

# 2024

## Environmental, Social and Governance Report

Jiangsu Lopal Tech. Co., Ltd.



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# About This Report

Jiangsu Lopal Tech. Co., Ltd. (together with its subsidiaries, referred to as "the Company", "Lopal Tech.", or "we") has compiled the 2024 Environmental, Social and Governance Report in compliance with Appendix C2, Environmental, Social and Governance Reporting Code (the "Reporting Code") of the Main Board Listing Rules of Hong Kong Stock Exchange ("HKEX") and with reference to the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial) issued by Shanghai Stock Exchange.

This Report, intended for all stakeholders of the Company, and focuses on disclosing the Company's management, practices and performance in the aspects of environment, society and governance. Our goal is to respond to the concerns of stakeholders, enhance communication, and deepen the mutual recognition and consensus on economic, environmental and social sustainability through the release of the Report.



## Reporting Principles

The Report adheres to the principles of materiality, quantitative, balance and consistency outlined in the "ESG Reporting Code", as well as requirements regarding reporting scope, for data collection, analysis, and compilation.

**Materiality:** This report clarifies the process of stakeholder communication and engagement, as well as the identification of material environmental, social, and governance factors, in the Stakeholder Communication and Material Issues Matrix section.

**Balance:** The content disclosure in this report is maintained impartially, presenting both positive and negative performance.

**Quantitative:** This report discloses data and performance in both the main body and the appendix, and explains the standards and assumptions referred to in the calculated data.

**Consistency:** Any changes in the performance indicators in this report are specifically explained.



## Reporting Period and Scope

The Report covers the period from January 1, 2024 to December 31, 2024 ("Reporting Period"), with some content dating back to previous years and covering the first quarter of 2025. Except as otherwise stated, the policies, statements, and key performance indicator data in this report cover both the headquarters and subsidiaries of Jiangsu Lopal Tech. Co., Ltd., and are consistent with the scope of the company listed on the Hong Kong Stock Exchange and the financial report disclosure.



## Data Sources and Reliability

The information in the Report, including the Company's policies, initiatives, practices and cases, is sourced from internal systems, statistics, reports and records. The Company is responsible for the authenticity, accuracy and completeness of the contents of the 2024 Environmental, Social and Governance Report.



## Confirmation and Approval

The Report was approved by the Board of Directors on March 28, 2025.



## Contact and Feedback

Lopal Tech. attaches great importance to your opinions and suggestions on our sustainability performance. Please express your valuable opinions and suggestions via email at [lpkj@lopal.cn](mailto:lpkj@lopal.cn). You can also obtain more ESG information of Lopal Tech. through our company's official website: <https://www.lopal.cn/>.

## Chairman's Statement



In 2024, the green energy revolution deepened further, and the industry competition grew more intense due to internal friction. Amid the tides of the times, Lopal Tech. adheres to its corporate mission of "Building a better life around the world with environment-friendly new energy core materials". Rooted in the field of new energy core materials, we continuously drive the vertical and in-depth development of the industry. We actively construct an independent and self-reliant R&D system, vigorously cultivate an international talent team, accelerate the global layout of production supply and product marketing, and present the unique charm of Chinese manufacturing to the international market.

On the journey of promoting sustainability, Lopal Tech. officially joined the United Nations Global Compact Organization (UNGC) in October 2008. We strictly comply with and actively practice the ten principles of the UN Global Compact in four aspects: human rights, labour, environment, and anti-corruption, and adhere to a sustainability path that is low-carbon, environmentally friendly, ecologically sound, open, and innovative. This year, for the first time, we have comprehensively published our ESG Report alongside our UNGC Progress Report, sharing our actions and advancements on key ESG issues with stakeholders and building momentum for our environmental, social, and governance initiatives.



Chairman

Shi Junfeng

## Upholding integrity as the cornerstone of sustainable development

We consistently adhere to the principle of operating with integrity and regard sound corporate governance as the foundation for sustainable corporate development. By integrating ESG principles into every aspect of our business, we have established a top-down ESG governance structure to advance our sustainability goals. We continuously refine our governance structure, strengthen risk management mechanisms, and ensure operational compliance and efficiency. We inculcate integrity and self-discipline into the corporate gene, and continuously enhance the integrity awareness both within our organization and among external partners, and have obtained the ISO 37001 Anti-bribery Management System certification to guarantee the integrity and compliance of the Company's operations.

## Fulfilling green commitments by mapping out a path to carbon neutrality

We steadfastly uphold our commitment to green development, striving to minimize our operational impact on the environment and charting a sustainable path toward a net-zero future. We have established a comprehensive environmental management system based on ISO 14001 standard, striving to minimize the negative impact on the natural environment during production and operation. We adopt advanced treatment technologies and equipments, and while ensuring that emissions meet the standards, we continuously reduce the emissions of waste gas, wastewater, and solid waste. We actively respond to climate change, implement energy-saving and emission reduction projects, and significantly reduce energy consumption and carbon emissions through measures such as improving energy efficiency and using renewable energy. By taking multiple measures simultaneously, we demonstrate Lopal Tech.'s firm commitment to environmental protection and green and low-carbon development.

## Prioritizing customer needs and co-creating community harmony

We regard high-quality products and excellent services as our foundation. While creating business value, we continuously give back to society and compose a symphony of harmony and shared success. On the basis of establishing a complete customer service processing process, we continuously empower the quality of customer service through digital transformation. In 2024, the Company's overall customer satisfaction rate exceeded 90%. We are committed to widely benefiting the general public with our development achievements, actively participating in social welfare activities, and giving back to society through donations, volunteer services, and other means. In 2024, we participated in a number of public welfare activities, with social donation amounting to RMB 695,000, and the number of employee volunteer service hours increased significantly, further promoting the harmony and progress of the community.

## Harnessing innovation to forge the core of quality excellence

With innovation and R&D as the core driving force and high-quality products as the guarantee, we are dedicated to providing efficient, environmentally friendly, and high-performance product solutions. The Company focuses on new energy fields such as lithium-battery materials and hydrogen energy, continuously promotes product iteration and upgrading, successfully develops a number of green and low-carbon products, and actively participates in the formulation and revision of industry standards to drive technological innovation and standardization in the field of lithium-battery materials. We prioritize intellectual property protection, establishing a robust intellectual property management system to ensure effective safeguarding of innovative achievements. Adhering to rigorous quality management standards, we uphold excellence in delivery through lean quality control. Meanwhile, we continuously standardize procurement practices, committed to collaborating with suppliers to build a sustainable supply chain.

## Empowering employees by building ladders to their dreams

We regard employees as the core resources for the Company's development, providing employees with broad development space and a diverse and equal working environment, and build a ladder for their dreams. The Company has formulated a comprehensive employee promotion mechanism and training system, supporting steady career advancement through three distinct pathways: management, professional expertise, and technical skills. We create an all-round and multi-level talent cultivation system that covers the entire life cycle of employees' growth to address their career needs at every stage. We attach great importance to employees' welfare and health, and provide a comprehensive compensation and welfare plan and occupational health safeguards, and establish diverse employee communication channels to ensure timely feedback and resolution of employee concerns, creating a harmonious working atmosphere.

# With the new year comes a new chapter.

The journey of 2025 has been fully launched. We will unswervingly take the innovation and transformation of new technologies, new products, and new models as the starting point, actively embrace the changes in the industry, build a resilient business ecosystem, and promote the Company's development to a new level. We are willing to join hands with all our partners to embark on a path of high-quality and sustainable green development.



# About Lopal Tech.

## Company Profile

### Company Profile

Jiangsu Lopal Tech. Co., Ltd. (stock abbreviation: Lopal Tech., stock code: 603906.SH / 2465.HK) was founded in 2003, with its headquarters in Nanjing, Jiangsu Province. It is an international technology enterprise led by green new energy core materials. The Company was listed on the main board of Shanghai Stock Exchange in 2017 and successfully listed on HKEX in 2024, becoming a leading new energy materials enterprise listed on both A-share and H-share markets. This marks a new stage in its globalization development. With the core strategies of "Green New Energy and Green New Materials", Lopal Tech. has become a major global manufacturer of cathode materials for lithium iron phosphate batteries and is also a well-known manufacturer of automotive fine chemicals in the Chinese

mainland. The Company has dozens of wholly-owned, holding and participating companies, forming an industrial layout that covers the whole country and overseas regions (such as Singapore and Indonesia).

Since its establishment, Lopal Tech. has gradually expanded from the field of environmentally friendly automotive fine chemicals to the field of new energy materials through continuous technological innovation and strategic investment. Driven by the global vision of "World Brand China Lopal", with technological innovation as the driving force and sustainability as the goal, Lopal Tech. is gradually growing into a leading enterprise in the global new energy materials field.



## Strategic Development

Over the years, the Company has promoted its development in a coordinated manner through six major strategies, gradually enhancing its global competitiveness and achieving rapid growth. In recent years, the Company's achievements in technological breakthroughs, green practices, capital operations, and international cooperation have laid the foundation for us to take a leading position in the new energy wave. In the future, the Company will continue to aim to be the "Global Leader in Green New Energy Core Materials" and drive technological iteration and industrial upgrading.

- Further increase the production capacity of our lithium iron phosphate cathode materials to seize the growing downstream demand, expand our customer base, achieve economies of scale, and consolidate our position in the lithium iron phosphate cathode materials industry.
- Further expand upstream along the production value chain of lithium iron phosphate cathode materials.
- Strengthen R&D capabilities and attract high-end talents.
- Further enhance the brand and channel strategies to consolidate the Company's market position in the automotive fine chemicals industry.

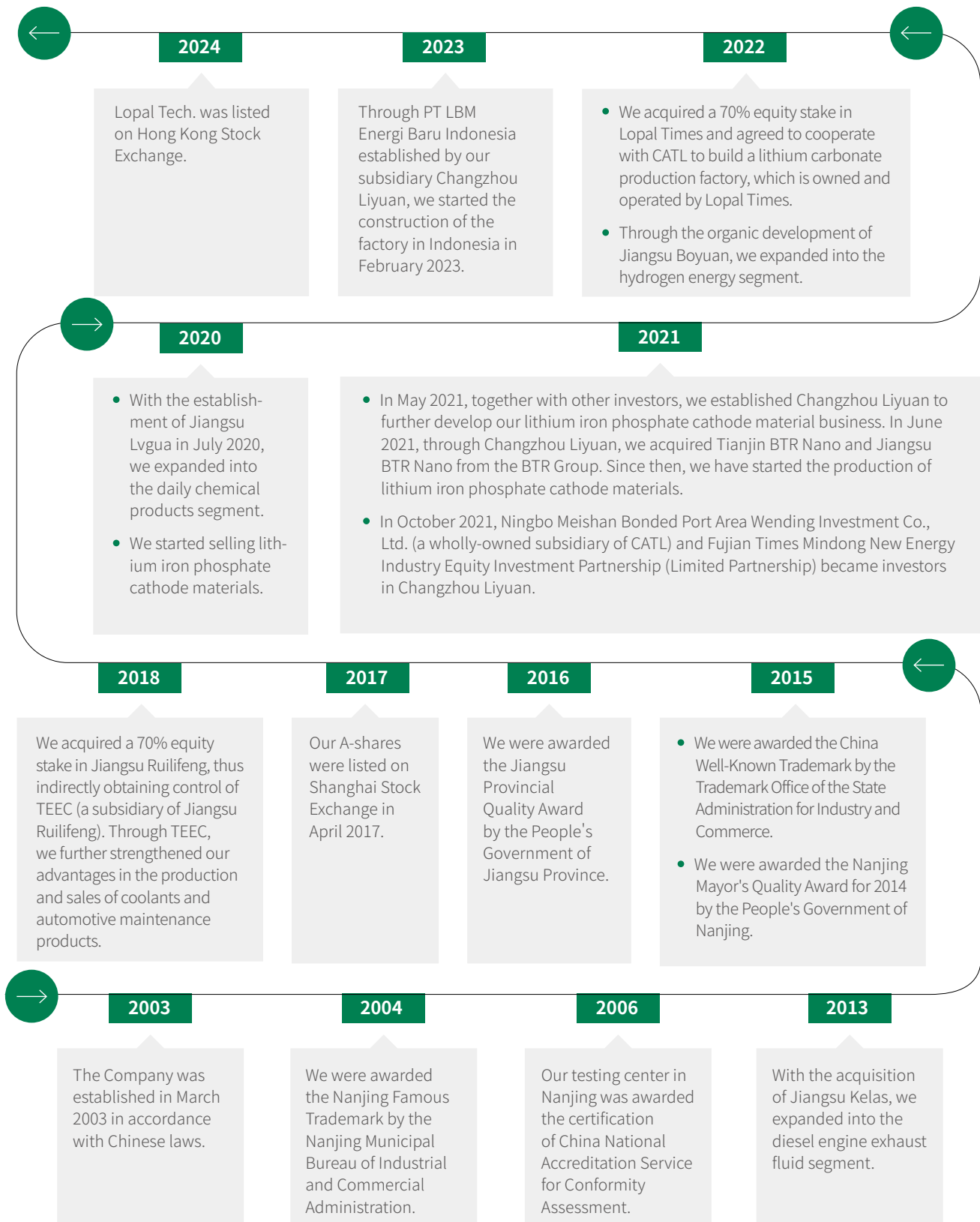


Lopal Tech. Development Strategy

## Company Culture

Lopal Dream	Realize the new era and dream of Lopal Tech. from greatness to excellence, from excellence to everlasting foundation
Corporate Vision	Become the world's No.1 international group of environment-friendly new energy core materials
Corporate Mission	Build a better life around the world with environment-friendly new energy core materials
Group Positioning	Global Leader in Green New Energy Core Materials
Core Values	Facing the world, To be No. 1
Corporate Slogan	World Brand China Lopal
Emotional Positioning	Better China, Better Lopal

## Development History





## 2024 Highlight Performance

### Governance

Female directors  
account for

20%

The number of corruption litigation cases transferred  
to the judicial authorities and concluded is

0

Participated  
in formulating  
or revising

1 national standard  
1 industry standard and  
16 association standards

The ISO 9001 Quality Management  
System certification covers

75%  
of the operational sites

No product-safety-related  
recall incidents occurred

The average training duration  
per employee is

28.02 hours  
and the training coverage rate is

100%

The lost-time injury  
frequency rate per million  
working hours is lower than

1.2%

The compliance rate of air  
emissions reached

100%

Solid waste is utilized and  
disposed of in a compliant  
manner at

100%

Condensate water is collected  
and reused for production,  
saving approximately

200,000  
tonnes of water annually



Environmental

Social



## 2024 Company Honors



### Social Responsibility Award for Assisting Rural Revitalization in 2024

- Lopal Lubricating New Materials (Tianjin) Co., Ltd.
- The Communist Party Committee of Tianjin Port Free Trade Zone



### Mudan Integrity Star Enterprise

- Shandong Liyuan Technology Co., Ltd.
- Heze Social Credit System Construction Leading Group Office



### May 1st Labor Medal

- Jiangsu Lopal Tech. Co., Ltd.
- Sichuan Liyuan New Materials Co., Ltd.
- Jiangsu Provincial Federation of Trade Unions
- Sichuan Provincial Federation of Trade Unions



### Outstanding Human Resources Management Award - Outstanding Employer

- Jiangsu Lopal Tech. Co., Ltd.

• 51job



### Leading Model

- Jiangsu Lopal Tech. Co., Ltd.

• Beisen



### Extraordinary Employer in Jiangsu for the Year

- Jiangsu Lopal Tech. Co., Ltd.

• Liepin



### Specialized, Sophisticated, Differentiated and Innovative Enterprise

- Jiangsu BTR Nano Technology Co., Ltd.
- Jiangsu Kelas Environmental Protection Technology Co., Ltd.
- Sichuan Liyuan New Materials Co., Ltd.
- Sichuan Kelas Environmental Protection Technology Co., Ltd.
- Shandong Liyuan Technology Co., Ltd.

- Industry and Information Technology Department of Jiangsu
- Department of Industry and Information Technology of Sichuan Province
- Department of Industry and Information Technology of Shandong Province

● Granting entity ● Issuing authority

## ESG Governance

A robust ESG governance system is the foundation for achieving sustained and steady development. Lopal Tech. actively fulfills its corporate social responsibility by fully integrating the ESG concept into all aspects of its operations. The Company has established an efficient ESG governance structure and diverse and effective communication channels, leveraging solid ESG management to support the achievement of global sustainability goals.

### ESG Governance Structure and Responsibilities

Lopal Tech. has established a clear and coordinated ESG governance structure to ensure the orderly and standardized implementation of all ESG initiatives, thereby enhancing the Company's ESG performance. The Board of Directors serves as the ultimate decision-making organ for ESG governance within the Company, bearing ultimate responsibility for the Company's ESG efforts. The Strategic Committee is responsible for overseeing ESG risks and the implementation of ESG initiatives, formulating and updating ESG management strategies, and regularly reporting ESG matters to the Board of Directors. Under the leadership of the Strategic Committee, the ESG Working Group, guided by the *Implementation Rules for the ESG Working Group*, is responsible for advancing the execution and implementation of various ESG initiatives.



ESG Governance Structure and Responsibilities of Lopal Tech.

### Statement of the Board of Directors

#### Oversight Responsibilities of the Board of Directors

The Board of Directors, as the ultimate responsible body for the management and public disclosure of ESG matters within the Company, bears full responsibility for the Company's ESG management strategy, ESG-related systems, ESG risk management, the setting and progress of ESG goals, and ESG performance.

#### ESG Risk Management

The Board of Directors closely monitors ESG-related risks and opportunities, assesses the ESG-related risks and their materiality in the Company's daily operations, and formulates risk response strategies to address ESG risks in a timely and effective manner, thereby mitigating the negative effect caused by such risks.

#### ESG Goal Management and Reporting Mechanism

The Strategy Committee, established under the Board of Directors, represents the Board in overseeing ESG risks and matters, is responsible for formulating and timely updating the ESG management strategy, monitoring the progress of ESG goals and work, and regularly reporting to the Board of Directors.

## Stakeholder Communication

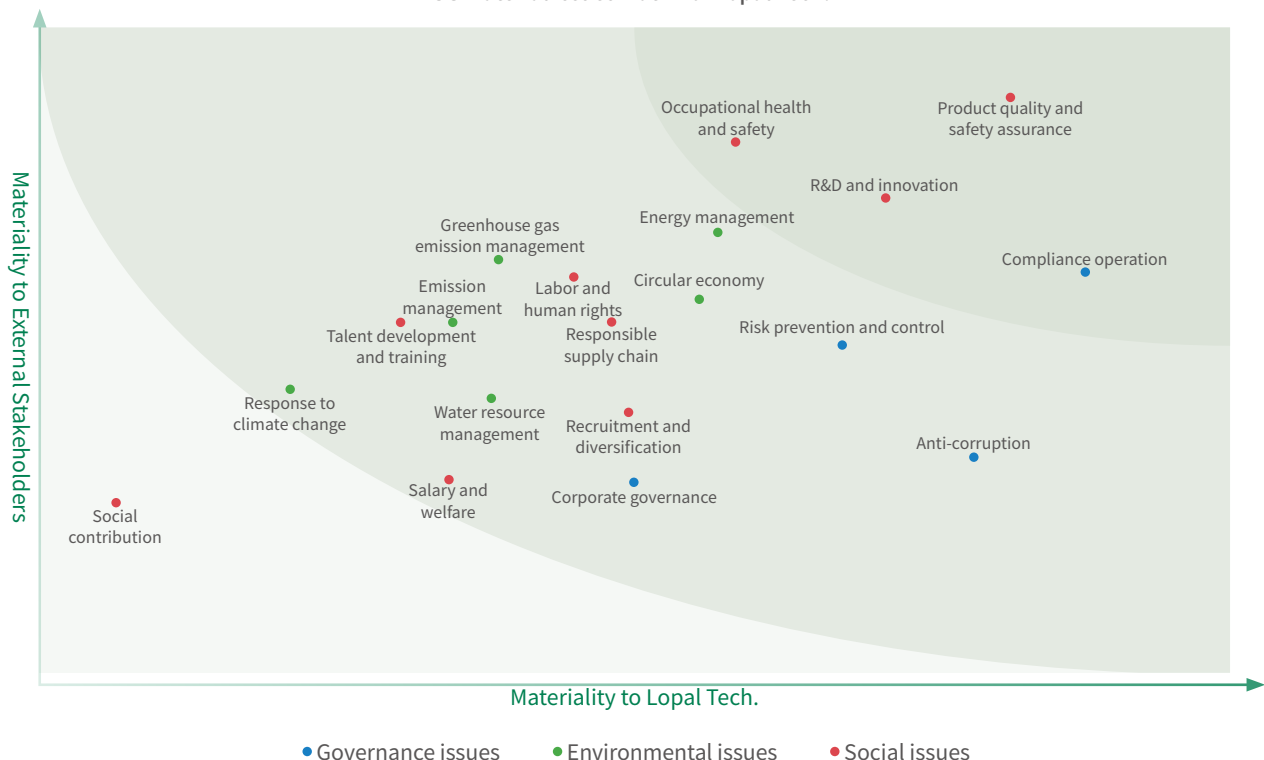
The Company is mindful of the impact of its operations on stakeholders and actively maintains regular communication with them to understand their key concerns, demands, and expectations. These insights are integrated into the Company's daily operations and decision-making processes, continuously enhancing our sustainability management levels. During the reporting period, based on our business characteristics and in alignment with regulatory requirements and capital market priorities, we identified the following main stakeholders. We have established diversified communication channels, including Investor Open Days, earnings conferences, strategy meetings, the SSE e-Interaction platform, the Company's official website, WeChat public account, reverse roadshows, and more, to foster continuous and amicable interactions with key stakeholders such as shareholders, investors, government bodies, regulatory agencies, customers, suppliers, partners, and the public.

## Material Issues Matrix

The Company has referred to the *ESG Reporting Code* of HKEX, mainstream sustainable information disclosure guidelines, and sustainability issues prioritized by domestic and international peer management practices. By considering the Company's business operations, we have identified 19 issues that are highly relevant to the Company. We then conducted an assessment to determine the Materiality of these issues in terms of our sustainable development. The results were summarized in the Material Issues Matrix for this year.

Governance issues	Environmental issues	Social issues
<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Compliance operation</li> <li>Anti-corruption</li> <li>Risk prevention and control</li> </ul>	<ul style="list-style-type: none"> <li>Energy management</li> <li>Water resource management</li> <li>Greenhouse gas emission management</li> <li>Emission management</li> <li>Response to climate change</li> <li>Circular economy</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment and diversification</li> <li>Occupational health and safety</li> <li>Talent development and training</li> <li>Labor and human rights</li> <li>Social contribution</li> <li>Responsible supply chain</li> <li>R&amp;D and innovation</li> <li>Product quality and safety assurance</li> <li>Salary and welfare</li> </ul>

ESG Material Issues Matrix of Lopal Tech.



