创新新材
Innovation New Material

# 2024

# Environmental, Social and Governance Report

Innovation

New

Material

# Contents



# About the Report

## Introduction

The Report is the second Environmental, Social, and Governance (hereinafter ''ESG'') report prepared and issued by Innovation New Material Technology Co., Ltd. (hereinafter ''Innovation New Material'', ''the Company'' or ''we''). The Report focuses on the ESG topics of concern to stakeholders and is intended to disclose the Company's ESG strategies, practices, and performance in an objective, fair, and transparent manner to facilitate a more comprehensive understanding of Innovation New Material by stakeholders.

## Reporting Scope

The scope of the Report includes Innovation New Material and its subsidiaries. The statistical scope of the data is indicated throughout the Report and data is calculated in accordance with national regulations or international standards. Unless otherwise stated, the amounts in the Report are denominated in RMB.

## Reporting Period

The information and data contained in the Report covers the period from 1 January, 2024, to 31 December 31, 2024 (hereinafter ''2024'' or ''this year''). For the comparability and completeness of the Report, the period has been extended forward and backward as appropriate.

## Basis of Preparation

The report is prepared in reference to the *Global Reporting Initiative Reporting Standards (GRI Standards), Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* by the Shanghai Stock Exchange, and the United Nations Sustainable Development Goals (UN SDGs).

## Feedback on the Report

The Report can be downloaded and viewed on the Company's website (http://www.innovationmetal.com/) and the Shanghai Stock Exchange's website (http://www.sse.com.cn/). If you have any valuable suggestions on the Report or would like access to other relevant information, please contact us through the following channels:

Email address: zqb@innovationmetal.com

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Company address: No. 1808, Floor 18, Excel Centre, Wudinghou Street, Xicheng District, Beijing

## Index of Abbreviations for Company Members

| Company abbreviation | Full name of Company |
|---|---|
| Innovation New Material, the Company, we | Innovation New Material Technology Co., Ltd. |
| Innovation Metal | Shandong Innovation Metal Technology Co., Ltd. |
| Innovation Precision | Shandong Innovation Precision Technology Co., Ltd. |
| Suzhou Chuangtai | Suzhou Chuangtai Alloy Material Co., Ltd. |
| Shandong Sheet Materials | Shandong Innovation Sheet Materials Co., Ltd. |
| Yuanwang Electrical Technology | Shandong Yuanwang Electrotechnics Co., Ltd. |
| Chuanghui New Material | Shandong Chuanghui New Material Technology Co., Ltd. |
| Chuangfeng New Material | Shandong Chuangfeng New Material Technology Co., Ltd. |
| Innovation Beihai | Shandong Innovation Beihai Co., Ltd. |
| Yunnan Innovation Alloy | Yunnan Innovation Alloy Co., Ltd. |
| Qingdao Liwang | Qingdao Liwang Precision Technology Co., Ltd. |
| Inner Mongolia New Materials | Inner Mongolia Innovation New Materials Co., Ltd. |
| Inner Mongolia Lightweight | Inner Mongolia Innovation Lightweight New Material Co., Ltd. |
| Hengwang Cable | Shandong Hengwang Cable Co., Ltd. |
| Chuangyuan Renewable Resources | Shandong Chuangyuan Renewable Resources Co., Ltd. |

# Message from the Chairman

## Mr. Cui Lixin

Chairman of Innovation New Material

Highlighted in 2024 by the 20th anniversary of the ESG principles promoted by the United Nations Global Compact, and the 30th anniversary of the entry into force of the *United Nations Framework Convention on Climate Change*, we were acutely aware of the dual mission entrusted to enterprises in this era: to serve both as trailblazers driving industrial transformation, and as proactive practitioners championing sustainable development. Innovation New Material has always firmly believed that ESG principles are the cornerstone for enterprises to achieve sustainable value-creation: environmental benefits serve as the benchmark for corporate innovation, social responsibility constitutes the foundation for enterprises' enduring development, and governance effectiveness acts as the catalyst to transform the former two aspects into commercial value. Adhering to the philosophy of ''Innovation Shapes the Future'', we are committed to taking aluminum as our base material and ensuring that every gram of it becomes a key variable in empowering a green future.

2024 marked a year of steady advancement for Innovation New Material since its listing on the capital market, demonstrating concentrated achievements in management effectiveness. Throughout the year, we have upheld our commitment to a shared destiny with employees, collaborative growth with customers, mutual development with partners, and collective progress with society. This dedication has yielded significant accomplishments, particularly in key areas such as green development, product manufacturing, technological advancements, and market expansion. In 2024, Innovation New Material maintained its position as one of the Top 500 Chinese Enterprises for the eighth consecutive year, achieving 330th place in the rankings, and the Company was recognized as one of the Top 100 Private Enterprises in Shandong Province for the twelfth year in a row, securing 17th place in the province's rankings.

### The past year was a year of deepening commitment to the green development era.

Faced with the severe challenges of global climate change, we have remained steadfast in pursuing the path of green development. We have built a ''five-in-one'' development system that includes green energy, green production, green emissions, green products, and green recycling. This system integrates the philosophy of green development into the entire product lifecycle. This year, our efforts in developing a green aluminum industrial chain have yielded notable achievements. By leveraging local characteristics and favorable conditions in regions such as Shandong, Inner Mongolia, and Yunnan, we have actively developed hydroelectric, wind, and solar-powered aluminum production while continuously expanding the recycled aluminum operations. This year, the Company comprehensively recycled and utilized 1.2109 million tons of recycled aluminum. We have boosted energy conservation and emission reduction in the production process while increasing the proportion of renewable energy, which significantly reduced carbon emissions throughout the product lifecycle. By doing so, we have provided lightweight and low-carbon eco-friendly aluminum alloy products to numerous industries domestically and abroad, contributing innovative strength to the sustainable development of the aluminum industry. In 2024, 20 aluminum alloy products manufactured by 11 factories have obtained the ISO 14067 Product Carbon Footprint Certification, and 15 factories have passed the ISO 14064 Greenhouse Gas Verification Certification. Innovation Metal has been honored as the National-Level Single Champion in the Manufacturing Industry. Four factories have been awarded the title of ''National-Level Green Factory''.

### The past year was a year of accelerating technological innovation and refining quality management.

We firmly believe that innovation is the persistent driver of the Company's development and that quality is the solid foundation of brand reputation. We have consistently enhanced our innovation capabilities and production efficiency by focusing on the core principles of technological innovation and high-quality development. By introducing and cultivating technical talents, increasing investment in technological innovation, and enhancing the level of intelligence in the production process, we have transformed the achievements of technological innovation into a continuous driving force for promoting sustainable social development. By the end of 2024, the Company held a total of 537 authorized patents and has been awarded titles such as ''Model Worker Innovation Studio'' and ''Shandong Province Academician Workstation''. We adhere to the principle of prioritizing quality and establishing a robust foundation, continuously enhancing our quality management system, and strengthening our customer-centric service principles, to ensure that every product and service meets or exceeds customer expectations. By the end of 2024, 11 subsidiaries had obtained the IATF 16949 Automotive Industry Quality Management System certification, covering 15% of the Company's products.

### The past year was a year of strengthening corporate governance and forging an excellent brand.

Sound corporate governance is the cornerstone of the Company's steady development. In the complex and ever-changing market environment, we have adhered to our original aspirations, operated in a regulated manner, and advanced steadily, continuously creating sustainable value for society. We have always adhered to the principle of integrity in business operations, continuously strengthening internal controls and risk management to ensure the scientificity and compliance of corporate decision-making. We are committed to safeguarding a fair and competitive market order, respecting and protecting intellectual property rights, creating long-term value for shareholders and customers, establishing long-term and stable cooperative relationships with suppliers, jointly building a sustainable industrial chain ecosystem, and promoting the healthy development of the industry.

### The past year was a year of fulfilling social responsibilities and building a harmonious community.

As a compassionate company, we have always embedded social responsibilities into our corporate culture, which is not only the best way to give back to our employees but also a sincere contribution to society and the driving force behind our sustainable development. We deeply value the dedication of every employee and safeguarded their workplace rights and interests, while enabling their growth and development, to create a working environment characterized by happiness and a sense of belonging. This year, the employee satisfaction rate reached 90%. Furthermore, we actively participated in social welfare undertakings to give back through various means, such as public welfare aid and charity donations, to spread positive corporate energy and bring warmth and hope to society.

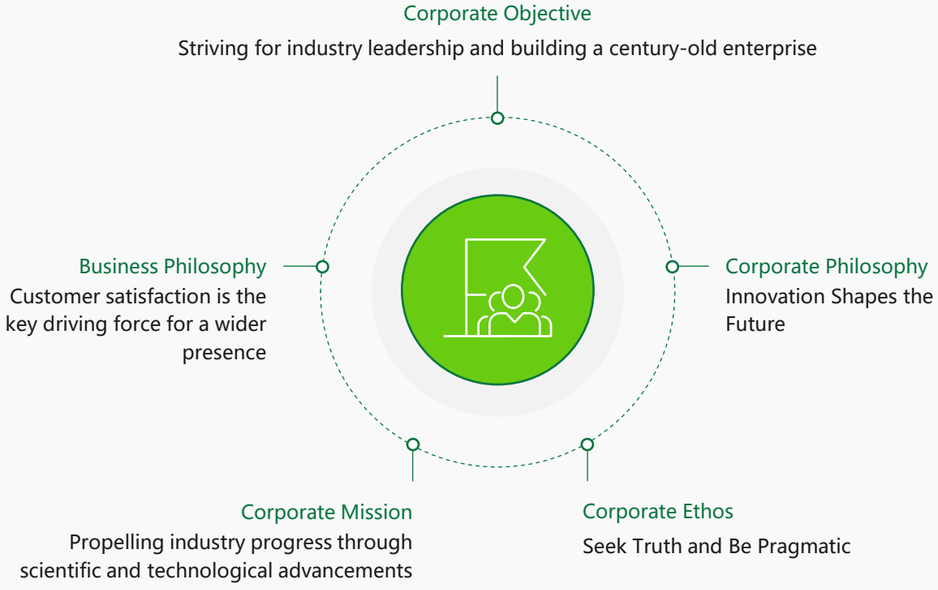
As the new grand blueprint unfolds, the drums of challenges urge us forward. In our future development, we will unwaveringly promote ESG practices, advance green development, fulfill social responsibilities, and enhance corporate governance with greater determination and investment. Throughout this process, we will embrace change with a more open mindset and continue to collaborate with global partners from diverse backgrounds. By aligning our goals and working in unity, we will fully adopt a mindset and action model characterized by the ''highest standards, utmost simplicity in execution, fastest speed, and remarkable outcomes''. We will stride forward on the journey of ''Strive to be an industry leader and build a century-old enterprise'' by implementing talent, product, energy, and capital transformations. Our aim is to generate maximum value for all shareholders, including customers, employees, and society at large, while collectively exploring new avenues for sustainable development.

# About Innovation New Material

## Company Profile

Innovation New Material is a large-scale, modern, and comprehensive enterprise mainly engaged in the production and operation of aluminum profiles for 3C consumer electronics, aluminum profiles for vehicle lightweighting, aluminum rods and cables, sheets, stripes and foils, aluminum billets, structural components, etc. The Company is one of the largest aluminum alloy material production and research and development bases in the world. Among them, the market share of its aluminum billets has ranked first globally for many consecutive years. The Company focuses on the research, development, production and processing of aluminum alloys and their products, offering comprehensive solutions for the aluminum alloy processing industry. Its products are widely used in various fields such as 3C consumer electronics, vehicle lightweighting and new energy.

The Company went public through a major asset restructuring on the Shanghai Stock Exchange on December 21, 2022 (securities abbreviation: Innovation New Material, securities code: 600361). Innovation New Material has established 14 industrial parks across 4 provinces (autonomous regions) in China, including Shandong, Jiangsu, Inner Mongolia, Yunnan, as well as overseas locations in Vietnam and Mexico, with 11,458 employees, a comprehensive production capacity of 4.8805 million tons, including 140,400 tons of profiles, 995,600 tons of aluminum rods and cables, 3,279,700 tons of billets, 464,800 tons of sheets, stripes and foils, and 33,648,100 pieces of structural components.

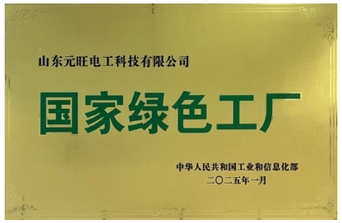



## ESG Honors & Awards

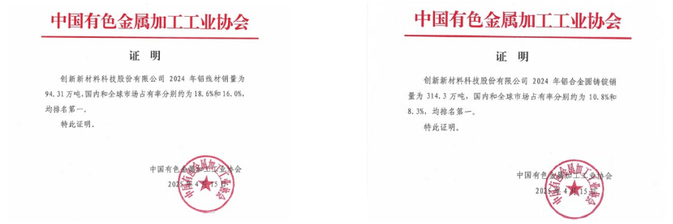
Innovation New Material has always practiced sustainable development strategy and is recognized by the government and institutions in various aspects. In 2024, the Company and its subsidiaries received several honors & awards.


China Enterprise 500, 330th / Innovation Metal


National Manufacturing Industry Champion in an Individual Field / Innovation Metal

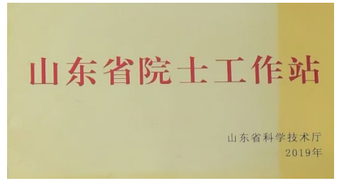



National Green Factory, becoming the Company's fourth National Green Factory / Yuanwang Electrical Technology




Certified by the China Nonferrous Metals Fabrication Industry Association, the domestic and global market shares of aluminum wire and aluminum alloy round ingots were ranked first in 2024 / Innovation New Material


Top 500 Manufacturing Enterprises in China, 167th / Innovation Metal




Shandong Province Academician Workstation / Innovation Metal

Hon Hai - Foxconn Sustainable Excellent Supply Chain Award in 2025 / Innovation New Material


Science and Technology Award in China Nonferrous Metals Industry, Second Prize / Innovation Metal


Top 500 Private Enterprises in China, 147th / Innovation Metal

## Environmental（E）

**Shandong Provincial Green Factory of the Year 2024**
Chuanghui New Material, Shandong Sheet Materials, Innovation Beihai

**City-Level Green Manufacturing Enterprise in 2024**
Chuanghui New Material

**High-Quality Supplier of Automotive Low-Carbon New Materials**
Suzhou Chuangtai

**The title of ''National-level Green Factory''**
Innovation Metal, Suzhou Chuangtai, Innovation Precision, Yuanwang Electrical Technology

**Hon Hai - Foxconn Sustainable Excellent Supply Chain Award in 2025**
Innovation New Material

**Outstanding Enterprises in ESG Responsibility and Progress – Golden Responsibility Award (China)**
Innovation New Material

**Huazheng ESG Comprehensive Rating: A**
Innovation New Material

## Social（S）

**2024 China Brand Value Information Release**
Innovation Precision

**Shandong Province Quality Benchmark**
Innovation Precision

**Provincial Industrial Design Center**
Innovation Precision

**The research outcomes from Shandong Provincial Key R&D Program (Competitive Innovation Platform Project) have been incorporated into Shandong Major Scientific & Technological Innovation Achievements Collection System**
Innovation Metal

**High-strength and high-toughness aluminum alloy round ingots have been recognized as a national patent-intensive product**
Innovation Metal

**Shandong Province Enterprise for All-Staff Innovation**
Innovation Metal



## Social（S）

**Shandong Province Key Cultivation Enterprise for High-End Brands**
Innovation Precision, Yuanwang Electrical Technology

**City-Level Digital Workshop of the Year 2024**
Shandong Sheet Materials

**2024 Special Contribution Award for ''Pioneering Breakthroughs & Pursuit of Excellence''**
Chuangfeng New Material

**Pioneering Enterprise in Talent Work**
Yuanwang Electrical Technology

**Talent-Led Enterprise**
Innovation Precision

**Enterprise that Respects Teachers and Values Education**
Yuanwang Electrical Technology

## Governance（G）

**Top 10 of SMM China Remelting Billet Enterprises in 2024**
Suzhou Chuangtai

**Shandong Province ''Morning Star Factory'' in Digital Economy**
Yuanwang Electrical Technology, Chuangyuan Renewable Resources, Hengwang Cable

**Ranked 28th in Top 100 Industrial Enterprises in Shandong Province 2024**
Innovation Metal

**Provincial Enterprise Technology Center in 2024**
Suzhou Chuangtai

**Ranked 22nd in the Top 50 Nonferrous Metal Enterprises by Operating Revenue in 2024**
Innovation Metal

# ESG Highlight Performance in 2024

## Circular Development for Sustainable Coexistence

- The Company has comprehensively recycled and utilized 1.2109 million tons of secondary aluminum. Among this, the Company has recovered 807,900 tons of secondary aluminum and has reused 403,000 tons of aluminum through its own production lines.
- By the end of 2024, the Company has put into operation 6 recycled aluminum projects with an annual processing capacity of 1.7 million tons.
- The Company has achieved 100% utilization of recycled aluminum with grade retention.
- Innovation Precision has achieved 100% recycling of aluminum alloy materials used in laptops and tablet computers.
- The Company has participated in the formulation of 5 national and industry standards for recycled aluminum.
- The series of recycled aluminum standards has won the second prize for scientific and technological progress from the China Non-Ferromagnetic Metals Industry Association.

