness for new employees).

Safety Culture Development

- Creating a safety culture of full participation through activities such as Safety Month, speech contests, safety knowledge competitions, and the signing of commitment letters (such as the "Anti-Three Violations" commitment).
- Establishing the safety goal of "Three Zero Shift Teams"¹, combining data analysis and "Three Violations" personnel management to promote the implementation of safety responsibilities at the frontline personnel.

External Collaboration

• Inviting experts from the Ministry of Emergency Management, fire rescue brigades, and medical institutions to participate in training and drills to enhance professionalism and compliance.

Cultural Communication

- Promoting safety measures (such as weaving a tight safety net) through channels like WeChat official accounts to enhance internal and external transparency.
- Organising safety production quiz competitions and safety speech contests to boost employee, and encourage employees to take the initiative in learning safety knowledge.

Employee First-Aid Skills Training

• Collaborating with medical institutions to carry out first-aid skills training (such as cardiopulmonary resuscitation and wound dressing) to enhance employees' self-rescue and mutual rescue abilities.

¹ "Three Zeros" refers to "Zero Hazards, Zero Defects, and Zero Failures".



Case Study – Construction Safety Education and Training

To strengthen the safety production awareness of outsourced construction personnel and effectively improve their safety awareness and safe operation skills, the Group organised specialised safety education and training for persons in charge of outsourced entities and construction workers in batches this year. During the training, training administrators led the trainees in studying documents such as the, the Prohibition on Unsafe Construction Practices, the Construction Safety-Related Management System, and the Knowledge of Safety Production and Regulations for Construction Safety Production, emphasizing the importance for construction personnel of wearing personal protective equipment correctly, implementing on-site safety measures, and setting up construction warning signs appropriately. Additionally, using typical accident cases as a starting point, the training explained common violations, analysing the severe consequences caused by unsafe operations, weak safety awareness, and ineffective implementation of systems. The training aimed to educate trainees in preventing accidents before they occur, enhancing their awareness and ability to prevent accidents, sounding the alarm for construction personnel, and urging them to always maintain a heightened awareness of safety production in future construction processes.



On-Site Construction Safety Education and Training Session



IV. RECRUITING TALENT EXTENSIVELY WITH A PEOPLE-ORIENTED APPROACH



4.1 SAFEGUARD RIGHTS AND INTERESTS, WITH A PEOPLE-CENTERED APPROACH

Outstanding talents are the cornerstone for the Group to achieve its strategic goals and the core driving force for its sustainable development. The Group upholds the principle of "matching talents with positions, respecting value, and being people-oriented" in all aspects, including employee recruitment, dismissal, promotion, remuneration, working hours, holiday arrangements, equal opportunities, diversity promotion, anti-discrimination efforts, and welfare and benefits. The Group strictly complies with relevant laws and regulations, such as the Labor Law of the PRC, the Labor Contract Law of the PRC, and the Shandong Province Labor Contract Regulations, to safeguard the legitimate rights and interests of employees, ensure their physical and mental health, and actively create an equal, inclusive, diverse, and sustainable workplace.

1) Compliant Employment

The Group proactively expands its talent recruitment channels, embracing talented individuals from diverse cultures, backgrounds, and regions, and is committed to enhancing the diversity of its workforce and continuously optimising the structure of its talent pool.

Labor Contract Management

The Group adheres to the principles of equality and voluntariness, and consensus through consultation, and signs internship agreements, labor contracts, or employment contracts with all employees (including part-time and outsourced employees) based on employee types, clearly defining the legitimate rights and interests of both employers and employees. These contracts cover aspects such as contract duration, working hours, work location, job type, break and holidays, remuneration, and benefits. They are promptly submitted to the local labor and employment departments for confidential filing and review to ensure their legality and validity.

Equal Opportunities and Diverse Recruitment

In the recruitment process, the Group has clearly defined specific implementation procedures for each stage, including selection, hiring, confirmation, and transfer, ensuring that the entire employment management system has both sound regulations and efficient operations, while fully reflecting people-oriented approach, attracting and retaining outstanding talents who meet the Group's business development needs.

The Group's recruitment efforts are carried out through various channels, including social recruitment, online recruitment, campus recruitment, phone interviews, employee referrals, and job fairs. Qualified applicants need to undergo assessments such as health checkups, written tests, and interviews. The entire process strictly adheres to the principle of equal opportunities,



evaluating and employing talents in a fair, open, and impartial manner, ensuring that there is no discrimination based on gender, age, race, ethnicity or social origin, religious belief, political affiliation, marital status, family responsibilities, or other factors.

The Group implements a localized employment policy, respecting local cultures during the recruitment process and creating a work platform for local employees that allows them to "leave the land but not their hometown, leave their hometown but not their home".

Case Study – Respecting Local Cultures and Employing Local Staff

In Yanshan County, the Group's Yunnan Green Aluminum Innovation Industrial Park is committed to building a green aluminum-based industrial "backbone", improving online and offline employment services, building a "circle of friends" for the enterprise, and attracting a large number of local farmers who have been working outside the region for many years to return home. Among the 9,100 employees in the industrial park, 80% are indigenous Wenshan natives, including many employees with ethnic minority background. The Group fully considers the special needs of ethnic minority employees and carries out "order-based" training according to positions and individual needs, enhancing local employees' skills and enabling them to become skilled technicians and business backbones. At present, ethnic minority employees in Yunnan have quickly integrated into the Group's work environment, thanks to their diligence, wisdom, and professional qualities. With the active participation of ethnic minority employees, a positive atmosphere of multicultural integration and mutual promotion has been formed within the Group, greatly enhancing team cohesion and innovation, and strongly promoting the Group's sustainable and steady development.



Group Photo of Our Local Ethnic Minority Employees



Labor Standards

The Group firmly supports the UN Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, International Human Rights Covenants, the Anti-Modern Slavery and Human Trafficking Policy, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Group strictly adheres to laws and regulations such as the Law on the Protection of Rights and Interests of Women, resolutely prohibiting child labor and eliminating all forms of forced labor and human trafficking.

To effectively prevent the employment of child labor and forced labor, the Group carefully verifies the identity and age of applicants during recruitment, eliminating the illegal hiring of child labor and forced labor recruitment. It also strictly prohibits any forced overtime or assignment of work outside an employee's responsibilities. Once violations are discovered, the Group will handle the matter seriously in accordance with relevant laws and regulations, immediately launch a comprehensive investigation and dismiss the relevant employees.

The Group firmly prohibits any form of exploitation of rights, forced labor and forced overtime. To ensure that employees have adequate rest, the Group strictly follows statutory standards in limiting working hours and specifies relevant clauses in labor contracts to clearly define the rights and obligations of both parties, effectively safeguarding the legitimate rights and interests of employees. An eight-hour workday system is implemented for all employees in each production entity with a four-shift, three-crew work schedule. Overtime work is limited to specific circumstances and overtime pay is strictly paid in accordance with applicable standards under relevant laws and regulations. In addition, all employees are entitled to statutory holidays and holiday benefits such as visiting relatives, marriage, bereavement and maternity leave in accordance with the law.

During the Year, the Group did not identify any instances of child labor, forced labor or any form of discrimination or harassment.

Resignation

The Group has established a sound communication and investigation mechanism for employee dismissal. The Group respects the free choice of employees. If an employee applies for resignation, the Group will carry out procedures such as contract cancellation and termination with the employee, and provide resignation health checkup and other benefits in accordance with the circumstances stipulated by relevant national laws and regulations. At the same time, the Group will arrange exit interviews to understand the reasons for their departure and make corresponding improvements based on reasonable suggestions. In case of restructuring or layoffs by the Group, the Group will provide severance pay and assistance in employee outplacement and reemployment to protect the rights and interests of employees.



Human Rights Protection

The Group is committed to protecting human rights and adheres to internationally recognised human rights standards, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the Voluntary Principles on Security and Human Rights. It actively promotes anti-violence and anti-conflict initiatives. The Group conducts annual human rights training and awareness programs for all employees, effectively raising their awareness of human rights protection. The Group developed a Code of Conduct covering all employees, explicitly assessing human rights impacts and risks. The Code outlines measures to proactively prevent potential violence and discrimination in the workplace and business conduct, establishes comprehensive response procedures, and firmly prohibits any actions that may infringe upon human rights. The Group fully respects and protects human rights in its operations.

The Group conducts annual human rights protection effectiveness assessments of its business and operations, identifying potential human rights risks in new businesses and projects in a timely manner. Human rights protection effectiveness assessments are conducted through questionnaires, interviews, document reviews, and field visits. The Group ensures that all assessment data is anonymized, strictly protecting the information of respondents throughout the process. Based on the findings, the Group improves its human rights policies and management approaches and requires relevant departments or units with issues to implement corrective actions, effectively safeguarding employee rights.