# 01

## Consolidating the Foundation of Governance

Lopal Tech. deeply understands that robust company governance is key to maintaining our vitality in a complex and ever-changing market environment. We have always adhered to scientific decision-making, a united leadership team, an efficient risk control system, rigorous internal control processes, and an outstanding business model. We continuously optimize our governance structure and comprehensively enhance the overall governance level of the Company, laying a solid foundation for creating long-term value.

**Corporate Governance**

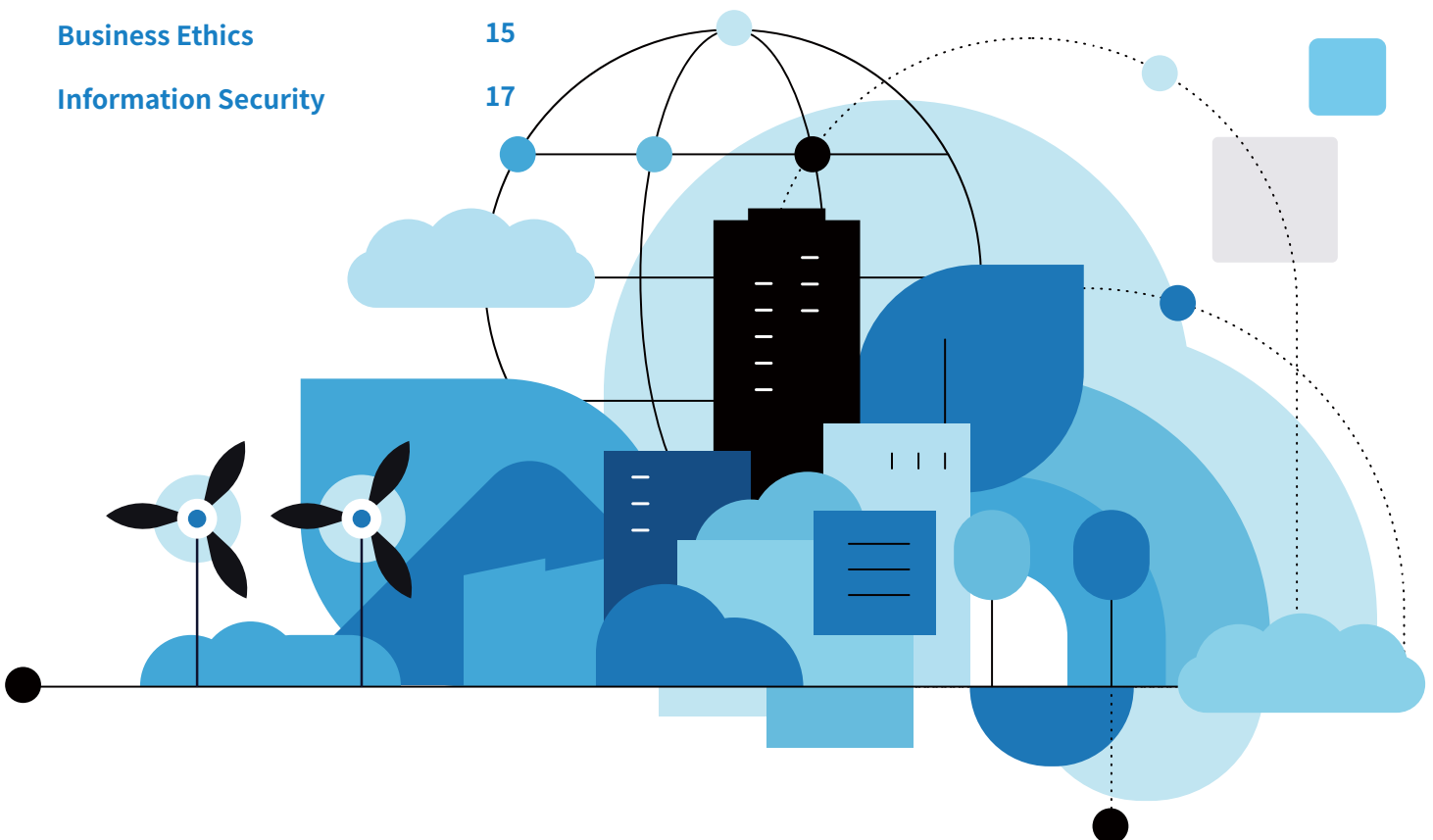
12

**Business Ethics**

15

**Information Security**

17





# Corporate Governance

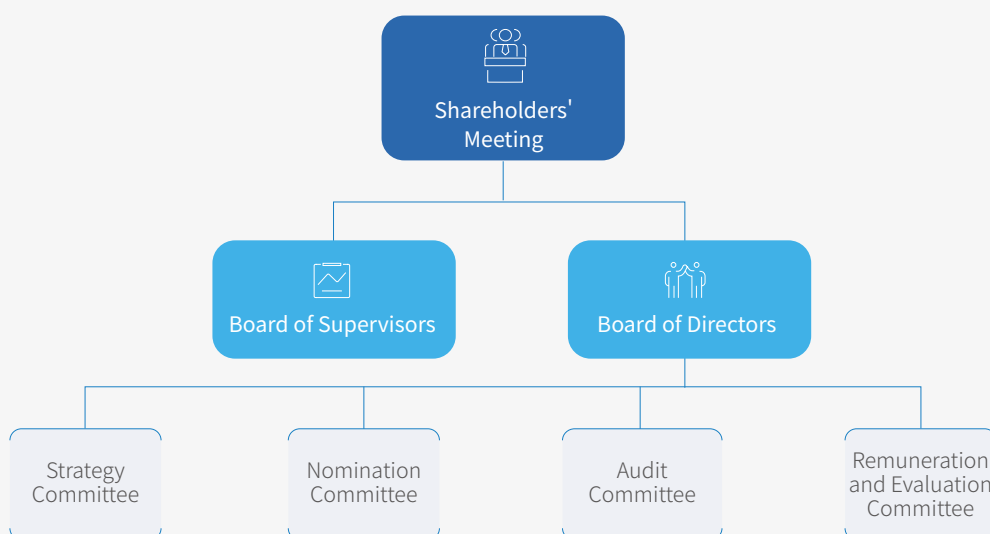


The healthy and stable development of an enterprise cannot be separated from a sound company governance system. Lopal Tech. has always been committed to improving its governance structure by establishing a diversified Board of Directors to enhance the scientificity and forward-looking nature of decision-making. At the same time, the Company continuously improves its risk management and control system, strengthens its comprehensive internal control and internal audit mechanisms, and ensures the standardization and transparency of its operations.

## Company Governance

Lopal Tech. strictly adheres to laws and regulations such as the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Self-Regulation of Listed Companies of Shanghai Stock Exchange*, and *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*. In accordance with internal policies such as the *Articles of Association* and *Rules of Procedure for General Meetings of Shareholders*, the Company has established a company governance structure comprising the Shareholders' Meeting, the Board of Directors, and the Management. It has also established a company governance mechanism with clear rights and responsibilities and standardized operations, effectively ensuring the fairness and scientificity of corporate governance decisions.

The Company's Board of Directors has established the Strategy Committee, Nomination Committee, Audit Committee, as well as Remuneration and Evaluation Committee, which provide advice for scientific decision-making by the Board of Directors.



Governance Structure

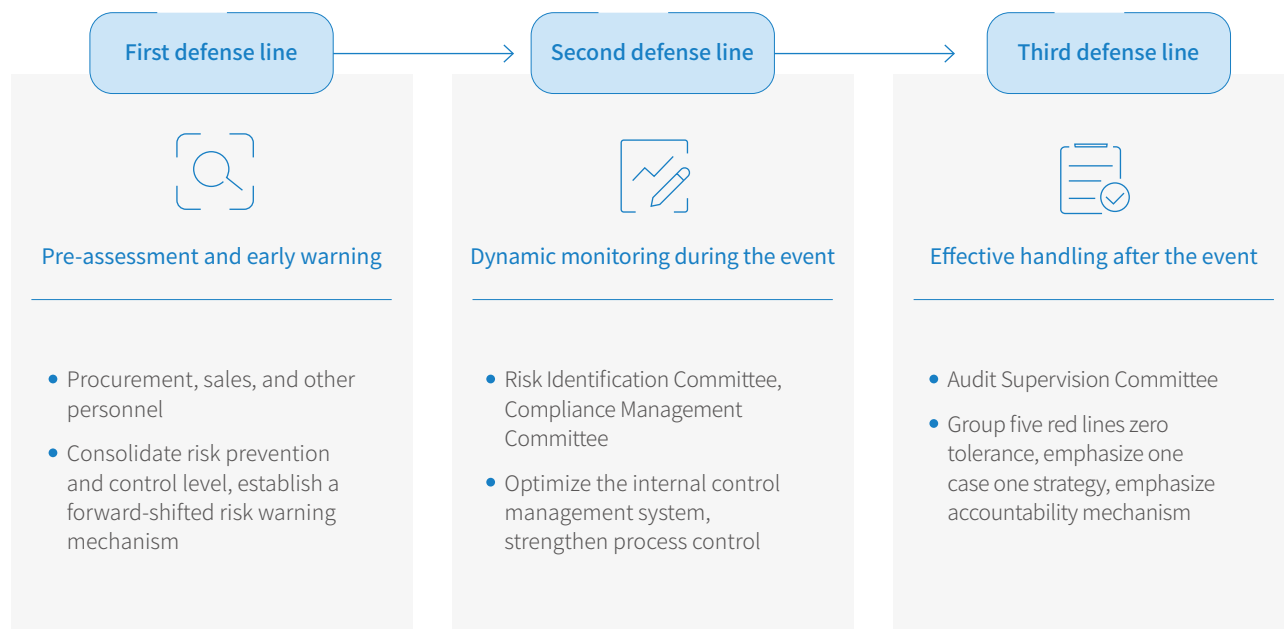
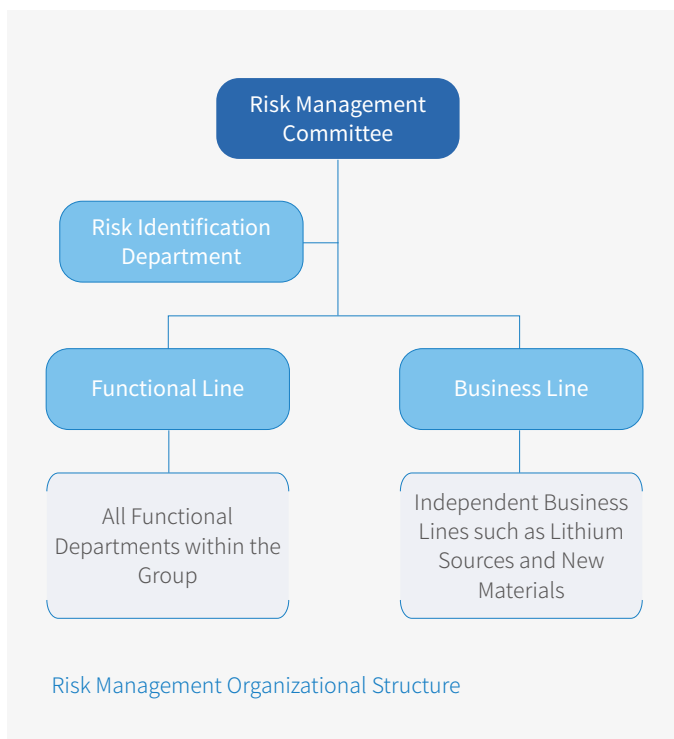
We attach great importance to the independence, diversity, and professionalism of the board of directors, and explicitly require that a comprehensive consideration of diversified factors such as gender, age, cultural and educational background, race, skills, knowledge, professional experience, and years of service be taken into account during the nomination process of the Board of Directors. As of the end of the reporting period, the Board of Directors comprises 10 directors, including 5 executive directors, 1 non-executive director, and 4 independent non-executive directors. Female directors account for 20%. The members of the Board of Directors have rich professional backgrounds, covering various fields such as business administration, law, finance, accounting, economics, and social sciences, providing comprehensive and professional guidance for the Company's strategic planning and decision-making.

## Risk Management

Lopal Tech. places great emphasis on enterprise risk management. We have formulated internal procedures such as the *Risk Management System*, *Comprehensive Risk Management Procedure*, and *Contract Risk Management Procedure* to refine and implement daily risk management work, ensuring the orderly conduct of risk management activities.

The Company has established a three-tier risk management framework to ensure the effective implementation of daily comprehensive risk management. A Group Risk Management Committee, chaired by the Chairman, has been established to oversee and guide the overall risk management efforts, supervise and review the implementation of major risk management measures. Under the Risk Control Center, a Risk Identification Department is set up to specifically handle the daily operations and coordination of risk management and report to the Risk Management Committee. At the execution level, the Group Risk Management Teams are formed by various functional departments and business lines, with each team headed by the person responsible for that management function. Risk executors are assigned in accordance with the requirements of the Risk Management Committee to ensure that risk management measures are effectively implemented and executed at all levels of the organization.

On this basis, the Company has established three defense lines for risk management, reinforcing the Company's risk control capabilities through a full process of "pre-event assessment and warning - real-time dynamic monitoring - post-event handling", thereby effectively reducing the Company's operational risks.



Three Defense Lines for Lopal Tech.'s Risk Prevention and Control

### Digital Risk Warning Platform

During the reporting period, to strengthen its risk management capabilities, the Company collaborated with its enterprise management department to establish a digital risk warning platform, aiming to move the intervention point of risk management forward and enhance the proactivity and forward-planning of risk prevention and control. Meanwhile, Lopal Tech. established a comprehensive risk database that covers all functional centers and subsidiary companies. In 2024, a total of 110 risks were identified.

### Risk Awareness Training

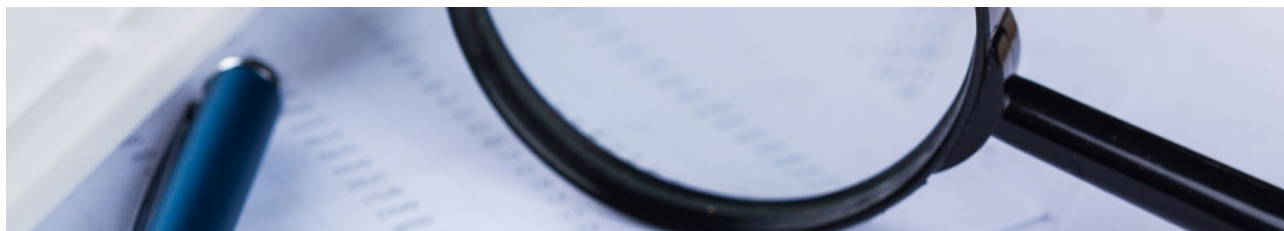
Lopal Tech. actively developed a risk management training system to comprehensively improve employees' awareness of risk control. During the reporting period, the Company held 7 legal training sessions, providing all employees with training materials that are both timely and practical. Additionally, risk awareness training was conducted for new employees, focusing on criminal legal risks associated with position embezzlement, contractual legal risks, confidentiality principles, risks related to the new Company Law, and seal management and control, among other topics, to emphasize the importance of risk management and standard practices.

## Compliance Management

Lopal Tech. adheres to the principles of comprehensive risk management and is committed to establishing a systematic and standardized compliance management system. The Company has set up a three-level compliance management structure consisting of the Board of Directors, the Audit & Discipline Inspection Committee, the Risk Control Center, and each business unit's compliance teams, forming a multi-dimensional collaborative mechanism. In compliance with laws and regulations including the *Company Law of the People's Republic of China* and the *Audit Law of the People's Republic of China*, the Company has formulated internal systems such as the *Compliance Management Measures*, *Internal Audit Management System*, and *Audit Issue Rectification Management Measures*. With reference to ISO 37301:2021 and GB/T 35770 compliance management standards, Lopal Tech. has developed a compliance management capability and operating system that meets international standards, establishing a tripartite compliance management mechanism covering prevention, supervision, and resolution.

To improve the quality and efficiency of compliance management, the Company strengthens the implementation and continuous improvement of the compliance system from multiple dimensions, including management functions, organizational and institutional systems, planning, internal control environment, risk control, and culture cultivation. Through this multi-dimensional mechanism, the compliance system is extended to subsidiaries to ensure the implementation of compliance policies, timely feedback of risk information, and the advancement of compliance management.

During the reporting period, the Company's Risk Control Center, comprising five departments, performed their respective duties in managing compliance matters. Guided by the COSO (Committee of Sponsoring Organizations) Internal Control Framework and ISO 37301, the Center conducted comprehensive assessments of the Company's internal control status and implemented full-scale compliance management across the entire industry chain. This included risk identification, audits, and inspections covering raw material procurement, production, sales and marketing, administration, and specialized compliance management in business ethics.



## Business Ethics



Lopal Tech. always adheres to the highest standards of business ethics, integrating integrity and self-discipline into the corporate gene. The Company cultivates an enterprise culture of integrity by optimizing its business conduct policies and strengthening anti-corruption training, shaping an upright and honest enterprise image in all aspects. Upholding the principles of fairness, impartiality, and transparency, Lopal Tech. strictly regulates the behavior of employees, the Management, and business partners, working together with all parties to build a healthy and positive business ecosystem, laying a solid foundation for sustainability.

### Business Ethics Management System

The Company insists on honest operation, complies with the laws and regulations of the places where it conducts business, and strictly prohibits bribery and corruption for the purpose of obtaining or retaining business or any other improper benefits. The Company has established a comprehensive business ethics management mechanism, formulating internal management systems such as the Company's *Five Red Lines Management Measures* and *Anti-Fraud Management Measures*, which cover all operational scopes and partners to create a fair and competitive business environment, maintain the Company's clean and honest business reputation, and ensure the compliance of the Company's business and employee behavior. In the design of its business ethics management structure and system, Lopal Tech. fully integrates it into the Group's risk control management system framework, with the Group's Risk Control Management Department uniformly undertaking business ethics-related responsibilities.



Image of the ISO 37001 Anti-bribery Management System Certification Certificate

### Anti-Corruption

Lopal Tech. understands that the establishment of a culture and awareness of integrity is the foundation for honest operation and adopts a "zero-tolerance" attitude towards any corrupt behavior. We strictly comply with laws and regulations such as the *Company Law of the People's Republic of China*, *Anti-Money Laundering Law of the People's Republic of China*, and *Prevention of Bribery Ordinance* of Hong Kong, and have formulated internal management systems such as the *Management Methods for Supervision and Discipline Regulations for Party Members of Lopal Tech.* The Company has established a Disciplinary Inspection Committee and equipped each subordinate organization level with disciplinary inspection commissioners to strengthen review and supervision, ensuring that employees at all levels of the Company can consciously abide by the rules and jointly create a clean enterprise atmosphere.

During the reporting period, the Company conducted anti-corruption training for the Board of Directors and all employees, effectively raising their anti-corruption awareness, and comprehensively promoted the content of the internal Five Red Lines Management Measures, including safety red lines, environmental protection red lines, quality red lines, integrity red lines, confidentiality red lines, judicial interpretations, and case warnings.



Anti-corruption Training



### Party Integrity Construction: "Warning Education" and "Anti-Corruption and Upholding Integrity" Themed Party Day Activity

Lopal Tech. Party Committee organized various party branches to carry out "Warning Education" and "Anti-Corruption and Upholding Integrity" themed Party Day activities focusing on the issue of party members' integrity. During the activities, party members collectively watched the anti-corruption education video *Zero Tolerance* and, through discussion sessions, summarized the common disciplinary violations that could occur in their respective professional fields, while also delving into the correct response methods and solutions. This activity further strengthened party members' awareness of discipline and fortified the ideological defense line for incorruptible professional conduct.



### Anti-Corruption Training Performance

Number of anti-corruption training sessions provided to directors

**2** Times

Total duration of anti-corruption training provided to directors

**4** Hours

Number of directors who participated in anti-corruption training

**10** Persons

Number of anti-corruption training sessions provided to employees

**31** Times

Total duration of anti-corruption training provided to employees

**62** Hours

Number of employees who participated in anti-corruption training

**930** Persons

The Company has established smooth whistle-blowing channels and a comprehensive complaint and whistle-blowing mechanism. The responsible department commits to providing feedback within 24 hours of receiving a whistle-blowing case and to offer subsequent feedback to the whistle-blower every three working days after the case has been accepted. Upon receiving a complaint or whistle-blowing report, the relevant responsible personnel will promptly review the information received, maintain a log of all whistleblowing correspondence, track the receipt, investigation, and resolution of cases, and report significant violations to the Audit Committee. For cases involving legal violations, we will refer them to the judicial authorities for handling. We guarantee that all whistle-blowers' information will be kept confidential and will take measures to prevent any threats or retaliation against whistle-blowers.

### Anti-unfair Competition

We are committed to strictly adhering to a series of laws and regulations, including the *Anti-monopoly Law*, *Anti-Unfair Competition Law*, and *Foreign Trade Law*. We actively establish a prevention system to identify and effectively address monopolistic behaviors and risks of unfair competition in the market. At the same time, we closely monitor changes in domestic and international anti-monopoly policies and regulatory dynamics, promptly analyze and study their potential impact on the Company's operations, and take effective measures to respond proactively.

Public whistle-blowing and complaint hotline

Internal whistle-blowing and complaint channels

- Tel.: 025-83756112
- E-mail: tousu@lopal.cn
- WeChat Official Account "Integrity Lopal"
- Official Complaint and Whistle-blowing Platform

- Beisen Chairman Mailbox
- Make a whistle-blowing report or complaint by scanning the enterprise WeChat QR code, which goes directly to the Risk Control Center and the heads of various departments under its jurisdiction



## Information Security



Lopal Tech. views digitalization as a key tool for improving production efficiency and considers information security and privacy protection as the core safeguards for the enterprise's steady development. The Company strictly complies with relevant laws and regulations and continuously improves its data management system. On this basis, Lopal Tech. vigorously deploys and integrates intelligent platforms, actively constructs advanced protection systems, conducts comprehensive identification and control of information security risks, and continuously strengthens data security protection capabilities, building a comprehensive defense line for information security.

## Digital Construction

With ERP as the core, Lopal Tech. promotes the digital transformation of the enterprise and constructs a highly integrated and intelligent management platform. To meet the Company's control, operation, and digital strategy needs, we have achieved three major breakthroughs through the construction of the SAP core system: breaking data silos, integrating various platform systems, and achieving real-time data exchange across the entire business chain; unifying data standards, establishing a group-level master data management system, and achieving centralized data management; and improving operational efficiency by integrating the supply chain to achieve multi-site production plan coordination and internal transaction automation.

## Data Security and Privacy Protection

Lopal Tech. attaches great importance to the construction of the information security management system and is committed to strengthening network security protection and building an effective early warning system. The Company strictly complies with relevant national laws and regulations, such as the *Cybersecurity Law of the People's Republic of China* and *Data Security Law of the People's Republic of China*, and has formulated internal system documents such as the *Information Security Management Measures*, *Risk Assessment for the Lifecycle of Confidential Information*, and *Information Security Incident Management Procedures*. The Group's Chief Information Security Officer leads the Company's information security matters, with an established management framework featuring unified Group oversight and coordinated implementation across all business divisions and factories/bases to ensure the effective implementation of information security measures.