## Green and Low-Carbon, Building Our Home Together

- The Company has purchased a total of 3.5025 million tons of molten aluminum, accounting for 90.86% of our total electrolytic aluminum raw inputs.
- This year, the Company's total investment in environmental protection has reached RMB 50,890,900, and no incidents of excessive emissions occurred.

## Green and Low-Carbon, Building Our Home Together

- 5 subsidiaries have carried out Aluminum Stewardship Initiative (ASI) certification audits, among which Suzhou Chuangtai successfully passed the ASI certification.
- The number of factories that have passed the ISO 14064 Greenhouse Gas Verification certification is 15, accounting for 100%.
- In 2024, 20 aluminum alloy products from 11 factories have obtained ISO 14067 Product Carbon Footprint certification.
- The number of factories that have passed the ISO 14001 Environmental Management System certification is 13, accounting for 87%.
- The number of factories that have passed the ISO 50001 Energy Management System certification is 4.
- The number of subsidiaries that have obtained National Green Factory certification is 4, and the number of those that have obtained Provincial Green Factory certification is 3.
- The effective collection rate of unorganized emissions has reached 99.5%, the purification efficiency of oil mist and fumes has reached over 95%, and the treatment efficiency of exhaust gases has reached over 99.7%.
- The emissions concentration of particulate matter, sulfur dioxide, and nitrogen oxides from the Company's operations in the Binzhou area have all been significantly lower than the national standards. Among them, the concentration of particulate matter has been 96% lower than the national standard, the concentration of sulfur dioxide has been 87% lower than the national standard, and the concentration of nitrogen oxides has been 90% lower than the national standard.

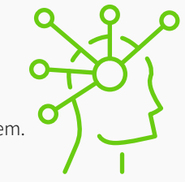
# ESG Highlight Performance in 2024

## Empowering Employees, Creating Prosperity Together

- Total number of employees has reached **11,458**, with female employees accounting for **31.8%**.
- **4** subsidiaries have completed the acceptance of secondary safety standardization.
- **12** factories have passed the ISO 45001 Occupational Health and Safety Management System certification, accounting for **80%**, with **46** employees holding Registered Safety Engineer Qualification certificates.
- The average number of hours per person involved in safety training has reached about **24.66** hours.
- The coverage rate of employee safety production liability insurance has reached **100%**, the coverage rate in employee safety training has reached **100%**, the qualification rate of safety education and training has reached **100%**, and the completion rate of emergency drills has reached **100%**.
- There have been **0** fatal accidents and serious injuries, and the incidence of occupational diseases has remained **0%**.
- Over **140** various employee activities and more than **40** employee skill competitions were organized.
- Employee satisfaction surveys have covered **80%** of employees, with a satisfaction rate of **90%**.
- A total of **176** model vehicles were awarded to outstanding employees.

## Leading with Technology, Driving Innovation Together

- A total of **537** patents have been obtained, including **62** invention patents and **475** utility model patents.
- **87** newly authorized patents have been added, including **14** invention patents and **73** utility model patents.
- The number of factories that have passed the ISO 9001 Quality Management System certification is **14**, accounting for **93%**.
- **11** subsidiaries have obtained the IATF 16949 Automotive Industry Quality Management System certification, covering **15%** of the Company's products.
- Qingdao Liwang has obtained certifications for Information Security Management Systems and Medical Device Quality Management Systems.
- Inner Mongolia Lightweight has obtained Quality Management System Certification for Aviation Industry and Quality Management System Certification for Organizations of Automotive Production Parts and Related Service Parts.
- Multiple customer satisfaction surveys were conducted throughout the year, with satisfaction levels all above **90%**.
- The functions of QMS (Quality Management System) have been integrated into the MES (Manufacturing Execution System) to form a ''quality-production'' closed-loop management system.



## Open Cooperation for a Win-Win Future

- The Company has promoted the optimization and upgrade of the digital procurement platform, achieving **100%** system access and management of suppliers.
- The Company has participated for **6** consecutive years in the ''Sanyi Education Support'' public welfare project, cumulatively issued RMB **600,000** in educational grants to students in Zouping City, assisting **300** students in continuing their education.
- The Company has purchased **25,000** kg of Hua Niu Apple for the **second** consecutive year to support fruit farmers in increasing their income.

# Sustainable Development Management

As a leading enterprise in the aluminum alloy industry, Innovation New Material, with the core philosophy of ''Innovation Shapes the Future'', has established a development strategy of ''High-End Orientation, Global Integration, and Eco-Friendly Transformation'' to systematically promote the Company's sustainable transformation. The Company has formulated a sustainable development strategy plan, improved the governance structure for sustainable development, and established a long-term collaboration mechanism with stakeholders, forming a full-value chain sustainable development model that covers technological research and development, green production, and low-carbon recycling. This year, Innovation New Material joined the Aluminum Stewardship Initiative (ASI), committing to the construction of a green aluminum industry chain and practicing the goals of a circular economy and low-carbon development.

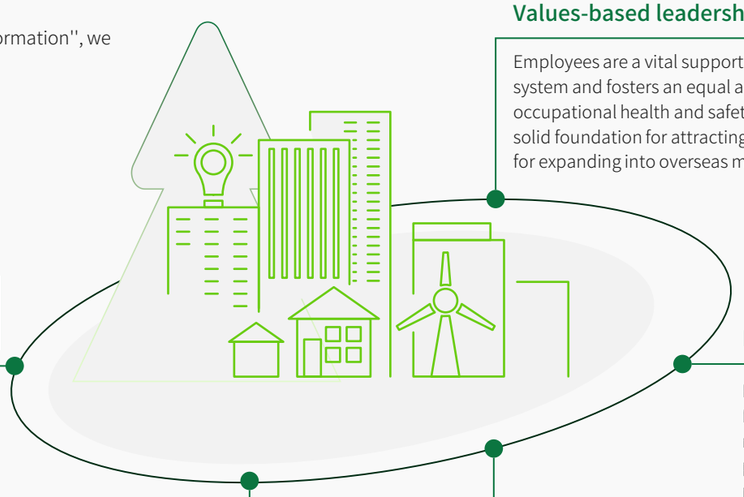
## Sustainable Development Strategy

In order to practice the green and high-quality development of the enterprise and accelerate the international market layout, the Company officially launched the ''NOVEL'' sustainable development strategy for Innovation New Material in 2024. Focusing on the corporate philosophy of ''Innovation Shapes the Future'', the Company has clarified the principle of promoting the green manufacturing, scaled talent development and high-end market with technological innovation, management innovation and product innovation. Thus, a sustainable development strategy system of ''one core and five sectors'' has been formed.

### One Strategic Core

With a strategic focus on ''High-End Orientation, Global Integration, and Eco-Friendly Transformation'', we aim to build a world-class aluminum alloy material developer and manufacturer.

### Five Strategic Pillars



#### Values-based leadership

Employees are a vital support for Innovation New Material. The Company continuously improves its employee rights protection system and fosters an equal and diverse workplace environment. The Company continuously enhances the level of occupational health and safety management, providing employees with ideal career paths and benefits packages, which lays a solid foundation for attracting and retaining talent, and building a high-quality team. This also establishes a good foundation for expanding into overseas markets.

#### Nature-based approach

Low-carbon development is the cornerstone of Innovation New Material's strategy. Seizing the opportunities brought by climate change, Innovation New Material integrates upstream resources, continuously increases the proportion of low-carbon raw materials such as molten aluminum and green electricity aluminum, adopts short-distance transportation of aluminum liquid, and deploys renewable energy sources such as hydropower, wind power, and photovoltaics. Focusing on green and low-carbon development, the Company creates product advantages, builds industry barriers, and empowers the green transformation of downstream industries such as new energy vehicles, photovoltaics, and 3C electronics.

#### Eco-efficiency solutions

Recycled aluminum is the direction of development for Innovation New Material. Innovation New Material has strengthened its layout in the field of recycled aluminum, actively promoting the research and application of recycled aluminum, and recycling aluminum scrap from the production process, downstream customers, and external markets for manufacturing, achieving grade retention utilization of recycled aluminum. The Company fully leverages the advantages of the industrial chain, integrating the concepts of green and lightweight development into the upstream and downstream of the value chain, and promoting the development of the circular economy.

#### Open-minded collaboration

Open cooperation is an essential driving force in the process of internationalization. Innovation New Material actively develops overseas businesses, expands into foreign markets, and serves international customers. The Company focuses on deepening supply chain cooperation and integrating into and contributing to the development of local communities as key entry points, helping the Company move towards internationalization and build integrated product offerings.

#### Leading-edge innovation

Technological innovation is the driving force behind Innovation New Material. The Company continues to advance the construction of its innovation and research and development system, applying advanced digital tools to business management and production processes to promote intelligent manufacturing with technology. Through technological and product innovation, the Company provides customers with a diverse, high-end, and green range of aluminum alloy products, builds a rich product matrix, deepens customer cooperation, and works together to achieve sustainable development.

## Sustainable Development Governance Framework

Innovation New Material places great emphasis on sustainable development governance, aiming to achieve high-quality and sustainable development for the Company. The Company fully integrates the ESG concept into the daily management system, actively paying attention to the expectations of stakeholders such as customers, employees, and investors regarding the Company's sustainable development performance, and striving to continuously deliver value to all stakeholders.

To better advance sustainable development governance, Innovation New Material has established an ESG management system that includes the board of directors as the highest governing body, a Strategy and ESG Committee under the board of directors as the specialized committee, an ESG Task Force to coordinate ESG efforts across various subsidiaries, and each subsidiary as the primary executing entity. This structure lays a solid foundation for managing ESG-related matters within the Company.

**Board of Directors**

As the highest decision-making body for the Company's ESG efforts, Board of Directors is responsible for the Company's ESG strategy and reporting. It regularly listens to and reviews the ESG progress reports from the Strategy and ESG Committee and provides guidance and recommendations on the ESG work policies.

**Strategy and ESG Committee**

- As a specialized committee under the board of directors for ESG management, Strategy and ESG Committee regularly reports significant ESG matters to the board;
- Conducts ESG-related research and formulates recommendations for ESG strategy, policies, and work plans, reviews major risk response plans related to ESG, ESG reports, and other significant ESG-related public disclosure documents;
- Oversees the Company's commitments and performance on important issues such as climate change and other ESG-related matters;
- Responsible for ESG risk management, reviews and assesses controls related to significant ESG risks of the Company, overall controls ESG risks, and continuously improves the ESG risk management system.

**ESG Task Force**

- Research and draft ESG strategies, action plans, and management systems; organize the preparation of ESG reports and other ESG disclosure information;
- Monitor ESG-related risks and matters in daily management, liaise with consulting and rating agencies, and conduct ESG management training activities;
- Coordinate and promote the implementation of ESG-related matters, sort out and prepare fundamental information required for decision-making, and effectively fulfill daily ESG management responsibilities.

## Stakeholder Communication

Innovation New Material actively engages in stakeholder communication and continuously enhances its sustainable development capabilities based on the expectations and requirements of stakeholders. We identify various stakeholders widely in line with the Company's operational characteristics and business scope, and establish multiple communication mechanisms to better pay attention to and respond to the expectations and demands of stakeholders. This helps to build harmonious and friendly cooperative relationships and to achieve a win-win situation for all parties involved.

| Stakeholders | Communication Methods | Expectations and Requirements |
|---|---|---|
| Shareholders and Investors | Shareholders' meeting, Annual/Interim reports, Corporate announcements/Press releases, Field trips, Research and questionnaire | R&D Innovation, Product management, Customer service, Responding to climate change, Carbon emissions management |
| Government and Regulators | Regular meetings of regulatory authorities, Seminars, Regular information reporting, Site visits, High-level meetings, Policy advisory | Business ethics and compliance, Water resource management, Occupational health and safety, Public interest initiatives, Biodiversity conservation |
| The Board of Directors and Corporate Management | Reporting, High-level meetings, Site visits, The Board of Directors, Regular questioning | ESG governance, Product management, R&D Innovation, Business ethics and compliance, Sustainable supply chain, Energy management |
| Employees | Staff council, Symposium, Employee feedback mailbox, Internal office software, Employee satisfaction survey, Training, Internal publication | Employee rights and diversity, Professional health and safety, Talent Training and Development, Compensation and benefits |
| Clients | Business communication, Customer feedback, Client satisfaction survey, Social media | Product management, Customer service, Circular economy and waste management, Carbon emissions management, Responding to climate change, Energy management |
| Partners | Bidding and procurement, Access and evaluation, Field trips, Seminars and forums | Sustainable supply chain, Product management, Occupational health and safety manufacturing |
| Community and the Public | Public welfare activities, Community activities, Press releases, Social media, Seminars | Actions for the public good, R&D Innovation, Responding to climate change, Carbon emissions management |

## Materiality Issue Analysis

Innovation New Material conducted an analysis of ESG materiality issues by referencing the industry's ESG policy and standard system, taking into account the core concerns of the capital market, and integrating deeply with the Company's core business layout and future development planning. A total of 18 key ESG materiality issues were identified.

To further understand the feedback from stakeholders on the importance of the Company's ESG issues, Innovation New Material conducted a survey on the importance of these issues with stakeholders through a combination of online and offline methods. The Company conducted an in-depth analysis of the feedback from all relevant parties and created the following matrix of key issues to better respond to the demands of stakeholders.

**Strategic Planning and Business Strategy Analysis**

In line with the latest ESG management trends, the overall industry situation, and the focus of the capital market, clarify the Company's strategic direction and business priorities.

**Survey Research and Stakeholder Communication**

Collect opinions and suggestions from internal and external stakeholders on ESG issues through email communication, telephone inquiries, and on-site interviews.

**Impact Significance Assessment**

Evaluate the impact of ESG issues on the Company's operations, focusing on the scope of impact, the likelihood of occurrence, and irreversibility, to identify issues that significantly affect the Company's sustainable development.

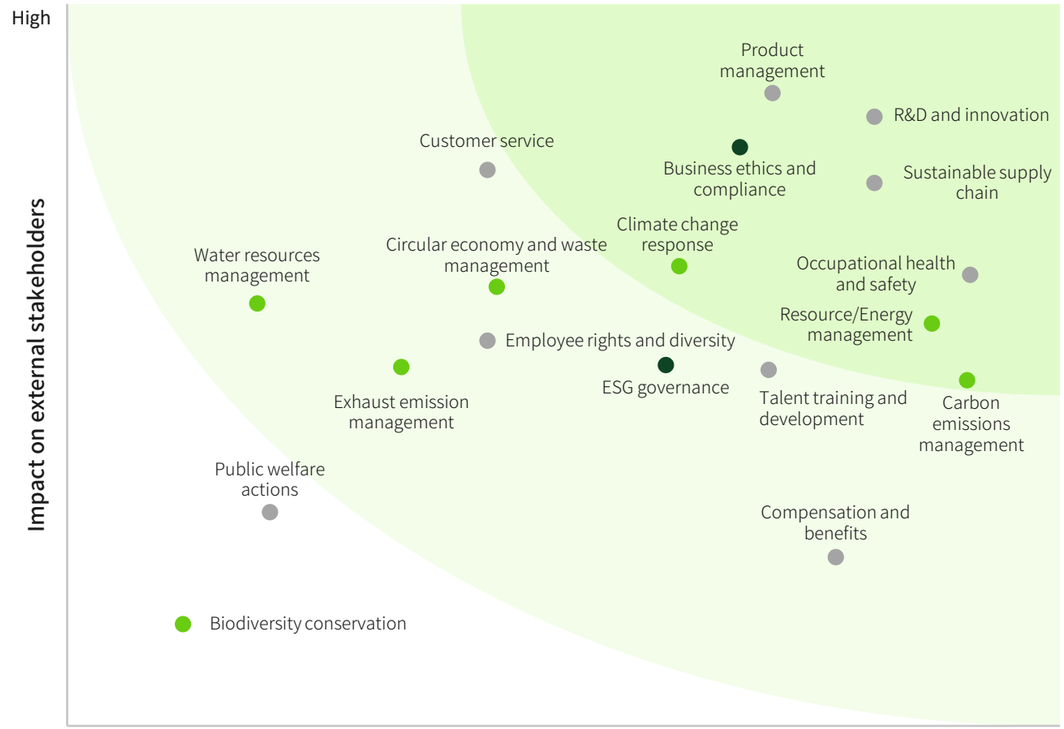
**Third-Party Expert Opinions and Board Review**

Invite third-party experts to provide professional opinions and, in conjunction with board review, select high-quality suggestions to ensure the scientific and authoritative identification of issues.