Anti-Discrimination

The Group firmly opposes all forms of discrimination, treating every applicant and employee with fairness, impartiality, and equality. The Group upholds the principles of fairness and equality in all aspects of labour management, including recruitment, training, remuneration and promotion, based on job requirements and individual capabilities. Discrimination against applicants or employees on the grounds of ethnicity, race, nationality, gender, religion, age, sexual orientation, political opinion or marital status is strictly prohibited. The Group strictly prohibits any form of physical punishment, mental or physical coercion, harassment (including sexual harassment), gender-based violence, or verbal abuse, and fully respects human rights and the rights and interests of women.

Legitimate Rights and Interests of Female Employees

In strict compliance with relevant laws and regulations, the Group has formulated the Policy on Gender Equality and Protection of the Rights and Interests of Female Employees to fully protect the legitimate rights and interests of female employees and provide comprehensive welfare protection for female employees during pregnancy, childbirth and breastfeeding, such as properly arranging breastfeeding time for employees returning to work after childbirth. At the same time, the policy clearly states the Group's zero-tolerance attitude towards workplace sexual harassment. The Group has established a comprehensive anti-sexual harassment compliance system in the workplace, including prevention mechanisms, complaint and reporting mechanisms, and handling mechanisms, to effectively prevent the occurrence of sexual harassment and ensure timely and appropriate handling of such incidents.



Case Study – A Subsidiary of the Group Was Awarded Provincial "Civilised Business for Women" Title

The Shandong Women's Federation issued the "Notice of the Shandong Women's Federation on Naming Provincial Civilised Business for Women". The Human Resources Department of Shandong Hongtuo Industrial Co., Ltd. (the "**Shandong Hongtuo**"), a subsidiary of the Group, was awarded the title of "Provincial Civilised Business for Women" for its outstanding achievements in highlighting the role of women in the workplace. With a focus on highlighting the role of women in the workplace, the Human Resources Department of Shandong Hongtuo actively encourages female employees to be dedicated to their jobs and passionate about their work. The department members have delved into the "Three Pillars" theory of human resources and continuously worked to establish and improve the "Four Forces Model" management system. They have also continuously optimised the human resource management system, demonstrating the professional capabilities and leadership of the female employees while enhancing the company's human resource management level.

山东省巾帼文明岗名单

读州市妇女儿童事业发展中心 读州市人民医院风湿免疫科 山东宏拓实业有限公司人力资源部 国家税务总局邹平市税务局第二税务分局 惠民县妇女联合会 无棣县第一实验幼儿园 博兴县妇女儿童事业发展中心

List of "Civilised Business for Women"



Democratic Communication 2)

The Group values employee feedback, maintains open communication channels, and safeguards employees' right to know and participate.

The Group complies with the conventions of the International Labour Organisation and the laws and regulations of national and local governments, adhering to local legal provisions, and upholding employees' right to freedom of association and collective bargaining. The Group continues to strengthen the trade union's supervision of compliance with labor laws, establish and improve the trade union's labor law supervision committee, strengthen the building of a team of labor law supervisors, and establish a system and mechanism for employee participation in the entire process of safeguarding their rights.

The Group actively builds diverse communication mechanisms, striving to maintain close and effective communication with employees. The Group promotes various channels such as general employee meetings, employee representative systems, visits and exchanges, symposiums, satisfaction surveys, and leaders' mailboxes to ensure employees' right to know, express, participate, negotiate, and supervise matters related to their own interests, including salary income, benefits, occupational safety and health, and social security benefits. The Group guides and encourages employees to express their demands rationally and promote democratic decisionmaking within the Group.

The Group has established an employee representative system, with each subsidiary electing employee representatives and defining their responsibilities.



Regularly participate in communication meetings with management, report issues of concern to employees and the implementation of company regulations.

Collect issues and opinions of concern to employees from time to time, provide feedback to management, and supervise the fairness of handling.

Assist employees in collecting evidence for complaints and investigations.

Participate in identifying hazards and evaluating risks and opportunities.

Responsibilities of Employee Representatives of the Group



In addition, leaders at all levels of the Group have proactively engaged with frontline employees, listen carefully to employees' suggestions, promptly grasp employees' demands, and improve employee satisfaction. The Group regularly conducts employee satisfaction surveys twice per year. During the Year, the Group conducted an employee satisfaction survey, with an overall satisfaction rate of 100%.

To further strengthen the protection of employee rights, the Group has established a grievance mechanism internally to collect and investigate employee complaints. The Group has formulated the Stakeholder Complaint Handling System and the Whistleblowing Policy to accept complaints from stakeholders, including employees, through various forms and channels regarding working conditions, workplace and remuneration issues, occupational health and safety, and social responsibility. The Human Resources Department is specifically responsible for receiving employee complaints, following up and handling them strictly in accordance with internal regulations, and taking corrective and preventive measures in a timely manner to ensure that complainants are not subject to threats of retaliation, intimidation, or harassment.

3) Remuneration and Benefits Policy

The Group improves the remuneration management system to ensure the well-being of employees, adheres to the sustainable development concept of "people-oriented", and builds a scientific and humane comprehensive remuneration management system. Through innovative efforts, the Group has established a "four-in-one" framework for safeguarding employee rights and interests, and has developed a comprehensive compensation management system that offers competitive remuneration to attract outstanding talents from various fields. Additionally, by providing staff residential communities, staff apartments, cost-priced canteens, staff kindergartens, and staff hospitals, China Hongqiao has established a mechanism that ensures "housing for living, care for children, medical care, and support for the elderly", thereby enabling our employees to live and work in contentment.

The Group strictly complies with all relevant provisions of the Labor Law of the PRC regarding working hours, salaries, and benefits, continuously upgrades and optimises its employee compensation and benefits system, improves incentive mechanisms, and strives to provide employees with competitive compensation and benefits to attract and retain outstanding talents. The Group always adheres to the principle of fair, just and incentive-based compensation and benefits, providing comprehensive benefits for all employees, including directors, management, headquarters staff, management and technical personnel of subsidiaries, and workshop workers, safeguarding the legitimate rights and interests of all employees, and ensuring that every employee is entitled to benefits such as welfare subsidies, living security, employee events, paid leave, and maternity support.



Remuneration and Assessment System

The Group has established a Remuneration Committee, which is responsible for formulating and reviewing the remuneration policies and plans for the Group's directors and senior management. In terms of remuneration planning, fully considering the average salary level in the industry, and in combination with the Group's sound internal remuneration system, the Group has scientifically and rationally established remuneration standards. Employee remuneration is diverse, and nonofficer staff are also eligible for variable performance-based pay. In addition to basic wages as a guarantee of stable income, it also includes performance bonuses based on environmental and social metrics to recognise outstanding contributions of employees, and various subsidies, such as skill subsidies, to encourage employees to improve their professional skills; High temperature allowance, protecting the rights and interests of employees working in special working environments. Each department comprehensively evaluates employee performance based on pre-set remuneration standards for each position, taking into account various factors such as workload, daily performance, years of service, and skill proficiency. Salaries are regularly reviewed and adjusted to ensure they are fair and reasonable. The Group also provides all employees with non-compensation benefits, including pensions, medical insurance, and unemployment insurance, to protect their legitimate rights and interests.

Performance Bonus

Safety Management Performance Bonus:

- Annual Safety Bonus (Monthly, Annual);
- Annual Safety Bonus Production Entity;
- Annual Safety Bonus Construction Entity;
- Safety Production Rationalization Proposal Bonus.

Production Performance Bonus:

- Production Performance Bonus;
- Double Benchmarking Performance Bonus (e.g., Monthly Progress Award, Quarterly Champion Award, Annual Single Benchmark Award).

Innovation Award:

- Energy Conservation and Efficiency Award;
- Research and Development Innovation Award.

Year-End Double Salary



Subsidies and Protection

Work Allowance:

- Professional skill allowance;
- Position allowance, reflecting the particularity of the position and the length of service;
- High temperature allowance, protecting the rights and interests of employees working in special working environments.

Holiday Subsidies:

Distributing holiday gifts.

Living Allowance:

Accommodation and Transportation Support Plan:

- Staff canteen;
- Free collective dormitories;
- Providing free commuter transportation services for employees.

Family Support System:

- Providing relief funds for employees in need.

Medical Support System:

- Providing employees with discounts on outpatient services, hospitalization, and health check-ups;
- Offering special discounts for female employees;
- Collaborating with hospitals to establish an emergency green channel to ensure timely rescue;
- Free occupational health check-ups for employees;
- Providing free medical treatment to the Group's model workers and employees with outstanding contributions.