As of the end of the reporting period, Lopal Tech. and Lopal New Materials have obtained ISO 27001 Information Security Management System certification.



ISO 27001 System Certification Certificate

## Information Security Risk Management

In 2024, Lopal Tech. conducted information security risk testing and assessment, aiming to comprehensively evaluate the security risks of the Company's information systems, networks, and information assets. The objective was to analyze the impact of potential security threats on the Company's data, systems, and business, and to propose improvement measures. As of the end of the reporting period, all high-risk and medium-risk issues have been 100% resolved, significantly enhancing the system's security.

To improve the Company's ability to respond to sudden information security incidents, Lopal Tech. regularly conducts information security emergency simulation tests and drills, assessing the security status of internal systems through practical means. During the reporting period, the Company simulated a virus infection event to test its emergency response capabilities and evaluate the effectiveness of existing processes, ensuring that the team can respond quickly and minimize data loss and business impact.

## Information Security Training

Lopal Tech. enhances employees' awareness of information security through continuous training and standardizing information security behaviors. To strengthen employees' capabilities in information security and data protection, we continuously optimize the information security announcement platform, publishing the progress of the Company's information security work. Through a centralized display platform, we help employees fully understand the Company's information security policies.

During the reporting period, we conducted regular information security training every two months, with a 100% coverage rate among group employees.

100%



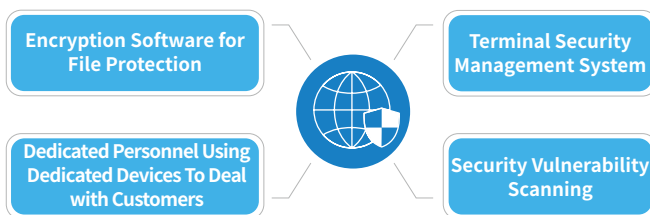
### Specialized Training on Employee Data Security and Privacy Protection

In July 2024, the Company conducted a specialized training session for new employees, focusing on data security and privacy protection to ensure that employees comply with national regulations and industry standards when handling customer and user data. Information security engineers provided detailed explanations on information security threats and prevention, password management, equipment security, the limitations of antivirus software, and how to enhance protection measures. After the training, employees gained a clear understanding of data security and privacy protection and were able to effectively apply encryption and other technologies to protect data. The IT technical team strictly followed the training content when developing new systems, significantly reducing the risk of data breaches.



## Privacy Protection

Privacy protection is a crucial cornerstone for enterprises to win deep trust from customers, partners, and all sectors of society. Lopal Tech. has always placed privacy protection at its core, strictly adhering to relevant laws and regulations such as the *Personal Information Protection Law*, and has established internal management systems to construct a comprehensive and well-rounded privacy data management framework, ensuring the full protection of all parties' privacy rights and interests in our business operations.



Main Measures of Lopal Tech. for Privacy Protection

During the reporting period, the Company did not experience any data breach incidents or receive any complaints regarding user privacy leaks.



# 02

## Building the Core of Quality

Lopal Tech. continuously promotes vertical and in-depth development of the industry in the field of new energy core materials, with technology R&D as the guide, a diversified product matrix as the core competitiveness, product quality as the support, and intellectual property protection as the driver, to forge the Lopal quality comprehensively and at multiple levels. Meanwhile, we implement responsible and sustainable supply chain management, fulfilling Lopal Tech.'s firm commitment to sustainability.

Innovation and R&D

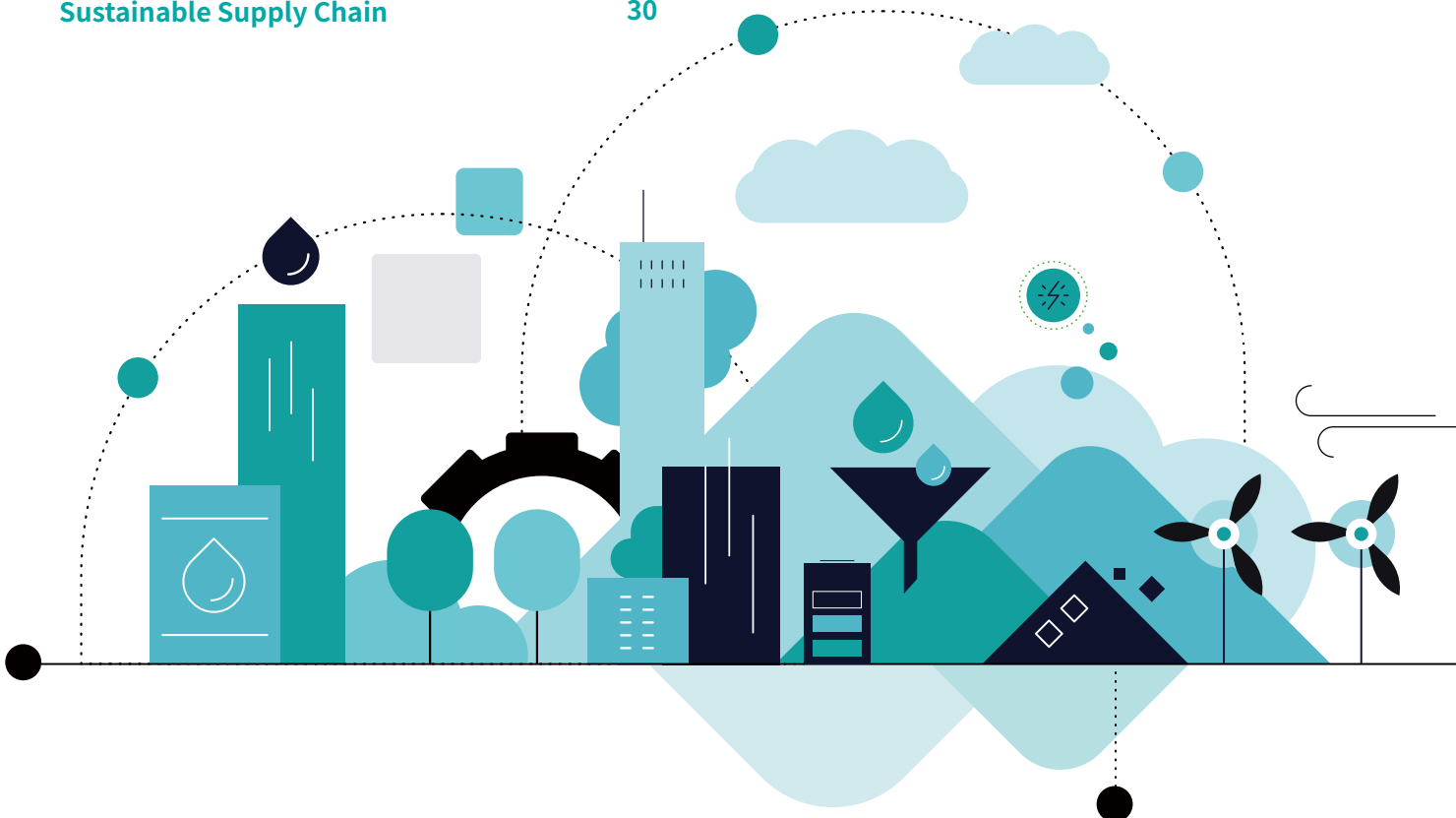
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# Innovation and R&D

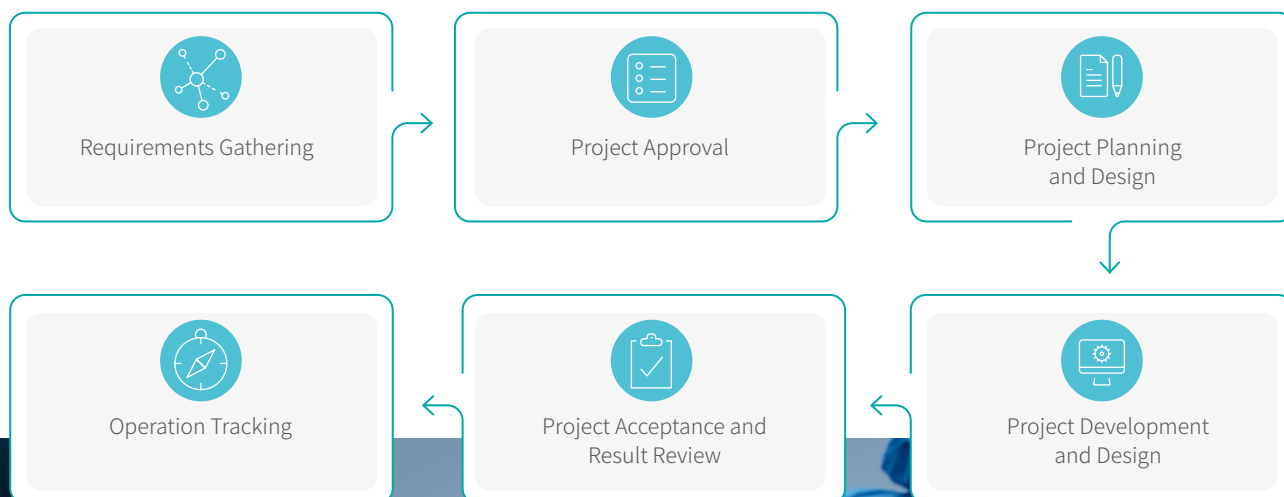


As a high-tech corporate deeply engaged in new energy core materials, Lopal Tech. views R&D and innovation as the core driving force for maintaining its core competitiveness and market leadership. We actively apply cutting-edge technologies to product development, striving to provide the market and users with efficient, environmentally friendly, and leading-performance product solutions.

## R&D Management

Adhering to the development concept of "innovation-driven, quality-oriented", Lopal Tech. continuously improves its innovation and R&D management and institutional system construction. We have formulated and released multiple R&D management systems, including the *General Principles of R&D Management*, the *R&D Project Management System*, and the *R&D Laboratory Management System*, to promote the standardization of R&D management and processes.

The Company has established the Lopal Tech. Research Institute and the R&D departments of each subsidiary. The Research Institute adopts matrix management over the R&D departments of each subsidiary, and the R&D departments of each subsidiary is responsible for conducting research on various projects and optimizing industrialized products.



R&D Management Process

Lopal Tech. classifies its R&D projects into innovation, iteration, operation, cooperative development, and consultation categories. Based on dimensions such as required resources, implementation difficulty, project duration, and economic benefits, projects are divided into 4 levels to efficiently allocate resources and enhance R&D effectiveness. Through full lifecycle project risk management and control measures, we dynamically manage and track project risks, ensuring timely identification, assessment, and response to project risks.



#### From Initiation to Completion

Conduct project risk estimation based on internal and external environmental factors, summarize risk levels, sources, analysis, impacts, response strategies, responsible persons, time requirements, etc., and perform rolling updates and resolutions.



#### Regular Review and Iterative

According to the category and level of the project, review project risks weekly, monthly, quarterly, semi-annually, and annually, summarize and resolve them to minimize the probability and impact of risk occurrences.



#### Focus on External Environmental Factors' Impact on the Project

Regularly conduct competitive product analysis, industry analysis, domestic and foreign policy interpretations, customer demand verification, and customer plan upstream and downstream linkages, and develop avoidance strategies based on their potential impacts.



#### Dedicated Risk Management

Have project managers control the risks of their respective projects, and have the R&D project management office track and control all project risks within their jurisdiction.



#### Review and Summary

Regularly organize project managers to share experiences in project risk management.

## R&D Construction

Lopal Tech. continuously drives innovation and development with high-level R&D investments. During the reporting period, our R&D investment reached RMB483.91 million, and we were selected for the "2024 Top 100 Private Enterprises in Jiangsu for R&D Investment" list. We have always attached great importance to R&D team building, striving to activate R&D momentum through a well-established R&D team. We have built a professional and efficient R&D team, continuously strengthening our independent R&D capabilities and enhancing our business development level and market competitiveness.

our R&D investment reached

**RMB 483.91 million**



Lopal Tech. Selected for the "2024 Top 100 Private Enterprises in Jiangsu for R&D Investment" List



To further unleash the innovative potential of our R&D personnel, we have formulated incentive systems such as the *R&D Project Paper and Patent Reward System*. Through a fair and objective incentive mechanism for R&D projects, we guide R&D personnel to exert their subjective initiative, improve R&D quality and efficiency, and continuously enhance the Company's independent innovation capabilities.

### As of the end of the reporting period

The R&D team comprised

**387** members

including

**123** masters

**12** doctors



### During the reporting period

**>100**

R&D personnel received R&D incentives



### R&D Personnel Training Programs

#### Internal training

Product knowledge training

General skills training

Professional skills training



#### External training

IATF 16949 system

Internal reviewer training

Project management training



In terms of patent management, Lopal Tech. has updated intellectual property management systems such as the *Patent Management Regulations* and *R&D Project Paper and Patent Reward System* with reference to the PDCA cycle principle. We have improved the processes and requirements for patent application, examination, maintenance, and utilization, enhancing the efficiency and quality of patent management. In addition, we reward relevant personnel for the papers and patents produced by R&D projects, and optimize the reward standards and methods based on actual intellectual property management needs, fully mobilizing and incentivizing employees' innovation enthusiasm, and promoting technological innovation and R&D achievement conversion.

We are committed to creating a strong innovation atmosphere, continuously providing rich and diverse R&D-related training for R&D personnel, enhancing their innovation and R&D management capabilities, and consolidating their professional knowledge level.

## Product Innovation

Centered on the mission of "Building a better life around the world with environment-friendly new energy core materials", Lopal Tech. continuously constructs a diverse green industrial ecosystem primarily focused on lithium battery materials, providing a steady stream of high-performance solutions to the new energy industry.

Our product segments mainly include automotive fine chemicals and lithium iron phosphate cathode materials. We also have a presence in the field of hydrogen fuel cell catalysts. Our products are widely used in energy storage, power, power supplies, automobiles, and other fields.

At the same time, guided by market demands, we continuously break through technological bottlenecks, accelerate product iteration and upgrading, and advance multiple R&D and innovation projects in the fields of cathode materials, new materials, etc., achieving multiple progress and results, and providing advanced technologies and products for the global green and sustainable transformation.

### Major R&D Progress

#### Cathode materials





- In response to the market demand for fast-charging applications, relevant products have achieved 6C fast-charging capability, with improved driving range and a compaction density of 2.6g/cm<sup>3</sup>.
- The energy efficiency of energy storage cells has reached 97%, and a cycle life of 15,000 cycles has been achieved.

#### Hydrogen energy



- Closed-loop catalyst recycling system and a full lifecycle management system for precious metals have been established.
- By using recycled self-made chloroplatinic acid, the performance of the catalyst has been improved by over 10%.

Product segment	Product name	Key innovative measures	Main achievements
Automotive fine chemicals segment 	Lopal Cooling 1# D4082 Data Center Coolant	Innovative corrosion inhibition coupling technology, unique pH design, and low conductivity formula	Effectively prevents corrosion of metals in cooling systems related to electrical equipment, with excellent antifreeze properties, anti-scaling performance, and good heat dissipation effects
	Lopal Class7 High-Performance Synthetic Brake Fluid	Unobstructed conduction technology	Effectively prevents rust, ensures long-lasting and stable braking performance, and guarantees effective and rapid braking in both summer and winter
	Lopal High-End Industrial Gear Oil	Adopts low-activity sulfur-phosphorus extreme pressure agents, narrow-fraction high-quality base oils, and selected additives, along with anti-foam agent dispersion process	Exhibits excellent oxidation resistance, anti-foam capabilities, high load-carrying capacity, cleanliness, and long service life, suitable for various harsh environments
Lithium battery cathode material segment 	4th Generation High-Density Lithium Iron Phosphate S501	Optimizes element doping and employs a special sintering process	Achieves material compaction and significantly enhances energy storage capacity
	Solid-State Battery Precursor D-Series D392	Multi-element co-precipitation doping technology	Effectively improves the thermal stability and safety performance of the cathode material

Lopal Tech. actively participates in the formulation and revision of industry standards, continuously promoting technological innovation and standardization work in the field of lithium battery materials. As of the end of the reporting period, Lopal Tech. has participated in the formulation or revision of 16 group standards, 1 industry standard, and 1 national standard.

Participation status	Standard name	Standard No.
Took the lead in drafting and formulating 4 group standards, officially released in 2024	<i>Determination of Lithium Carbonate Content in Lithium Carbonate-potentiometric Titration</i>	T/CI 313—2024
	<i>Determination of Magnetic Substance Content in Lithium Carbonate</i>	T/CI 314—2024
	<i>High Iron Phosphorus Ratio Iron Phosphate</i>	T/CI 315—2024
	<i>Nano-Iron Phosphate</i>	T/CI 316—2024
Led the compilation of 1 group standard, implemented since August 2023	<i>Technical Specification for Lithium Iron Phosphate Battery Energy Storage Liquid Cooling System</i>	T/CIET 204-2023
Participated in the formulation of 1 national standard, which has been issued on August 23, 2024	<i>Nanomanufacturing Key Control Characteristics Nano Energy Storage Part 6: Determination of Carbon Content in Nanoelectrode Materials Infrared Absorption Method</i>	GB/T 41232.6-2024

## Green and Low-Carbon Products

Lopal Tech. actively promotes the R&D of environmental protection technologies and products, continuously strengthens product carbon footprint management, improves product sustainability, and contributes to the realization of the "dual carbon" goals. In 2024, Lopal Tech. comprehensively conducted product carbon footprint verifications, quantifying and tracking carbon emissions generated during various processes and technologies of the products, to achieve full lifecycle carbon emission management of products. This provides a basis for Lopal Tech. to explore carbon reduction potential in production, operation, and other aspects, accelerating green transformation and upgrading. During the reporting period, both the Lithium Iron Phosphate (S Series) and Lithium Iron Phosphate (T Series) products of Lopal Tech. obtained ISO 14067:2018 Product Carbon Footprint certification.



Product Carbon Footprint Verification Report

To further enhance the green transparency of products, we indicate product carbon footprint information on the packaging of relevant products, providing consumers with intuitive and visual information on product carbon emissions, realizing green information disclosure of products, and enhancing product market competitiveness. We have also introduced label-free packaging, reducing carbon emissions in the packaging production process by minimizing the use of ink, paper, and other resources.



Label-free Packaging



Product Carbon Footprint Label

## Intellectual Property Protection

Lopal Tech. strictly adheres to the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China* and other relevant laws and regulations, attaches great importance to intellectual property management and the protection of innovation achievements, and continuously optimizes and improves the intellectual property management system.

Lopal Tech. has established an intellectual property management framework consisting of the Technology Cooperation Department of the Research Institute, the Legal Department of the Risk Control Center, and various related departments. The Technology Cooperation Department of the Research Institute is responsible for the full-process management of the Company's patents and technical secrets, including the creation, maintenance, utilization, and protection of intellectual property. The Legal Department of the Risk Control Center is responsible for the Company's trademark management, while various related departments are responsible for the management and maintenance of business information and software copyrights created by their respective departments.

In 2024, in accordance with the requirements of the *Enterprise Intellectual Property Compliance Management System - Requirements* (GB/T 29490-2023) standard, Lopal Tech. integrated the intellectual property strategy into the Company's medium and long-term development strategy, focusing on the three core elements of leadership attention, strategic orientation, and full participation. A series of measures were taken to mobilize employee enthusiasm and promote and implement intellectual property protection work from top to bottom. We formulated and released the *General Principles for the Management of Technical Secrets* and *Detailed Rules for the Classification of Technical Secrets*, further clarifying the management principles, scope, processes, and classification standards for technical secrets, providing detailed guidelines for technical secret protection work, and effectively preventing the disclosure and infringement of technical secrets. At the same time, we continuously monitor intellectual property infringement risks and have established a smooth feedback mechanism to ensure timely discovery and prevention of intellectual property infringement. During the reporting period, Lopal Tech. did not experience any intellectual property-related litigation.

### Discovery of clues and infringement situations



- Establish a temporary multi-department collaborative team to couple the professional capabilities of various departments and jointly discuss response strategies.

### Formulation of response plans



- For intellectual property infringement actions that have been evaluated and confirmed, formulate specific response plans and promptly take legal measures or other response actions.

### Continuous feedback



- During the handling process, promptly provide feedback to the Management and relevant departments on the progress of handling to ensure that the Management and relevant departments are informed of the handling of infringement incidents.

### Summary and analysis



- Summarize and analyze the outcomes of handling intellectual property infringement actions to provide lessons learned for improving intellectual property protection measures.

## Intellectual Property Infringement Feedback Mechanism

To enhance employees' awareness and knowledge in the field of intellectual property protection, we fully consider the different perceptions and needs of employees at various levels and across different departments regarding intellectual property work, and provide differentiated intellectual property training to ensure that employees remain vigilant in their daily work regarding intellectual property management.



### Intellectual Property Training

In 2024, Lopal Tech. carried out online training sessions to promote and implement the documents of the *Patent Bonus Management System* and *Technology Project Bonus Management System* for selected R&D personnel and technicians, aiming to improve their awareness of protecting innovation achievements, enhance their skills in intellectual property search and patent writing, and strengthen their capabilities in intellectual property protection.



# Quality Assurance



Lopal Tech. has always regarded product and service quality as the lifeline of enterprise development. We have established a high-standard quality management system, covering the entire lifecycle of products with strict monitoring and inspection. By empowering quality management capabilities with digital technology and adopting lean quality management levels, we ensure every delivery meets the highest standards of performance.

## Quality Management System

Lopal Tech. adheres to the quality management philosophy of "customer-centricity, full participation, continuous improvement, and prevention first", continuously optimizing quality management practices. We have established a comprehensive quality management system and quality control processes, formulated quality management systems such as the *PPAP Control Specifications*, *SPC Control Specifications* and *Product Data Management Specifications*, and clarified the quality control process from product design and planning to delivery, ensuring the safety of the products, the stability and reliability of the quality.



## Product Quality Control Process

As of the end of the reporting period, Lopal Tech.'s ISO 9001 Quality Management System certification covered 75% of its operational sites<sup>1</sup>, and its IATF 16949 Automotive Quality Management System certification covered 80% of its operational sites<sup>2</sup>.

During the reporting period, Lopal Tech did not experience any product recalls due to safety issues.

<sup>1</sup> As of the end of the reporting period, the operational sites that have obtained ISO 9001 Quality Management System certification include Changzhou LBM, Hubei LBM, Shandong LBM, Sichuan LBM, Hubei Lygal, Hubei Kelas, Jiangsu Kelas, Shandong Kelas, Sichuan Kelas, Jiangsu Lopal New Material, Jiangsu Sanjin Lithium Battery, Lopal Lubrication New Material (Tianiin), Jiangsu BTR Nanotechnology, BTR (Tianjin) Nanomaterial Manufacturing.