**Issue Classification and Priority Ranking**

Based on the assessment results, categorize issues into high, medium, and low priority levels, ultimately determining 8 highly material issues, 8 moderately material issues, and 2 generally important issues, providing a clear direction for subsequent ESG management.

### The Materiality Issue Matrix Diagram of Innovation New Material in 2024




| Highly material issues | Moderately material issues | Generally important issues |
|---|---|---|
| R&D and innovation | Talent training and development | Public welfare actions |
| Product management | Customer service | Biodiversity conservation |
| Sustainable supply chain | ESG governance | |
| Business ethics and compliance | Circular economy and waste management | |
| Occupational health and safety | Employee rights and diversity | |
| Energy management | Compensation and benefits | |
| Carbon emission management | Exhaust emission management | |
| Climate change response | Water resources management | |

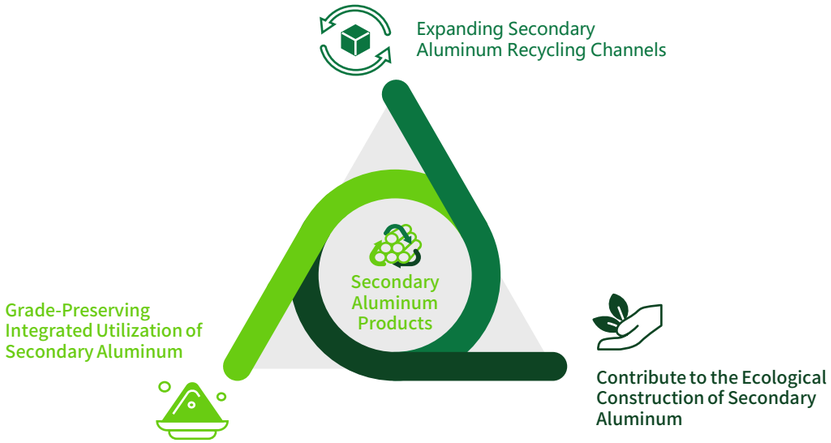
As one of the world's largest suppliers of aluminum alloy materials, Innovation New Material steadfastly adheres to a green, low-carbon, and sustainable development path. With the recycling and utilization of secondary aluminum as one of its core strategies, the Company leverages its integrated upstream-downstream advantages to comprehensively build a circular ecosystem for the aluminum industry with ''Innovation characteristics''. By expanding recycled aluminum sourcing channels, establishing high-standard production processes, and promoting industry standards for secondary aluminum, the Company provides downstream clients with high-quality secondary aluminum products and delivers green solutions tailored to the industry, to foster a sustainable aluminum alloy industry chain.

# 01

# Circular Development for Sustainable Coexistence

# Exploring New Potential of Secondary Aluminum

As one of the Company's core business segments, we remain deeply committed to exploring the potential of secondary aluminum. Through diversifying recycling channels, expanding production capacity, and optimizing the production process for grade-preserved secondary aluminum, we are building a green, low-carbon product system with a high proportion of recycled aluminum. These efforts have earned recognition from internationally renowned 3C and automotive companies, while contributing innovative solutions to decarbonization pathways for both our industry and downstream sectors.




Through top-level coordination and cross-departmental collaboration mechanisms, the Company integrates its Technology R&D Center, Secondary Aluminum Procurement Department, Marketing Department, Safety and Environmental Protection Department, and Finance & Administration Department to synergistically advance strategic planning, technological development, production management, supply chain integration, and environmental compliance. This comprehensive process management ensures efficient operation of the secondary aluminum business.

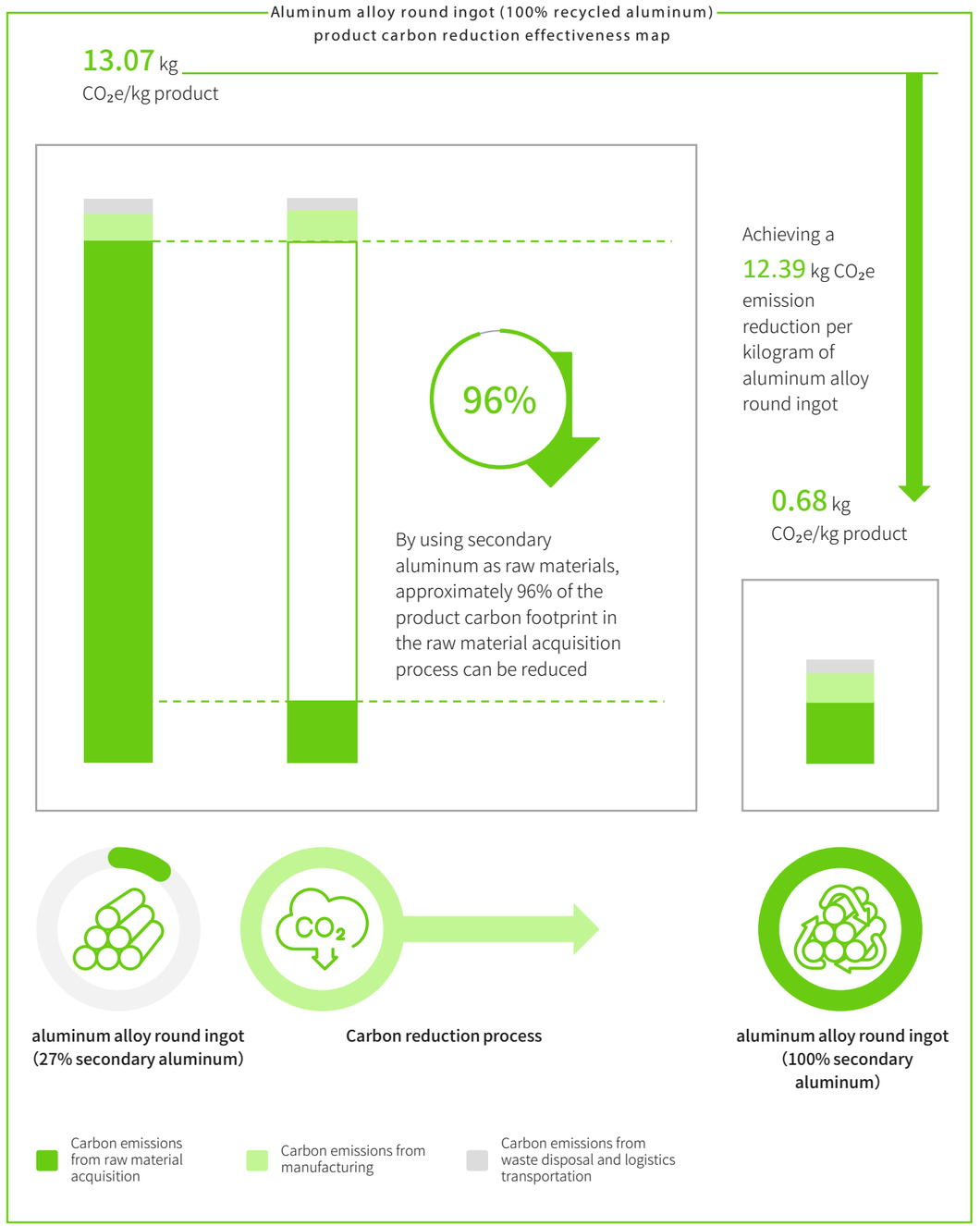
## Low-Carbon Advantages of Secondary Aluminum

Compared to primary aluminum, the carbon emission intensity is less than **6%**

**Using secondary aluminum as an alternative to primary aluminum can yield substantial environmental benefits:**

For every **1** ton of primary aluminum replaced，we can achieve **94.2%** reduction in greenhouse gas emissions，and simultaneously reduce **3.4** tons of standard coal energy-consumption , **14** cubic meters of water-consumption and **20** tons of solid waste emissions.

In 2024, the Company achieved a reduction in the carbon footprint of some aluminum alloy products by using a high proportion of secondary aluminum in raw materials.



## Secondary Aluminum Certifications

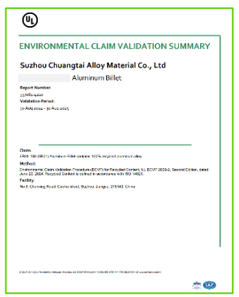
Innovation New Material has obtained SCS Recycled Content Certification and Underwriters Laboratories (UL) Global Recycled Materials Certification for selected products. Several subsidiaries have also completed international secondary aluminum system and product certifications.

| | |
|---|---|
| Innovation Metal | Innovation Metal successfully passed the ''GRS Global Recycled Standard'' certification audit and obtained GRS 4.0 certification, and it aims to increase the use of recycled materials in products while reducing or eliminating the environmental impact of production. The Company's aluminum ingot and aluminum billet products can be made with 100% recycled materials. |
| Innovation Precision | 7 products certified with SCS Recycled Content certification, and 13 products certified with UL certification. |
| Suzhou Chuangtai | Selected products certified with UL certification, the 6R01 product utilizes 100% recycled aluminum. |

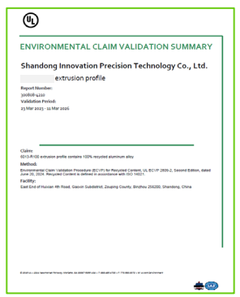

The 6061GR products of Innovation Precision have obtained the SCS 100% Secondary Aluminum Certification


The 6061 products of Innovation Precision have obtained the SCS 100% Secondary Aluminum Certification

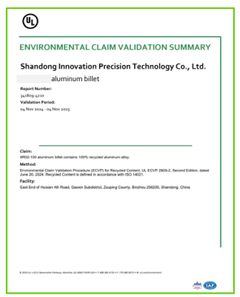

Innovation Metal has obtained GRS Global Recycled Standard Certification




Suzhou Chuangtai's Product A from the 6-Series has obtained the UL 100% Secondary Aluminum Recycling Content Certification




Innovation Precisions' Product A from the 6-Series has obtained the UL 100% Secondary Aluminum Recycling Content Certification




Innovation Precisions' Product B from the 6-Series has obtained the UL 100% Secondary Aluminum Recycling Content Certification

## The Target of Secondary Aluminum's Proportion

The Company continues to explore process optimization while maintaining quality standards, aiming to develop more products with higher secondary aluminum content.

| | |
|---|---|
| Chuangyuan Renewable Resources | Achieve a **40%** proportion of secondary aluminum raw materials used by 2025. |
| Suzhou Chuangtai | Achieve a **55%** proportion of secondary aluminum raw materials used by 2025. |

## Secondary Aluminum Production Capacity

Innovation New Material has vigorously promoted the construction of secondary aluminum production lines. Through the introduction of world-class equipment and actively research and develop secondary aluminum production technology, the Company has further enhanced its secondary aluminum production capacity and output. The Company has strategically deployed 7 secondary aluminum projects with a planned total capacity of 2.05 million tons. By the end of 2024, 6 secondary aluminum projects have been put into operation, achieving an annual production capacity of 1.7 million tons.

### Successful Trial Production of 500,000-ton Annual Capacity Secondary Aluminum Project's Aluminum Alloy Slab Production Line

In July 2024, Innovation New Material successfully completed trial production of the aluminum alloy slab line in its 500,000-ton annual capacity secondary aluminum project, achieving a single production output of 61 tons of aluminum alloy slabs. This milestone represents another solid step forward in the Company's pursuit of high-quality development.

Upon full completion and reaching designed capacity, the project is expected to achieve a aluminum scrap recovery rate exceeding 96%, with a metal loss rate maintained at 3% or below, while delivering annual $CO_2$ emission reductions exceeding 25,000 tons. Meanwhile, the project utilizes a supporting waste heat power generation system to meet over 60% of its electricity demand. In addition, the project applies the Company's own provincial-level scientific and technological achievement, namely the ''short-process alloying technology for high-strength and high-toughness aluminum alloys'', to achieve direct supply of molten aluminum to downstream production. Compared to the traditional model, this reduces energy consumption in secondary melting and casting by 20%, promoting the formation of a closed-loop circulation system of ''resources - products - renewable resources'' across the entire industrial chain.

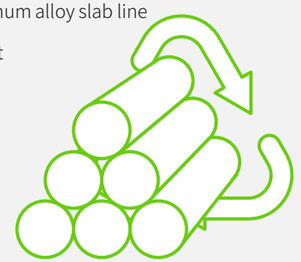
Innovation New Material successfully completed trial production of the aluminum alloy slab line in its **500,000-ton** annual capacity secondary aluminum project

Achieving a single production output of **61** tons of aluminum alloy slabs

Achieving a aluminum scrap recovery rate exceeding **96%**

Metal loss rate **⩽3%**

Annual $CO_2$ emission reductions exceeding **25,000** tons



# Expanding Secondary Aluminum Recycling Channels

As an industry leader in secondary aluminum, Innovation New Material has established a comprehensive recycling system encompassing in-house production line scrap, industrial by-products from downstream customers, and external market waste materials. This system ensures stable supply of secondary aluminum raw materials. In the current year, the Company has significantly increased aluminum scrap recycling across all channels, achieving a total comprehensive recycling volume of 1.2109 million tons of secondary aluminum, including 807,900 tons of recycled secondary aluminum and 403,000 tons of in-house production line aluminum reuse.

## Industrial Waste Recycling

The Company actively implements a ''six-in-one'' recycling industrial chain operation model for the aluminum processing industry, continuously promoting the resource utilization of aluminum scrap. We efficiently recycle industrial by-products generated during its own production processes and have established strategic cooperation agreements with downstream customers to jointly advance resource recycling. By the end of 2024, over 50% of the raw materials for Suzhou Chuangtai came from industrial scraps provided by downstream customers. The utilization rate of 6013 recycled aluminum reached 100%, while the proportion of 6061 and 6063 recycled aluminum used stood at 75%.

### Fulian Innovation: Collaborating with Downstream Customers to Build Aluminum Scrap Recycling Production Lines

In April 2024, Innovation New Material signed a strategic cooperation agreement with Fulian Yuzhan Technology (Shenzhen) Co., Ltd., a subsidiary of Foxconn Industrial Internet, to jointly establish Foxconn Innovation. This venture actively supports end customers' low-carbon development strategies and has successfully overcome recycling challenges for aluminum alloy materials used in mobile phones. The partners jointly developed recycling standards and quality requirements, constructing aluminum shavings recycling production lines within Innovation New Material's existing facilities. They established an efficient logistics system, to ensure effective collection, transportation, and processing of scrap materials. This year, Foxconn Innovation achieved 100% recycling of aluminum alloy materials for notebooks and tablets.



Innovation New Material and Foxconn Industrial Internet signs strategic cooperation agreement

## Market Waste Recycling

The Company actively builds market-oriented aluminum scrap recycling channels, establishing stable waste recycling models through downstream customer procurement and third-party recycling channels. By setting up specialized recycling teams in key raw material distribution centers in Jiangsu and Sichuan, and implementing grid-based fixed-point recycling mechanisms, the Company achieves precise traceability and efficient circulation of aluminum scrap raw materials, ensuring accurate market waste recycling. Simultaneously, the Company installs balers at waste sites to facilitate stacking, transportation, and compression, to assist in securing the sources of scrap materials, which helps to establish a traceability mechanism for scrap materials.

## In-House Production Line Aluminum Reuse

The Company firmly implements resource recycling during production operations, actively recovering production waste such as rod heads, rod tails, aluminum shavings, and aluminum blocks to maximize resource utilization. In addition, the Company has established an efficient and advanced recycling process, and further promotes the recycling of aluminum scraps and enhances resource utilization efficiency through continuous technological innovation and optimization of process flows. In 2024, the Company reused 403,000 tons of process waste from its own production lines.