Social Insurance:

Payment of social insurance premiums, including endowment insurance, medical insurance (including maternity insurance), unemployment insurance, and work-related injury insurance.



Retirement Benefits:

- Arranging for employees of eligible age to retire in accordance with national policy arrangements and pay retirement benefits;
- Implementing a policy for rehiring retired employees, arranging suitable work for rehired retirees to enrich their later life.

Maternity Support:

- Providing female employees with maternity check-up leave, maternity leave, breastfeeding leave, childcare leave, and paternity leave in accordance with legal provisions;
- Arranging breastfeeding time and space for employees returning to work after childbirth;
- Paying maternity insurance for employees in a timely and full manner.

Paid Leave:

- Strictly implementing the national working hour system and providing paid leave for employees in accordance with regulations;
- Employees are entitled to statutory paid leave, including legal holidays, annual leave, marriage leave, home leave, bereavement leave, maternity leave, sick leave, and work-related injury leave.

Employee Events

Festival Events:

Organising events during traditional festivals such as the Spring Festival, Mid-Autumn Festival, and Dragon Boat Festival.

Cultural and Sports Activities:

Organising employee cultural activities and sports meets.

The Group is committed to improving the salary levels of its employees in its future development. The Group conducts in-depth research on a more reasonable salary system to strive for a more scientific and reasonable salary income system. This measure aims to not only provide more effective support for the management of cadres at all levels, enabling smoother and more efficient management, but also to fully mobilise the enthusiasm and initiative of employees, maximise their work morale, and strengthen their collective sense of honor, thereby gathering strong momentum for the Group's sustainable and steady development.



Benefits – Cultural and Sports Activities

To help employees achieve a harmonious work-life balance, enrich their cultural life, enhance their sense of affiliation, and foster a strong corporate culture, the Group carefully planned and organised a series of diverse and colorful employee activities during the Year.

Case Study – Mid-Autumn Festival Themed Activities

The Group organised handmade mooncake making and dumpling wrapping activities, where employees sat together, kneading dough, weighing fillings, pressing molds, squeezing cream, and wrapping fillings, each playing their part and enjoying the reunion time. In addition, various entities also held interesting activities such as lantern riddle guessing, Pitch-pot, and art performances. The art performances were rich in content, covering skits, recitations, dances, songs and other forms. Interactive sessions like "Pass the Flower While the Drum Beats" and live dialect dubbing show made the atmosphere lively and extraordinary. The lantern riddle guessing allowed employees to experience the wisdom hidden in the words of traditional culture, while the Pitch-pot game added to the festive fun. The activities allowed employees to relax and unwind after work, enhancing their bonds with each other, and greatly increasing their sense of affiliation and happiness.



The Mid-Autumn Festival Fun Activities



Case Study – Employee Sports Meet

In order to celebrate the 75th anniversary of the founding of the PRC, fully demonstrate the spirit of striving and progress of China Hongqiao's people, further promote the development of mass sports and fitness activities, and help employees devote themselves to their work with greater enthusiasm, China Hongqiao held an employee sports meet during the Year, which featured a total of 7 major events and 19 sub-events, including basketball, badminton, table tennis, tug-of-war, shuttlecock kicking, rope skipping, and athletics, attracting more than 1,300 employees to participate.

The sports meet not only selected team champions, runners-up, and second runners-up but also established various awards, including the "Sportsmanship Award", "Outstanding Organisation Award", "Unity and Progress Award", "Best Team Leader Award", "Best Coach Award", "Best Referee Award", "Best Athlete Award", and "Best Newcomer Award" to recognise outstanding teams and individuals in the sports meet. This sports meet not only provided a platform for employees to showcase and challenge themselves but also enhanced their physical fitness, improved teamwork, promoted communication among colleagues, strengthened corporate cohesion, and fully demonstrated the positive spirit of the Group's employees.



Employee Formations at the Employee Sports Meet



Benefits - Assisting Employees in Need

In addition, we always adhere to the principle of "thinking what employees think, feeling what employees feel, and solving what employees need". We regard employees as the most valuable asset of the enterprise and care about the well-being of employees and their families. The Group's trade union regularly conducts research on employees in need, gaining an in-depth understanding of their living conditions, family relationships, and economic burdens, and provides timely assistance to employees who are ill, have encountered changes, or are in difficulty. At the same time, we advocate the spirit of mutual help of "all for one, one for all", encouraging employees to donate to colleagues in financial difficulties, creating a united, friendly, warm, and harmonious corporate atmosphere, making every employee feel the warmth of home.

To fulfill its corporate social responsibility and demonstrate humanistic care, the Group's trade union officially launched an employee assistance hotline during the Year. This service is available to all employees of the Group and aims to provide timely and professional assistance and support to employees who encounter difficulties in life. We have established a comprehensive assistance mechanism, committing to strict confidentiality and detailed recording of each employee's request for help, establishing individual case files. At the same time, the trade union collaborates with relevant departments such as the Human Resources Department and Legal Department to establish a rapid response mechanism to promptly and properly address employees' appeals.



Visiting Employees in Need and Giving Relief Payment

In addition, China Hongqiao, adhering to the philosophy of giving back to society and supporting education, continued its "Three-in-One Student Aid" public welfare program this Year. "Three-in-One Student Aid" aims to provide tangible assistance to students from disadvantaged backgrounds who are motivated and strive for academic excellence, helping them successfully complete their studies and pursue their dreams. The Group conducted donation activities during the winter and summer vacation periods, respectively. Through these actions, the Group demonstrated its commitment to corporate social responsibility and the spirit of great love.



4) Employee Recognition and Awards

To fairly and objectively measure employee performance and motivate employees, the Group has officially promulgated and strictly implemented the Employee Performance Dynamic Management System. Based on this system, comprehensive performance assessment are conducted regularly, and appropriate incentives are given to outstanding employees, thereby promoting the long-term retention of talent and injecting strong momentum into the Group's sustainable development.

During the Year, the Group highly commended and awarded the leading technical innovation teams and skilled technicians who had made outstanding contributions to the Group's production and operation.



In addition, the Group has established columns on both internal and external platforms to showcase the exemplary achievements of the leaders in technological innovation, skilled operators in technology and equipment, recipients of the Energy Conservation and Efficiency Award, and winners of the Scientific Research Innovation Award. This initiative aims to foster an encouraging corporate culture, calling on all employees to excel in their roles, strive for technological excellence, innovate and create value, break through key process technologies, and embody the spirit of craftsmanship. The goal is to contribute wisdom and strength towards building a world-leading centennial manufacturing enterprise.



4.2 TALENT-DRIVEN SUCCESS AND BUSINESS GROWTH

This year is a critical year for the "14th Five-Year Plan" and an important juncture for the launch of the "15th Five-Year Plan", and it is also an important period for the Group to further improve its development strategy and move towards continuous optimisation and strengthening. China Hongqiao believes that cultivating its core talent team is crucial for the Group to meet future challenges and continuously enhance its competitiveness.

The Group attaches great importance to talent cultivation and strives to build a learning-oriented enterprise through various ways and means, supporting the digital transformation and upgrading of the enterprise in all areas and aspects, and providing strong talent support for its stable and sustainable development. The Group firmly believes that a high-quality team of cadres and employees is a valuable asset and the core support for the development of the enterprise. In today's complex and ever-changing era, in order for the enterprise to achieve high-quality and sustainable development, and to meet the new era's requirements for corporate transformation and upgrading, optimisation of management, fulfillment of social responsibilities, and enhancement of international competitiveness, it is essential to strengthen talent management.

The Group sincerely attracts talents from all walks of life with a sound talent cultivation model, an efficient incentive mechanism, a fair competition platform, and broad career development room. In our Group, every employee is able to fully utilise their talents and realise their personal value, enabling their career planning to align closely with the development goals of the enterprise. This ultimately fosters a mutual pursuit and joint growth between employees and the enterprise.



1) Performance Evaluation and Promotion

The Group attaches great importance to the personal development of its employees and carefully builds clear and bright career paths for various talents. By leveraging a scientific performance evaluation system, we fairly measure the job results of employees; A fair talent select mechanism provides promotion opportunities for those who are capable. The Group's Employee Performance Dynamic Management System, in addition to serving as the basis for employee salary adjustments, is also an important basis for employee competition, promotion, and position adjustments. Employees who consistently achieve outstanding performance in evaluations will be given priority consideration for promotion.

In addition, the Job Selection System is adopted in each production entity and the Group has also set up a selection and employment mechanism that can better identify the outstanding talents from the peers. Position selection follows the principles of "fairness, justice, openness, competition, and merit-based selection". Outstanding employees will have the opportunity to participate in position competitions. They will compete for positions at different levels through a multi-stage assessment process, which includes scoring by branch factories, written examinations, interviews, practical operation tests, safety evaluations, and democratic appraisals. The job selection process is closely monitored by all the employees who can report and complain about any violations.