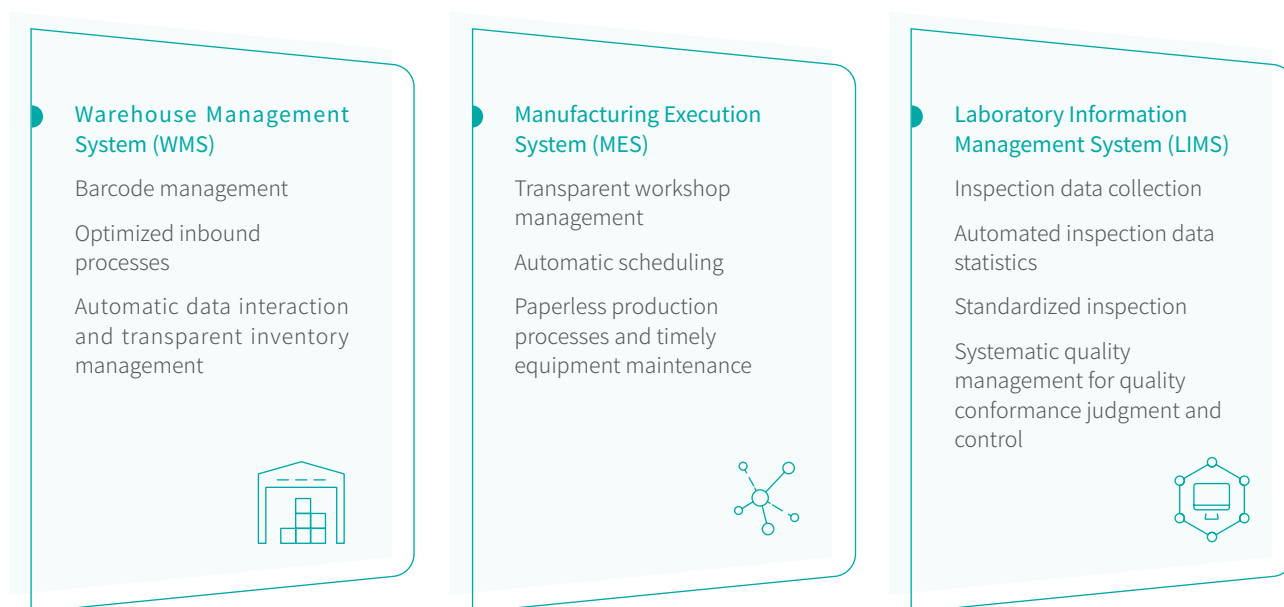
<sup>2</sup> As of the end of the reporting period, the operational sites that have obtained IATF 16949 Automotive Quality Management System certification include Hubei LBM, Shandong LBM, Sichuan LBM, Hubei Lygal, Hubei Kelas, Jiangsu Kelas, Shandong Kelas, Sichuan Kelas, Jiangsu Lopal New Material, Jiangsu Sanjin Lithium Battery, Lopal Lubrication New Material (Tianiin), Jiangsu BTR Nanotechnology, BTR (Tianjin) Nanomaterial Manufacturing, Zhangjiagang TEEC.

## Quality Management Improvement

Based on the establishment of a comprehensive quality management system, Lopal Tech. deeply applies various advanced quality management tools and methods, promotes the continuous improvement of the quality system through multi-party quality audits, and continuously strengthens the quality and safety awareness of all employees, driving the improvement of product and service quality. We are making more efforts to support the high-end development of the industry and build a world-class brand.

### Digital Empowerment of Quality Management

Lopal Tech. focuses on promoting the digitization, networking, and intelligence of quality management activities. We have introduced information software such as Warehouse Management System (WMS), Manufacturing Execution System (MES), and Laboratory Information Management System (LIMS) to achieve monitoring and tracking records throughout the entire operation and production process, implementing comprehensive management of product quality throughout its lifecycle.



## Quality Control

To ensure that products and services meet strict quality standards, Lopal Tech. has implemented a series of quality control measures to effectively control non-conforming and suspicious products, ensuring that products meet high-level quality standards and are delivered to customers with consistent quality.

We hold monthly quality meetings to analyze, discuss, and prevent issues related to non-conforming products, identify and summarize quality problems in products, and take timely preventive and corrective measures. At the same time, we conduct annual reviews and updates of inspection standards to ensure they comply with the latest industry norms and requirements.

We have a comprehensive testing platform and a state-of-the-art laboratory that fully meets the quality and performance

testing requirements of all our products, ensuring their safety and reliability. During the reporting period, Lopal Tech. achieved certification from China National Accreditation Service for Conformity Assessment (CNAS), and our testing centers actively participated in proficiency testing to uphold the accuracy and credibility of our test results.

We regularly engage in technical exchanges and comparative experiments with external authoritative institutions to stay at the forefront of testing methods and equipment. Furthermore, we have established a robust training system to provide ongoing professional knowledge and skills training for our testing personnel, enhancing their expertise and operational proficiency. This ensures the scientific rigor, impartiality, and high standard of our quality testing work, providing a solid foundation for product quality.

## Quality Review

Lopal Tech. continuously refines its quality management system and enhances product and service quality through internal cross-audits, third-party audits, supplier audits, and customer audits.



## Quality Culture Development

Lopal Tech. is committed to fostering a quality culture of "full participation." By combining online and offline approaches, the Company conducts quality training for employees and implements corresponding positive incentive measures. This guarantees that our employees possess solid professional skills and consistently uphold the quality mindset in their everyday tasks.



# Sustainable Supply Chain

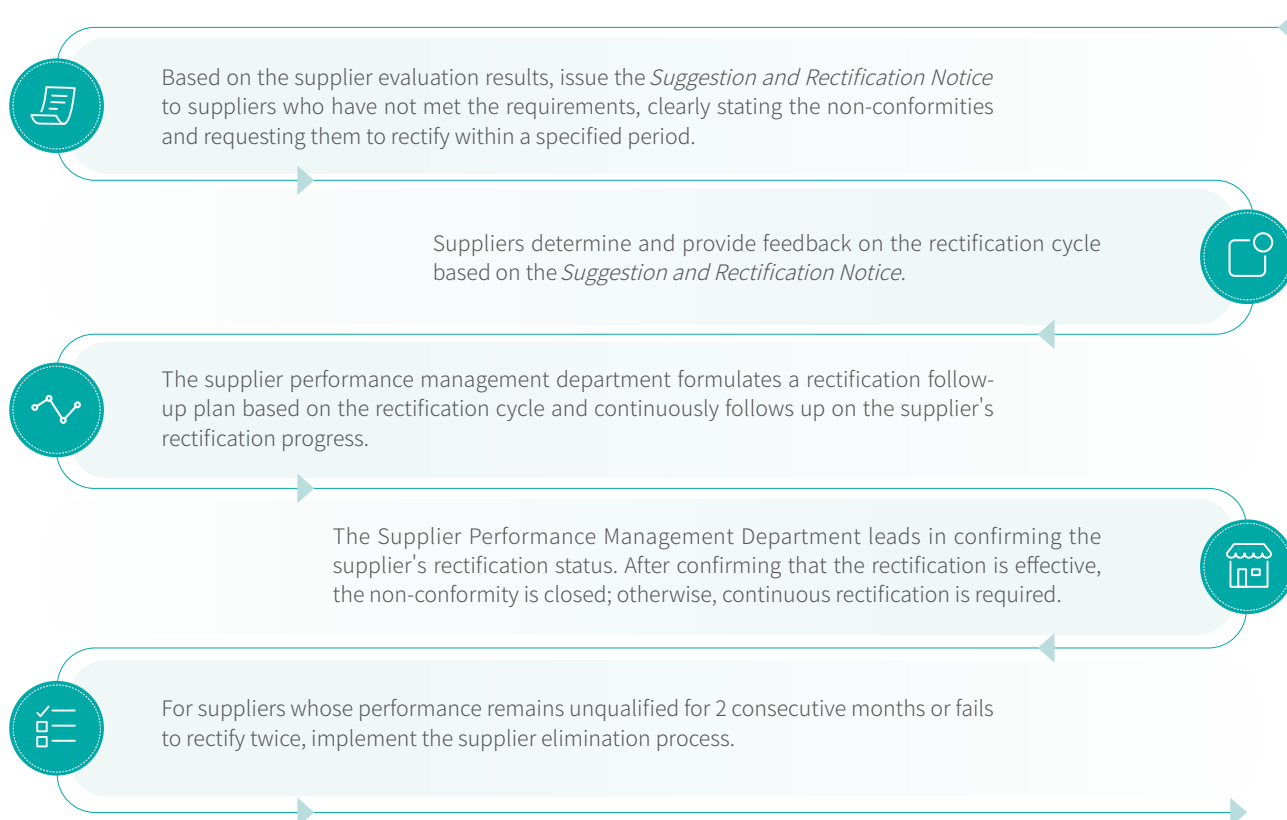


Lopal Tech. practices sustainable procurement management and has set up a thorough supplier management framework. We closely monitor suppliers' ESG performance and team up with them to collectively establish a sustainable supply chain.

## Supplier Management

Lopal Tech. continually enhances supply chain management levels and efficiency, developing the *Supplier Management Procedure* and *Supplier Management Guidelines* that apply across the entire group to standardize supplier management criteria and procurement procedures. This ensures that our procurement meets both cost requirements and quality standards.

We categorize all suppliers into three tiers: A, B, and C, based on factors such as procurement amount and materials, and evaluate them on a monthly, bi-annual, and annual basis regarding delivery capacity, product and service quality, service level, and product pricing. Depending on the evaluation outcomes, we offer corresponding rewards or impose penalties on suppliers. For suppliers that underperform, we issue rectification notices and plans, mandating them to complete corrections within a set timeframe, and initiate an elimination process for those that fail to comply.



We actively engage and collaborate with our suppliers, assisting them in boosting their overall capabilities and management levels to foster mutually beneficial growth. We conduct regular integrity training sessions for all our suppliers, instilling the principle of honest and trustworthy operations and encouraging them to uphold high standards of business ethics. For suppliers who don't meet our assessment benchmarks, we schedule rectification meetings or conduct on-site audits and training to help them enhance their product and service quality, and improve their ESG management levels.

#### During the reporting period

the Company achieved a

**100%**

compliance rate in supplier corrective actions

#### As of the end of the reporting period

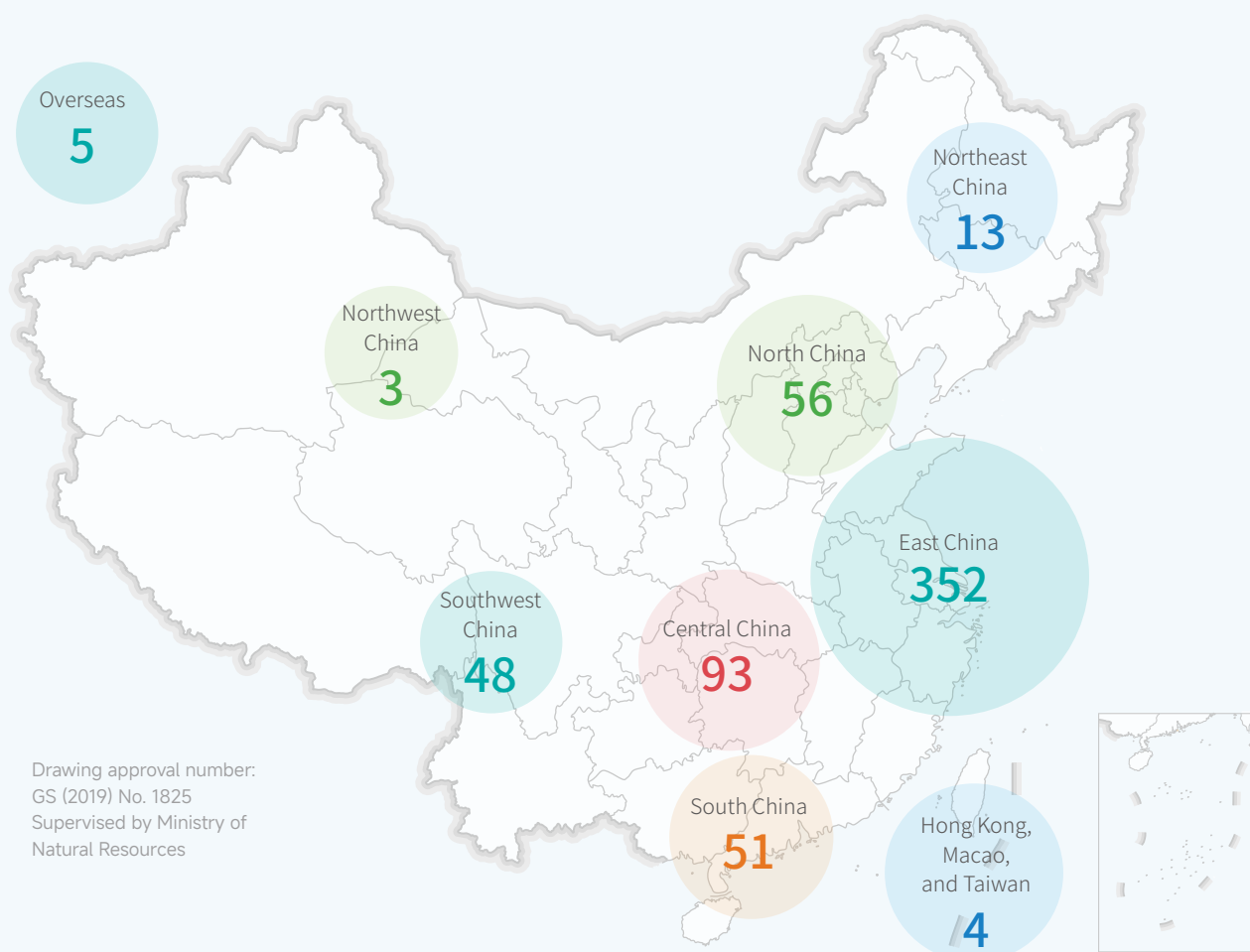
Lopal Tech. had a total of

**625** suppliers

including **9**

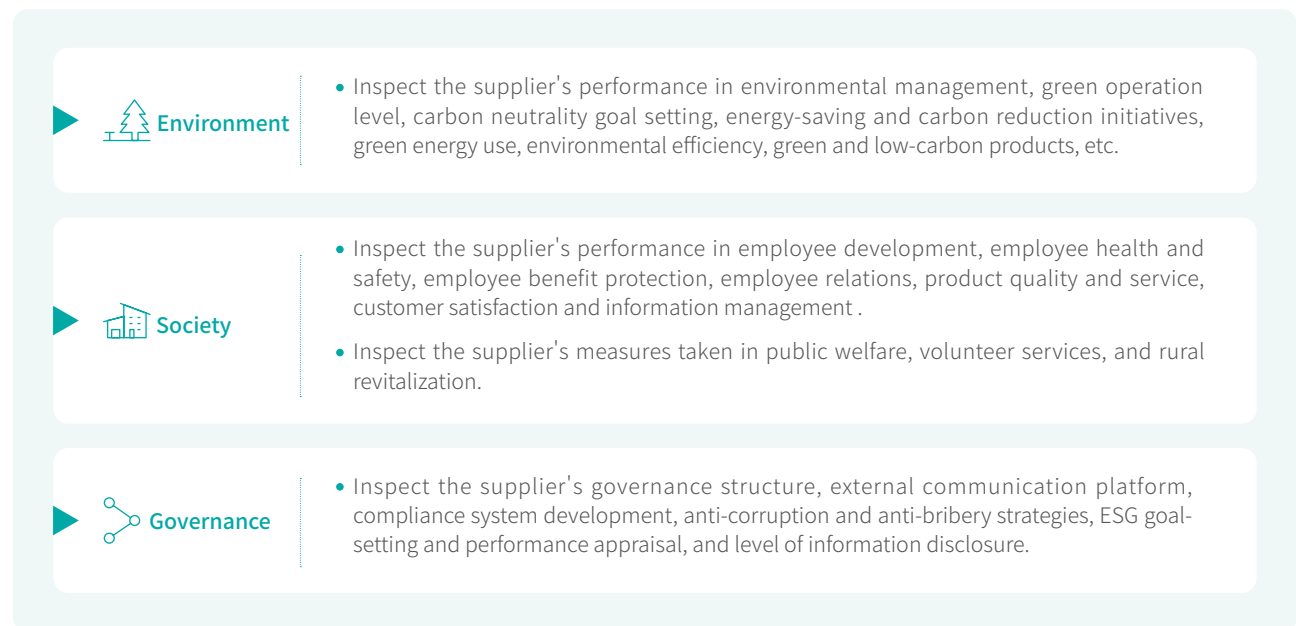
located in overseas and in Hong Kong, Macao, and Taiwan

#### Number of suppliers by region



## Sustainable Supply Chain

Lopal Tech. is dedicated to establishing a sustainable supply chain and actively promotes the enhancement of suppliers' sustainability levels. We integrate ESG factors into our supplier management process, mandating suppliers to fill out ESG survey forms during onboarding and regular evaluations to ensure their ESG performance aligns with our requirements. In our collaboration process, we prioritize suppliers with strong ESG performance and demonstrate a preference for green and low-carbon products when procuring raw materials.



### Supplier ESG Evaluation Dimensions

Lopal Tech. actively partners with suppliers to build a transparent and responsible supply chain, placing business ethics at the forefront of supplier screening and evaluation. We closely monitor the integrity and business practices of suppliers throughout the pre-admission, admission, and post-admission stages to ensure they uphold high ethical standards.



### Supplier Business Ethics Inspection Content



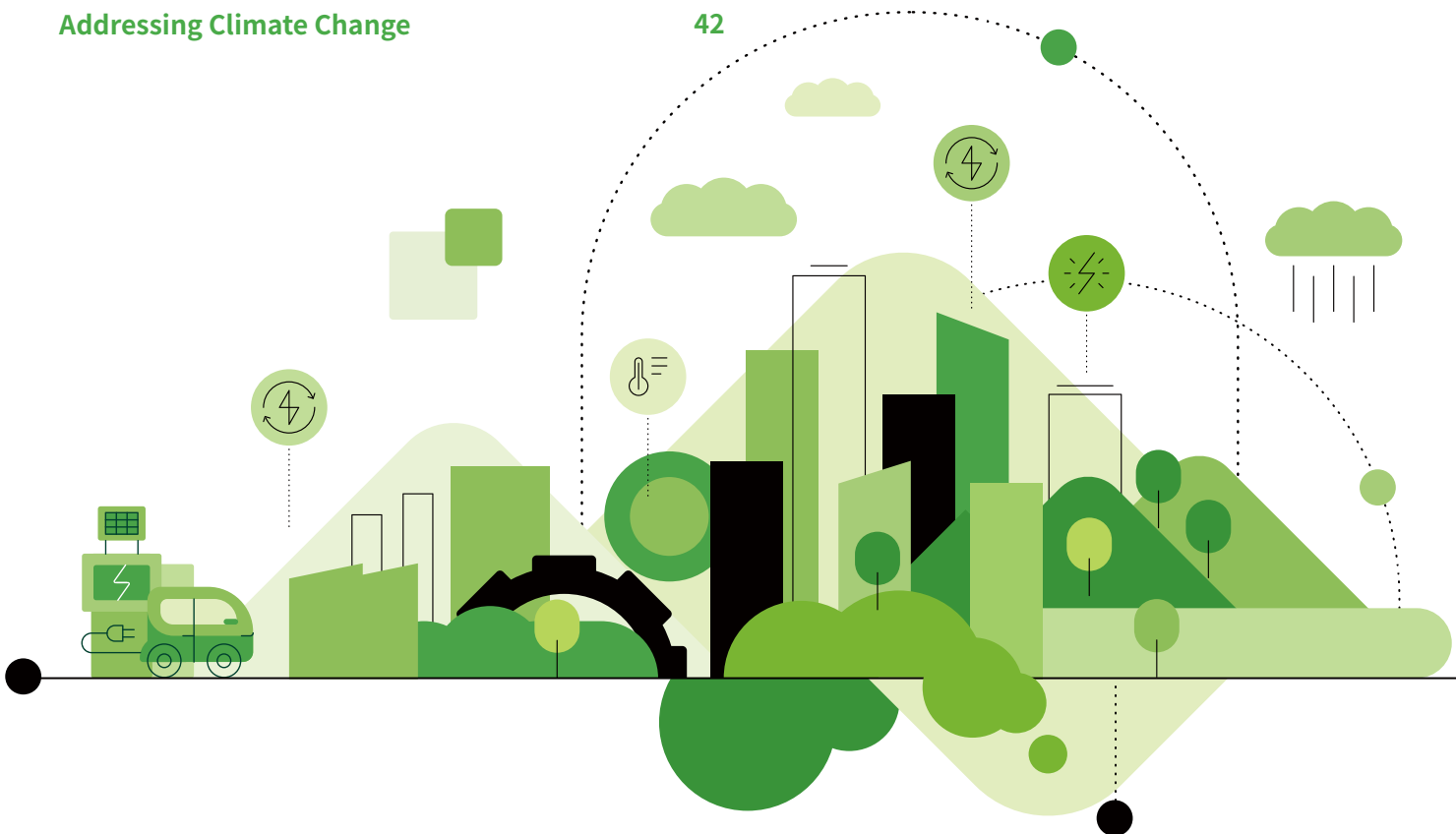
# 03

## Fulfilling the Green Mission

In the midst of escalating environmental challenges, tackling climate change and pursuing green development have emerged as the collective vision and developmental trajectory of human society. Lopal Tech. has consistently regarded green and low-carbon transformation as the bedrock of its growth, endeavoring to minimize the negative effects of its operations on the environment while bolstering the identification of climate-related risks and proactively addressing the perils posed by climate change. We are dedicated to fostering green development across the entire industry, offering customers eco-friendly products and services, and accelerating the attainment of carbon neutrality goals.

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**Addressing Climate Change 42**



## Strengthening Environmental Management



Environmental protection is not merely an inescapable social responsibility for enterprises but also a vital pathway to ensuring sustainability. As a pioneering enterprise in the realm of green new energy core material in China, Lopal Tech. sees environmental protection as the cornerstone of the Company's existence and progress. We actively embrace the responsibility of mitigating environmental pollution, rigorously adhere to environmental laws and regulations, and proactively pursue innovative environmental protection measures that surpass statutory benchmarks, striving to minimize the negative impact of our production and operational activities on the natural environment to the greatest extent possible through our production and operational activities.

### Environmental Management System

Lopal Tech. strictly conforms to environmental laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, and other environmental protection related laws and regulations, national and local standards, and industry-specific standards. We have established a comprehensive environmental management system, exercising tight control over pollutant and waste discharges, introducing cutting-edge pollution control technologies, continuously monitoring emission data, and continually refining environmental protection measures to uphold our unwavering dedication to environmental preservation. During the reporting period, 13 subsidiaries of Lopal Tech. secured ISO 14001 Environmental Management System certification.