## Grade-Preserving Integrated Utilization of Secondary Aluminum

Innovation New Material has vigorously promoted technological innovation, overcoming multiple key technical challenges to achieve industry breakthroughs in closed-loop recycling and quality level maintenance and upgrading of secondary aluminum. Through strict process control and key technologies such as high-quality aluminum melt purification and efficient removal of impurities in secondary aluminum, the Company formulates secondary aluminum containing various impurities into secondary aluminum alloy products with qualified composition and performance, successfully achieving the upgraded utilization of secondary aluminum.

### Grade Maintenance Process for Secondary Aluminum

**Impurity Removal**

Impurity removal treatment can eliminate other possible metallic elements or non-metallic impurities in aluminum alloys, and advanced screening and magnetic separation technologies are employed to ensure the effective removal of impurities.

**Deslagging**

After impurity removal, further steps such as chemical leaching and refining are carried out to remove inclusions and impurities in aluminum alloys, ensuring the purity of the aluminum alloys.

**Degreasing**

Specialized cleaning equipment and stringent methods (chemical or physical) are used to thoroughly remove oil stains from the surface of aluminum alloy.

**Classification**

Strict classification management based on alloy composition, grade, and application requirements enhances secondary aluminum utilization rates, as well as the quality and performance of final products.

## Production Scale of Secondary Aluminum with Maintained Level

Building on its advanced grade-maintenance processes, Innovation New Material continues to expand its secondary aluminum production capacity. In 2024, subsidiaries actively developed secondary aluminum businesses, driving capacity expansion through technological innovation to promote aluminum resource recycling and green, low-carbon production, contributing significantly to sustainable development.

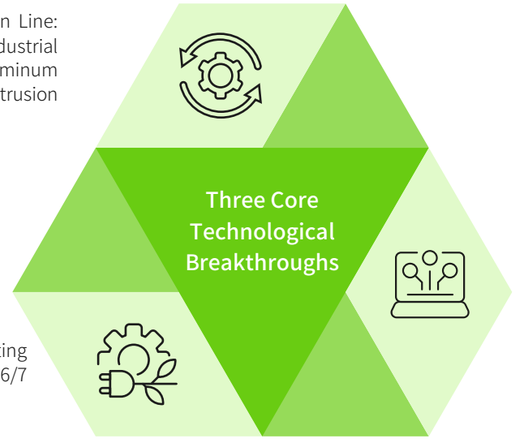
| Innovation Metal | Shandong Sheet Materials |
|---|---|
| Achieved record-high recycling rates for aluminum scrap , with continuous upgrades to quality level maintenance equipment and technologies. Its maintained quality level secondary aluminum capacity has reached 1.5 million tons, demonstrating outstanding results in aluminum resource recycling. | Advanced aluminum scrap recycling technology in 2024, achieving an annual maintained quality-level secondary aluminum capacity of 30,000 tons. Each ton of recycled aluminum saves approximately 14,000 kWh of electricity. |



## Production Technology for Product Quality Level Maintenance

The Company has pursued full-chain innovation in secondary aluminum, spanning ''fundamental theory-equipment development-process optimization-application demonstration'', achieving breakthroughs in three core green recycling technologies. By overcoming technical challenges in maintaining the quality level of wrought aluminum alloys recycling, the Company has expanded secondary aluminum applications to high-end manufacturing fields such as 3C electronic components and lightweight parts for new energy vehicles, forming a complete industrial demonstration system covering ''raw material recycling-process innovation-product application''.

Smart Manufacturing Production Line: Establishes a closed-loop industrial chain from ''secondary aluminum purification - high-end profile extrusion - end-product manufacturing''.




Intelligent Pre-Treatment System: Enables efficient impurity sorting and VOC adsorption purification.

Innovative Melt Refining & Casting Process: Develops high-strength 6/7 series recycled aluminum alloys.

### Innovation Metal: Grade Maintenance and Upgrading of Recycled Aluminum & Green Production Technology

Focused on quality level maintenance and upgrading of recycled aluminum, Innovation Metal has overcome key challenges in high-performance 3C product recycling and large-scale production of wrought aluminum alloys. Its R&D team developed regenerative central heat exchange technology, recovering waste heat to preheat air to 800–1,000°C, reducing energy consumption by 10%. EMP pump circulation technology maintains melt temperature differences at 3–7°C, enhancing process stability. Breakthroughs in melt purification, impurity control, homogenized solidification, and heat treatment ensure effective impurity management and compositional uniformity, achieving a scrap recovery rate exceeding 98%. This achievement supports the high-quality development of Shandong's secondary aluminum industry and has been included in the ''Shandong Major Scientific and Technological Innovation Achievements Collection System''.

### Innovation Metal: Upgrade of Green, Intelligent, Low-Energy Pre-Treatment Equipment for Recycled Aluminum

Innovation Metal has upgraded its green, intelligent, low-energy pre-treatment equipment for recycled aluminum, establishing one secondary aluminum pre-treatment production line. This system efficiently processes cans and scrap profiles through crushing, magnetic separation, air classification, eddy current separation, and X-ray sorting, achieving 90% removal efficiency for ferromagnetic metals, films, sediments, rubber, and non-ferromagnetic metals (copper, zinc, stainless steel). The Company also developed pyrolysis technology for organic residues and carbon-based precipitates on aluminum scrap surfaces, along with paint removal pre-treatment. One delacquering furnace has been installed to process crushed aluminum scrap (including cans, extruded profiles, printed circuit boards, cylinder heads, and foil) via continuous pyrolysis for paint removal and drying, with combustion chambers incinerating pyrolyzed gases.

## Contribute to the Ecological Construction of Secondary Aluminum

Innovation New Material leverages the technological advantages of recycled aluminum, taking the lead in formulating national industry standards for recycled aluminum. The Company has been granted 1 invention patent and 12 utility model patents in secondary aluminum technologies, driving industry-wide advancement. By the end of 2024, Innovation Metal has won numerous awards:

### National Non-Ferromagnetic Metals Technical Standards Excellence Award

Lead author of national standards*: Recycled Aluminum, Secondary Cast Aluminum Alloy Raw Materials, Aluminum and Aluminum Alloy Terms – Part 4: Recycled Aluminum*

### Second Prize, China Non-Ferromagnetic Metals Industry Science & Technology Award

Participated in the formulation of the *Development and Promotion of a Series of National Standards for Recycled Aluminum Raw Materials*

### Shandong Major Scientific and Technological Achievements Collection System

Executed Shandong Key R&D Program: *Process Research & Industrialization of High-Performance Aluminum Alloys Using Recycled Aluminum*

### Provincial Quality Benchmark

Exploring the *Province's Quality Benchmark - the Practice of Building a 'Six-in-One' High-Quality Secondary Aluminum Recycling Ecosystem*

### First Prize, Binzhou Patent Award

Invention patent: *Production Process for Electronic-Grade Aluminum Alloys Using Secondary Aluminum*

The Company actively engages in cooperative projects with universities. Focusing on the high-end aluminum profile domain, we have been exploring sustainable development pathways to support the Company's green transformation.

### ''Aluminum'' Path to Low Carbon: The Dual Carbon Innovation Journey of Tsinghua Students and Innovation Precision

On July 5, 2024, Innovation Precision collaborated with Tsinghua University to launch a carbon neutrality capability enhancement project, hosting an online project initiation meeting. The participants included practice instructors from Tsinghua University, corporate instructors, practice management instructors, and five project students. The practice group students presented their project initiation report titled *Assessment of Carbon Emission Effects of Secondary Aluminum Recycling Based on Different Raw Material Ratios*. From July 7 to 13, 2024, the practice group conducted offline field research. They visited the production workshops of the Shandong factory, learned about the secondary aluminum recycling process, collected carbon emission data, and preliminarily formulated a carbon emission accounting report.

Through this research project and field investigation, both teachers and students gained a deeper understanding and recognition of the development of the secondary aluminum recycling industry and energy conservation and emission reduction. They also won the second prize in Tsinghua University's Carbon Neutrality Capability Enhancement Project. Taking this opportunity, Innovation Precision, leveraging its strengths in aluminum alloy material research and development as well as production, further optimized the secondary aluminum recycling process, established a more complete closed-loop supply chain for aluminum alloy materials, and reduced energy consumption and carbon emissions.


Innovation Precision has launched a carbon neutrality capacity improvement project with Tsinghua University

Facing the pressing challenges of global climate change, Innovation New Material, as a leading global aluminum alloy materials provider, has taken the initiative to align with China's dual-carbon strategy. Guided by green development principles, the Company is driving transformation across the aluminum industry value chain. Leveraging clean energy advantages and industrial cluster effects, the Company has established a sustainable development model centered on ''green raw materials, low-carbon manufacturing, and circular recycling''. Building on clean production foundations, the Company focuses on creating a low-carbon production chain from raw materials to aluminum alloy products. By providing eco-friendly aluminum alloy solutions, the Company empowers downstream industries—including new energy vehicles, photovoltaics, and 3C electronics—to achieve green transformation, contributing to global climate governance.

# 02

# Green and Low-Carbon, Building Our Home Together

# Actively Address Climate Change

Innovation New Material places great emphasis on the impact of climate change on the environment and is committed to promoting actions to address climate change, continuously transitioning towards a low-carbon economy. In the current year, with reference to the framework and recommendations outlined in *IFRS Sustainability Disclosure Standard No. 2 - Climate-related Disclosures* issued by the International Sustainability Standards Board (ISSB), the Company has actively assessed the risks and opportunities posed by climate change to its business operations and value chain. We have analyzed its measures to combat climate change across various time horizons and evaluated corporate resilience, with the aim of comprehensively enhancing its capacity to manage climate change risks and seize opportunities arising from it.

## Governance

As the highest decision-making body, the Board of Directors holds ultimate accountability for climate-related issues. To strengthen management efficacy, the Board authorized the Strategy and ESG Committee to oversee climate risk management systems, review climate targets, track progress, and coordinate risk identification, quantification, and response planning. Through regular specialized reporting, the Committee provides expert decision-making support to the Board, forming a closed-loop ESG governance model of ''strategic decision-making with professional backing''.

At the operational level, the ESG Task Force serves as the coordinating body for climate initiatives across subsidiaries, which act as primary implementation units. The Task Force collaborates with subsidiaries to advance climate risk management. Regular climate-focused briefings are held for the Board and senior management to enhance their expertise and competency in climate-related matters.

## Strategy

Facing the challenges and opportunities brought by climate change, we have deeply integrated climate resilience thinking into the core of corporate governance and strategy. We have established a dynamic closed-loop system of ''climate scenario analysis - risk and opportunity identification - strategic adjustment and response'' to evaluate the strategic impacts of energy transition, policy changes, and shifts in market preferences under different temperature control targets, identifying major risks and key opportunity areas. To gain a detailed and comprehensive understanding of the Company's risk levels under different climate scenarios, this year we prioritized assessing the impacts of key physical and transition risks on our own factories and offices under both low-emission and high-emission scenarios, considering factors such as risk concentration, impact magnitude, and data availability, to evaluate the risks and opportunities to our operations under different climate conditions.

### Risk and Opportunity Identification and Response

This year, based on the Company's strategic development plan and referencing future climate change trends, combined with input from internal and external industry experts and industry development trends, we identified and categorized the impacts of climate risks and opportunities on operations and financial performance in the short, medium, and long term. Incorporating feedback from business units on risks and opportunities, we conducted assessments to prioritize them, helping the Company develop more targeted response measures.

[1] The Company refers to major climate change trends published by authoritative institutions such as the Intergovernmental Panel on Climate Change (IPCC), International Energy Agency (IEA), and Network for Greening the Financial System (NGFS), including their research findings, reports and descriptions of different emission scenarios.

[2] Considering core business planning, society's low-carbon development timeline, climate-related disclosure standards and management recommendations, we have set the following timeframes: within 1 year after the reporting period (short-term); 1 to 5 years after the reporting period (medium-term); and more than 5 years after the reporting period (long-term), to reasonably assess the impact of climate on business development during different periods.



## List of Climate Risks

### Physical Risk Assessment Results

| Risk Type | Risk Identified[1] | Potential Impact | | | | Response Strategies |
|---|---|---|---|---|---|---|
| | | Operational Impact | Financial Impact | Time Horizon[2] | Risk Level | |
| Acute Risks | Typhoon | Strong winds, heavy rain, and storm surges may damage buildings, disrupt transportation, and in severe cases, cause casualties. | Increased operational costs, reduced revenue | Short-term | Low | • When selecting sites for new factories and operational locations, assess climate risks in advance.<br>• Improve emergency response plans for extreme weather (e.g., evacuation procedures).<br>• Enhance the capability to respond to extreme weather (e.g., stockpile emergency supplies). |
| | Extreme Rainfall / Flooding | Infrastructure damage, water/power outages, logistics disruptions, potentially halting operations and causing financial loss. | | Short-term | Low | • Prepare to construct flood control facilities.<br>• Establish early warning systems and contingency plans. |
| Chronic Risks | Heatwaves / Drought | The effects of sustained high temperatures lead to reduced precipitation, water scarcity and increased energy demand. | Increased operational costs | Long-term | Low | • Enhance the efficiency of water resource utilization, carry out water conservation measures and enhance the water recycling rate.<br>• Enhance employees' awareness of water conservation. |
| | Sea Level Rise | Coastal erosion, saltwater intrusion and inundation of coastal areas may as a result of rising sea-level, damaging coastal infrastructure and affecting the safety of coastal business operations and people. | Increased operational costs | Long-term | Low | • Follow up the climate change situation in the operation site.<br>• Conduct an EIA at the pre-feasibility study and site selection stage of the project. |

## Transition risks

| Risk Type | Risk Identified | Potential Impact | | | | Response Strategies |
|---|---|---|---|---|---|---|
| | | Operational Impact | Financial Impact | Time Horizon | Risk Level | |
| Policy and Legal Risks | Carbon Trading and Carbon Adjustment Mechanism | May need to purchase more carbon credits in the market to meet production needs; affects exports to overseas markets, which in turn affects cross-border transactions in the Company's downstream value chain. | Rising cost of carbon compliance, rising cost of purchasing carbon credits | Short to medium term | Medium | • Actively participate in the carbon trading market and rationally plan strategies for purchasing carbon emission rights.<br>• Lay out in advance, explore low-carbon production modes and reduce carbon compliance costs. |
| | Information Disclosure | With the introduction of information disclosure standards by international and domestic organizations, disclosure requirements for climate change information are becoming more stringent, making it more difficult to track and understand the policy. | Rising cost of labor, rising cost of information tracking and maintenance | Short-term | Low | • Establish a professional policy research team to interpret the latest information disclosure requirements in a timely manner.<br>• Use digital tools to enhance the efficiency of information disclosure.<br>• Strengthen communication with stakeholders and prepare for information disclosure in advance. |
| Technology Risk | Clean Technology Replacement | With the country's goal of "carbon peaking by 2030 and carbon neutrality by 2060", the country's carbon emission policy will be gradually tightened, resulting in the Company facing pressure to reduce carbon emissions, and in the short to medium term, the Company may face the need to reduce carbon emissions, which may lead to the replacement of clean technology. | Rising cost of R&D, rising losses due to technology failure, rising cost of labor | Short to medium term | Medium | • Cooperate with scientific research institutes to lay out clean technology research and development in advance.<br>• Establish a technology assessment system and fully evaluate new technologies before applying them.<br>• Cultivate and introduce relevant technical talents to enhance the adaptability of technological replacement. |
| Market Risk | Demand for Green Products | Downstream clients and consumers are demanding more green and low-carbon attributes from the industry chain, which will lead to stricter entry requirements and the need to purchase more green raw materials. | Rising raw material costs | Medium term | Medium | • Strengthen market research and lay out the market for green products in advance.<br>• Cooperate with suppliers to jointly explore green raw material supply channels.<br>• Enhance the green and low-carbon attributes of products to meet market demand. |
| Reputation Risk | Stakeholder Feedback | Business behaviors that are inconsistent with green and low-carbon philosophies may negatively affect the ratings of the Company by stakeholders, resulting in damaged goodwill. | Lower revenue and goodwill | Long-term | Low | • Establish a sound stakeholder communication mechanism to understand and respond to their concerns in a timely manner.<br>• Strengthen brand building and highlight the Company's green and low-carbon concepts and practices. |