Case Study – The Group Launches Independent Skill Assessment for Talented Individuals

During the Year, the independent skill assessment program was launched in March 2024, with over 8,000 employees signing up to participate, an increase of nearly 2,000 people compared to last year. This skill assessment is divided into two levels: intermediate and advanced, and includes both theoretical knowledge and practical skills examinations. The assessment covers 27 types of jobs, including electricians, fitters, alumina extraction workers, and aluminum electrolysis workers.

The skill level certification is carried out under the guidance of the General Assembly of the Group's Review Committee. Professional review panels have been established to ensure scientific and standardised procedures and optimise the implementation of the examination process. The evaluation is conducted through theoretical knowledge examinations and practical skills assessments, strictly adhering to the principles of scientific rigor, standardisation, and fairness. It upholds the combination of occupational standards and job requirements, professional competence and work performance, professional evaluation, and enterprise recognition. The evaluation process adheres to disciplinary guidelines, encourages innovative thinking and approaches, creates a sense of ceremony for participating employees, and fosters an atmosphere of respect for skills and talents.



Theoretical Examination for Independent Skill Assessment for Talented Individuals



2) Employee Training

China Hongqiao deeply understands that talent is the core driving force for corporate development, consistently prioritising the comprehensive enhancement of the workforce's quality. Our skills and knowledge development training encompasses all employees, including new hires, providing opportunities for promotion or transitioning into new roles. The Group has established a training and assessment mechanism and continues to implement annual training programs that are both targeted and forward-looking. The Group demonstrates unwavering determination in talent development, adopting a comprehensive and systematic approach. This includes conducting accurate training needs assessments, formulating well-defined training plans, implementing comprehensive employee and management development, employing diverse training evaluation methods, supporting employees' pursuit of higher education, implementing management trainee programs, conducting new employee onboarding training, and establishing internal and external mentoring mechanisms. This all-round talent training process demonstrates China Hongqiao's firm determination in talent training.



Responsibilities of the Group's Human Resources Department in Training



Moreover, in addition to the programs outlined in the training plan, the Group also conducts targeted training and organises relevant personnel to participate in learning sessions following the receipt of specific product requirements or improvement suggestions. Utilising refined tools such as attendance sheets, the Group accurately records the number of trainees and training duration to ensure the organised implementation of training programs. To ensure the effectiveness of training, training results are evaluated through diverse methods such as on-site questions and examinations after the training.

The following is the items of specialised training for employee positions:

Trainees	Training Objectives	Training Methods and Items	Training Highlights
Existing Employees			
Branch Factory Employees	Employees meet qualification standards and can operate independently	 After the type of work determined or after job transfer, learn about environmental quality system knowledge, job responsibilities, safety and fire emergency knowledge, environmental protection knowledge, and the relevant skills of the assigned work type. The apprenticeship period is three to six months. Those who pass the training will be assigned to the position, and those who fail will continue to study until they pass the training. 	Comprehensive knowledge and skills training, with a flexible study period until qualified for the position
All Employees	Employees meet qualification standards and can operate independently	 Technical courses are conducted on workshop process flow, machine operation knowledge, equipment maintenance. Training is provided on chemical knowledge, emergency knowledge, fire protection and environmental awareness, job safety regulations, and strengthening of responsibility awareness. 	Comprehensive training on workshop technology and safety awareness



Trainees	Training Objectives	Training Methods and Items	Training Highlights
New Employees			
All New Employees	Help new employees quickly integrate into the work environment and master the necessary skills for their jobs	 For all newly hired employees, the Group develops a dedicated training plan for the first three months of the probationary period and arranges one-on-one guidance from training managers and senior employees. Receive education on the Group's rules and regulations, safety awareness, environmental awareness, dedication to work, professional ethics, and compliance with laws and regulations, to help employees establish a correct work attitude. 	Comprehensive enhancement of professional ethics education to establish a correct work attitude
Logistics Department Staff	Enhance the overall quality of business personnel	Quality training, skill-based business training, and targeted training on integrated management systems.	The Group provides diversified training for its employees to enhance their overall quality.
Electricians, welders, workers engaged in work at heights, chemical managers, among others	Improve the skills of personnel engaged in special operation	Training on political ideology and professional ethics, safety, environmental protection, emergency response, job safety regulations, and theoretical and practical skills.	Multi-dimensional training on quality and skills to improve the learning and practice of technical theories.
Special types of work, internal auditors, firefighters, safety officers, among others	Standardise operations and eliminate employees who fail to meet the requirements of their positions.	Training on ISO 14001 Environmental Management System standard, professional skill operations, occupational health and safety management, and environmental awareness.	Conduct specialised training in various fields to raise awareness of standardised operations in all aspects.



In addition, the Group supports employees in pursuing further education by supporting them in obtaining degrees or equivalent professional certifications. The Group also supports employees in pursuing degree programs or new certifications through tuition reimbursement and sabbaticals. With the strong empowerment and support of the Group's corporate platform, 13 employees successfully passed the admission examination for the Master's program in Engineering Management at the University of Chinese Academy of Sciences this Year through their hard work. The Group relies on this comprehensive and systematic training plan to continuously empower employees for their growth and progress, constantly enhance their overall quality, encourage the emergence of talents, and accumulate strength for the steady and sustainable development of the Group.

Case Study – Management Trainee Program

A high-quality workforce of management personnel and employees is a valuable asset and a vital pillar of support for enterprise development. In today's complex and volatile era, to achieve high-quality and sustainable development, the enterprise must strengthen their human resources to meet the new requirements of the new era for its transformation and upgrading, management optimisation, fulfilling social responsibilities, and enhancing international competitiveness. Based on this understanding, the Group has initiated a Management Trainee program. Relevant departments are actively making arrangements based on strategic goals and talent needs, focusing on key aspects of young management personnel development, carrying out selection processes for these individuals, empowering mentors, and establishing a scientific and systematic selection and development with the overall development of the enterprise, aligning their personal aspirations with the strategic objectives of the Group. They are encouraged to accumulate experience in practice, enhance their capabilities, grow alongside the enterprise, and realize their personal value on the enterprise platform.



Training for Management Trainee



Case Study – Internal and External Mentoring Mechanisms

In the development of talent cultivation mechanisms, the Group places great emphasis on utilising resources from both external and internal mentors. Regarding external mentors, the Group invites industry experts to conduct specialised lectures, such as lectures on environmental protection laws and regulations, introducing cutting-edge legal knowledge and professional insights to the Group, expanding the knowledge horizons of employees, enhancing their legal awareness in environmental protection, and helping the enterprise achieve sustainable development within a legal and compliant framework. In terms of establishing an internal mentoring mechanism, the implementation of internal trainer training programs has strengthened the cultivation of talent and management personnel pipelines. This initiative has established an excellent learning platform for employees who are passionate about learning and self-improvement, not only effectively promoting mutual improvement and growth among employees, but also injecting momentum into the Group's sustainable development.



Scene of Tutoring

Case Study – Lightweighting Training Program

During the Year, the Lightweighting Training Program, jointly launched by the Group, Weiqiao (Suzhou) Lightweighting Research Institute, and the Joint Management College, aims to enhance the foundational knowledge of R&D, technology, quality, and market management executives in the field of new aluminum alloy materials and their preparation and processing. It seeks to boost the innovation drive, refine management skills, improve quality control capabilities, and enhance market awareness among production management executives, thereby promoting the Group's market development and manufacturing delivery capabilities, and supporting the implementation of the Group's strategy. The trainees come from various departments of the Group's lightweighting, segments, totaling 97 participants. The training program focuses on the research and study of eight courses, including fundamentals of aluminum and aluminum alloys, semi-continuous casting of aluminum alloys, and aluminum alloy extrusion technology. Through professional and systematic teaching, it strives to cultivate a group of versatile talents for the Group, possessing profound professional knowledge and outstanding management abilities in the lightweighting field.



Scene of Lightweighting Training Program



V. CARING FOR SOCIAL WELL-BEING WITH WARM HEARTS



5.1 SPREADING LOVE AND MAKING A DIFFERENCE

The development of China Hongqiao is inseparable from the support of the country and the trust of all sectors of society. In the course of development, China Hongqiao always keeps in mind its original aspiration of "building a business for the country and benefiting the people", devotes itself to public welfare undertakings, and actively fulfils its corporate citizenship. Whether it is supporting education and paving the way for students to seek knowledge; or devoting itself to poverty alleviation and helping disadvantaged groups improve their living conditions; or participating in environmental protection activities and improving the urban environment, China Hongqiao can be seen everywhere. Every act of kindness, seemingly insignificant, is like a trickle that eventually converges into a vast ocean of corporate love. China Hongqiao gives back to society with concrete actions, makes every effort to build a better future, and fully demonstrates its corporate undertaking and passion. During the Year, the Group donated a total of RMB428.078 million, mainly for public welfare projects such as rural revitalisation, education and medical care.