To ensure environmental compliance, we carry out internal environmental audits on a quarterly basis and issue corresponding audit reports. For issues detected during audits, the audited subsidiaries are mandated to swiftly formulate and implement corrective and preventive action plans to ensure thorough rectification and closure of the identified problems. Furthermore, we have devised emergency response plans for environmental incidents in accordance with national regulations. Based on these plans, we regularly conduct emergency drills, enhance relevant records and summaries, and promptly rectify any issues uncovered during the drills.

To continually bolster the efficacy of environmental management, we regularly organize specialized training for personnel in pertinent positions, aiming to deepen their comprehension of environmental protection laws and regulations, optimize their understanding of work processes, and refine their grasp of technical procedures. This ensures that responsible personnel can astutely identify environmental issues, efficiently manage them, and successfully resolve them at critical junctures.



### Corporate Environmental Legal Risk Identification Annual Training

The content of the training covers the management items and obligations of the corporate's life cycle, environmental legal risk points, as well as air, water, solid waste, soil environment legal risk points. Through training, trainees understand various environmental compliance risks faced by the corporate, and can develop targeted compliance strategies to effectively reduce the probability of violating environmental laws.



### Environmental Online Monitoring and Operation Management Annual Training

The training focuses on online monitoring operation requirements, management difficulty analysis, and common operation problems. Through this training, trainees can use the online monitoring system to monitor pollution sources in real time, promptly warn abnormal data, and effectively reduce the risk of exceeding environmental standards.



### Environmental Factor Identification and Evaluation Annual Training

The training covers related terms and definitions, ISO 14001 standard requirements, and environmental factor evaluation, etc. Through this training, trainees can quantitatively or qualitatively assess environmental issues and provide basic data for formulating solutions.

Lopal Tech. Environmental Management Training

## Air Emission Management

Lopal Tech. strictly complies with the local laws and regulations on air emission management, such as the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* and *Comprehensive Discharge Standards for Air Pollutants*. Guided by the *Air Emission, Noise and Wastewater Discharge Control Program*, we consistently implement compliant air emission control measures. We have introduced advanced air pollution control technologies and equipment, and continuously optimized our production processes to ensure all process-generated exhaust gases undergo compliant treatment before discharge.

### Lopal Tech.'s Waste Gas Emission Target

The compliance rate of air emissions reached

100%



We classify and treat the waste gas in accordance with national standards to ensure 100% compliant discharge of waste gas.

### Types of air pollutants

Sulfur dioxide, nitrogen oxides, particulate matter, VOCs, non-methane hydrocarbon, fluorides, ammonia, and hydrogen sulfide, etc.

### Treatment facilities of air pollutant

Sulfur dioxide → Desulfurization tower; Nitrogen oxides → SNCR+SCR for denitrification; Particulate matter → Water curtain dust collector + Baghouse filter; VOCs → Water spray tower + UV photocatalytic oxidation + Activated carbon adsorption



### The Process Facility of "Alkali Spray Tower + Activated Carbon Synergistic Adsorption" for Achieving Compliant Emissions

During pilot testing in the R&D workshop of the Company's Shenzhen Research Institute, low-concentration Volatile Organic Compounds (VOCs) and acidic gases are produced. The primary pollutants include non-methane hydrocarbon, hydrogen chloride, and sulfuric acid mist. The workshop employs an "alkali spray tower + activated carbon synergistic adsorption" process. Under the force of an induced draft fan, the exhaust gas is conveyed through pipelines and enters the spray tower tangentially from the bottom. Driven by centrifugal force, the gas ascends in a spiral cyclone, coming into contact with circulating droplets sprayed downward in a mist-like form, ensuring thorough mixing of the gas and liquid. The acidic gases undergo a neutralization reaction with the alkali solution, lowering their concentration. Some Volatile Organic Compounds (VOCs) dissolve in the water, while the remaining acidic gases receive deep treatment through secondary activated carbon adsorption, ultimately achieving compliant emissions.



Process Facility of "Alkali Spray Tower + Synergistic Activated Carbon Adsorption"

In addition, we have entrusted a third-party professional institution to conduct regular monitoring of our air emissions, and we disclose the monitoring data publicly in accordance with the requirements of the local governments where our operations are located.

#### During the reporting period, our air emission performance was as follows:

Indicator	Unit	2024
Nitrogen Oxides NOx emissions	Tonne	113.27
Sulfur Oxides SOx emissions	Tonne	42.44
Particulate matter emissions	Tonne	57.25
Non-methane hydrocarbon emissions	Tonne	18.42

## Wastewater Management

Lopal Tech. strictly complies with the legal and regulatory requirements of the regions where we operate, including the *Water Pollution Prevention and Control Law of the People's Republic of China* and *Integrated Wastewater Discharge Standard*. We have established the *Air Emission, Noise and Wastewater Discharge Control Program*, which detail targeted treatment measures for various sources and types of wastewater, ensuring 100% compliant discharge. To meet our wastewater discharge goals, we collect and treat all wastewater generated from our production activities, and conduct regular maintenance of our wastewater treatment equipment to enhance treatment quality and minimize the negative environmental impact of wastewater discharge.

### Lopal Tech.'s Wastewater Discharge Target

The compliance rate of wastewater discharge reaches

100%



To reduce the impact of emergencies on wastewater treatment, the Company closely monitors the water quality at each plant's wastewater treatment facility, with continuous monitoring systems for both water quality and quantity installed at discharge points. Utilizing real-time monitoring data, we can swiftly identify and respond to any potential environmental risks, significantly enhancing our emergency response speed.

## Wastewater Treatment Process

Jiangsu Nano Wastewater Treatment Station employs the technology of "physicochemical treatment + biological treatment + MBR system + RO advanced treatment for reclaimed water + evaporation equipment", with a designed daily treatment capacity of 30-40 tonnes and an actual daily treatment volume of approximately 10 tonnes. We dispose of the concentrated liquid as hazardous waste, reuse the steam condensate within the workshop, and manage the sludge as general solid waste in compliance. This entire process ensures that no workshop wastewater is discharged externally.

Jiangsu Kelas Wastewater Treatment Station utilizes the process of "ammonium nitrogen wastewater -> homogenization regulation tank -> electrochemical oxidation tank -> primary A/O nitrogen removal tank -> intermediate sedimentation tank -> secondary A/O tank -> secondary sedimentation tank -> terminal oxidation tank -> supernatant self-flowing discharge." Following biochemical treatment, the wastewater meets standards and is discharged into Zhetang Wastewater Treatment Plant. The dewatered sludge is disposed of as general solid waste in compliance. The entire process adheres to the *Integrated Wastewater Discharge Standard for Urban Sewers*.



Jiangsu Nano Wastewater Treatment Station Facility



Jiangsu Kelas Wastewater Treatment Station Facility

During the reporting period, our wastewater discharge performance was as follows:

Indicator	Unit	2024
Total wastewater discharge	Tonnes	403,910.46
Wastewater discharge intensity	Tonnes/revenue of RMB 10,000	0.53
Discharge amount of COD	Tonnes	18.00
Discharge amount of ammonium nitrogen	Tonnes	4.42
Discharge amount of total phosphorus	Tonnes	1.19

## Waste Management

Lopal Tech. strictly adheres to all relevant waste-related laws and regulations, including the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* and *Standard for Pollution Control on Hazardous Waste Storage*. We have also established an internal waste management system, namely the *Solid Waste Management System*, which rigorously governs environmental management requirements throughout the entire lifecycle of solid waste - from generation and storage to transfer, utilization, and disposal - ensuring 100% compliant handling of all solid waste.

In waste management practices, Lopal Tech. upholds the principles of "reduction, recovery, and harmlessness". While ensuring compliant disposal of all waste, we actively pursue innovative measures to minimize the generation of hazardous waste at the source. By optimizing our production processes and enhancing resource utilization efficiency, we reduce the volume of hazardous waste requiring disposal.

In Lopal Tech.'s production and operational activities, used oil, waste lubricants, laboratory waste, and waste oil containers are classified as hazardous waste. Improper handling and disposal of these materials can result in severe environmental pollution. Therefore, we attach great importance to the compliant disposal

of relevant waste materials. In accordance with regulatory requirements, we have established a hazardous waste temporary storage warehouse to ensure that hazardous waste is stored separately by company and category. We also engage qualified third-party waste disposal companies for the transfer and disposal of this waste. Furthermore, we prioritize the capacity-building and safety awareness training of personnel involved in hazardous waste management. We require relevant personnel to participate in annual hazardous waste management training to ensure they are well-versed in the procedures and regulatory requirements related to hazardous waste disposal, thereby ensuring that the Company's hazardous waste is managed in a standardized and compliant manner.

### Lopal Tech.'s Waste Discharge Target

The compliant disposal rate of solid waste reached

**100%**



### Hazardous Waste Reduction Project, Transforming Desulfurized Gypsum into a Valuable Resource

The rotary kiln waste gas desulfurization system at Yichun Lopal Times generates a substantial amount of desulfurized gypsum each year. As a hazardous waste, the proper disposal of the desulfurized gypsum presents a considerable challenge for the Company. In response, we've implemented targeted measures to optimize and upgrade our production process, significantly reducing hazardous substance content in the desulfurized gypsum and enabling its reuse as a raw material for production. After thorough evaluation, the desulfurized gypsum has been successfully transformed into a non-hazardous material. This hazardous waste reduction optimization and renovation project is anticipated to cut our hazardous waste output by 6,000 tonnes annually, significantly lowering its environmental impact.

This hazardous waste reduction optimization project is anticipated to reduce the company's annual hazardous waste generation by

**6,000 tonnes**



During the reporting period, our waste discharge performance was as follows:

Indicator	Unit	2024
Total general solid waste discharge	Tonnes	813,801.28
General solid waste discharge intensity	Tonnes/ revenue of RMB 10,000	1.06
Total hazardous waste discharge	Tonnes	5,347.70
Hazardous waste discharge intensity	Tonnes/ revenue of RMB 10,000	0.007



## Water Stewardship

As the fundamental resource for the existence of life on Earth, water is essential to maintaining the ecological sustainability of our planet. Therefore, Lopal Tech. attaches great importance to water stewardship, strictly adheres to relevant laws, regulations, and policy systems, formulates internal management systems, and sets practical and achievable water resource management goals. During the reporting period, our company faced no relevant risks in obtaining suitable water sources.

### Lopal Tech.'s Water Stewardship Target

By 2030, the reduction of water use intensity will be approximately **20%** compared to that in 2023.



To achieve our established water stewardship target, we vigorously pursue water-saving projects, continuously promote the adoption of water-saving technologies, enhance equipment efficiency, and cultivate awareness of water conservation among our employees. We optimize our water management practices and strive to enhance water use efficiency. At the same time, we actively explore diversified water source options, including implementing recycled water systems, reusing reclaimed water, and harnessing rainwater harvesting systems to reduce our reliance on natural water resources.



#### Condensate Water Recovery Retrofit Project, Significantly Reducing Fresh Water Usage

In production and operation, Yichun Lopal Times uses a large amount of municipal steam, and the condensate water generated from the steam was originally discharged directly as industrial wastewater. During the reporting period, the Company implemented targeted innovative process improvements, collecting all condensate for reuse in production, significantly reducing the Company's consumption of municipal tap water. It is estimated that this will save approximately 200,000 tonnes of water annually.



#### Converting Production Wastewater into Process Water to Achieve Water Savings and Profit Generation

Lopal Tech.'s Lithium Iron Phosphate Production Base generates a large amount of wastewater during its production and operation. To address this, we have introduced a water treatment system that employs processes such as impurity removal, sedimentation, neutralization, and filtration to convert the production wastewater into process water for reuse in the workshop. The by-product ammonium sulfate generated from the water treatment process is sold as a commodity, generating additional annual revenue of approximately RMB 16 million for the Company, thus achieving water savings and profit generation.



#### Rainwater Recycling Project for Water Conservation and Profit Generation

Lopal Tech. is actively engaged in a rainwater recycling project in Yifeng, Jiangxi, fully leveraging the region's abundant rainfall during the rainy season. We have introduced rainwater collection and purification systems to harvest and purify rainwater, which is then conveyed to the workshop for production use. As of the end of the reporting period, the project is still ongoing and is expected to save over 16,000 tonnes of tap water annually.



During the reporting period, our water resource utilization<sup>3</sup> was as follows:

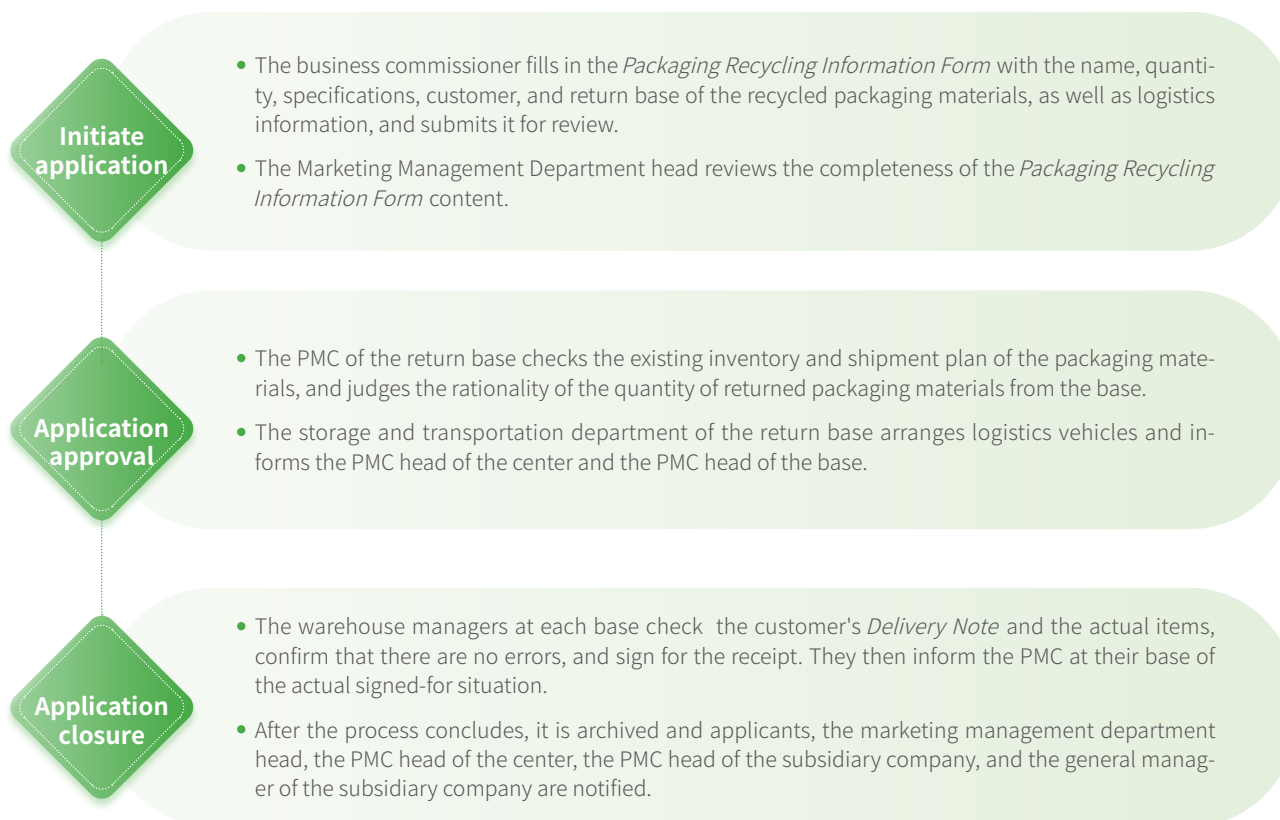
Indicator	Unit	2024
Total water resource consumptions	Tonnes	3,362,119.03
Water resource consumption intensity	Tonnes/revenue of RMB 10,000	4.38

## Circular Economy

Driven by the global wave of sustainable development, the circular economy has become an important path for enterprises to achieve green transformation. Lopal Tech. has always adhered to the concept of "efficient resource utilization and environmentally friendly development". While actively implementing measures such as optimizing packaging design, promoting recyclable materials, and establishing a packaging material recycling system, it has vigorously laid out the industry of power battery recycling and resource utilization, constructing a closed-loop industrial chain from battery materials to recycling and utilization, and making contributions to building a resource-conserving and environmentally friendly society.

## Packaging Material Management

Lopal Tech. actively promotes green packaging material management, adhering to the principles of using recyclable, biodegradable, and lightweight packaging materials to fully ensure the environmental friendliness of packaging and drive the achievement of sustainability goals. In our operations, we actively promote the use of recyclable packaging such as cardboard boxes and pallets, and have established clear processes for packaging recycling management to maximize the efficiency of packaging material resource use. Furthermore, we are also actively developing label-free packaging to reduce the consumption of resources such as ink and paper in the packaging production process.



### Lopal Tech. Packaging Recycling Management Process

<sup>3</sup> The fresh water sources used by the Company are municipal water supplies that meet the local water quality standards. Both reclaimed water and rainwater are treated to meet water quality standards before being reused.

During the reporting period, the Company's traceable packaging material usage was as follows:

Types of packaging materials	Unit	2024
Total packaging material usage	Tonnes	47,918
Packaging material usage intensity	Tonnes/ revenue of RMB 10,000	0.06

## End-of-Life Power Battery Recycling Industry

Under the guidance of the "dual carbon" goals, the new energy industry is booming, and the ownership of new energy vehicles continues to rise. The consequent issue of power battery retirement has become increasingly prominent. How to handle used power batteries efficiently and environmentally friendly has become a key topic for promoting the circular economy and achieving resource reuse. Lopal Tech. has a profound insight into this trend, actively responded to the *14th Five-Year Plan for Circular Economy Development* issued by the National Development and Reform Commission, vigorously laid out the circular economy industry, and entered the field of recycling and cascade utilization of used power batteries for new energy vehicles. It puts the concept of green development into practice with practical actions and at the same time opens up a new growth engine for the Company.



### Lopal Tech. Joins Hands with Shandong Meiduo to Deepen the Vertical Integration Strategy

In January 2025, Lopal Tech. acquired Shandong Meiduo to jointly advance end-of-life (EoL) power battery recycling and resource recovery projects and deepen the implementation of the "vertical integration" strategy.

Shandong Meiduo focuses on the recycling and resource recovery of used power batteries. Through advanced processes such as disassembly, leaching, and refining, it can convert used lithium batteries into high-value-added products such as battery-grade lithium carbonate, nickel sulfate, cobalt sulfate, and manganese sulfate, which are widely used in the lithium battery segment. It is expected to recycle 25,000 tonnes of used power batteries annually.

This business layout is highly synergistic with Lopal Tech.'s existing lithium battery segment, achieving a closed-loop layout from battery materials to recycling and utilization. It not only enhances the independence and stability of the industrial chain but also significantly reduces raw material costs. After reaching full production capacity, Shandong Meiduo is expected to save approximately RMB 31 million in production costs for us each year.

It is expected to recycle

**25,000** Tonnes

of used power batteries annually



After reaching full production capacity, Shandong Meiduo is expected to achieve annual production cost savings of approximately

**RMB 31** million

for our operations



# Addressing Climate Change

Globally, climate change has become a common challenge faced by all humanity. In the face of this dilemma, it has become a global consensus to actively take measures to mitigate and adapt to climate change. As a pioneer in the transition from traditional businesses to new energy businesses, Lopal Tech. continuously improves its internal management system, promotes energy-saving and emission-reduction projects in an orderly manner, and continuously assesses climate-related risks and opportunities, formulating corresponding response measures. We look forward to joining hands with ecological partners to seek a green and low-carbon transformation and development future together.

## Identification and Response to Climate-Related Risks

Lopal Tech. refers to the disclosure framework and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to identify climate-related risks and opportunities based on different climate change scenarios. We analyze the potential impacts of climate change on the Company's operations and development strategies, and actively take response measures to reduce climate-related risks and seize transformation opportunities. During the reporting period, the main climate-related risks and opportunities identified by us, as well as the corresponding response measures, are shown in the table below.

Risk category	Risk description	Risk impact	Time scope	Countermeasures
Physical risk	Acute Extreme weather events (including heavy rainfall, typhoons, heavy snow, flooding, extreme high temperature, and severe cold) may lead to risks such as disruption of production processes, depreciation of fixed asset values, and labor shortages	Extreme weather may cause power outages, flooding, and other safety accidents, or force suspensions in R&D and production, thereby increasing operational costs	Short-term	Developing emergency disaster response plans to efficiently prevent and respond to sudden natural disasters such as typhoons, heavy rainfall, and floods
	Chronic Rising average temperatures negatively impact the Company's production environment, thereby driving up operational costs	On the basis of high temperature weather in summer, increased temperatures will lead to higher cooling demands, potentially increasing operational costs	Medium-to-long-term	Developing adaptive plans to enhance resilience to changes such as rising temperatures
Transition risks	Policy and legal Increasingly stringent government policies and laws and regulations regarding carbon emissions pose significant pressure on compliance management for enterprises	The Company may face pressures from low-carbon transitions such as energy structure transformation and carbon emission management	Medium-term	Establishing a proactive carbon emission accounting mechanism in line with international standards, and comprehensively carrying out carbon emission management and product carbon footprint verification
	Technology Driven by national policies, the Company needs to further introduce green and low-carbon production technologies and equipment, and conduct R&D and application of green and low-carbon production technologies	To actively control product carbon emissions, it is necessary to enhance the effectiveness of environmental process development, increase the use of new technologies, and update clean production equipment to meet the production needs of low-emission products. Achieving these requirements may temporarily increase operational costs	Medium-to-long-term	Closely monitoring the raw material market dynamics to ensure timely access to raw material price information and energy policy changes, so as to promptly take response measures
	Reputation Stakeholders such as customers and consumers increasingly value the Company's actions in addressing climate change. If the Company fails to actively respond to climate change, it may disappoint stakeholder expectations, thereby damaging its image and reputation	Stakeholders such as customers and investors place greater emphasis on environmental information disclosure. When this disclosure falls short of stakeholder expectations, it may negatively impact the Company's corporate image and reputation, reducing capital market recognition of the Company	Long-term	Continuously deepening R&D and innovation efforts in low-carbon products, and integrating green and low-carbon development concepts throughout the entire production and operation chain

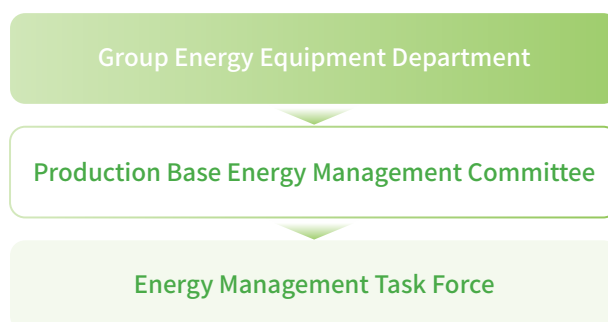
Opportunity category	Opportunity description	Opportunity impact	Time range	Countermeasures
Emerging new energy markets	Driven further by the "dual carbon" goals, the new energy industry is rapidly rising, and customers are showing widespread demand for new energy-related products	By exploring emerging new energy markets, the Company's market competitiveness will significantly improve, thereby driving an increase in operating revenue	Medium-to-long-term	Further exploring emerging new energy markets and deepening cooperation, launching more products and services that align with market demands and expectations to ensure long-term and steady growth of the business and revenue
Renewable energy transition	With continuous R&D and innovation in green technologies, along with the successive introduction of supportive policies, the accessibility of renewable energy is expected to continuously increase, and its price is also expected to gradually decline	The initial application of renewable energy requires a certain capital investment, but in the long run, renewable energy can reduce enterprise energy costs	Medium-to-long-term	Increasing the proportion of renewable energy use in the production and operation process to reduce direct energy costs, meeting the green demands of downstream customers, and effectively addressing regulatory challenges in the end market, helping the Company achieve low-carbon development goals

To systematically tackle climate change, the Company is moving forward synergistically in both mitigating and adapting to its impacts. Through lean production management and process enhancements aimed at boosting energy efficiency, we're effectively cutting down on energy consumption. We're actively developing and harnessing renewable energy sources to reduce our dependence on traditional high-carbon fossil fuels. At the same time, we're beefing up inspection and prevention efforts, constantly enhancing our capability to respond to extreme weather conditions.