## Climate Opportunity Assessment Results

In terms of climate opportunities, the industrial chain is accelerating the energy-saving and carbon-reduction process throughout the product lifecycle, driving sustained growth in demand for low-carbon aluminum products. This presents significant climate opportunities for the Company in three areas: products and services, market expansion, and climate resilience. Meanwhile, by implementing energy-saving technological transformations and expanding the use of clean energy, the Company has effectively improved resource utilization efficiency and optimized its energy mix, providing positive impetus for cost reduction and efficiency enhancement.

| Type of opportunity | Operational impact | Financial impact | Likelihood | Response strategy |
|---|---|---|---|---|
| Products & Services | By introducing green and clean energy and optimizing production processes, we create low-carbon products to meet market demand for such items. At the same time, we have signed strategic aluminum recycling cooperation agreements with downstream customers to support the production of greener and lighter aluminum alloy products, providing high-quality aluminum alloy materials for downstream customers and fostering the co-creation of economic and social value across the value chain. | Increase sales profits, expand market share, reduce production costs, and elevate brand value. | High | • Strengthen R&D innovation, continuously optimize product performance and production processes, and enhance product competitiveness.<br>• Expand market channels, intensify brand promotion, and increase brand awareness.<br>• Deepen cooperation with upstream and downstream enterprises to build a green and low-carbon industrial ecosystem. |
| Markets | Global countries and regions are providing strong support for green development, leading to an accelerated low-carbon transformation of the market and an increased demand for green aluminum alloys. | Revenue growth driven by increased product demand. | High | • Vigorously promote low-carbon transformation, respond to market demand for green aluminum alloys, seize new market opportunities, and achieve new growth in operating revenue. |
| Resource Efficiency | We are implementing energy-saving technological upgrades to enhance production efficiency, reduce resource usage, and lower energy consumption. Benefiting from increased production capacity, more finished products can be produced in the same amount of time. | Lower production costs, boost sales profits, and improve resource utilization efficiency. | Medium | • Gradually implement energy-saving technological upgrades to enhance production efficiency, reduce resource consumption and energy usage. |
| Energy Sources | We are constructing green energy facilities such as photovoltaic and wind power at multiple operational sites, with plans to gradually replace traditional energy sources for production activities. In the Yunnan region, we continue to increase the proportion of hydropower used to raise the share of clean energy. | Reduce energy costs and mitigate future compliance risks arising from stricter emissions policies. | Medium | • Increase investment in green energy and continuously expand the deployment of photovoltaic, wind power, and other green energy facilities.<br>• Collaborate with energy suppliers to optimize the energy procurement structure and reduce energy costs.<br>• Strengthen energy management, improve energy utilization efficiency, and minimize energy waste. |
| Resilience | We are extensively expanding into new energy to diversify energy sources, reduce reliance on fossil fuels, and enhance operational resilience amid the rapid development of low-carbon transformation. Through thorough market research, we are gradually expanding into the recycled aluminum and green aluminum industries, improving downstream resilience in addressing carbon reduction challenges while also creating new revenue growth opportunities for the Company. | Strengthen market competitiveness, enhance resilience to climate change impacts, and lower operational risks. | High | • Enhance industrial chain collaboration by establishing long-term, stable partnerships with upstream and downstream enterprises to jointly address market changes.<br>• Boost R&D investment to improve the low-carbon performance and quality stability of products.<br>• Establish a risk early-warning mechanism to proactively identify and mitigate potential risks. |

## Climate Scenario Analysis

To comprehensively assess the Company's risk levels under different climate scenarios, this year, based on risk concentration, degree of impact, and data availability, we have focused on analyzing the core physical risks and transition risks faced by our self-owned factories and offices under low-emission and high-emission scenarios, with a view to identifying risks and opportunities arising from changes in climate conditions.

### Climate Scenario Selection and Parameters

Considering the Company's and industry's energy consumption characteristics, policy sensitivity, and operational distribution, we adopted the IPCC SSP1-2.6 and SSP5-8.5 scenarios to analyze the resilience of the business to physical risks. For transition risks, we utilized the IEA Net Zero Emissions (NZE) Scenario and Stated Policies Scenario (STEPS) to evaluate the Company's adaptability to different energy structures.

| | Low Emission Scenario | High Emission Scenario |
|---|---|---|
| Physical Risk | IPCC SSP1-2.6 | IPCC SSP5-8.5 |
| | Assumes global active emission reduction efforts to meet the *Paris Agreement* goals (temperature rise <2°C). | Assumes no climate policy intervention (temperature rise >4°C with frequent extreme weather). |
| Transition Risk | IEA Net Zero Emissions（NZE2050） | IEA STEPS |
| | Assumes global carbon neutrality by 2050 with rapidly rising carbon prices and clean technology adoption. | Assumes only currently announced policies are implemented, with growing energy demand and continued dominance of traditional fuels. |

| Risk Types | | Key scenario factors and potential impacts | |
|---|---|---|---|
| | | Low Emission Scenario | High Emission Scenario |
| Physical Risk | Extreme Weather | Temperature rise controlled below 2°C; reduced probability and intensity of extreme weather events (floods, storms, typhoons, etc.) | Temperature rise exceeds 4°C; increased probability and intensity of extreme weather events (floods, storms, typhoons, etc.) |
| | Water Stress | Stable water supply for production with low risk of water shortages | Particularly in drought-prone regions, water supply may be severely affected by heightened shortage risks |
| | Supply Chain Stability | Minimal impact on logistics and raw material supply; lower disruption risk | Climate disasters may cause logistics delays and raw material shortages; higher disruption risk |
| Transition Risk | Policy Pressure | Implementation of low-carbon policies accelerates corporate transformation | Lax implementation of carbon neutrality plans globally; volatile energy prices with weak decarbonization incentives |
| | Market Demand | Growing demand for low-carbon products drives faster operational transformation | The demand for low-carbon products is slowing down, with enterprises showing less demand for such products and the growth of market opportunities also decelerating |
| | Carbon Pricing | Rising carbon prices necessitate rapid clean energy adoption | Carbon prices may remain low, reducing urgency for clean energy transition |

## Scenario Analysis Process and Results

Based on the relevant climate parameters in the selected scenarios, the Company comprehensively assessed the impact of the relevant risks on the continuity of operations, the health and safety of personnel, financial indicators, etc., and sorted out the risk levels of the Company under different scenarios in 2030 and 2050 [3].

| Risk descriptions | | Risk influence levels | | | |
|---|---|---|---|---|---|
| | | Low Emission Scenrio | | High Emission Scenario | |
| | | 2030 | 2050 | 2030 | 2050 |
| Acute Risks | Typhoons | ○ | ○ | ○ | ○ |
| | Extreme Rainfall / Flooding | ○ | ○ | ○ | ○ |
| Chronic Risks | High Temperatures / Drought | ○ | ○ | ○ | ○ |
| | Sea Level Rise | ○ | ○ | ○ | ○ |
| Policy and Legal Risks | Carbon Trading & Regulatory Mechanisms | ● | ● | ● | ○ |
| Technology Risks | Clean Technology Replacement | ● | ● | ● | ○ |

Risk influence levels ○ Low ● Medium

In terms of physical risk, considering the Company's existing geographical location and future development areas, and in the absence of any significant changes in the business model, there is no significant risk, although the risks of damage to assets and the health and safety of personnel caused by typhoons, extreme rainfall and flooding are likely to see a small upward trend in the medium and long term. Although the losses caused by extreme weather cannot be completely avoided, we have formulated relevant emergency plans to ensure the normal operation of our business and minimize the associated impacts.

In terms of transition risk, under the low emission scenario, the carbon-related policy requirements and market mechanism will be gradually improved, and the replacement of clean technologies will be more frequent. However, the Company has accelerated the deployment of clean energy and energy-saving technological transformation, and considering the costs required to address the risks, the level of risk under the low emission scenario is consistent with the current assessment, and the Company can cope with the relevant risks better. In the High Emissions Scenario, the Company is likely to meet regulatory requirements without additional effort in the long term due to the slower pace of the low-carbon transition, so the overall level of risk is low, and the Company is well positioned to address the risks at this stage of its development plan.

[3] 2030 is the target year for carbon peaking under China's 'dual carbon' strategy, and 2050 is the year of carbon neutrality under the *Paris Agreement*. In selecting the timeframe and scenarios, the Company mainly considered that the timeframe available for analyzing the scenarios is consistent with the national and international carbon emission targets, as well as the timeframe of the Company's strategic development plan.

## Risk management

We have fully integrated climate risk management into our corporate environmental management system and proactively identified and investigated potential risks and development opportunities arising from various climate-related risks based on the actual business situation and in conjunction with the results of scenario analyses, industry analyses, and advice from external experts. In response to the identified risks and opportunities, we consider the possibility of their occurrence and the degree of impact on finance and business in conjunction with departmental feedback, prioritize the risks and opportunities, and formulate targeted response measures. We monitor climate-related risks on a regular basis to progressively improve the Company's resilience to climate change.

The Board of Directors and the Strategy and ESG Committee are continually briefed on the results of our climate-related risk assessments, which are considered in management decisions, and targeted management recommendations are made.

## Metrics and Targets

| | |
|---|---|
| Inner Mongolia Lightweight | Using 2024 as the base year, decrease the greenhouse gas emission intensity (Scope 1 + Scope 2) by **5%** in 2025. |
| Yunnan Innovation Alloy | Using 2024 as the base year, decrease the greenhouse gas emission intensity (Scope 1 + Scope 2) by **2%** in 2030. |
| Inner Mongolia New Materials | Using 2024 as the base year, decrease the greenhouse gas emission intensity (Scope 1 + Scope 2) by **5%** in 2030. |

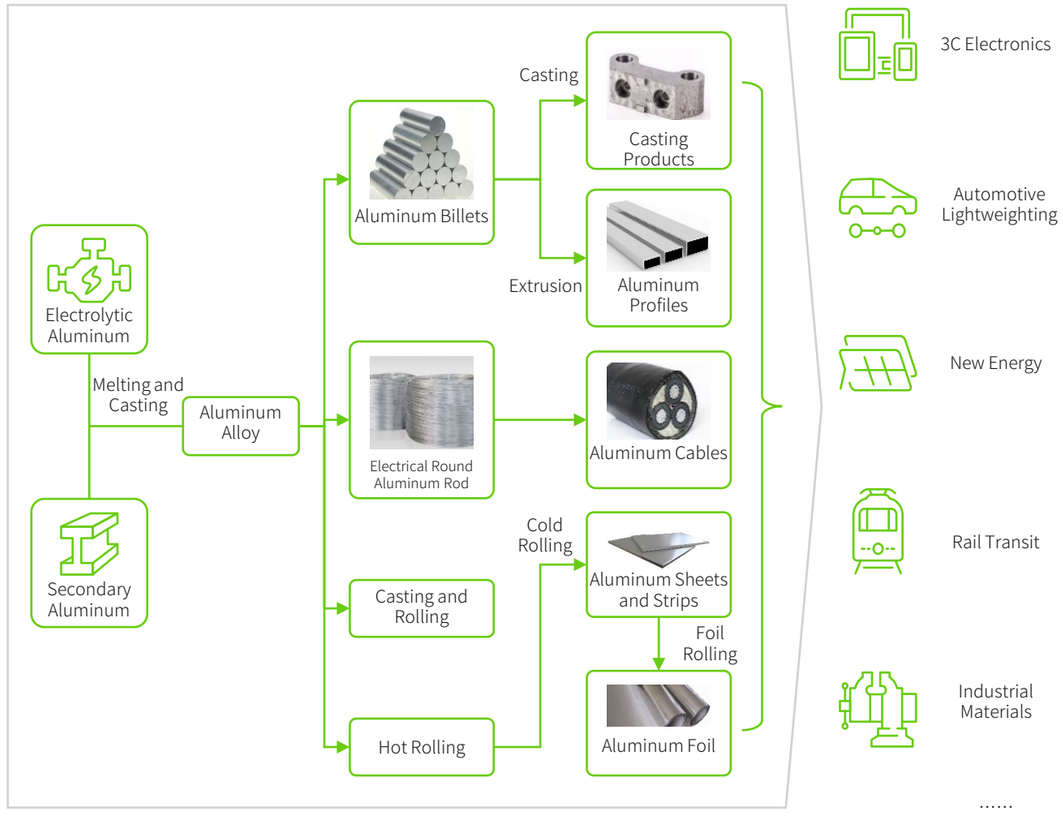
2024,

| Total GHG emissions | Direct GHG emissions (Scope I) | Indirect GHG emissions (Scope II) |
|---|---|---|
| **965,260.04** | **418,154.31** | **547,105.73** |
| tons $CO_2$ equivalent | tons $CO_2$ equivalent | tons $CO_2$ equivalent |

## Building a Green Aluminum Production Chain

Innovation New Material adheres to the concept of green development, establishing a systematic aluminum alloy industrial system centered on green and low-carbon practices to promote circular development across the entire industrial chain. Based on actual production processes, the Company has developed a large-scale application model for green aluminum raw materials and a low-carbon, clean production framework, providing the ''Innovation New Materials'' solution for the low-carbon development of the industry chain.

By the end of 2024, 5 subsidiaries have conducted Aluminum Stewardship Initiative (ASI) certification audits, of which Suzhou Chuangtai has successfully obtained the ASI certification.



## Commitment to Using Green Aluminum

To further reduce the product's carbon footprint, the Company integrates green and low-carbon principles into raw material selection. We are continuously expanding partnerships for green power aluminum (low-carbon aluminum), with a focus on regions rich in wind, solar, and hydropower-based aluminum production, such as Inner Mongolia and Yunnan. We actively collaborate with suppliers that use clean energy for electrolytic aluminum production to reduce greenhouse gas emissions at the source. Additionally, the Company leverages the green power aluminum supplied by Shandong Innovation Group (''Innovation Group'') and the hydropower aluminum from Yunnan Innovation Alloy, setting relevant capacity targets to increase the proportion of green aluminum in our supply chain.

**Green Aluminum Targets of Suzhou Chuangtai**

Launch the 2030 Strategy, focusing on the development of aluminum recycling, extruded products, and renewable energy power generation. Increase the proportion of recycled aluminum used, promote the green aluminum market, and strive to become a pioneer in green aluminum transformation by 2030.

**Green Aluminum Capacity Targets and Progress of Yunnan Innovation Alloy**

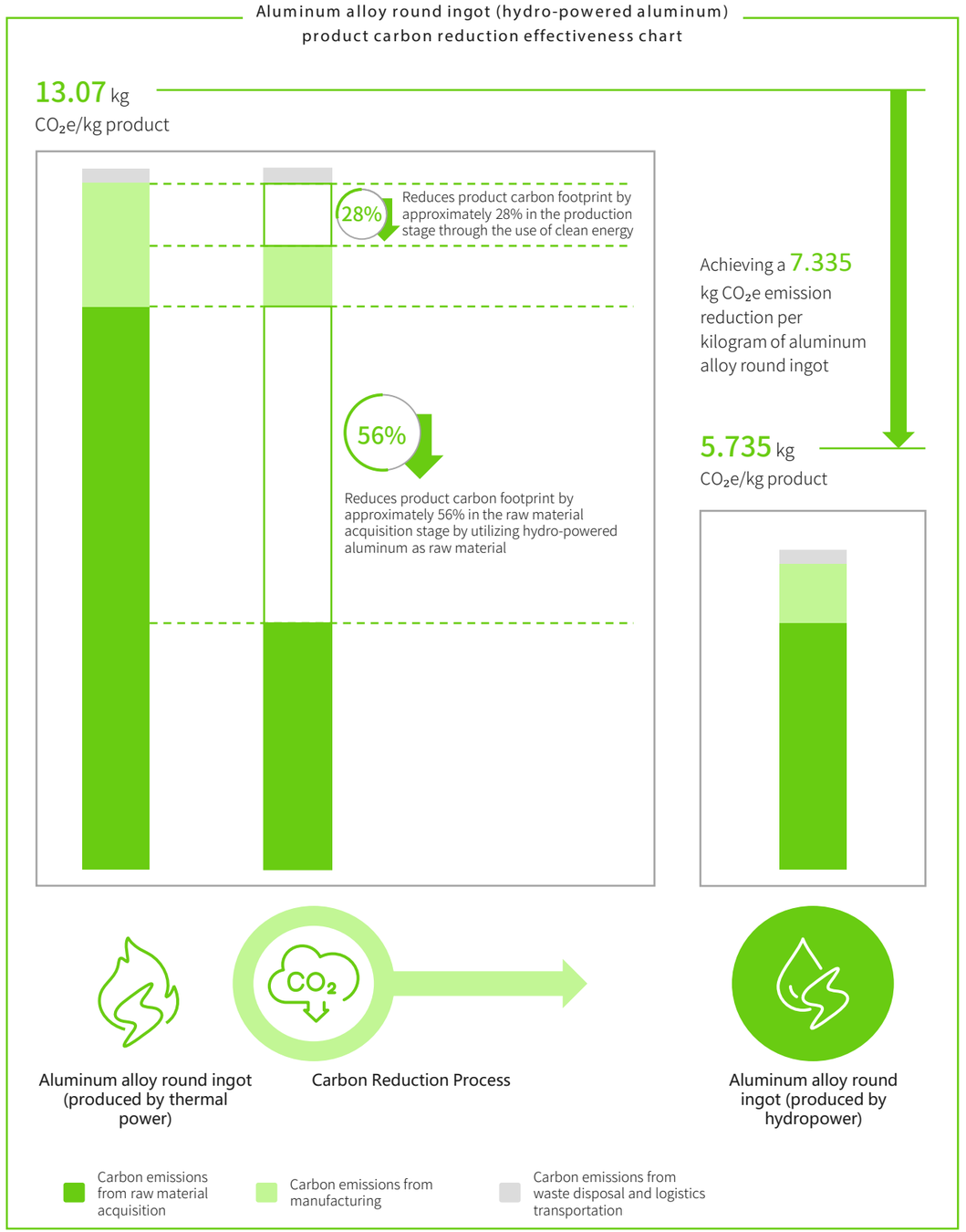
Yunnan Innovation Alloy leverages its local advantages to purchase raw materials produced via hydropower and uses green electricity to produce products.