1) Community Welfare

The Group always pays close attention to the interests of the community where it operates and regards improving the community's well-being as an important way to realise its value. Over the years, the Group has actively organised and participated in various charitable and social welfare activities, participated in the implementation of major national strategies such as rural revitalisation and common prosperity, promoted various public welfare and charitable undertakings, paid attention to people's livelihood, and given back to society.

During the Year, in Yunnan Province, China Hongqiao donated 281 public welfare vehicles and RMB4.909 million in cash to Wenshan Prefecture, with a total value of RMB36.091 million. It also donated 290 public welfare vehicles and RMB5.196 million in cash to Honghe Prefecture, with a total value of RMB36.275 million, and 212 public welfare vehicles and RMB5.088 million in cash to the Yunnan Charity Federation, with a total value of RMB47.488 million. These public welfare vehicles will be used for rescue and management stations, children's welfare institutions, nursing homes, health supervision and law enforcement, charitable organisation services, and medical rescue and transport in township hospitals. In addition, the Group actively participates in the construction of rural infrastructure in Yunnan Province. By supporting the construction of roads, playgrounds and school buildings, the Group helps to address the travel challenges of villagers and promote the development of rural education. This will inject strong impetus into the development of local charitable and public welfare undertakings, give back to the society with practical actions, and reflect the Group's responsibility and commitment.



Case Study – Voluntary Blood Donations

During the Year, the subsidiaries of the Group actively responded to the call of the society and organised employees to participate in voluntary blood donation activities, demonstrating the Group's social responsibility and the dedication of its employees with practical actions. This voluntary blood donation activity fully demonstrated the positive image of our Group's employees who care for the society and are willing to dedicate themselves, and also reflected the positive exemplary role of enterprises in social welfare undertakings.



Employees Participating in the Voluntary Blood Donation

Case Study – Elderly Care Activities

In order to carry forward the traditional virtues of honoring, respecting and loving the elderly of the Chinese nation and actively practice the core values of "building a business for the country and benefiting the people" of our Group, Zhanhua No. 2 Power Plant, a subsidiary of the Group, organised employees to carry out the "Caring for the Elderly and Delivering Warmth" volunteer service activity. During the activity of showing care and concern, the staff members at the event site had cordial conversations with the elderly living alone, asked about their well-being, inquired about their daily life and health conditions, and encouraged them to maintain a positive and optimistic attitude towards life. The staff also helped the elderly clean their courtyards, repair their houses, and brought them daily necessities such as milk, fruits, rice, and cooking oil. They also assisted medical staff in giving the elderly physical checkups, bringing them warmth like family.



On-Site Elderly Care Activities



Case Study – Public Welfare Awareness Activities for Drowning Prevention

At the turn of summer and autumn, it enters a high-incidence period of drowning accidents. During the Year, the volunteer team of our Group went into kindergartens to carry out public welfare awareness activities for drowning prevention. At the event site, the volunteers, based on the age-specific attributes of the children, used vivid and interesting cartoons, videos and other forms to explain to the children the dangers and serious consequences of drowning accidents, as well as how to avoid drowning accidents, effectively enhancing the children's awareness of safety and drowning prevention. In order to help the children better understand and remember, the volunteers distributed small gifts such as school supplies and toys, and conducted interactive drowning prevention games with the children to further consolidate the children's understanding of drowning prevention knowledge. This event has planted the seeds of safety in the hearts of the children. The volunteers will also continue to carry out such awareness activities, constantly strengthen cooperation with kindergartens, and escort the healthy growth of children.



On-Site Public Welfare Awareness Activities for Drowning Prevention

Case Study – "Building a Beautiful Home Together" Themed Environmental Protection Volunteer Campaign

In order to carry forward the spirit of volunteer service characterised by "dedication, friendship, mutual assistance, and progress", further consolidate the achievements of civilised city creation, and create a clean and comfortable urban environment, the subsidiaries of the Group organised and carried out the "Building a Beautiful Home Together" themed environmental protection volunteer campaign.

During the environmental protection campaign, the volunteers went to the Jiulong Lake community in Yangxin County and, under the arrangement of the community staff, carried out a clean-up of the Green Island Lake Park. During the event, the volunteers patrolled and cleaned up, comprehensively removed cigarette butts, plastic bags and other garbage in the grass, and carefully cleaned the dead corners of the park one by one. Everyone cooperated tacitly and worked energetically. They improved the level of urban environmental sanitation with practical actions and added luster to urban civilisation.



Scene of Volunteer Service



2) Weiqiao Rainbow Home

The Group has always shouldered its social responsibility, actively participated in education and poverty alleviation, and continued to participate in the "Weiqiao Rainbow Home" project initiated by the Beijing Rainbow Charity Foundation (the "Rainbow Foundation"). The Group focuses on two key directions: hardware and software improvement, and makes every effort to ensure the long-term, stable and sustainable development of Rainbow Home. In terms of hardware, we have carefully created comfortable and educational learning and living places, equipped with advanced teaching facilities; In terms of software, we have established a professional and loving team of teachers and volunteers to create a healthy, interesting, and vibrant learning and living environment for the children, making it a warm and loving second home for them.

Since the "Weiqiao Rainbow Home" project was launched in Yunnan, it has benefited children aged 6-16 and covered ten schools in Yanshan County, Wenshan Prefecture, Yunnan Province. Taking 52 teaching weeks per year as an example, a total of 10,400 lessons are arranged annually, with an average of 2 lessons per week, and a cumulative number of 20,000 participants. The years of book donations have promoted local educational authorities' attention and emphasis on reading, leading the Yanshan County Education and Sports Bureau to designate Ganhe Township as an "education-focused on reading" township. Reading courses were incorporated into the teaching curriculum and became a compulsory subject for students.

During the Year, the Rainbow Foundation joined hands with the Group to raise RMB3,086,152.43 in charitable funds for the "Rainbow Home" project. Among them, Yunnan Hongtai New Material Co., Ltd* (雲南宏泰新型材料有限公司) generously provided a targeted donation of RMB1,000,000 to the "Rainbow Home" project. Within five days, the number of people who participated in the fundraising reached 238,673. The Foundation continues to donate aesthetic education courses to children in mountain villages in Yanshan County, Wenshan Prefecture, Yunnan Province every year. Upholding the concept of "read 10,000 books and travel 10,000 miles", it combines reading with summer camps to bring love and knowledge to children in mountain villages. The project has continued to this day. By the end of 2024, 10 Weiqiao Rainbow Homes have been successfully established in Yanshan County.

In the future, we will continue to work with the Rainbow Foundation to carry out the "Weiqiao Rainbow Home" public welfare project to care for left-behind children, pay attention to children in need, care about the development of schools, and provide children with the mental care and material support they really need. We will work hard with all sectors of society to make greater contributions to the social cause of caring for left-behind children.



Case Study – Rainbow Reading Packs

In Yanshan County, Yunnan Province, 600 Rainbow reading packs filled with hope and 2,419 carefully selected books arrived as scheduled. Since 2019, with the support of China Hongqiao, 10 Weiqiao Rainbow Homes have been built in Yanshan County, donating nearly 200,000 books and organising four summer camps, benefiting over 20,000 children. As in previous years, volunteers and teachers carefully counted the books and packed the Rainbow reading packs to ensure that the children could receive this "back-to-school gift" at the beginning of the new semester. The Group has been carrying out a series of donation projects for many years, including distributing Rainbow reading packs, donating book corners to schools, carrying out reading sharing classes, implementing reading leadership programs, and organising summer camp research activities. The purpose is to open the door to reading for rural children and lead them to appreciate a wider world through books.



Scene for Distribution of Rainbow Reading Packs



Case Study – Reading Teaching Guidance Sharing Session

Invited by "Weiqiao Rainbow Home", senior education experts came to Yanshan County, Wenshan Prefecture, Yunnan Province to share their reading and teaching experience. During the lesson observation and evaluation session, the experts, after observing a Chinese reading class at Qianhe Middle School, suggested that teaching should focus on key and difficult points. Afterward, focusing on the teaching themes of the unit, the experts answered teachers' questions from both the aspects of meaning and methodology, analysing junior high school textbooks. Nearly 300 Chinese language teachers participated in the question-and-answer session and sharing. In addition, the experts also guided students of Yanshan No. 1 Middle School on different reading methods for different writing styles, pointing out the direction of reform for local Chinese language teaching and providing new methods and concepts.