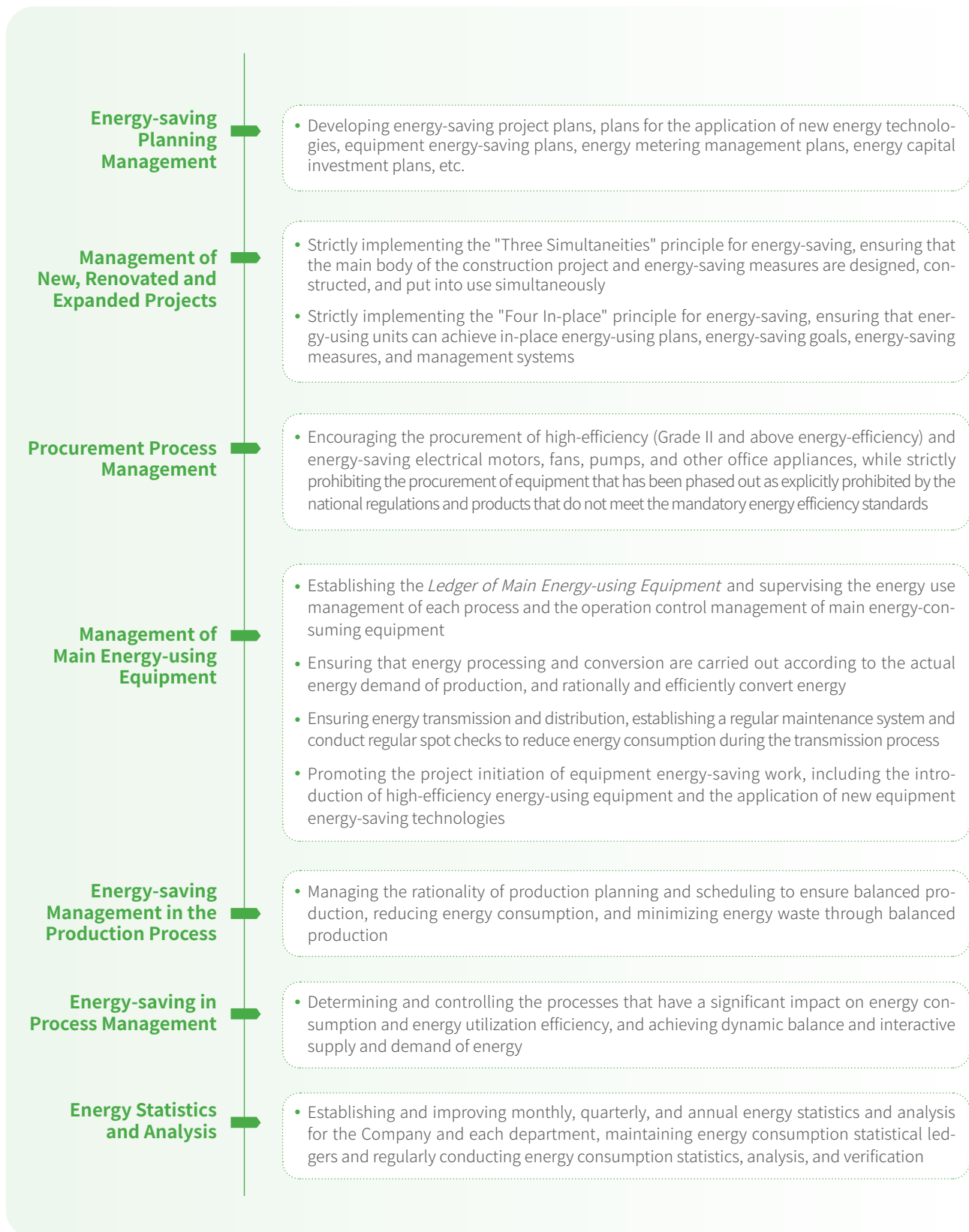
## Mitigating Climate Change

### Energy Management System

Lopal Tech. sees energy management as a vital cornerstone of our climate response strategy. We strictly regulate and control energy use, establishing a three-tier energy management system comprising the "Group Energy Equipment Department - Production Base Energy Management Committee - Energy Management Task Force". This ensures that energy management-related tasks are efficiently implemented across all production bases. Specifically, the Group Energy Equipment Department oversees and guides the implementation process and outcomes of energy management, statistics, and procedures at various bases. The Production Base Energy Management Committee handles internal decisions on pending work and processes, which are then submitted to the Group Energy Equipment Department for review. Under the Production Base Energy Management Committee, the Energy Management Task Force is responsible for carrying out daily energy management procedures and statistical work.



Lopal Tech. Energy Management System Structure



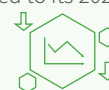


## Energy Efficiency Improvement

While increasing the proportion of renewable energy use, we are guided by energy-efficiency goals and continuously monitor energy consumption. During the reporting period, we effectively improved energy-use efficiency by procuring high-efficiency energy-saving equipment, upgrading energy-saving lighting systems, and implementing technological transformations for energy conservation and consumption reduction, taking practical actions to help mitigate climate change.

### Energy Efficiency Goals of Lopal Tech.

Reducing our energy consumption intensity by approximately **20%** by 2030, compared to its 2023 level



### Kiln Waste Heat Recovery and Innovative Energy-saving Renovation

Lopal Tech. carried out energy-saving renovation for waste heat recovery from kilns in the Tianjin park. This renovation project exchanges heat from the tail gas of kiln incineration and recycles the waste heat from high-temperature flue gas for use as energy in the front-end process. This project avoids energy loss caused by the direct emission of high-temperature flue gas, and it is expected to save 10% of natural gas consumption per hour for the production base. In the future, we will further explore the potential for expanding the application of waste-heat utilization technology in other bases.



During the reporting period, our energy consumption performance was as follows:

Indicator	Unit	2024
Total direct energy consumption	Tonnes of standard coal	142,436.69
Total indirect energy consumption	Tonnes of standard coal	117,426.29
Total comprehensive energy consumption	Tonnes of standard coal	259,862.98
Comprehensive energy consumption intensity	Tonnes of standard coal/ revenue of RMB 10,000	0.34

## Renewable Energy

The main energy consumption of Lopal Tech. consists of natural gas, steam, diesel, gasoline, and purchased electricity. In our production and operation, we adhere to the concept of green development, continuously increase the proportion of renewable energy use, and are committed to optimizing the energy-use structure. We have vigorously promoted the investment and construction of distributed photovoltaic, wind power, and hydropower projects, as well as the procurement of green electricity, to replace fossil fuel consumption.



### Multi-Site Deployment of Distributed PV Delivers Substantial Coal Savings and Carbon Reductions

Lopal Tech. actively promotes the construction of photovoltaic projects. After conducting on-site surveys of each production base, we finally confirmed that 11 of our production bases meet the conditions for distributed photovoltaic installation and gradually advanced the construction process. The distributed photovoltaic projects adopt the "self-consumption of self-generated electricity and surplus electricity fed into the grid" model. As of the end of the reporting period, 6 production bases had been connected to the grid, with a total grid-connected capacity of approximately 29.77 MW, a daily average power generation of up to 80,300 kWh, and a self-consumption rate of over 93%.

The distributed photovoltaic (PV) system at the Shandong production base, with a total designed capacity of 17.41 MW, commenced construction in June 2024. As of December 2024, 7.98 MW has been grid-connected, achieving a daily average power generation of 14,900 kWh. Similarly, the Hubei base's distributed PV system (11.30 MW total capacity) began construction in June 2024 and reached 9.90 MW grid-connected capacity by October 2024, delivering 39,600 kWh daily generation. Both facilities have attained 100% on-site energy self-consumption.



Shandong Base Distributed Photovoltaic



Hubei Base Distributed Photovoltaic

## Adaptation to Climate Change

### Coping with Extreme Weather Risks

As the climate change issue becomes increasingly severe, the risks posed by extreme weather to enterprises are constantly intensifying, including but not limited to production disruptions, supply chain blockages, property losses, and rising operating costs. This forces enterprises to strengthen risk management and adaptation capabilities to address this global challenge. To cope with extreme weather risks, Lopal Tech. conducts four seasonal safety inspections covering all areas of all bases every year.

#### Spring safety inspection

- Lightning-proof inspection
- Moisture-proof and mildew-proof inspection
- Maintenance of production equipment

#### Summer safety inspection

- Protection for high-temperature operations
- Electrical safety in high-temperature conditions
- Management of high-temperature chemicals
- Flood prevention and flood control

#### Lopal Tech. Extreme Weather Safety Inspections

#### Autumn safety inspection

- Prevention of strongwinds in autumn

#### Winter safety inspection

- Ice and snow removal
- Protection against cold weather

## Carbon Emission Management

Lopal Tech. views carbon emission management as an important foundation for energy-saving and emission reduction. During the reporting period, we fully initiated the Company's carbon footprint verification and related carbon emission management work, and established a proactive carbon emission accounting mechanism in accordance with international standards. By conducting carbon emission accounting, we can clearly identify the sources and total volumes of carbon emissions in each production process and technological procedure. As a result, we're able to look for opportunities to cut down carbon emissions at every stage of production and operations, set achievable emission-reduction goals, and attain scientific and efficient carbon emission management.

### Lopal Tech. Greenhouse Gas Emission Target

Reducing our operational greenhouse gas emission intensity (scope 1 and scope 2) by approximately **20%** by 2030, compared to its 2023 level.



Indicator	Unit	2024
Direct greenhouse gas emissions (Scope 1 <sup>4</sup> )	Tonnes of CO <sub>2</sub> e	231,763.18
Indirect greenhouse gas emissions (Scope 2 <sup>5</sup> )	Tonnes of CO <sub>2</sub> e	551,925.09
Total greenhouse gas emissions	Tonnes of CO <sub>2</sub> e	783,688.26
Density of greenhouse gas emissions	Tonnes of CO <sub>2</sub> e/ revenue of RMB 10,000	1.02

<sup>4</sup> The calculation of Scope 1 greenhouse gas emissions is based on 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC), the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Enterprises in Other Industrial Sectors (Trial) issued by the competent department in charge of climate change response in China, and other relevant bases. The primary sources of Scope 1 greenhouse gas emissions include natural gas, liquefied petroleum gas, diesel and gasoline.

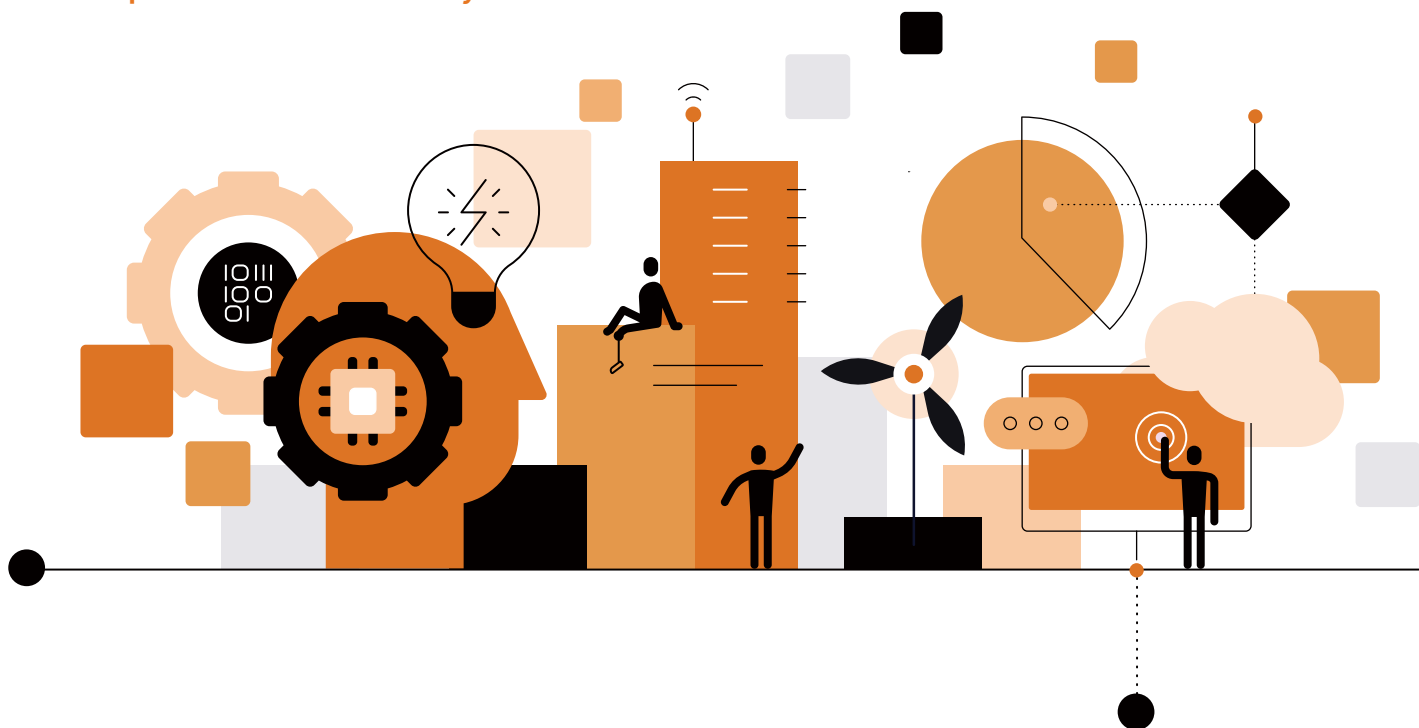
<sup>5</sup> The calculation of Scope 2 greenhouse gas emissions refers to the Announcement on the Release of the Carbon Dioxide Emission Factor of Electricity in 2021 issued by the Ministry of Ecology and Environment and the National Bureau of Statistics. The average carbon dioxide emission factor of electricity is 0.5856 kgCO<sub>2</sub>/kWh. The main contributors to Scope 2 greenhouse gas emissions are purchased electricity and purchased steam.

# 04

## Focusing on Talent Development

Lopal Tech. firmly believes that our employees are the core driving force propelling the Company's sustainability. We offer each employee a vast and open space for development, a diverse and equitable work environment, and a safe, stable workplace. Upholding a people-centered philosophy, we prioritize employee well-being, continually enhance our welfare and security systems, establish cutting-edge training programs, and set up multiple communication channels for employees. We strive to fulfill their aspirations for a brighter future and collaborate with them to craft a visionary future.

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## Diverse Employment



A diverse and resilient employment system is crucial for building a robust enterprise talent team. Lopal Tech. is dedicated to ensuring that every employee enjoys a fair, just, and sustainable work environment, fostering an inclusive and supportive atmosphere. We place great importance on and fully protect the legitimate rights and interests of every employee, promote fair employment practices and harmonious labor relations, and drive the enterprise's long-term stability and prosperity.

### Diverse Recruitment

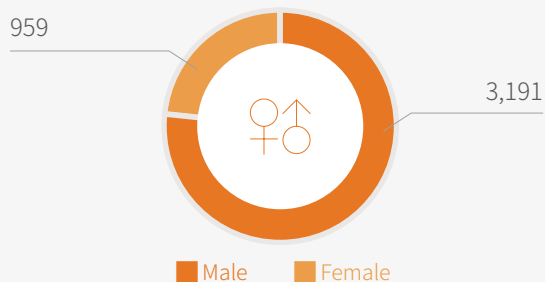
Lopal Tech. strictly adheres to relevant laws and regulations, including the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, and *Law of the People's Republic of China on the Protection of Minors*. Internally, we continuously refine our policies related to hiring and dismissal, such as the *Measures for the Administration of Recruitment of Lopal International Holdings (Group) Company*. We firmly believe that a diversified talent team can infuse our enterprise with a powerful driving force, fueling our business's continuous growth.

Lopal Tech. employs multiple strategies in our talent acquisition approach. For core and key positions, we benchmark against

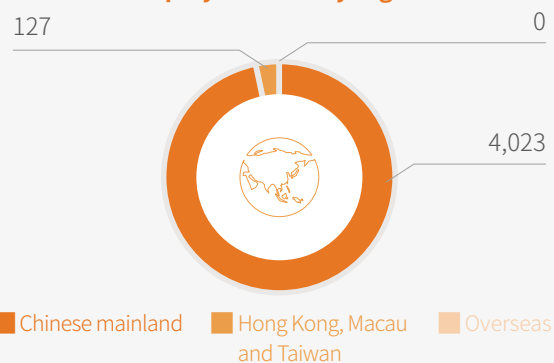
leading enterprises, conduct talent assessments across key functional lines, and implement project-based recruitment to fill the vacancies of critical roles. Simultaneously, to align with the Group's globalization and youth talent development initiatives, we've launched a management trainee program and conduct recruitment through various online and offline channels.

To ensure the effectiveness of our DE&I (Diversity, Equity, and Inclusion) management practices, we regularly track the performance of relevant key performance indicators. As of the end of the reporting period, we have 4,150 employees worldwide, broken down as follows:

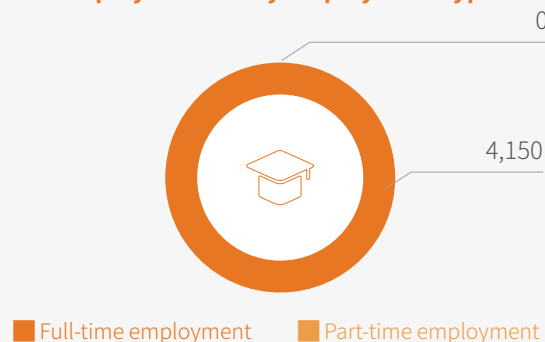
Employee count by gender



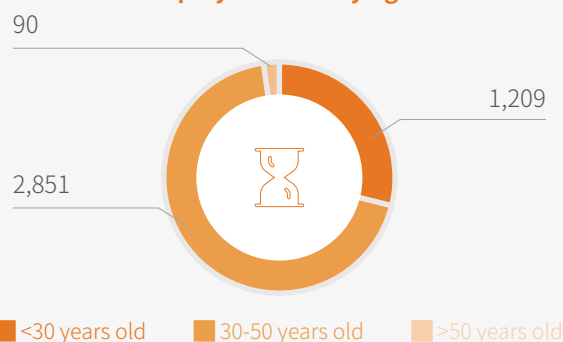
Employee count by region



Employee count by employment type



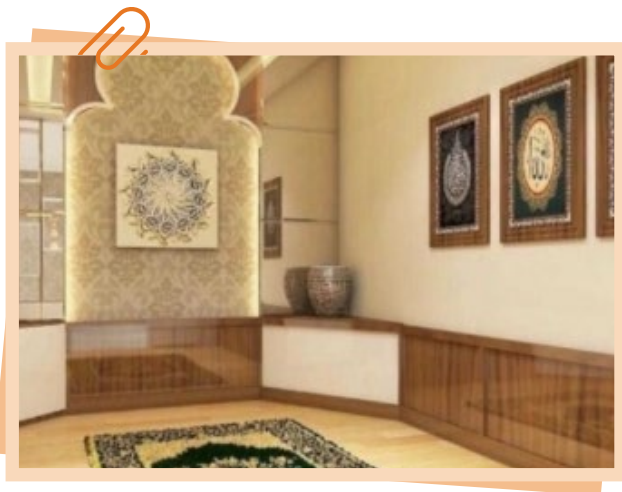
Employee count by age



Lopal Tech. is dedicated to cultivating a diverse, inclusive, and equitable work environment. The Company strictly prohibits any form of discrimination during the hiring process, including, but not limited to, discrimination based on race, socioeconomic status, nationality, religion, disability, gender, sexual orientation, union membership, or political affiliation. Numerous members of the Management are women or belong to ethnic minorities. To foster this inclusivity, the Company has set up a multicultural activity room, serving as a platform for employees from diverse religious beliefs and cultural backgrounds to interact and showcase their cultures. This room is equipped with essential activity facilities, art decorations, and regularly hosts multicultural exchange events to ensure every employee feels a sense of belonging and respect.



Non-partisan Activity Room



Indonesian Religious Prayer Room (Prayer Space, Hand and Foot Washing Station)





## Labor Management

Lopal Tech. adheres to the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Minors*, and other pertinent laws and regulations. We have developed internal labor management procedures and policies to ensure that the human rights of all employees and stakeholders are fully respected and safeguarded. Effective labor management assists our enterprise in achieving superior compliance and risk prevention. Lopal Tech. has established a comprehensive labor management system through source control, ongoing supervision, and complaint reporting.

### Source control

- Confirm the authenticity of ages, and implement special protection for minors aged 16-18.
- Prohibit engagement in high-risk operations, night shifts, and mandatory overtime, and do not force employees to rework without compensation.
- Recruitment follows the principle of voluntariness, strictly prohibiting the collection of deposits, guarantees, or withholding of identification documents.
- Keep workshops and passages open to ensure employees' free access.

### Dynamic supervision

- The human resources system updates the employee age structure in real time, with abnormal information disclosed immediately.
- New employees complete a full age census within one month of employment, followed by regular spot checks.
- Internal audits of departmental records to randomly check the compliance of recruitment processes.
- Mutual supervision among organizations to ensure the implementation of management policies without deviation.

### Prevention and complaint handling

- Immediately take remedial measures upon discovering child labor: settle all wages, escort the child back home and have it signed for by a guardian, and bear all escort expenses; cover the child's medical and living expenses before returning home, and strictly prohibit arbitrary dismissal; assist the child in receiving education until they reach adulthood.
- Coordinate with public security and labor departments to pursue accountability: administer administrative penalties to the departments or individuals involved; if a crime is constituted, investigate and hold them criminally responsible according to law.