As of 2024, Yunnan Innovation Alloy has achieved a production capacity of **510,000** tons for aluminum billets and aluminum rods produced using green electricity.

By the end of 2025, the production capacity of aluminum billets utilizing hydropower-based aluminum production is expected to increase to **600,000** tons.

By the end of 2030, Yunnan Innovation Alloy aims to reach **900,000** tons.

The Company also promotes low-carbon production process certifications and encourages suppliers to increase their renewable energy usage, working together to minimize the carbon footprint across the product lifecycle.



## Green Industry Collaboration Model

Innovation New Material leverages its aluminum industry cluster advantages to establish an ''Innovation Model'' based on short-distance molten aluminum transportation and downstream manufacturing. By directly supplying molten aluminum to production workshops, the Company eliminates the energy consumption associated with repeated solidification and remelting of molten aluminum, significantly reducing greenhouse gas emissions. Additionally, the adoption of short-distance transportation minimizes logistics distances and lowers greenhouse gas emissions from transport vehicles, thereby decreasing the product's carbon footprint. This year, the Company procured 3.5025 million tons of molten aluminum, accounting for 90.86% of its total electrolytic aluminum raw materials[4].

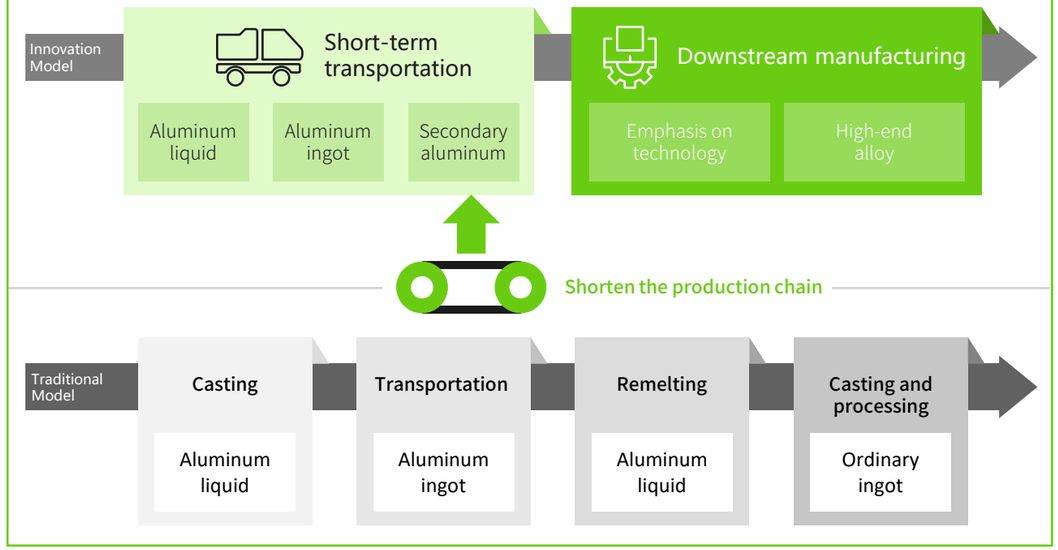
This year

Company procured **3.5025** million tons of molten aluminum

accounting for **90.86%** of its total electrolytic aluminum raw materials

Furthermore, the Company is accelerating the development of Yunnan's green aluminum industry by extending its ''Innovation Model'' partnership with Shandong Weiqiao Pioneering Group Co., Ltd. This collaboration further capitalizes on the strengths of upstream and downstream industrial clusters, enabling expanded production capacity while continuously reducing greenhouse gas emissions in operations. These efforts contribute to the green transformation of the aluminum industry.

### Short-distance transportation model of molten aluminum




### Yunnan Innovation Alloy: Short-distance product transportation model

Yunnan Innovation Alloy adopts a ''door-to-door'' procurement model (with a transportation distance of approximately 2 kilometers), reducing the transportation distance of high-temperature molten aluminum and eliminating one remelting process. Approximately 70 $m^3$ of natural gas can be saved for every 1 ton of high-temperature molten aluminum utilized. In 2024, Yunnan Innovation Alloy utilized 367,000 tons of high-temperature molten aluminum, which can avoid approximately 56,000 tons of direct greenhouse gas emissions generated from the stationary combustion of natural gas.

4. The raw materials for electrolytic aluminum include molten aluminum and electrolytic aluminum ingots used in the production of products, but do not include aluminum scrap .

## Optimization of energy structure

The Company actively responded to the national ''dual-carbon'' strategy, vigorously promoted green and low-carbon transformation, and achieved sustainable and high-quality development by continuously optimizing the energy structure and by comprehensively reducing energy consumption in the production and operation processes. During the year, 4 factories of the Company obtained ISO 50001 Energy Management System certification.

## Energy Management System

The Company has always implemented the concepts of green management and green development. We have carried out comprehensive and systematic planning, implementation, inspection, and improvement of energy use. We also scientifically monitor the entire process of energy management to effectively control energy consumption and enhance energy efficiency. In accordance with the *Energy Conservation Law of the People's Republic of China*, ISO 50001 Energy Management System, and RB/T 117-2014 Certification Requirements for Energy Management Systems in Nonferrous Metal Enterprises, and in combination with the Company's actual daily operations, we have established a three-level management mechanism covering the ''Company-department-team'' levels to achieve effective management of water resources, emissions, wastewater, and waste.

**Company Level**

- An Energy Management Leadership Group and an Energy Management Office have been established, with the Deputy General Manager serving as the group leader.
- Responsible for formulating the energy policy and the operational guidelines for the energy management system, clearly defining and communicating the responsibilities and authorities related to energy management.
- Regularly report to the top management on the progress of work.

**Department Level**

- An Energy Management Team composed of members from multiple departments has been formed.
- Responsible for carrying out energy management work, implementing the energy policy, establishing, implementing, maintaining, and continuously improving the energy management system in accordance with standard requirements, and planning effective energy management activities.
- Responsible for monitoring energy performance and conducting compliance evaluations, enhancing all employees' understanding of the energy policy and energy objectives.
- Regularly report to the Energy Management Leadership Group and an Energy Management Office.

**Team Level**

- Energy management specialists are responsible for daily energy management work, promoting the continuous and effective implementation of energy management within the enterprise.

## Clean Energy Layout

The Company is accelerating the increase in the proportion of clean energy usage and actively intensifying the optimization and adjustment of its energy structure. By constructing photovoltaic power generation units and supporting the group's integrated wind and solar projects, the Company is promoting the application of green energy to a new level. The Company is vigorously developing photovoltaic power generation projects to drive energy conservation and emission reduction, reduce production costs, and enhance green energy utilization, thereby achieving comprehensive low-carbon operations.

**Renewable Energy Targets**

Compared with 2024, the Company expects to increase its photovoltaic installed capacity by **15%** in 2025.

**By the end of 2024**

The Company has installed a cumulative total of **57.85** MW of photovoltaic power generation equipment.

The annual power generation reaches **42,339.90** MWH, and it is estimated that about **31,448.17** tons of carbon dioxide emissions can be reduced each year.

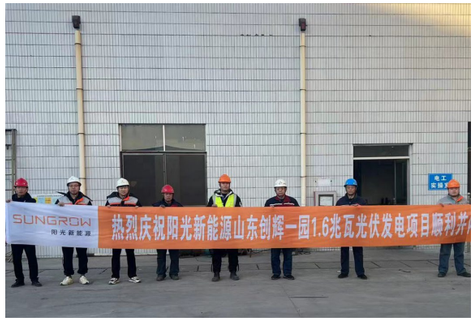
**This year**

The Company has completed the installation of **34.25** MW of photovoltaic equipment in the Shandong region and achieved grid connection for power generation.

It is estimated that about **23,853.11** tons of carbon dioxide emissions can be reduced each year.

### Chuanghui New Material: Grid-Connected Photovoltaic Power Station

In 2024, Chuanghui New Material constructed a photovoltaic power station on the roofs of the cable workshop and conductor workshop, with a construction scale of 3.5MW. It is expected to provide 3.55 million kWh of green electricity annually. The clean energy generated by the project will be entirely used for the Company's production, effectively promoting the Company's high-quality green and low-carbon development.




Photovoltaic Power Station

## Energy Conservation and Emission Reduction Measures

### Innovation Precision: Energy-saving Effects of Upgraded Combustion Furnace

This year, in order to effectively improve energy utilization efficiency, Innovation Precision carried out the transformation of combustion furnaces, replacing ordinary melting equipment with regenerative combustion furnaces. This change accelerates the internal heating rate and increases the recovery rate of waste heat from exhaust gases, resulting in a reduction of natural gas consumption by about 42%. The Company can save 1.73 million cubic meters of natural gas annually, which is equivalent to reducing greenhouse gas emission by 3,700 tons.

### Suzhou Chuangtai: Multi-pronged Approach to Promote Energy Conservation in Aluminum Processing

To further advance energy conservation and emission reduction, Suzhou Chuangtai upgraded and replaced 8 melting furnaces. After the upgrade, the natural gas consumption per ton was reduced from 110 cubic meters to 70 cubic meters. Additionally, a new paint stripping furnace was installed to pre-treat raw materials (aluminum shavings) by removing oils, cutting fluids, and other substances, which not only achieves a preheating effect but also effectively reduces the gas consumption of the subsequent melting furnaces.

The new production lines at Suzhou Chuangtai mainly use double-chamber furnaces. By modifying the flue, the Company has improved the yield and saved energy consumption in the production process, thereby reducing greenhouse gas emission in the production stage. The Company also constructed a preheating chamber using the residual heat from the flue. Raw materials enter the preheating chamber for preheating before being fed into the furnace, which helps to reduce energy consumption.

### Innovation Precision: Switching Production Facilities from Gas to Electricity to Reduce Greenhouse Gas Emissions

Innovation Precision has transitioned its production equipment from being fossil fuel-driven to being electrically powered, thereby enhancing the Company's energy efficiency and reducing greenhouse gas emission. This change also leads to more stable and efficient production, improves product quality and benefits, lowers operating costs and risks, and strengthens the Company's risk resistance capabilities. Moreover, this shift aligns with the global trend of green development, helping the Company to establish a positive image, enhance brand value and competitiveness, attract more customers and partners, create more business opportunities, and drive the Company towards a green, low-carbon, and sustainable direction.

### Innovation Metal: Establishing a Stereoscopic Warehouse to Improve Energy Efficiency

In April 2024, Innovation Metal completed the construction and put into use a stereoscopic warehouse. This warehouse employs a highly automated and standardized high-speed stacker storage method, consisting of a rack system, stacker system, overhead and floor tracking system, and conveyor system. Based on strategies such as ABC classification, minimum path planning, and goods-to-person, and in combination with an information management system, the project has achieved an efficiency improvement of more than three times compared to the traditional forklift operation method, effectively reducing energy usage.

# Building a Low-Carbon Product Ecosystem

To effectively promote the construction of a low-carbon product system along the value chain, Innovation New Material has clarified the carbon footprint of existing products. By optimizing energy structure and implementing energy conservation and emission reduction measures, the Company continuously lowers the carbon emissions of its products. The Company provides downstream industries with high-performance, green, and low-carbon aluminum alloy products and collaborates with the value chain to explore future trends in low-carbon development.

## Assisting Downstream Industries in Carbon Reduction

Leveraging the lightweight and low-emission characteristics of its aluminum alloy products, the Company's products are widely used in pioneering low-carbon transformation industries such as new energy, automotive manufacturing, and 3C electronics. This significantly reduces the weight of downstream products, lowers their effective energy consumption during use, and helps reduce carbon emissions throughout their life cycle, enhancing the low-carbon attributes of the products.

**Photovoltaic Sector**

The Company's aluminum alloy products, known for their high strength, lightweight, corrosion resistance, and recyclability, are used in key parts such as solar frame, photovoltaic modules, and support structures. Their ability to withstand wind and snow loads enhances the reliability of photovoltaic equipment, reduces the risk of structural overload, and expands the application scenarios for rooftop distributed photovoltaics. Compared to steel, the transportation of aluminum alloy products significantly reduces carbon emissions. The corrosion resistance of aluminum alloy extends the equipment's service life, and its high recycling rate and low energy consumption offer significant environmental advantages throughout its life cycle, supporting the low-carbon development of the photovoltaic industry.

**Automotive Lightweighting Sector**

The Company's aluminum alloy materials are used in the production of automotive trim, sunroof rails, seats, and battery trays, replacing steel to achieve lightweight goals while meeting performance requirements. The material reduces the vehicle's weight, thereby lowering energy consumption and improving vehicle efficiency, aligning with the low-carbon trend of new energy vehicles and promoting the green upgrade of the automotive industry.

**Automotive Lightweighting Weight Reduction Data:** The density of aluminum alloy is about 1/3 that of steel. Replacing traditional steel with aluminum alloy can reduce the vehicle's weight by 30-40%. The reduction in vehicle weight directly lowers fuel consumption and exhaust emissions. For every 1% reduction in vehicle weight, fuel consumption can be reduced by 0.6-1.0%. For every 100kg of weight reduction, $CO_2$ emissions can be reduced by about 5g/km. A lighter vehicle weight also improves acceleration, handling, and braking performance. Aluminum forms a dense oxide layer when exposed to air, which effectively prevents the underlying aluminum from being eroded, thereby enhancing the vehicle's corrosion resistance and service life. Additionally, aluminum alloy has a high recycling value, which is beneficial for environmental protection and resource reuse.

**3C Electronics Sector**

By optimizing processes and changing materials, the Company has helped customers achieve carbon neutrality for their first mini-computer. In terms of processes, the Company upgraded the equipment energy management system, optimized the production line layout, improved production efficiency, and adopted low-carbon transportation methods to reduce energy consumption and carbon emissions. In terms of materials, the Company extensively used recycled aluminum alloy, increased the proportion of recyclable materials, and experimented with biobased materials to reduce the product's carbon footprint. Ultimately, the Company successfully achieved the carbon neutrality goal, demonstrating its commitment to green manufacturing and sustainable development capabilities.

## Industry Collaboration

The Company fully leverages its own strengths to participate in industry collaboration, actively engages in cooperation with downstream customers to jointly explore carbon reduction opportunities along the value chain, and works with partners to promote the development of green products, continuously strengthening the green attributes of the industry.