Scene of Reading Teaching Guidance Sharing Session



5.2 ONE WORLD, ONE FAMILY

China Hongqiao actively echoes the national "Belt and Road Initiative" economic strategy and, in the process of investing in and developing overseas projects in recent years, always regards promoting local economic development and fulfilling corporate social responsibility as important missions. The Group strictly adheres to international standards, fully respects the rights and interests of indigenous peoples, and, in all activities, comprehensively follows national and local government laws and regulations to achieve lawful and compliant operations.

During the overseas project design phase, the Group maintains a scientific and pragmatic approach, thoroughly considers various feasible alternatives, and strives to avoid or minimise the relocation of people from substantial locations or properties. In this process, we take into account the costs and benefits of environmental, social, and financial aspects, striving to achieve a comprehensive balance. We pay particular attention to the impact of overseas projects on the poor, vulnerable groups, and women, incorporating their special needs and rights into consideration from policy formulation to specific implementation.

The Group highly respects the legal and traditional rights and interests of local communities regarding land, livelihoods, and the use of natural resources. We actively take appropriate measures to proactively prevent any adverse impacts on the livelihoods of local communities due to our activities. Once a problem is identified, we promptly address it, striving to maintain the harmony and stability of local communities and promote common development. In addition, the Group solemnly pledges never to use minerals sourced from conflict-affected and high-risk areas, resolutely preventing any actions that contribute to armed conflict or human rights violations.

Through this series of initiatives, China Hongqiao has not only achieved its own development in promoting overseas projects but has also contributed to local economic development and social progress.

1) Guinea

While developing bauxite resources, SMB, a joint venture established by the Group in Guinea, is committed to transforming the short-term economic momentum of mining into long-term and diversified economic development by promoting economic and social development in rural areas and investing in improving the living conditions of local communities. In addition, SMB maintains strong and sustainable relationships with its stakeholders, is committed to mitigating the environmental impact of mining activities, strives to meet international standards, and actively promotes progress related to the environment, biodiversity, and sustainable development.


During the Year, SMB continued to strictly comply with local laws and regulations in Guinea, including the Mining Law and the Environment Law, increased investment in community development, and actively promoted the development of local communities, the economy, and sustainability. The goal is to improve the living standards of the people in the Boké region of Guinea. Internally, SMB has developed the Environmental and Community Health and Safety Policy, which aims to establish a responsible mechanism for handling environmental and social issues. The Policy also establishes and implements relevant measures to limit the direct and indirect impact of business activities on the environment and local communities, and to regulate internal roles and responsibilities for the implementation and establishment of environmental monitoring mechanisms.

Sustainable development is the cornerstone of the SMB's activities. The content of SMB's Sustainable Development Policy includes, but is not limited to:

SMB's Social Responsibility Be	liefs and Initiatives
Environmental Aspect	 Believing that protecting a stable natural environment is essential Actively participating in the protection of biodiversity To minimise the environmental impact of projects To comply with international environmental standards such as ISO 14001
Local Communities Aspect	 Placing cooperation with the community at the heart of its actions To establish lasting relationships with stakeholders and local communities Establishing a long-term mechanism for community dialogue Launching collaborative, localized CSR projects to promote people's well-being and local development, covering areas such as health, culture, and education Maintaining partnerships for sustainable development with suppliers To support education/medical care
Agriculture Aspected	 SMB is committed to agricultural development Promoting regional economic development through industrial investment Empowering women, providing training for women, and enabling women to participate in agricultural work



The SMB always considers the impact of mining activities on local communities as a top priority. To ensure the sustainable development of the mining industry, environmental and social issues must be fully considered at each stage of the project, seeking a balance between the project's economic benefits, technical feasibility, and respect for communities and the environment.

The SMB understands the importance of fully disclosing information to and engaging in in-depth consultations with local communities and stakeholders. To this end, it has internally developed a Stakeholder Management Plan and organises an annual public meeting in the Boké region, bringing together all stakeholders. During these meetings, the SMB-Winning Consortium presents its achievements over the year, its upcoming activities for the new year, its completed actions for the community, and its progress in performing the environmental and social management plan, while addressing any disputes. These meetings conclude with a Q&A session, providing attendees with contact information and reiterating the complaint/grievance process to ensure that the interests of local people are fully protected.

During the Year, with the strong support of the Group, SMB earnestly implemented the Group's strategic decision-making deployment of "win-win cooperation", and made every effort to promote all work related to harmonious coexistence and common development with community villages, aiming to ensure the normal operation of departments such as mines, ports, and railways, while maintaining and enhancing the social image of the Group. During the Year, the Group has invested significant funds and manpower in a wide range of areas, including community drinking water supply, infrastructure construction, school support, mosque construction, donations for religious festivals, agricultural project development, donations of agricultural machinery and equipment, and community activity organisation. The total community investment is approximately USD 3.8 million. Detailed information and specific contributions are as follows:







Local Community Road Maintenance

Sponsorship of Local Sporting Events



2) Indonesia

The Joint-venture company of PT. Well Harvest Winning Alumina Refinery (宏發韋立氧化鋁公司) ("**PT. Well Harvest Winning**"), co-developed by the Group, has been recognised by the Indonesian central government as a "national strategic project with key support". As the largest industrial alumina company in Indonesia and Southeast Asia, PT. Well Harvest Winning has filled a gap in Indonesia's industrial sector and effectively promoted the modernization of its industries. Adhering to the philosophy of "people-oriented governance and cooperation for achieving mutual benefits", PT. Well Harvest Winning has formulated a comprehensive Sustainable Development Policy to ensure transparent operations, strict compliance with local regulations, and commitment to creating long-term value and maintaining the trust and confidence of all stakeholders.

In terms of environmental management, PT. Well Harvest Winning strictly adheres to Indonesian environmental protection regulations and standards, commissioning external professional teams to carry out regular and continuous environmental management and monitoring. The company's emission indicators, such as exhaust gas, wastewater, and solid waste, have all met and exceeded Indonesian national standards. Industrial wastewater and waste oil are never discharged externally and are fully recycled and reused. PT. Well Harvest Winning has established an Environmental and Social Management System to systematically identify and manage the risks associated with its business activities related to people, the environment, and affected communities. The implementation of this system ensures that PT. Well Harvest Winning complies with regulatory requirements, fulfills its policy commitments, and continuously improves its environmental and social performance. In addition, PT. Well Harvest Winning places great importance on greening and clean production in its daily operations, striving to protect biodiversity. By selecting local tree species and vegetation, the company continuously increases the green coverage rate of its factory area.

PT. Well Harvest Winning actively fulfills its social responsibilities, and its interactive development with surrounding communities has yielded remarkable results. PT. Well Harvest Winning has established a dedicated corporate social responsibility team and annual budget, actively participating in and implementing initiatives aimed at assisting the impoverished, donating to education, providing medical aid, offering religious assistance, and repairing infrastructure to improve people's livelihoods. PT. Well Harvest Winning has established a Stakeholder Engagement Mechanism and develops annual communication plans to ensure that the opinions and demands of stakeholders are integrated into project planning and implementation.

This Year, the company has optimised its community empowerment methods to ensure that its corporate social responsibility projects have significant, sustainable, and measurable impacts. These projects also put vulnerable groups, the poor, and women with disabilities on priority, promoting balanced community development. Moreover, the company actively supports surrounding small and micro-sized enterprises, assisting them in achieving independence and stimulating regional economic vitality. In the future, along with self-development, PT. Well Harvest Winning will continue to integrate the fulfilment of social responsibility into the development strategy and cooperative culture of the Group, organically integrate economic and social benefits as a value pursuit, and give back to the local community through various means.



PT. Well Harvest Winning has employed over 3,400 Indonesian employees from 27 provincial administrative regions. Currently, 90% of the positions are held by Indonesian staff, significantly boosting local employment. PT. Well Harvest Winning maintains good relationships with Indonesian communities. The enhanced social vitality surrounding the company attracts more investment, creating favorable conditions for its operations and driving the achievement of its smelting-grade alumina production targets.

During the Year, a total of over USD 207,000 was raised to fund community activities, successfully implementing 177 community activity programs and benefiting a total of 230,184 people.



The corporate social responsibility plan covers six areas: health, education, community economic independence, rural and environmental infrastructure, sociocultural and religious affairs, and operational costs.



Support for the **Ascension Day Event** in Kendawangan Town



FLS2SN Student Sports and **Arts Competition**



Assistance for Financially **Disadvantaged University Students** in MEKAR UTAMA Village



Public Health Assistance



Orphan Package Assistance



Eid al-Adha Sacrificial **Animal Activities**



VERIFICATION STATEMENT

SHINEWING Sustainability Advisory Services Limited ("SHINEWING Sustainability") has been engaged by China Hongqiao (Stock Code: 01378) to undertake an independent verification on Environmental, Social and Governance Report 2024 ("ESG Report"). The ESG Report set out the environmental and social performance of China Hongqiao from 1 January 2024 to 31 December 2024, and has been prepared in accordance with the requirements of Appendix C2 – Environmental, Social and Governance Reporting Code ("ESG Reporting Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong.