### Lopal Tech. Labor Management System

The Company strictly adheres to its social responsibility management procedures to ensure that no irregularities occur during the recruitment process. Additionally, the Company has established a grievance and complaint mechanism, allowing employees to report any violations of company policies and regulations directly to the social responsibility management representative or even the general manager. The Company will promptly investigate the facts and take corrective actions.

During the reporting period, Lopal Tech. did not have any incidents of forced labor or the use of child labor.

# Training and Development

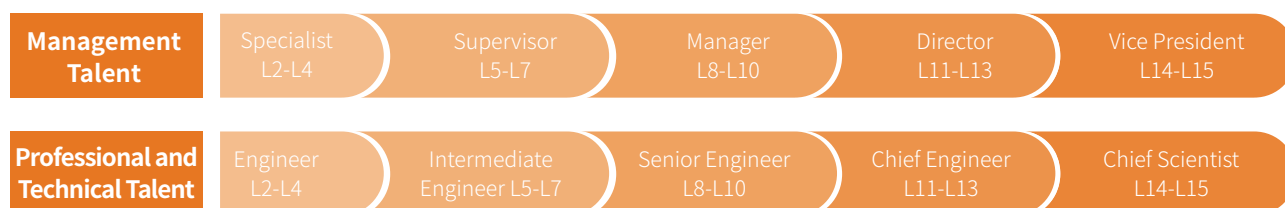


Lopal Tech. has always seen its employees as the core resources of the Company's growth, fully embracing an international talent acquisition and nurturing strategy. We provide our team with a well-rounded talent development framework and a structured path for career advancement. Lopal Tech. champions a culture of lifelong learning, empowering employees to continuously refine their professional skills and achieve steady progress and significant leaps in their careers through diversified training programs and ample development opportunities.

## Employee Promotion

To further broaden our employees' career horizons and foster mutual growth between top performers and the Company, supporting our long-term business objectives, we've established the *Management Methods for Job Positions, Ranks, and Salary Grades*. This policy outlines the rank system's structure, criteria for rank assessment, and guidelines for rank adjustments, among other things, promoting a systematic and institutionalized approach to employee rank management.

We place a high value on building a talent team and optimizing our organizational structure, having set up promotion pathways for management, professional, and skilled talents. Furthermore, to cultivate well-rounded, versatile talents, we've designed a multidimensional development track that includes vertical progression and horizontal job rotations. We encourage job rotations, job sharing, and cross-functional development, allowing employees to enhance their work skills and overall competencies for either vertical or horizontal advancement, ensuring that everyone can carve out a development path that suits them best.



Lopal Tech. Talent Promotion Mechanism

## Employee Training

The Company focuses on three major training themes: professional enhancement, field expansion, and leadership development. It continuously optimizes the talent cultivation system based on the entire lifecycle of talent growth, comprehensively meeting the development needs of employees at different stages of their careers.

As of the end of the reporting period

the average training hours per capita at Lopal Tech. was

**28.02** hours

with a training coverage rate of

**100** %



Average training hours by gender	Unit	2024
Male	Hour(s)	27.15
Female	Hour(s)	30.92
Average training hours by employee category	Unit	2024
Senior Management	Hour(s)	56.6
Middle Management	Hour(s)	56.34
Frontline employees	Hour(s)	23.86

Training coverage percentage by gender	Unit	2024
Male	%	100
Female	%	100
Training coverage percentage by employee category	Unit	2024
Senior Management	%	100
Middle Management	%	100
Frontline employees	%	100

### Management Trainee Development System

The innovative management trainee development program adopts the core concept of "integrated recruitment and training". From the campus recruitment stage, a 12-month customized learning plan is incorporated. A 7-day nationwide closed intensive training session is conducted to accelerate cultural integration, and the Beisen Learning Cloud Platform is utilized to achieve digital management of the entire training process. This has resulted in the establishment of a reservoir of over 100 high-potential talents, a 30% reduction in the adaptation period for core positions, and an 85% retention rate for management trainees.



### Leadership Excellence Training

In March 2024, the second "Leadership Excellence Training Program" of Lopal Tech. successfully concluded. This program aims to cultivate management talents equipped with modern professional leadership skills and an international perspective. Targeting 30 high-potential talents selected from within the Company, it adopts a training-combat integration model combining "theoretical learning + course seminars + on-the-job practice" to drive the upgrading of the management team's capabilities and the professional development of employees. Through innovative curriculum design, the program not only solidifies the talent foundation for Lopal's sustainable development but also assists participants in achieving self-growth and career advancement, gradually establishing a virtuous mechanism for the coordinated development of management talent reserves and organizational strategies.



### Professional Skill Accreditation

Lopal Tech. actively responds to the policy requirements for professional skill level certification set by Jiangsu Province and its municipalities. It systematically promotes the construction of a professional skill level certification system in alignment with the Company's business needs. By refining the evaluation criteria, question banks, and training materials for the two job categories of oil and gas transportation workers and marketers, and after rigorous review by the Department of Human Resources and Social Security of Jiangsu Province, the Company successfully obtained national-level professional skill level certification qualifications. The certificates issued by Lopal Tech. hold the same validity in terms of general applicability and eligibility for government subsidies as those issued by the Human Resources and Social Security Bureau.



## Cooperative Training

Recognizing the importance of educational systems and teaching methods in talent cultivation, during the reporting period, Lopal Tech. engaged in in-depth cooperation with multiple domestic and international universities. This not only provided high-quality development platforms for students but also leveraged university resources to enhance the capabilities of the Company's internal employees. By consolidating basic education and exploring collaborative initiatives, the Company made significant strides in production, education, and research.

### Overseas University-enterprise Cooperation

In 2024, Lopal Tech.'s overseas subsidiary, Indonesia Liyuan, signed university-enterprise cooperation agreements with renowned institutions such as the University of Trisakti Indonesia, University of Solo, and State University of Surabaya, officially launching an international talent cultivation program in the field of chemistry. Focusing on the deep integration of academic research and industrial practice, Indonesia Liyuan will provide internship opportunities for students from universities like Brawijaya University and plans to facilitate exchange programs for Indonesian students to study in China, offering localized and specialized learning experiences. Through its international talent development strategy, Indonesia Liyuan aims to assemble a team for compiling technical textbooks, build a bridge for technical exchanges and cultural mutual learning between China and Indonesia, and inject new momentum into the cultivation of professionals in the chemical field and industrial innovation development.



### Hunan University - "Lopal Scholarship" Program

Lopal Tech. donated RMB 1 million to Hunan University to establish the "Lopal Scholarship", specifically designed to reward outstanding students from the College of Chemistry and Chemical Engineering. We have continued this commitment by annually investing in talent scholarships, with a donation of RMB 100,000 in 2024. This mechanism builds a bridge between exceptional students and the enterprise, providing support for talent reserves while fulfilling corporate social responsibility. This initiative not only deepens the long-term cooperative relationship between Lopal Tech. and universities but also promotes the in-depth integration of production, education, and research, laying a solid foundation for enhancing the Company's innovation capabilities and market competitiveness.



### Nanjing Normal University CMO (Chief Marketing Officer) Training

In May 2024, Lopal Tech. jointly organized CMO training with the Business School of Nanjing Normal University. Focusing on cutting-edge practices in the marketing field, the training featured a roundtable discussion titled "Strategizing for the Future: Brand Youthful Strategy", inviting elite representatives from Lopal Tech. to jointly explore brand youthful strategies and competitiveness enhancement. This collaboration pioneered a new model for university-enterprise collaborative marketing talent cultivation, promoting the comprehensive development of marketing talents through a combination of academic exchanges and practical sharing.



## Welfare and Care



To attract, motivate, and retain top-notch talent, and to establish a core human resource advantage that drives business growth, Lopal Tech. has crafted a market-competitive compensation package complemented by a range of employee welfare policies. Moreover, we place a high priority on the physical and mental wellbeing of our employees, offering a variety of activities and events to help them unwind and seamlessly integrate into the team. We've also set up multiple platforms for employee communication, encouraging lively exchanges of ideas and suggestions.

### Compensation and Benefits

Lopal Tech. upholds a philosophy of mutual benefit and shared success, emphasizing the tight alignment of employee interests with enterprise development to cultivate a labor-management relationship grounded in shared interests. We have established internal systems like the *Management Methods for Compensation*, *Management Methods for Bonus Allocation*, *Management Methods for Equity and Option Incentive Mechanism* and *Management Methods for Performance*, and we're constantly refining our performance evaluation methods and processes to strive for a fair and unbiased compensation system.

Tailored to the unique characteristics of different roles, we utilize a 360-degree evaluation system, conducting annual performance reviews through diversified means such as annual work report assessments, performance appraisals, goal management evaluations, and personnel reviews. Based on these evaluation results, we implement appropriate compensation and incentive measures. To further boost the Company's compensation competitiveness, we employ a differentiated salary adjustment model with hierarchical levels, which has significantly increased the market salary percentile for our lower and middle-level employees.



#### Incentive Categories

- CEO full performance-based compensation incentive



#### Marketing Incentives

- Quarterly commission
- New customer rewards



#### R&D Incentives

- Inventor rewards
- Patent drafter rewards
- Technical secret rewards
- R&D paper rewards

#### Employee Incentive Framework System

Lopal Tech. is committed to providing a comprehensive benefits plan. To this end, the Company has specifically formulated the *Management Methods for Benefits* aimed at helping employees achieve a harmonious balance between work and personal life, continuously enhancing and improving the happiness and well-being of all employees.

#### Housing benefits

- Free apartments, housing subsidies

#### Transportation benefits

- Shuttle buses

#### Leave benefits

- Annual leave, parental leave, breastfeeding leave, work-related injury leave, marriage leave, maternity leave, nursing leave, etc.

#### Insurance benefits

- Basic coverage: Endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund for all employees.
- Supplementary insurance: Accident insurance, high-end medical insurance

#### Welfare benefits

- Festival gifts
- Birthday gifts

#### Allowance benefits

- Marriage and childbirth allowances, funeral allowances

## Employee Care

The Company always embraces a people-first approach, fostering a warm and harmonious work environment through a variety of care initiatives and engaging employee activities. While making sure that employees' fundamental legal rights and interests are protected, we've specifically set up a support system for those in need, offering timely help to those who require it. For our female employees, we've rolled out a care program that emphasizes their career advancement and overall physical and mental wellbeing.

The Company also regularly hosts sports events, travel excursions, and skills competitions, offering employees a platform to showcase their talents while fostering cohesion and a sense of belonging through teamwork and interaction.



### Lopal Tech. Second Xiangyang Sports Event

In May 2024, Lopal Tech. held its grand second sports event in Xiangyang, kicking off an exhilarating sports spectacle. During the opening ceremony, teams from various Lopal Tech. locations sang in unison the anthem *Strive for Global Leadership*, showcasing the enthusiasm and confidence of Lopal Tech. employees.



### "Lopal China, Going Global" - Spring Cultural Initiatives

In April 2024, the Company organized a series of thrilling cultural initiatives. Hundreds of Lopal employees, along with their families, explored the mountains and rivers, embarking together on a romantic and heartfelt spring gathering.



## Employee Communication

Lopal Tech. really values open communication and exchange with its employees. We've set up a variety of communication channels and feedback mechanisms, creating multiple platforms for employee interaction. These include internal instant messaging platforms, direct lines of dialogue with the Management, and community exchange events, giving everyone the chance to speak their mind and offer ideas.

Furthermore, we actively construct diversified communication channels, including holding annual company conferences, employee general meetings, management communication meetings, and individual communication sessions with frontline employees. These aim to build dialogue channels between the Management and frontline employees, deeply

listening to employees' actual needs and difficulties, and enabling employees to promptly provide feedback and report any misconduct. The receiving department will summarize the received opinions and reports in a timely manner, take corrective actions, and ensure that suggestions and reports are effectively addressed.

During the reporting period, several Lopal Tech. subsidiaries conducted comprehensive employee satisfaction surveys. Based on the feedback and suggestions, the Human Resources Department quickly organized discussions, optimized key areas, and developed employee management plans and satisfaction improvement strategies for the upcoming year, fostering an even better work environment.



## Occupational Health and Safety



The Company strictly follows laws and regulations, including the *Work Safety Law of the People's Republic of China*, and continuously improves our occupational safety and health systems. We're committed to preventing and reducing occupational hazards and providing a work environment that meets national safety and health standards. We always keep in mind the principle of "Safety First, Prevention Primary", and have developed internal documents like the *Hazard Identification and Risk Control Management System*.

During the reporting period, Lopal Tech. and its 13 subsidiaries successfully achieved ISO 45001 Occupational Health and Safety Management System certification.

To further clarify the performance management of occupational health and safety, we have set annual goals, and as of the end of the reporting period, all goals have been achieved.



ISO 45001 Occupational Health and Safety Management System Certification

Compliance rate for solid waste disposal

100%



Occupational disease incidence rate

0%

Coverage rate of occupational health examination posts

100%

Lost-time injury frequency rate per million working hours lower than

1.2%

Participation rate in safety training

100%

Rectification rate of hidden dangers on time not less than

90%

### Occupational Health and Safety Goals

Lopal Tech. implements a safety production responsibility system, signing safety production commitments with each employee to ensure the fulfillment of safety production and occupational health responsibilities. We ensure safe production through a series of safety management efforts, including safety day activities, safety inspections, hazard rectification, emergency drills, and safety training. Additionally, to safeguard employees' health, eliminate occupational hazards, and prevent the occurrence of occupational diseases, we adopt targeted prevention and response measures, such as providing regular medical check-ups for employees.

### Safety Education and Training

From November 8 to November 13, 2024, the Company organized EHS (Environment, Health, and Safety) essential knowledge training, LOTO (Lockout/Tagout) procedures, training on safe handling methods for personnel injuries, and special training for Fire Safety Month. Employees also watched safety education warning videos.



### Natural Gas Leak Drill

From November 15 to November 23, 2024, the Company conducted a natural gas leak drill at Plant 3# and a fire evacuation emergency drill. All employees actively participated in the drills, firmly believing that only by always being prepared and preventing potential risks can they face real disasters with composure.



As of the end of the reporting period, the total number of workdays lost due to work-related injuries in the Company was 116 days. The number of work-related deaths in the past three years is as follows:

Index	2024	2023	2022
Number of work-related fatalities	0	0	0
Mortality rate due to work-related injuries <sup>6</sup>	0	0	0

### As of the end of the reporting period

The coverage rate of occupational health examination positions

100%

Major safety production accidents

0

<sup>6</sup> Mortality rate due to work-related injuries = Number of work-related fatalities / Total number of employees \* 100.0%.

# 05

## Gathering Social Forces

Lopal Tech. firmly believes that exceptional customer service is the foundation of our company, acting not just as an extension of our product quality, but also as a direct expression of our corporate care. At the same time, social welfare acts as a bridge for us to contribute to society, embodying Lopal's deep understanding and active commitment to social responsibility. We're dedicated to leveraging a broad range of social forces to jointly foster social harmony and progress, showcasing our enterprise responsibility and humanistic care in this day and age.

**Delivering Customer with Sincerity** 60

**Building Communities Together** 63



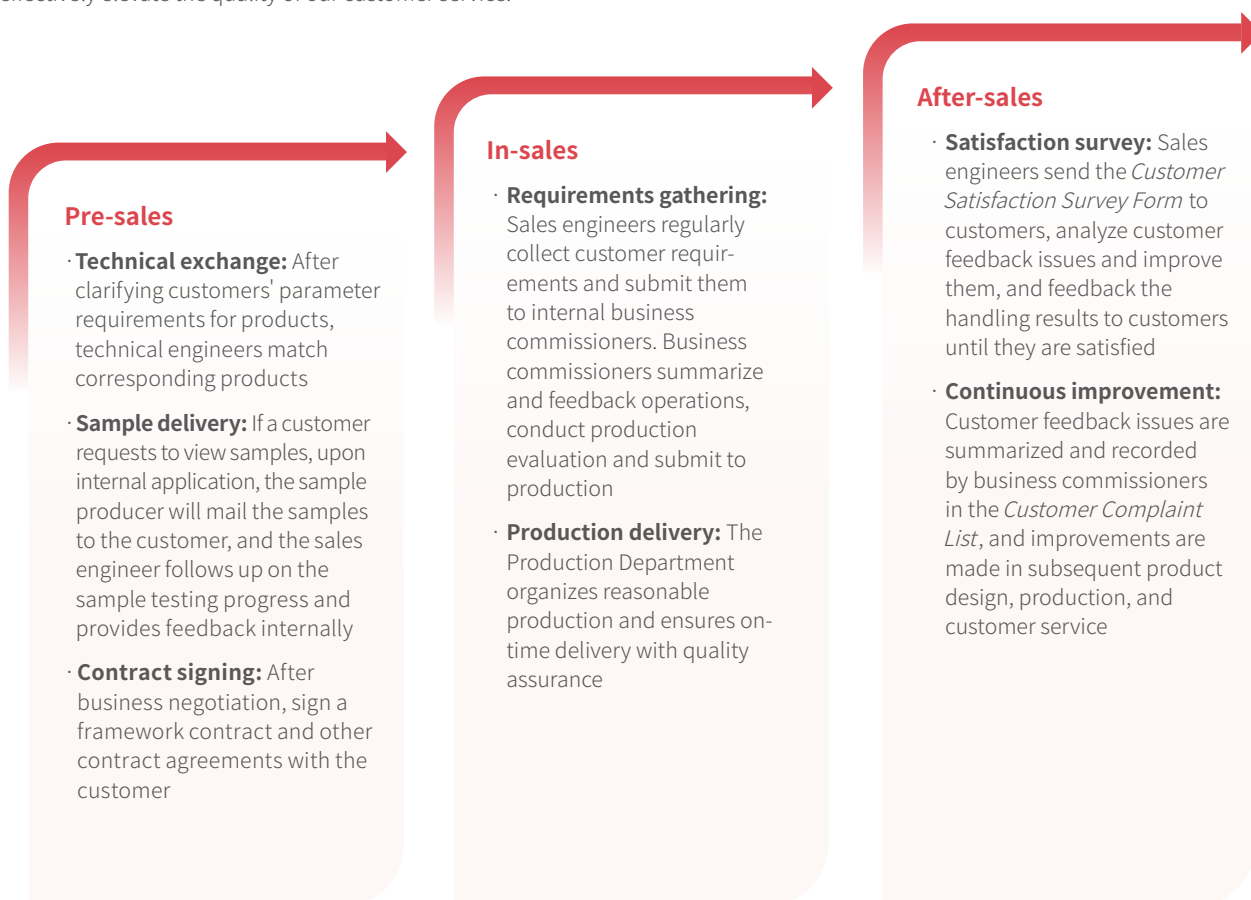
## Delivering Customer with Sincerity



Lopal Tech. has always seen customer service as a core value in our business operations. While aiming to provide high-quality products and standardized services, we consistently prioritize protecting customer rights and interests. We continually refine our handling and feedback process for customer complaints, ensuring seamless communication channels with customers, and wholeheartedly delivering an outstanding product experience.

### Customer Service

Lopal Tech. strictly complies with relevant laws and regulations, such as the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*. With a customer-focused mindset, we rely on a robust customer service system that includes "product essence, sales strategy, and quality assurance" to comprehensively enhance our customer service efforts. We've established internal management systems, like the *Customer Service Management Procedure*, clearly outlining the processing procedures and responsibility assignments for customer complaints, returns and exchanges, satisfaction surveys, and other related matters, to effectively elevate the quality of our customer service.



Lopal Tech. Customer Service Management Process

### Digital Transformation

We have a profound understanding of the significance of digital transformation in elevating customer service quality and are dedicated to seamlessly integrating digital concepts and platform tools into every facet of our enterprise operations. As of the end of the reporting period, we had established digital customer management systems, marketing platforms, salesperson management systems, and customer feedback platforms, enabling efficient and timely customer service management.

### Digital Marketing Platform

- Introducing the Business Assistant APP as an advanced digital salesperson management platform to accurately track and record the work attendance, action paths, and customer visits of field personnel



### Digital Customer Management System

- Refined and meticulous management of channel customers, with comprehensive coverage of digital operations across the entire channel value chain



### Digital Customer Management System

- Establishing an integrated customer feedback system within the online sales channels on the e-commerce platform, embedding an online satisfaction survey questionnaire entry, and summarizing and analyzing customer satisfaction data through the backend



### Digital Customer Feedback Platform

- Online entry of customer profile information, electronic approval of customer access processes, and automated management of sales order execution



## Customer Communication and Feedback

We continuously strengthen our management measures, deeply understand customer needs, and provide excellent customer experiences. We have established feedback channels such as phone calls, WeChat, emails, customer satisfaction surveys, and customer visits, and we are constantly optimizing our customer communication mechanisms. Upon receiving customer complaints or feedback, we will record the relevant feedback content in the CMR system and forward it to the business commissioners. The business commissioners will conduct a preliminary classification of the received customer feedback and forward it to the relevant departments or personnel for handling.

Indicator	Unit	2024
Number of complaints received regarding products and/or services	pcs	144
Complaint response rate	%	100
Complaint response time	Hour(s)	Within 48 hours
Complaint resolution rate	%	100

## Customer Satisfaction

In terms of enhancing customer satisfaction, Lopal Tech. regularly conducts satisfaction surveys to collect customer feedback and suggestions. The survey content covers dimensions such as product delivery, product quality, customer service, and brand positioning. We conduct in-depth analysis of the issues raised by customers and formulate improvement measures, and then provide detailed feedback on the handling results to customers until they are fully satisfied. Meanwhile, business commissioners aggregate all customer feedback and record it in the *Customer Complaint Overview Summary*, implementing targeted optimization and improvement strategies in subsequent product design, production processes, and customer service. As of the end of the reporting period, the customer satisfaction rate of the Company's lubricant segment reached 90.06%, that of the vehicle urea segment was 92.61%, and that of the lithium battery segment was 96.01%.

As of the end of the reporting period

the customer satisfaction rate of the  
Company's lubricant segment reached

**90.06 %**

the customer satisfaction rate of the  
vehicle urea segment reached

**92.61 %**

the customer satisfaction rate of the  
lithium battery segment reached

**96.01 %**

## Responsible Marketing

Lopal Tech. is all about strict quality control, top-notch service, and creating value for customers with cutting-edge tech. At the same time, we strictly comply with relevant laws and regulations on responsible marketing, committed to creating an honest sales environment and ensuring fair marketing policies, treating all customers equally and eliminating unfair marketing or the dissemination of misleading information. We have clearly established rules and regulations in our *Employee Handbook* regarding standardizing business behavior, ensuring fair competition, and operating with integrity, embedding the consciousness of responsible marketing in every employee.

To regulate the behavior of salespersons, protect the Company's reputation, and safeguard the rights of customers, employees, and partners, we've got a *Code of Conduct for Sales Employees*. If salespersons break the rules, they'll face penalties like warnings, fines, demotions, or even dismissal, depending on the severity. If they cause major damage to the Company, we'll go after them legally.

We also put a lot of stock in responsible marketing training for our salespersons, with specialized courses on business integrity, product know-how, promotion policies, and responsible marketing.