### Chuanghui New Material: Participating in the 2024 China (Guangyuan) Green Aluminum Industry Development Conference

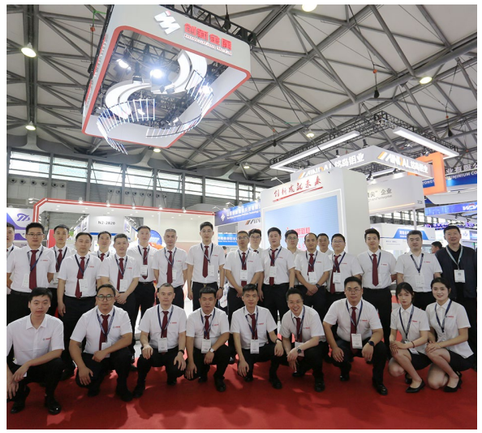
In May 2024, the 2024 China (Guangyuan) Green Aluminum Industry Development Conference, themed ''Embracing Greenness • Aluminum Shapes the Future'', was held in Guangyuan, Sichuan. Jointly organized by the China Nonferrous Metals Fabrication Industry Association, the People's Government of Guangyuan City, and the Aluminum Branch of the China Non-Ferromagnetic Metals Industry Association, the conference gathered industry leaders and experts. Chuanghui New Material shared its valuable experience in the wide application of aluminum alloy cables in the new energy field, as well as in production and quality control, contributing to the effort of building a strong country in green manufacturing.


2024 China (Guangyuan) Green Aluminum Industry Development Conference

### Innovation New Material: Participated in the 19th China International Aluminum Industry Exhibition in 2024

The 19th China International Aluminum Industry Exhibition in 2024, themed ''Green and Intelligent Aluminum - Connecting the Globe • Shaping the Future'', brought together high-quality resources from the global aluminum industry and end-user application fields. The Company showcased the technologies and products of the entire aluminum industry chain, actively promoting coordinated development between upstream and downstream industries, expanding business opportunities, and mapping out a new path for the sustainable development of the global aluminum industry.

Innovation New Material was invited to participate and display its latest achievements in the ''green, intelligent, and digital'' transformation of high-end aluminum alloy billets, sheets, wires, profiles, as well as 3C electronic aluminum alloy materials and automotive lightweight aluminum alloy materials. These displays attracted the attention and discussion of experts, scholars, and industry peers from both domestic and international circles.



19th China International Aluminum Industry Exhibition

## Carbon Emission Verification and Certification

To further optimize the Company's carbon emission management, the Company continuously carries out the certification of carbon footprint for daily operations and products, gaining a comprehensive understanding of carbon emissions throughout the entire life cycle of products. The work of carbon emission certification not only helps us accurately identify emission reduction links but also lays a solid foundation for the research and development and promotion of low-carbon products. In 2024, the Company obtained ISO 14067 Product Carbon Footprint certification for 20 aluminum alloy products, and 15 factories received ISO 14064 Greenhouse Gas verification certification.

| | Certified Entities | Certified Products |
|---|---|---|
| ISO 14064 Greenhouse Gas Verification Certification | Innovation Metal, Innovation Precision, Shandong Sheet Materials, Yuanwang Electrical Technology, Chuangfeng New Material, Chuanghui New Material, Suzhou Chuangtai, Yunnan Innovation Alloy, Qingdao Liwang, Innovation Beihai, Inner Mongolia New Materials, Inner Mongolia Lightweight, Chuangyuan Renewable Resources, Inner Mongolia Yuanwang, Hengwang Cable | |
| ISO 14067 Product Carbon Footprint Certification | | Cast aluminum alloy, aluminum alloy cast and rolled coils, cold-rolled sheet and strip, aluminum alloy foil, aluminum alloy rolling ingot, aluminum alloy hot-rolled coil, aluminum alloy hot-rolled sheet, recycled aluminum alloy round ingots, aluminum alloy round ingots, aluminum profiles for tablet computer casings, aluminum profiles for logistics box plate, aluminum conductor steel-reinforced, enameled aluminum round wire, electrical round aluminum rod, aluminum alloy profiles, forged bars, battery packs, sill beams, crash beams |



# Protecting the Harmony of Natural Ecology

Innovation New Material always places environmental protection as a vital part of its sustainable development. By continuously optimizing its environmental management system, enhancing its risk management capabilities related to the environment, and improving the management mechanisms for waste gas, wastewater, and hazardous waste, the Company ensures compliance and strives to minimize environmental risks. Meanwhile, we actively protect biodiversity to achieve harmonious coexistence between the enterprise and nature.

As of the end of 2024, the Company has obtained the following Green Factory certifications:

**4** National-level Green Factories

- Innovation Metal
- Suzhou Chuangtai
- Innovation Precision
- Yuanwang Electrical Technology

**3** Provincial-level Green Factories

- Shandong Sheet Materials
- Chuanghui New Material
- Innovation Beihai

## Environmental Management System

Innovation New Material strictly abides by laws and regulations such as the *Environmental Protection Law of the People's Republic of China,* the *Air Pollution Prevention and Control Law of the People's Republic of China,* the *Water Pollution Prevention and Control Law of the People's Republic of China*, and the *Solid Waste Pollution Environment Prevention and Control Law of the People's Republic of China*. This year, the Company revised the *Environmental Protection Management System and established the Environmental Protection Facilities Operation Management System*, the *Environmental Safety Hidden Danger Investigation System*, the *Environmental Hidden Danger Investigation and Management Responsibility System*, and the *Environmental Management Ledger System* to achieve a more standardized and efficient level of ecological environment management, striving to protect the natural ecological environment. By the end of 2024, 13 factories of Innovation New Material have obtained ISO 14001 Environmental Management System certification, accounting for 87%.

The Company has issued the *Environmental Policy Statement*, approved by senior management, which applies to all subsidiaries, branches, and their production operations, commercial facilities, products and services, distribution and logistics, waste management, due diligence, and mergers and acquisitions activities worldwide. The Company also encourages its customers, suppliers, and internal employees to jointly comply with this statement.

To effectively implement the environmental management system, the Company has established a three-level management structure of '' Leadership Group - Safety and Environmental Department - Subsidiaries''.

| | |
|---|---|
| Leadership Group | Comprising senior corporate leaders as the group leader and heads of relevant departments as members, responsible for overall planning and decision-making. |
| Safety and Environmental Department | In charge of the Company's overall environmental supervision, coordination, and management, as well as handling the ''three simultaneous''[5] procedures for construction projects' environmental protection. |
| Subsidiaries | Each subsidiary has established a Safety and Environmental Department, staffed with full-time environmental management personnel, who conduct regular special inspections for waste gas, wastewater, and waste, as well as comprehensive environmental inspections according to the annual environmental inspection plan. The Company identifies environmental issues in each production link through on-site and documentation checks and requires each subsidiary to rectify them within a specified period. |

5. Refers to the requirement that pollution prevention and control facilities in construction projects should be designed, constructed, and put into operation simultaneously with the main project.

## Environmental Themed Training

The Company regularly conducts training sessions on environmental protection knowledge, covering topics such as newly promulgated environmental laws and regulations and the study of the Company's environmental protection policies. This year, the Company, in collaboration with its subsidiaries, has organized professional knowledge training on environmental protection to help improve the management level of dedicated environmental protection personnel and enhance employees' awareness of environmental protection. This year, the Company conducted a total of 33 environmental protection training sessions, covering topics such as environmental protection laws and regulations, standardized management of hazardous waste, emergency response to environmental emergencies, and prevention and control measures. Over 13,000 employees participated in the training, which significantly enhanced their environmental awareness.

This year

The Company conducted a total of **33** environmental protection training sessions

Over **13,000** employees participated in the training

### Yunnan Innovation Alloy: Special Training on ''Adhering to the Legal Bottom Line of Environmental Protection, Safeguarding Green Mountains and Clear Waters, and Blue Skies and Seas''

In March 2024, Yunnan Innovation Alloy organized a special training session themed ''Adhering to the Legal Bottom Line of Environmental Protection, Safeguarding Green Mountains and Clear Waters, and Blue Skies and Seas'', with a total of 720 participants. Through systematic study of environmental protection laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, skills in identifying and controlling environmental pollution factors, and procedures for identifying and managing environmental risks and hidden dangers, employees have enhanced their awareness of environmental protection.

Special Training on ''Adhering to the Legal Bottom Line of Environmental Protection, Safeguarding Green Mountains and Clear Waters, and Blue Skies and Seas''

## Environmental Risk Management

The Company strictly abides by relevant laws and regulations such as the *Emergency Response Law of the People's Republic of China* and the *Administrative Measures for Emergency Response to Environmental Incidents*, and has established the *General Solid Waste Management System*, the *Dangerous Waste Pollution Prevention and Control Responsibility System, the Emergency Response Plan for Sudden Environmental Incidents, the Environmental Safety Hidden Danger Investigation System*, and the *Environmental Hidden Danger Investigation and Management Responsibility System*. The Company has also set up an environmental monitoring system and implemented standardized monitoring programs. Adhering to the principle of ''prevention first, minimizing harm, unified command, and division of responsibilities'', the Company has arranged for the Safety and Environmental Department at the headquarters to oversee the overall management of environmental risk source identification, assessment, and emergency plan formulation. Online monitoring systems have been installed at some key locations to achieve dynamic supervision of pollutant emissions, ensuring timely detection and handling of sudden incidents. This year, the Company has not experienced any major environmental violations.

### Yunnan Innovation Alloy: Organizing Dust Removal Fault, Practical Emergency Drill to Improve Capability

In May 2024, Yunnan Innovation Alloy organized a ''Dust Removal Fault Emergency Drill''. By simulating a situation where a dust removal equipment failure leads to excessive exhaust gas emissions or poor dust treatment effects, the drill helped relevant personnel to become familiar with the emergency response procedures for abnormal exhaust gas emissions, enhancing their ability to respond during incidents and reducing the risk of environmental pollution. It also tested the operability of the emergency response plan.

Dust Removal Fault Emergency Drill

## Waste Gas Emission Management

Innovation New Material strictly complies with relevant laws and regulations such as the *Air Pollution Prevention and Control Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, and the *Regulations on Environmental Protection Management of Construction Projects*. The Company also rigorously adheres to national and local standards including the *Integrated Emission Standard of Air Pollutants (GB16297-1996)* and the *Emission standard of air pollutants for industrial kiln and furnace (GB9078-1996)*. We have established a management system for waste gas treatment facilities and actively promoted the performance grading management of air pollution prevention and control in key industries. The Company has formulated a ''one factory, one policy'' implementation plan and successfully completed the assessment of four enterprises at performance level B.

To achieve efficient waste gas emission management, the Company has built a systematic environmental protection facility management system that covers the entire process. This includes standardized operating procedures, dynamic management ledgers, safety risk grading assessments, and periodic inspection and maintenance mechanisms. Meanwhile, the Company has implemented intelligent upgrades and process optimization of environmental protection facilities based on the process characteristics and pollution discharge features of each plant, significantly enhancing the efficiency of waste gas purification. With regard to the operation site located in Binzhou area, the emission concentrations of particulate matter, sulfur dioxide, and nitrogen oxides are all significantly lower than the national standards. Specifically, the particulate matter emission concentration is 96% lower than the national standard, the sulfur dioxide emission concentration is 87% lower than the national standard, and the nitrogen oxides emission concentration is 90% lower than the national standard.

| Types of Air Pollutants | Provisions for Newly-Built Pollution Sources under the Integrated Emission Standard of Air Pollutants (GB16297-1996) | Emission Concentration Limits Fully Achieved by the Company |
|---|---|---|
| Sulfur Dioxide ($SO_2$) | 240 mg/m³ | Within 50 mg/m³ |
| Nitrogen Oxides ($NO_x$) | 550 mg/m³ | Within 100mg/m³ |
| Particulate Matter (PM) | 120 mg/m³ | Within 10mg/m³ |

| Process/Technology | Optimization Measures | Improvement Achievements |
|---|---|---|
| Melting Process | Utilizing clean natural gas as fuel entirely, increasing the area of the furnace door gas collection hood and the diameter of the main flue, and enhancing the fan airflow | Effective collection rate of unorganized waste gas reaches 99.5% |
| Rolling Process | Employing a full oil recovery and purification system for waste gas treatment | Purification efficiency of oil mist and smoke reaches over 95% |
| Dust Removal Technology | Using low-pressure pulse high-efficiency bag dust collectors entirely | PM treatment efficiency reaches over 99.7% |

### Innovation Metal: Low-Pressure Pulse High-Efficiency Dust Removal , Firmly Guarding a Blue Sky

To enhance the efficiency of waste gas treatment in the production workshop, Innovation Metal upgraded the dust removal facilities for production lines 1 and 2. The ''original cyclone + bag dust removal system'' was replaced with a low-pressure pulse high-efficiency bag dust removal system. This upgrade significantly improved the dust removal efficiency, with particulate matter (smoke dust) emission concentration reduced to below 5 mg/m³.

Low-Pressure Pulse High-Efficiency Dust Remover

## Water Resource Management

The Company places great emphasis on the efficient utilization and pollution prevention of water resources, strictly adhering to relevant laws and regulations such as the *Water Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, and the *Regulations on Water Conservation*. The Company has established a *Water Resource Management Plan* with a focus on water conservation and efficiency enhancement. The Company's water supply mainly comes from the municipal water pipeline network and is primarily used for daily office operations, canteen catering, fire emergency purposes, and manufacturing. Some subsidiaries utilize Yellow River water for manufacturing.

### Conservation and Recycling

To effectively strengthen internal water resource management, the Company has set up a Water Resource Management Leadership Group, clarifying responsibilities at the senior management level and working with production, equipment, procurement, and other departments to comprehensively identify key water usage stages and potential waste points. The Company vigorously promotes the implementation of water-saving measures through equipment upgrades and process optimization. The Company continuously enhances employees' water conservation awareness and implements water recycling management measures, ensuring normal operations and hygiene safety while continuously advancing the refined management of water resources. This year, Innovation Metal achieved a water recycling rate of 99.6%, and Innovation Precision achieved a water recycling rate of 99.8%.

This year, Inner Mongolia New Material has already met its 2024 target of not exceeding 0.5 cubic meters of water per ton of aluminum, with an actual water usage of 0.48 cubic meters per ton of aluminum.

**Inner Mongolia New Material has set a water resource management goal for 2025:** keep water usage below 0.47 cubic meters per ton of aluminum.

#### Enhancing Water Conservation Awareness

- Post ''Save Water'' signs around water facilities to highlight the importance of water conservation and encourage all employees to practice water-saving measures.

#### Optimizing Production for Water Conservation

- Select valve products for each water outlet that features manual or automatic opening/closing and control of water flow.
- Implement 100% recycling of cooling water used in the aluminum alloy production process.
- Upgrade the pure water preparation system to increase its efficiency from below 50% to over 70%, thereby reducing the consumption of fresh water.
- After treatment at the wastewater treatment plant, some production wastewater or reclaimed water is reused in the original production processes. For example, wastewater generated from anodizing is treated and reused, achieving an annual water savings of approximately 1,100 tons.

#### Emergency Measures and Contingency Plans

- Form an emergency response team and clarify the responsibilities and tasks of each member in the event of sewage leakage and emergency treatment.
- Stockpile necessary emergency supplies, such as emergency ponds, pumps, sandbags, and hoses, to ensure they can be quickly deployed in the event of a water resource incident.
- Develop an emergency drill plan and organize at least one practical exercise per year to test and enhance the coordination and response speed of the emergency response team.

## Water Resource Risk Assessment

The Company strictly implements the ''Three Lines and One List'' policy requirements of its operational locations. There are no drinking water sources within the scope of the construction project locations. The Company does not involve any special protection zones or other groundwater environmentally sensitive areas related to groundwater environments set by the national or local governments. The Company is also not located in the recharge runoff areas outside the quasi-protected zones of centralized drinking water sources or in the areas of decentralized drinking water sources. The Company's industrial water use is entirely sourced from municipal water networks and Yellow River alternative water, with enhanced water use control. Additionally, the Company has developed a groundwater monitoring plan and regularly conducts groundwater monitoring.

This year, subsidiaries such as Innovation Precision and Inner Mongolia New Material have actively carried out water resource risk assessments. They have analyzed and evaluated water resource risks by considering dimensions such as the geographical location of the factory area, surrounding surface water systems, and water sources. They have also formulated water resources risk assessment report to conduct production and business activities on the premise of protecting the environment of water sources.

## Wastewater Discharge Management

The Company complies with laws and regulations such as the *Water Pollution Prevention and Control Law of the People's Republic of China* and the wastewater discharge standards of its operational locations. Based on the characteristics of its process flows, the Company takes various measures to treat and recycle wastewater in compliance with regulations, thereby reducing wastewater discharge.

- After coagulation, sedimentation, filtration, and disinfection treatment , production wastewater is reused for toilet flushing and landscape irrigation, reducing the waste of water resources.
- Domestic sewage is treated through grease traps and septic tanks to meet the discharge standards before being discharged via the municipal sewage pipe network, thereby minimizing the impact on the surrounding environment and protecting the natural ecology.