Objective

This independent verification statement is solely for the use of the stakeholders and management personnel of China Hongqiao. The statement has been prepared in English and Chinese versions. Should there be any discrepancies between these versions, the English version shall prevail.

Responsibilities of China Hongqiao

China Hongqiao is responsible for the data collection, calculation, making estimates and preparation of the ESG Report. China Hongqiao is also responsible for implementing sound internal control procedures to ensure the content and presentation of the ESG Report are free from material errors.

Responsibilities of SHINEWING Sustainability

SHINEWING sustainability is responsible to provide an independent verification statement to stakeholders based on the scope and methodology described. We do not assume responsibility or accept liability to any other person for the contents of this report.

Independence

SHINEWING Sustainability is independent to China Hongqiao. There is no relationship between SHINEWING Sustainability and China Hongqiao beyond the contractual agreement for providing the verification service.

Inherent Limitation

The absence of a significant body of established practice on which to draw to evaluate and measure nonfinancial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. Further, greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.



Scope

The scope of the verification statement is limited to the data and information in the ESG Report. China Hongqiao selected several specified performance information in the ESG Report for the verification purpose, which included the Scope 1&2 greenhouse gas emissions¹, resource usage data² and employment data³ (collectively referred to as "**Specified Performance Information**") set out in the ESG Report.

Methodology

The verification is with reference to (i) AA1000AS v3, Type 2 Engagement and Moderate Level of Assurance; (ii) ESG Reporting Code; and (iii) SHINEWING Sustainability Procedures of Verification on ESG and Sustainability Report.

Within the scope of our work, SHINEWING Sustainability performed amongst others the following procedures:

- Review the preparation process of the ESG Report, including stakeholders engagement and materiality assessment.
- Verify the system and process of collection, analysis and reporting of selected data.
- Interview the manager responsible for sustainability performance and data collection.
- Verify the samples of the representative data and information selected, including review on conversion data and calculation as well as inspect the original data and supporting evidence of the data selected during the verification process.
- Assess whether the preparation of the ESG Report by China Hongqiao responded to the principles of Inclusivity, Materiality, Responsiveness, and Impact as defined in the AA1000AS v3.

- ² Please see the Resource Usage section in the ESG Report: Resource Usage data;
- ³ Please see the Employment section in the ESG Report: Employment data.

Please see the GHG Emissions section in the ESG Report: GHG emissions data;



Conclusion

With reference to the AA1000AS v3 principles of Inclusivity, Materiality, Responsiveness and Impact, our conclusions are as follows:

- Inclusivity: China Hongqiao has identified key stakeholders and has understood stakeholders' needs and concerned issues through various forms of stakeholder engagement. China Hongqiao has demonstrated that their formulation of policies accounted for stakeholders' expectations and their impacts.
- Materiality: China Hongqiao has accounted for stakeholders' needs and concerned issues, and has disclosed identified material issues based on its unique business characteristics, legal and regulatory requirements, economic, environmental and social impacts, etc. China Hongqiao has disclosed the methodology, process and outcome of the assessment on material issues.
- Responsiveness: China Hongqiao has established channels for its stakeholders to understand their concerns and expectations. Meanwhile, through the ESG Report, China Hongqiao has disclosed corporate sustainability strategies, management systems, management key points, key stakeholder participation activities as well as major sustainability development related issues to respond to key stakeholders.
- Impact: China Hongqiao has considered and evaluated its impacts and realised its impacts on stakeholders, so as to enable more effective decision-making and implementation of relevant management measures.
- Specified Performance Information: Based on the procedures that SHINEWING Sustainability has performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Specified Performance Information is not reliable or is not in the quality of the basis of reporting as set out in the ESG Report.



About SHINEWING Sustainability

SHINEWING Sustainability has studied, standardised and verified corporate environmental performance data since 2016. SHINEWING's Sustainability team possesses relevant professional technical capability and experience. The relevant personnel received professional training regarding sustainability standards such as GRI Sustainability Reporting Standards issued by Global Reporting Initiative, AA1000AS v3, ESG Reporting Code, ISO 14064 and PAS2600.



SHINEWING Sustainability Advisory Services Limited Hong Kong

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11 April 2025



APPENDIX I: SUMMARY OF KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATORS	2024	2023
Environmental		
Emissions		
Air emissions		
Total NOx emissions (tonnes)	9,352	8,845
NOx emission intensity (tonnes/USD million sales)	0.44	0.47
Total sulfur dioxide emissions (tonnes)	10,252	11,389
Sulfur dioxide emission intensity (tonnes/USD million sales)	0.48	0.60
Total PM emissions (tonnes)	1,222	972
PM emission intensity (tonnes/USD million sales)	0.06	0.05
Total fluoride emissions (tonnes)	179	230
Fluoride emission intensity (tonnes/USD million sales)	0.01	0.01
Wastewater		
Ammonia nitrogen (tonnes)	4	10
Total nitrogen (tonnes)	69	70
Chemical oxygen demand (tonnes)	358	293
Greenhouse Gas ("GHG")		
Total GHG emissions (Scope 1 & 2) (tCO2e)	95,561,091	96,174,9447
Scope 1 total direct GHG emissions (tCO2e)1	71,672,739	73,783,8687
Scope 2 total energy indirect GHG emissions (tCO2e) ²	23,888,352	22,391,0767
GHG emission intensity (tCO2e/USD million sales)	4,466.49	5,100.967
Alumina GHG emission intensity (tCO2e/tonne of annual alumina production) ³	0.99	1.02
Electrolytic aluminum GHG emission intensity (tCO2e/tonne of annual electrolytic aluminum production) ³	10.33	10.85
Solid Waste		
Non-hazardous waste ⁴		
Total non-hazardous waste (tonnes)	12,808,339	8,929,964
Non-hazardous waste intensity (tonnes/USD million sales)	598.66	473.63
Hazardous waste⁵		
Total Hazardous Waste (tonnes)	19,704,433	19,198,265
Hazardous waste intensity (tonnes/USD million sales)	920.98	1,018.24



KEY PERFORMANCE INDICATORS	2024	2023
Environmental		
Use of Resources		
Energy ⁶		
Total energy consumption (TWh)	221	2057
Energy consumption intensity (TWh/USD million sales)	0.01	0.01
Water consumption		
Total water consumption (m ³ in 0,000s)	19,153	16,724
Water consumption intensity (m ³ /USD million sales)	0.90	0.89
Packaging Materials		
Wood products (tonnes)	10,060	12,458 ⁷
Paper products (tonnes)	1,936	2,3717
Plastic products (tonnes)	625	606 ⁷
Metal products (tonnes)	1,514	1,8017
Desiccant (tonnes)	294	2827
Total packaging materials used (tonnes)	14,429	17,517
Intensity of packaging material used (tonnes/USD million sales)	0.67	0.93

Notes:

The data collection period for the Year covers 1 January 2024 to 31 December 2024. The environmental key performance indicators disclosed in the Report are based on the production areas, office areas, and all non-outsourced canteens at the Group's production sites in Shandong and Yunnan of the PRC as well as overseas in Indonesia, and office areas in other region.

- 1. The Group's Scope 1 GHG emissions include emissions from fuel consumption from stationary sources, fuel combustion from mobile vehicles, and electrolysis process aluminum, and refrigerant consumption. Emission data were calculated based on the Guidelines for Accounting Methods and Reporting of GHG Emissions issued by the National Development and Reform Commission of China (the "NDRC"), the Sixth Assessment Report provided by the Intergovernmental Panel on Climate Change (IPCC), the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Enterprises in the Aluminum Smelting Industry issued by the Ministry of Ecology and Environment of the PRC, ISO 14064-1:2018 Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals, and Appendix II: Reporting Guidance on Environmental KPIs issued by the Stock Exchange, among others.
- 2. The Group's Scope 2 GHG emissions include emissions from purchased electricity and heat. Emission data were calculated based on the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Enterprises in the Aluminum Smelting Industry issued by the Ministry of Ecology and Environment of the PRC, and the Sixth Assessment Report provided by the Intergovernmental Panel on Climate Change (IPCC), among others.
- 3. The GHG emission intensity of alumina and electrolytic aluminum was calculated based on the actual energy consumption data in production.
- 4. Non-hazardous waste includes: desulfurization gypsum, slag, fly ash, spent carbon blocks, electrolyte powder, electrolyte blocks, construction waste, waste paper, plastics, metals (scrap iron), bottom ash, wood products, and domestic waste.
- 5. Hazardous waste includes: waste computers, waste ink cartridges, bauxite residue, waste lubricating oil, denitration catalyst waste, coal tar, waste paint drums, and waste oil drums.
- 6. The calculation scope of total energy consumption includes raw coal and diesel oil consumed for boiler power generation and steam production, natural gas consumed by aluminum product production equipment, fuel consumption by motor vehicles, and purchased electricity and steam. Emission data are calculated based on the conversion factors contained in the Sixth Assessment Report provided by the Intergovernmental Panel on Climate Change (IPCC).
- 7. We have reviewed and adjusted the environmental data for 2023 and are updating it herein.