During the reporting period

we held a total of

**12**

special sales training sessions both online and offline

with a total of

**358 person-times**

participating.





## Building Communities Together



Lopal Tech. knows that enterprises and society need each other to thrive in the long run. We're all about openness and inclusivity, actively pitching in to boost social development. We continuously explore new avenues for public welfare and persistently carry out activities such as assisting the vulnerable and needy, fighting floods and providing disaster relief, and visiting party members.

As a socially responsible enterprise, Lopal Tech. is dedicated to public welfare donations, aiming to share our success with the wider community. We are unwavering in our care and support for vulnerable groups, upholding the firm belief in spreading warmth, and hoping to sow more warmth and hope through practical actions, jointly building a harmonious and beautiful social landscape. During the reporting period, Lopal Tech. donated a total of RMB 695,000.



### Donating Mileage, Conveying Love - Kelas Care for Truckers Program

The leading trucker community platform in China - Trucker Zone, has brought together a group of righteous and courageous truck drivers who help each other selflessly, becoming a shining light on the road of freight transportation and illuminating the hearts of countless fellow travelers. This positive energy, originating from the trucker community, not only stimulates a broader sense of kindness and generosity but also wins deep recognition and praise from all sectors of society. The caring enterprise Kelas was deeply touched and, upholding its social responsibility, launched the "Donating Mileage, Conveying Love - Kelas Care for Truckers Program" on the "Love Mileage Donation" charity platform of the trucker zone on January 3, 2024. The program aims to repay the kindness of truckers, promote a culture of mutual assistance, and join hands with tens of thousands of truckers to build a Great Wall of Love. The event received enthusiastic responses, with nearly 10,000 truckers actively participating. Dozens of truck drivers who received assistance were presented with Kelas's love packages.



### Saluting the Heroines of Freight Transportation and Building a Compassionate Freight Road Together

On the respectful occasion of International Women's Day on March 8, Kelas, Sinoiov, Chewang Daka, and China Social Assistance Foundation joined forces to proudly launch the "Mulan Charity Program", honoring the resilient female forces in the freight transportation industry. The program is specifically designed for female truck drivers and the spouses of male truck drivers, offering an exclusive "Mulan Care Package" valued at RMB 400. They are warmly invited to register and participate, celebrating the festival together. Meanwhile, Kelas encourages male trucker friends to sign up on their behalf, joining this charitable endeavor. Truckers who donate mileage to show their love also have the chance to win outdoor jackets and sports car packages sponsored by Kelas, in recognition of their selfless dedication.



### Fostering Patriotism through Charitable Actions

In June 2024, Guilin, Guangxi, experienced rare flooding. Lopal Lubricants swiftly organized efforts to participate in flood relief, showcasing the charitable spirit and patriotism of the Lopal team. After the disaster, recognizing the importance of disease prevention, they promptly distributed Lvqua disinfection products, providing a health and safety defense line for over a hundred stores in the area and aiding in their safe resumption of operations.



We believe that volunteering begins with the heart, and dedication is shown through action. It may not dazzle with brilliance, but it always brings warmth and light. Lopal Tech. has consistently been actively involved in community assistance activities in the surrounding areas, encouraging employees to participate with enthusiasm. During the reporting period, the total number of volunteer service hours by employees reached 40 hours.

### Offering Regards during the Double Ninth Festival and Showing Care for Veteran Party Members

In October 2024, Sichuan Liyuan, in collaboration with Jinqiao Development Zone Management Committee, jointly organized a Double Ninth Festival visit to comfort veteran party members. Chen Chunyan, the director of the Management Committee, along with a delegation from Sichuan Liyuan' Senior Management, came to the homes of veteran party members, bringing them supplies and warmth. During heartfelt conversations, the veteran party members expressed their profound gratitude towards the Party and the enterprise. A centenarian party member even expressed his unwavering faith with the words, "Believe in the country and the party". Sichuan Liyuan adheres to the principle of "When China prospers, Lithium Resources prospers", closely linking enterprise development with social responsibility. It has conducted multiple assistance activities and earned the title of "Caring Enterprise".



# Annex I: List of Laws and Regulations

Category	Applicable Material Laws and Regulations	Specified internal rules and regulations
Emission management	<ul style="list-style-type: none"> <li>· Environmental Protection Law of the People's Republic of China</li> <li>· Atmospheric Pollution Prevention and Control Law of the People's Republic of China</li> <li>· Integrated Emission Standard for Air Pollutants</li> <li>· Water Pollution Prevention and Control Law of the People's Republic of China</li> <li>· Integrated Wastewater Discharge Standard</li> <li>· Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes</li> <li>· Standard for Pollution Control on Hazardous Waste Storage</li> <li>· Law of the People's Republic of China on Environmental Impact Assessment</li> <li>· Water Pollution Prevention and Control Law of the People's Republic of China</li> <li>· Measures for Pollutant Discharge Permitting Administration</li> <li>· Law of the People's Republic of China on Noise Pollution Prevention and Control</li> <li>· Regulation on the Administration of Permitting of Pollutant Discharges</li> <li>· Measures for the Transfer of Hazardous Wastes</li> <li>· Measures for the Administration of Permit for Operation of Dangerous Wastes</li> <li>· Standard for Fugitive Emission of Volatile Organic Compounds (GB 37822-2019)</li> </ul>	<ul style="list-style-type: none"> <li>· Control Procedures for Waste Gas, Noise, and Wastewater Emission</li> <li>· Solid Waste Management System</li> </ul>
Resource utilization	<ul style="list-style-type: none"> <li>· Energy Conservation Law of the People's Republic of China</li> <li>· Renewable Energy Law of the People's Republic of China</li> <li>· Cleaner Production Promotion Law of the People's Republic of China</li> <li>· Electric Power Law of the People's Republic of China</li> <li>· Regulations on the Protection of Power Facilities</li> <li>· Management Measures for Electricity Conservation</li> <li>· Water Law of the People's Republic of China</li> <li>· The 14th Five-Year Plan National Implementation Plan for Cleaner Production</li> </ul>	<ul style="list-style-type: none"> <li>· Ledger of Main Energy-using Equipment</li> </ul>
Employment	<ul style="list-style-type: none"> <li>· Labor Law of the People's Republic of China</li> <li>· Labor Contract Law of the People's Republic of China</li> <li>· Law of the People's Republic of China on the Protection of Minors</li> <li>· Regulation on the Implementation of the Employment Contract Law of the People's Republic of China</li> <li>· Provisions of the State Council on Working Hours of Workers and Staff</li> <li>· Regulations of Paid Annual Leave of Employees</li> <li>· Implementation Measures for Paid Annual Leave for Employees of Enterprises</li> <li>· Provisions on Minimum Wages</li> <li>· Interim Provisions on Salary Payment</li> <li>· Trade Union Law of the People's Republic of China</li> <li>· Social Insurance Law of the People's Republic of China</li> <li>· Interim Regulation on the Collection and Payment of Social Insurance Premiums</li> <li>· Regulation on the Administration of Housing Accumulation Funds</li> <li>· Regulation on Work-Related Injury Insurance</li> <li>· Regulations on Unemployment Insurance</li> <li>· Interim Provisions on Labor Dispatch</li> <li>· Special Rules on the Labor Protection of Female Employees</li> <li>· Provisions on the Administration of the Employment of Foreigners in China</li> <li>· Interim Measures for the Participation in Social Insurance of Foreigners Employed in China</li> <li>· Provisions on the Medical Treatment Period for Diseases or Non-work-related Injuries of Enterprise Employees</li> </ul>	<ul style="list-style-type: none"> <li>· Measures for the Administration of Recruitment of Lopal International Holdings (Group) Company</li> <li>· Management Methods for Job Positions, Ranks, and Salary Grades</li> <li>· Management Methods for Compensation</li> <li>· Management Methods for Bonus Allocation</li> <li>· Management Methods for Equity and Option Incentive Mechanism</li> <li>· Management Methods for Performance</li> <li>· Management Methods for Benefits</li> </ul>

Category	Applicable Material Laws and Regulations	Specified internal rules and regulations
Environmental and occupational health management	<ul style="list-style-type: none"> <li>· Work Safety Law of the People's Republic of China</li> <li>· Administrative Measures for Work Safety Training</li> <li>· The Administrative Regulations on the Work Safety of Construction Projects</li> <li>· Regulation on Emergency Responses to Work Safety Accidents</li> <li>· Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</li> <li>· Interim Measures for the Supervision and Administration of "Three Simultaneities" for Safety Facilities of Construction Projects</li> <li>· Measures for the Supervision and Administration of "Three Simultaneities" of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects</li> <li>· Provisions on the Administration of Occupational Health at Workplaces</li> <li>· Measures for the Supervision and Administration of Employers' Occupational Health Surveillance Measures for the Administration of Occupational Health Check</li> <li>· Measures for the Administration of Occupational Health Check</li> </ul>	<ul style="list-style-type: none"> <li>· Hazard Identification and Risk Control Management System</li> </ul>
Prevention of child and forced labor	<ul style="list-style-type: none"> <li>· Labor Contract Law of the People's Republic of China</li> <li>· Law of the People's Republic of China on the Protection of Minors</li> <li>· Civil Code of the People's Republic of China</li> <li>· Provisions on the Prohibition of Using Child Labor</li> <li>· Criminal Law of the People's Republic of China</li> </ul>	<ul style="list-style-type: none"> <li>· Articles of Association</li> <li>· Employee Handbook</li> <li>· Supplier Management Procedure</li> <li>· Supplier Management Guidelines</li> </ul>
Product liability	<ul style="list-style-type: none"> <li>· Patent Law of the People's Republic of China</li> <li>· Trademark Law of the People's Republic of China</li> <li>· Enterprise Intellectual Property Compliance Management System Certification Requirements (GB/T 29490-2023)</li> <li>· Law of the People's Republic of China on the Protection of Consumer Rights and Interests</li> <li>· Regulation on the Implementation of the Trademark Law of the People's Republic of China</li> <li>· Provisions on the Determination and Protection of Well-Known Trademarks</li> <li>· Copyright Law of the People's Republic of China</li> <li>· Regulation for the Implementation of the Copyright Law of the People's Republic of China</li> <li>· Detailed Rules for the Implementation of the Patent Law of the People's Republic of China</li> <li>· Product Quality Law of the People's Republic of China</li> <li>· Electronic Commerce Law of the People's Republic of China</li> <li>· Personal Information Protection Law of the People's Republic of China</li> <li>· Passport Law of the People's Republic of China</li> <li>· Law of the People's Republic of China on Resident Identity Cards</li> <li>· Advertising Law of the People's Republic of China</li> <li>· Cybersecurity Law of the People's Republic of China</li> <li>· Data Security Law of the People's Republic of China</li> </ul>	<ul style="list-style-type: none"> <li>· Information Security Management Measures</li> <li>· Risk Assessment for the Lifecycle of Confidential Information</li> <li>· Information Security Incident Management Procedures</li> <li>· General Principles of R&amp;D Management</li> <li>· R&amp;D Project Management System</li> <li>· R&amp;D Laboratory Management System</li> <li>· Technology Project Bonus Management System, Patent Management Regulations</li> <li>· Patent Bonus Management System</li> <li>· R&amp;D Project Paper and Patent Reward System</li> <li>· General Principles for the Management of Technical Secrets</li> <li>· Detailed Rules for the Classification of Technical Secrets</li> <li>· PPAP Control Specifications</li> <li>· SPC Control Specifications</li> <li>· Product Data Management Specifications</li> <li>· Customer Service Management Procedure</li> <li>· Code of Conduct for Sales Employees</li> </ul>

Category	Applicable Material Laws and Regulations	Specified internal rules and regulations
Anti-corruption	<ul style="list-style-type: none"> <li>· <i>Company Law of the People's Republic of China</i></li> <li>· <i>Anti-Money Laundering Law of the People's Republic of China</i></li> <li>· <i>Prevention of Bribery Ordinance of Hong Kong</i></li> <li>· <i>Anti-Monopoly Law of the People's Republic of China</i></li> <li>· <i>Anti-Unfair Competition Law of the People's Republic of China</i></li> <li>· <i>Foreign Trade Law of the People's Republic of China</i></li> <li>· <i>Audit Law of the People's Republic of China</i></li> <li>· <i>Anti-Unfair Competition Law of the People's Republic of China Interim Provisions on Banning Commercial Bribery of the State Administration for Industry and Commerce</i></li> <li>· <i>Interim Provisions on Banning Commercial Bribery of the State Administration for Industry and Commerce</i></li> </ul>	<ul style="list-style-type: none"> <li>· <i>Five Red Lines Management Measures</i></li> <li>· <i>Anti-fraud Management Measures</i></li> <li>· <i>Management Methods for Supervision</i></li> <li>· <i>Discipline Regulations for Party Members of Lopal Tech.</i></li> <li>· <i>Employee Handbook</i></li> <li>· <i>Code of Conduct for Sales Employees</i></li> <li>· <i>Articles of Association</i></li> <li>· <i>Risk Management System</i></li> <li>· <i>Comprehensive Risk Management Procedure</i></li> <li>· <i>Contract Risk Management Procedure</i></li> <li>· <i>Internal Audit Management System</i></li> <li>· <i>Audit Issue Rectification Management Measures</i></li> </ul>

# Annex II: Content Index of the Environmental, Social and Governance Reporting Code of HKEX

Environmental, Social and Governance Areas and General Disclosures and KPIs		Index
A. Environmental		
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO <sub>x</sub> , SO <sub>x</sub> , and other pollutants regulated under national laws and regulations. Hazardous wastes are those defined by national regulations.	Fulfilling Green Mission - Solid Environmental Management
KPI A1.1	The types of emissions and respective emissions data.	Fulfilling Green Mission - Solid Environmental Management
KPI A1.2	Repealed 1 January 2025	/
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Fulfilling Green Mission - Solid Environmental Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Fulfilling Green Mission - Solid Environmental Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Fulfilling Green Mission - Addressing Climate Change
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.	Fulfilling Green Mission - Solid Environmental Management
A2: Use of Resource		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Fulfilling Green Mission - Solid Environmental Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000) and intensity (e.g. per unit of production volume, per facility).	Fulfilling Green Mission - Addressing Climate Change
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Fulfilling Green Mission - Solid Environmental Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Fulfilling Green Mission - Addressing Climate Change
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Fulfilling Green Mission - Solid Environmental Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Fulfilling Green Mission - Solid Environmental Management



Environmental, Social and Governance Areas and General Disclosures and KPIs		Index
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Fulfilling Green Mission - Solid Environmental Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Fulfilling Green Mission - Solid Environmental Management
A4: Climate change Repealed 1 January 2025		
B. Social		
Employment and Labor Practices		
B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Focused on Talent Development - Diverse Employment
KPI B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	Focused on Talent Development - Diverse Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Focused on Talent Development - Diverse Employment
B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Focused on Talent Development - Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Focused on Talent Development - Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Focused on Talent Development - Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Focused on Talent Development - Occupational Health and Safety
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Focused on Talent Development - Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Focused on Talent Development - Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Focused on Talent Development - Training and Development

Environmental, Social and Governance Areas and General Disclosures and KPIs		Index
B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Focused on Talent Development - Diverse Employment
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Focused on Talent Development - Diverse Employment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Focused on Talent Development - Diverse Employment
Operating practices		
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Building Quality Core - Sustainable Supply Chain
KPI B5.1	Number of suppliers by geographical region.	Building Quality Core - Sustainable Supply Chain
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.	Building Quality Core - Sustainable Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Building Quality Core - Sustainable Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Building Quality Core - Sustainable Supply Chain
B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Uniting Social Forces - Serving Customers with Sincerity
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Uniting Social Forces - Serving Customers with Sincerity
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Uniting Social Forces - Serving Customers with Sincerity
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Building Quality Core - Innovative R&D
KPI B6.4	Description of quality assurance process and recall procedures.	Building Quality Core - Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Solidifying Governance Foundation - Information Security

Environmental, Social and Governance Areas and General Disclosures and KPIs		Index
B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Solidifying Governance Foundation - Business Ethics
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.	Solidifying Governance Foundation - Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Solidifying Governance Foundation - Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Solidifying Governance Foundation - Business Ethics
Community		
B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Uniting Social Forces - Building Communities Together
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	Uniting Social Forces - Building Communities Together
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Uniting Social Forces - Building Communities Together

## Annex III: List of Key Performance Indicators

Indicator name	Unit of indicator	2024
Aspect A1: Emissions		
A1.1 The types of emissions and respective emissions data		
Nitrogen Oxides (NOx) emissions	Tonnes	113.27
Sulfur Oxides (SOx) emissions	Tonnes	42.44
Particulate Matter (PM) emissions	Tonnes	57.25
Non-methane hydrocarbon emissions	Tonnes	18.42
Total wastewater discharge	Tonnes	403,910.46
Chemical Oxygen Demand (COD) emissions	Tonnes	18.00
Ammonia nitrogen emissions	Tonnes	4.42
Total phosphorus emissions	Tonnes	1.19
A1.2 Greenhouse gas emissions in total and intensity (e.g.,per unit of production volume, per facility)		
Total greenhouse gas emissions	Tonnes of CO <sub>2</sub> e	783,688.26
Total direct (Scope 1) greenhouse gas emissions	Tonnes of CO <sub>2</sub> e	231,763.18
Total indirect (Scope 2) greenhouse gas emissions	Tonnes of CO <sub>2</sub> e	551,925.09
Intensity of greenhouse gas emissions	Tonnes of CO <sub>2</sub> e /revenue of RMB 10,000	1.02
A1.3 Total hazardous waste produced (in tonnes) and,where appropriate,intensity (e.g.,per unit of production volume,per facility)		
Total hazardous waste generated	Tonnes	5,347.70
Hazardous waste intensity	Tonnes/revenue of RMB 10,000	0.007
A1.4 Total non-hazardous waste produced (in tonnes) and,where appropriate,intensity (e.g.,per unit of production volume,per facility)		
Total non-hazardous waste generated <sup>1</sup>	Tonnes	813,801.28
Non-hazardous waste intensity	Tonnes/revenue of RMB 10,000	1.06
Aspect A2: Use of Resources		
A2.1 Direct and/or indirect energy consumption by type (e.g.,electricity,gas or oil) in total (kWh in '000s) and intensity (e.g.,per unit of production volume,per facility)		
Diesel	Tonnes	207.74
Natural gas	Standard cubic meter	106,796,667.77
Gasoline	Tonnes	64.17
Total direct energy consumption	Tonnes of standard coal	142,436.69
Direct energy consumption intensity	Tonnes of standard coal/revenue of RMB 10,000	0.19
Purchased electricity	Kilowatt-hour	938,990,707.75

<sup>1</sup> General Solid Waste

Indicator name	Unit of indicator	2024
Purchased steam	Standard cubic meter	11,544,685.49
Solar energy	Kilowatt-hour	9,223,277.36
Total indirect energy consumption	Tonnes of standard coal	117,426.29
Indirect energy consumption intensity	Tonnes of standard coal/revenue of RMB 10,000	0.15
Total comprehensive energy consumption	Tonnes of standard coal	259,862.98
Energy comprehensive consumption intensity	Tonnes of standard coal/revenue of RMB 10,000	0.34
A2.2 Water consumption in total and intensity (e.g.,per unit of production volume,per facility)		
Total water consumption	Tonnes	3,362,119.03
Water consumption intensity	Tonnes/revenue of RMB 10,000	4.38
A2.5 Total packaging material used for finished products (in tonnes) and,if applicable,with reference to per unit produced		
Total packaging material usage	Tonnes	47,918
Packaging material usage intensity	Tonnes/revenue of RMB 10,000	0.06

Indicator name	Unit of indicator	2024
Aspect B1: Employment		
B1.1 Total workforce by gender,employment type,age group and geographical region		
Number of employees	Person(s)	4,150
By employment type		
Total number of full-time employees	Person(s)	4,150
Total number of part-time employees	Person(s)	0
By region		
East China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Shanghai)	Person(s)	1,593
South China (Guangdong, Guangxi, Hainan)	Person(s)	34
Central China (Hubei, Hunan, Jiangxi, Henan)	Person(s)	1,427
North China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	Person(s)	272
Northwest China (Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu)	Person(s)	91
Southwest China (Sichuan, Yunnan, Guizhou, Tibet, Chongqing)	Person(s)	511
Northeast China (Liaoning, Jilin, Heilongjiang)	Person(s)	95

Indicator name	Unit of indicator	2024
Chinese mainland	Person(s)	4,023
Hong Kong, Macao and Taiwan	Person(s)	0
Overseas (other than the Chinese mainland, Hong Kong, Macao and Taiwan)	Person(s)	127
By gender		
Male employees	Person(s)	3,191
Female employees	Person(s)	959
By age		
Under 30 years old	Person(s)	1,209
30-50 years old	Person(s)	2,851
Over 50 years old	Person(s)	90
B1.2 Employee turnover rate by gender, age group and geographical region		
Total turnover rate	%	33
Turnover rate by gender		
Male employees	%	36
Female employees	%	25
Turnover rate by age		
30 years old and below	%	39
30-50 years old	%	31
50 years old above	%	18
Turnover rate by region		
Chinese mainland	%	33
Hong Kong, Macao and Taiwan	%	0
Overseas	%	59
Aspect B2: Health and safety		
B2.1 Number and rate of work-related fatalities		
Number of work-related fatalities	Person(s)	0
Mortality rate due to work-related injuries	%	0
B2.2 Lost days due to work injury		
Number of workdays lost due to work-related injuries.	Days	116
Aspect B3: Development and training		
B3.1 The percentage of employees trained by gender and employee category		
Percentage of trained employees by gender		



Indicator name	Unit of indicator	2024
Male employees	%	100
Female employees	%	100
Percentage of trained employees by employee level		
Senior Management	%	100
Middle Management	%	100
Frontline employees	%	100
B3.2 The average training hours completed per employee by gender and employee category		
Average hours of training per employee by gender		
Male employees	Hour(s)	27.15
Female employees	Hour(s)	30.92
Average hours of training per employee by employee level		
Senior Management	Hour(s)	56.6
Middle Management	Hour(s)	56.34
Frontline employees	Hour(s)	23.86
Aspect B5: Supply chain management		
B5.1 Number of suppliers by geographical region		
East China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Shanghai)	Pcs	352
South China (Guangdong, Guangxi, Hainan)	Pcs	51
Central China (Hubei, Hunan, Jiangxi, Henan)	Pcs	93
North China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	Pcs	56
Northwest China (Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu)	Pcs	3
Southwest China (Sichuan, Yunnan, Guizhou, Tibet, Chongqing)	Pcs	48
Northeast China (Liaoning, Jilin, Heilongjiang)	Pcs	13
Hong Kong, Macao and Taiwan	Pcs	4
Overseas	Pcs	5
Total	Pcs	625
Aspect B6: Product responsibility		
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons		
Product recall percentage	%	0
B6.2 Number of products - and service-related complaints received		
Number of customer complaints	pcs	144
Aspect B7: Anti-corruption		
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		
Number of concluded corruption lawsuits	pcs	0