KEY PERFORMANCE INDICATORS	2024	2023
Social		
Employment		
Number of employees		
By gender and rank (the proportion of the gender in the category)		
Male	43,301 (100%)	41,377 (100%
Senior-level employees	66 (87%)	52 (85%
Mid-level employees	216 (90%)	214 (90%
Junior-level employees	1,008 (92%)	918 (91%
Frontline employees	42,011 (84%)	40,193 (84%
Employees in revenue-generating positions ¹	199 (84%)	328 (84%
Female	8,019 (100%)	7,531 (100%
Senior-level employees	10 (13%)	9 (15%
Mid-level employees	25 (10%)	23 (10%
Junior-level employees	89 (8%)	86 (9%
Frontline employees	7,895 (16%)	7,413 (16%
Employees in revenue-generating positions ¹	37 (16%)	62 (16%
By age		
Below 30	11,233	9,675
30-50	34,570	34,400
Over 50	5,517	4,833
By geographical region		
Chinese Mainland	50,949	48,483
Indonesia	262	369
Guinea	97	4
Hong Kong	12	1
By employment type		
Full-time	51,320	48,908
Part-time	0	(
Number of New Recruits		
By gender		
Male	9,489	2,186
Female	1,293	75



KEY PERFORMANCE INDICATORS	2024	2023
Social		
By rank		
Senior-level employees	0	1
Mid-level employees	0	4
Junior-level employees	5	6
Frontline employees	10,777	2,250
Employees in revenue-generating positions ¹	72	0
By age		
Below 30	6,616	945
30-50	4,005	543
Over 50	161	773
By geographical region		
Chinese Mainland	10,781	2,217
Indonesia	0	24
Guinea	0	19
Hong Kong	1	1
By employment type		
Full-time	10,782	2,261
Part-time	0	0
Employee Turnover Rate		
By gender		
Male	19%	10%
Female	18%	7%
By age		
Below 30	38%	20%
30-50	16%	8%
Over 50	2%	2%
By geographical region		
Chinese Mainland	19%	10%
Indonesia	6%	0
Guinea	0	0
Hong Kong	0	9%
By employment type		
Full-time	19%	10%
Part-time	0	0



KEY PERFORMANCE INDICATORS	2024	2023
Social		
Health and Safety		
Number of work-related fatalities (persons)	0	0
Percentage of work-related fatalities (persons)/%	0	0
Number of work injuries (persons)	0	0
Lost days due to work injury (days)	0	0
Development and Training		
Average Training Hours Completed per Employee (Percentage of		
Employees Trained)		
By gender		
Male	34 (100%)	8 (100%)
Female	34 (100%)	8 (100%)
By rank		
Senior management	19 (100%)	8 (100%)
Middle management	19 (100%)	8 (100%)
Lower-level management	36 (100%)	8 (100%)
Frontline employees	34 (100%)	8 (100%)
Supply Chain Management		
By geographical region		
PRC	176	122
Others	17	13

Note:

1. The number of Employees in revenue-generating positions has been included in the number of employees in other categories.



APPENDIX II: ESG REPORTING CODE CONTENT INDEX

ESG Aspects	General Di	sclosure and Key Performance Indicators	Chapters/Statement
A. Environmental			
A1: Emissions	General Disclosure		II. Promoting Green Operation with Multiple Measures
	KPI A1.1	The types of emissions and respective emissions data.	Appendix I: Summary of Key Performance Indicators
	KPI A1.3	Total hazardous waste produced and intensity.	Appendix I: Summary of Key Performance Indicators
	KPI A1.4	Total non-hazardous waste produced and intensity.	Appendix I: Summary of Key Performance Indicators
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	II. Promoting Green Operation with Multiple Measures
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	II. Promoting Green Operation with Multiple Measures
A2: Use of Resources	General Di	sclosure	II. Promoting Green Operation with Multiple Measures
	KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Appendix I: Summary of Key Performance Indicators
	KPI A2.2	Water consumption in total and intensity.	Appendix I: Summary of Key Performance Indicators
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	II. Promoting Green Operation with Multiple Measures
	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.	II. Promoting Green Operation with Multiple Measures
	KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	Appendix I: Summary of Key Performance Indicators



ESG Aspects	General Dis	sclosure and Key Performance Indicators	Chapters/Statement	
A3: The Environmental	General Dis	sclosure	II. Promoting Green Operation with Multiple Measures	
and Natural Resources	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	II. Promoting Green Operation with Multiple Measures	
B. Social				
Employment an	d Labour Pra	actices		
B1: Employment	General Dis	sclosure	IV. Recruiting Talent Extensively with a People- oriented Approach	
	KPI B1.1	Total workforce by gender, employment type, age group, and geographical region.	Appendix I: Summary of Key Performance Indicators	
	KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	Appendix I: Summary of Key Performance Indicators	
B2: Health and safety	General Dis	sclosure	III. Ensuring Employees' Health and Occupational Security	
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years.	Appendix I: Summary of Key Performance Indicators	
	KPI B2.2	Lost days due to work injury.	Appendix I: Summary of Key Performance Indicators	
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	III. Ensuring Employees' Health and Occupational Security	
B3: Development and Training	General Dis	sclosure	IV. Recruiting Talent Extensively with a People- oriented Approach	
	KPI B3.1	The percentage of employees trained by gender and employee category.	Appendix I: Summary of Key Performance Indicators	
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Summary of Key Performance Indicators	



ESG Aspects	General Dis	closure and Key Performance Indicators	Chapters/Statement
B4: Labour Standards	General Disclosure		IV. Recruiting Talent Extensively with a People- oriented Approach
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	IV. Recruiting Talent Extensively with a People- oriented Approach
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	IV. Recruiting Talent Extensively with a People- oriented Approach
Operating Pract	ices		
B5: Supply Chain Management	General Disclosure		I. Pursuing Excellence in Quality Through Attention to Detail
	KPI B5.1	Number of suppliers by geographical region.	Appendix I: Summary of Key Performance Indicators
	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.	I. Pursuing Excellence in Quality Through Attention to Detail
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	I. Pursuing Excellence in Quality Through Attention to Detail
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	I. Pursuing Excellence in Quality Through Attention to Detail



ESG Aspects	General Dis	closure and Key Performance Indicators	Chapters/Statement
B6: Product Responsibility	General Disclosure		I. Pursuing Excellence in Quality Through Attention to Detail
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	I. Pursuing Excellence in Quality Through Attention to Detail
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	 Pursuing Excellence in Quality Through Attention to Detail
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	I. Pursuing Excellence in Quality Through Attention to Detail
	KPI B6.4	Description of quality assurance process and recall procedures.	I. Pursuing Excellence in Quality Through Attention to Detail
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	I. Pursuing Excellence in Quality Through Attention to Detail
B7: Anti-corruption	General Disclosure		Ensuring Operational Integrity and Compliance
	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 Operational Integrity and Compliance
	KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Ensuring Operational Integrity and Compliance
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Ensuring Operational Integrity and Compliance
Community			
B8: Community Investment	General Disclosure		V. Caring for Social Well- Being with Warm Hearts
	KPI B8.1	Focus areas of contribution	V. Caring for Social Well- Being with Warm Hearts
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	V. Caring for Social Well- Being with Warm Hearts



APPENDIX III: INTERNATIONAL FINANCIAL REPORTING STANDARDS S2 IFRS SUSTAINABILITY DISCLOSURE STANDARDS INDEX

IFRS S2	Disclosure	Corresponding	Page
Recommendations		Sections	
Governance	The objective of climate-related financial disclosures on governance is to enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.	Response to Climate Change	51
Strategy	The objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities. Climate-related risks and opportunities An entity shall disclose information that enables users of general purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Strategy and decision-making An entity shall disclose information that enables users of general purpose financial reports to understand the effects of climate- related risks and opportunities on its strategy and decision- making.		
Risk Management	The objective of climate-related financial disclosures on risk management is to enable users of general purpose financial reports to understand an entity's processes to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.		
Metrics and Targets	The objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reports to understand an entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.		