## Waste Management

The Company strictly adheres to the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, establishing a well-structured three-tier management framework consisting of a ''Leading Group, Safety & Environmental Protection Department, and Subsidiary Execution Departments.'' The Company has formulated the *General Solid Waste Management System* and implemented measures such as optimizing processes and upgrading production equipment to reduce waste generation at the source. Meanwhile, the Company has designated fixed storage sites and specified clear requirements for the classified storage of recyclable and non-recyclable solid wastes, enhancing the recycling and resource utilization of solid wastes. The Company endeavors to comprehensively recycle waste materials generated during production, including scraps, non-conforming products, aluminum scraps, and packaging materials, to the greatest extent possible. Additionally, the Company's main business does not involve mineral processing or tailings ponds.

In 2024

The Company has both set and achieved the following waste management targets, and concurrently established them as its waste management objectives for the year 2025:

Compliance rate for the disposal of hazardous waste

**100%**

Rate of non-outbound of general solid waste (aluminum shavings, scrap, aluminum blocks) from the site

**100%**

Three-level Management Structure: ''Leadership Group - Safety and Environmental Department - Departments''

| | |
|---|---|
| **Waste Management Leadership Group** | Comprising senior corporate leaders as the group leader and heads of relevant departments as members, this group is responsible for overall planning and decision-making. |
| **Safety and Environmental Department** | This department oversees the unified supervision of the implementation of environmental policies and systems. |
| **Responsibilities of Departments in Subsidiaries** | • The Production Department is Responsible for reducing waste at the source and improving the classification, collection, and storage of waste.<br>• The Safety and Environmental Department oversees daily management responsibilities, formulating relevant policies, monitoring the implementation of these policies, conducting training and education, and managing and centrally disposing of waste during the closed transportation process.<br>• The Warehouse Department is responsible for waste management during the storage process.<br>• The Management Department oversees waste disposal in office areas and publicity and education efforts. |

## General Solid Waste Management

The general solid waste generated by the Company mainly includes waste aluminum profiles, waste aluminum billets, waste aluminum shavings, sludge, and domestic waste from the production process. The Company takes the following measures to fully and reasonably utilize solid waste resources:

The casting workshop reuses waste aluminum shavings, waste aluminum profiles, waste aluminum billets, and other aluminum scrap .

Qualified third-party entities are responsible for the transfer, transportation, and reuse of the generated sludge.


The domestic waste generated within the factory area is uniformly collected and then regularly cleared, transported, and disposed of by the relevant sanitation department.

## Optimizing Production Material Recycling to Promote Solid Waste Resource Circulation

Shandong Sheet Materials optimizes the recycling of production materials, promoting the reuse of solid waste resources. In 2024, Shandong Sheet Materials reused 66,187.53 tons of waste trimmings and other waste materials generated during the production process, 4,820 waste wooden pallets, and 893 waste paper sleeves. Qingdao Liwang reused 174,300 plastic pallets in 2024, reducing the generation of general solid waste.

In 2024，Shandong Sheet Materials

Reused **66,187.53** tons of waste trimmings and other waste materials generated during the production process

Reused **4,820** waste wooden pallets

Reused **893** waste paper sleeves

In 2024, Qingdao Liwang

Reused **174,300** plastic pallets

## Hazardous Waste Management

The Company strictly complies with relevant laws and regulations, as well as national standards, such as the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China* and the *Standard for Pollution Control on Hazardous Waste Storage (GB 18597—2023)*. The Company has established systems including the *Hazardous Waste Inbound and Outbound Management System*, the *Environmental Pollution Prevention and Control Responsibility System for Hazardous Wastes,* and the *Hazardous Waste Management Responsibility System*. The Company has also developed a hazardous waste management plan and ledger. The Company conducts a comprehensive assessment of hazardous wastes and stores them according to the characteristics of each category, implementing standardized management.

In 2024

We generated **68,527.44** tons of hazardous waste

**69,174.44** tons were disposed of through resource recovery and comprehensive utilization

The Company's production and business operations generate hazardous wastes such as waste oil, aluminum dross, dust collector ash, waste emulsion, and waste cutting fluid. To achieve effective resource recovery and utilization, the Company has implemented the following hazardous waste management measures:

### Hazardous Waste Management System Construction

Establish a hazardous waste management team with the general manager as the leader and the deputy general manager in charge of production as the deputy leader. Members include the heads of production workshops and departmental divisions. This team reinforces the responsibility for hazardous waste management and implements a closed-loop management system from generation to disposal.

### Source Reduction Measures for Hazardous Waste

Improve the aluminum dross separation process to reduce its generation and achieve source reduction of hazardous waste.

### Classification, Storage, and Minimization Management

Store hazardous waste according to its hazardous characteristics. Upgrade production equipment and processes to achieve resource recovery and minimization of solid waste, striving for ''zero landfill''.

### Circular Economy Approach to Hazardous Waste Disposal

Select disposal units with comprehensive utilization qualifications to maximize the value of waste utilization and promote the circular economy. This includes using pyrolysis technology to treat oily diatomite, separating oil and soil for use as building raw materials; and mixing aluminum dross with calcite to synthesize calcium aluminate in a rotary kiln, producing deoxidizer for steelmaking.

### Environmental Facility Hazard Screening and Patrol Inspection

Develop a system for hazard screening and patrol inspection of environmental facilities. Conduct regular inspections and establish operation and maintenance records to ensure the efficient and normal operation of environmental facilities.

### Compliance in Hazardous Waste Disposal and Transfer

Based on the prescribed plan, entrust qualified third parties to handle hazardous waste disposal, ensuring 100% compliance.

## Protecting Biodiversity

We recognize the importance of ecosystems and are committed to preserving their integrity and biodiversity. To protect the diversity of ecosystems, we will take measures to reduce our impact on them, including safeguarding primates and other endangered species, as well as preserving biodiversity in natural habitats and protected areas.

All of the Company's construction projects comply with national and local ecological protection red line plans and the ''Three Lines and One List'' policy requirements. We adhere to the requirements of the Ministry of Ecology and Environment's *Notice on Strengthening Environmental Impact Assessment Management with the Core Objective of Improving Environmental Quality*. Our projects neither involve ecologically sensitive areas such as national parks, nature reserves, World Natural Heritage sites, natural parks, and ecological protection red lines, nor contravene the environmental quality baseline and resource utilization cap requirements, and are not included in the negative list for environmental access.

# 03

# Leading with Technology, Driving Innovation Together

In the era of technology-driven development, Innovation New Material is committed to vigorously building an innovation and R&D system, strengthening intellectual property management, and implementing intelligent production. We are also dedicated to comprehensively enhancing the Company's innovation capabilities. Furthermore, we continuously strengthen fine quality control throughout the entire process. By precisely controlling product quality and continuously optimizing customer service, we are committed to supporting quality improvement and innovative development.

# Innovation Led by Technology Empowerment

The Company adheres to the development concept of ''Innovation Shapes the Future'', empowers enterprise growth with science and technology, and leads enterprise development with innovation. We continue to promote patent development, actively participate in scientific research projects and the formulation of new technical standards, strengthen the cultivation of innovative talent, and promote intelligent manufacturing. These efforts aim to comprehensively improve the Company's innovation ability and the transformation of technological achievements, injecting strong kinetic energy for the Company's rapid growth and the development of the industrial chain. In addition, by integrating ethical standards into the entire R&D process, the Company strengthens risk prevention and control, to ensure that scientific and technological innovation is compliant and controllable.

## Innovation and R&D System

The Company places great emphasis on and is committed to strengthening the construction of its innovation system. In order to effectively integrate the Company's technical resources and comprehensively enhance its core technological competitiveness, the Company has established the Innovation Alloy Research Institute. This institute coordinates the Company's major professional technical fields, deeply integrates cross-departmental R&D resources and information, and achieves comprehensive sharing and collaborative development of technological capabilities and innovation platforms, providing strong technical support for the Company's sustainable development.

To further enhance the efficiency of innovation and R&D, the Company has established a series of policies, including the *Management Measures for Science and Technology Projects, the Management Measures for Science and Technology Incentives and Achievement Review, and the Management Measures for Scientific Research Funds*. These policies form a comprehensive R&D management system that covers the entire process from project application and initiation to process control and final assessment. The Company continues to refine the mechanisms for scientific research project management, fund utilization, and talent incentives. Through the *Company-wide Innovation Management System and the Technical Innovation Award Management System*, the Company has clarified the standards for innovation incentives. The Company also implements labor competitions that prioritize innovation and excellence, as well as cultural and sports activities, to inspire all employees to participate in innovation for production and operations.

The Company has been awarded as the ''Model Worker Innovation Studio'', the ''Academician Workstation of Shandong Province'', the ''New-type R&D Institution of Shandong Province'', the ''Postdoctoral Research Practice Base of Shandong Province'', the ''Enterprise Technology Centre of Shandong Province'', and the ''Shandong Engineering Research Centre for New Aluminum Alloy Materials with Ultra Strength and High Toughness''. In collaboration with leading academic institutions such as Shandong University and Central South University, the Company has strengthened industry-academia-research integration to drive scientific innovation and talent development.

By the end of 2024,

Had a total of **537** authorized patents, including **62** invention patents, **475** utility model patents

Had a total of **87** new patents, including **14** invention patents, **73** utility model patents

**In 2024, the Company's subsidiaries achieved the following accomplishments in product and technological innovation:**

- Innovation Precision has been recognized as a High-tech Enterprise .
- Innovation Metal's high-strength and high-toughness aluminum alloy round ingots have passed national patent-intensive product filing and recognition.
- Innovation Metal has been ranked in the top 50 in the Shandong Province-wide Innovation Enterprise Competition.
- Suzhou Chuangtai has been recognized as a ''2024 Provincial-Level Enterprise Technology Center''.
- Innovation Precision has been honored as a ''Shandong Province Industrial Design Center''.

### Key Science and Technology Projects

The Company has consistently deepened its industry-academia-research collaboration and actively participated in local and national key science and technology projects. The Company's research and development projects have been approved and supported by the Shandong Province's Key R&D Program:

This year, Innovation Metal, leveraging its Shandong Province Academician Workstation, collaborated with Shandong University and Qilu University of Technology to apply for the Shandong Province's Key R&D Program (Competitive Innovation Platform) project titled ''R&D of Rare-Earth Microalloyed 6 Series Aluminum Billet Processing Technology Without Homogenization Treatment''. The project has passed the review of the Shandong Provincial Department of Science and Technology and has been approved and supported by the Shandong Province's Key R&D Program.

This year, the Innovation Alloy Research Institute, leveraging its status as a New-type R&D Institution of Shandong Province, partnered with the Shandong Academy of Sciences Institute for New Materials, Innovation Metal, and Innovation Precision to successfully apply for the Shandong Province's Key R&D Program (Competitive Innovation Platform) project titled ''Research and Industrial Application of Large-Diameter Thin-Walled Aluminum Round Tube Manufacturing Technology for Air Suspension Air Tanks''. The project has been approved and supported by the Shandong Province's Key R&D Program.

## Standard Development

The Company actively participates in the development of technical standards, strengthening the layout of standards in key areas such as high-end alloy manufacturing, recycled aluminum manufacturing, and green manufacturing. We have been engaged in the formulation and revision of multiple national and group standards, contributing to the high-quality development of industry technology. This year, the Company actively participated in the formulation and revision of standards related to recycled aluminum, green and low-carbon aluminum, wrought aluminum, and the evaluation index system for clean production. The Company has been recognized for its significant contributions to the national non-ferrous metal standardization work. In the future, the Company will vigorously advance the research and compilation of technical standards, continuing to drive and lead the high-quality development of the industry. In 2024, some of the Company's participation in the development and revision of standards:

- One national standard titled *GB/T 6519-2024 Non-destructive Testing Method for Ultrasonic Inspection of Wrought Aluminum and Magnesium Alloy Products*.
- Two industry standards related to *Two Standards for Aluminum Alloy Wire Used as Grain Refiners for Aluminum and Aluminum Alloys*. The Company was awarded the Second Prize and Third Prize in the National Non-Ferromagnetic Metals Technical Standard Excellence Award for these contributions.
- The Company participated in the revision of two group standards titled *T/CNIA 0245-2024 Guidelines for Green and Low-Carbon Aluminum Evaluation with Traceability Guidance* and *T/CNIA 0232-2024 Cleaner Production Evaluation Index System for Wrought Aluminum and Aluminum Alloy Ingot Industry*.
- The Company revised the *Development and Promotion of National Standards Series for Secondary Aluminum Feedstock*, for which it was awarded the Second Prize in the China Non-Ferromagnetic Metals Industry Science & Technology Award.

### Innovation Metal: Co-organized National Standard Seminar to Promote High-Quality Industry Technology Development

In March 2024, the National Standard Seminars on several national standards, including ''Recycled Deformable Aluminum Alloy Ingots'' and ''Recycled Casting Aluminum Alloy Ingots'', were successfully held in Zouping. These seminars were hosted by the National Technical Committee for Standardization of Non-Ferromagnetic Metals and co-organized by Shandong Innovation Metal Technology Co., Ltd. A total of 50 representatives from 34 leading aluminum processing enterprises and research institutes across the country participated in the discussions. Co-organizing the National Standard Seminars demonstrates the Company's high regard for the formulation and revision of technical standards and reflects its ongoing efforts to collaborate with multiple parties to continuously improve industry technical standards.

Co-organized National Standard Seminar

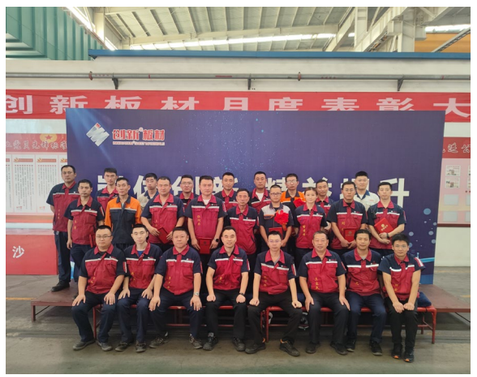
## Talent Innovation

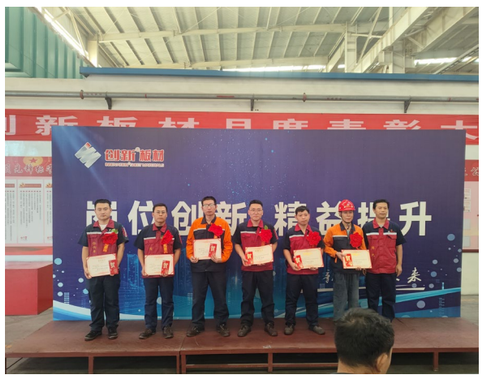
The Company places great emphasis on the cultivation of technical innovation talent and has established the *Enterprise Management System for Full-Staff Innovation*. We actively carry out multi-dimensional talent training programs to enhance employees' independent innovation capabilities. The Company organizes diverse innovation activities and holds labor competitions for striving to be pioneers and excellence. We endeavor to build an innovation culture involving all employees and encourage and inspire their enthusiasm for innovation. To further foster an innovative and proactive working atmosphere, the Company has formulated the ''Implementation and Reward System for Improvement Proposals,'' encouraging all employees to propose improvement plans related to their job responsibilities. These proposals are summarized and reviewed on a monthly basis, and quarterly rewards of varying standards are granted for proposals that are adopted.

In 2024, Innovation Metal, Innovation Precision, and Yuanwang Electrical Technology were respectively recognized as a ''Shandong Province Full-Staff Innovation Enterprise'', a ''Talent-Leading Enterprise'', and a ''Pioneer Enterprise in Talent Work''. Additionally, individuals from Innovation Metal were honored with titles such as Shandong Province Technical and Skilled Master, Taishan Industry Leading Talent (Enterprise Innovation Category) , and Outstanding Engineer for Shandong Binzhou' s Global and National ''Champion Products''.

### Shandong Sheet Materials: Launches ''Innovation & Breakthrough'' Improvement Proposal Initiative to Foster Company-Wide Innovation Culture

To foster a culture of innovation across the organization, Shandong Sheet Materials launched the ''Innovation & Breakthrough'' improvement proposal campaign this year. The proposals covered areas such as process optimization, equipment automation, cost reduction and efficiency improvement, quality enhancement, as well as improvements in safety and production environment. These initiatives have played an important role in promoting the Company's continuous improvement. In September 2024, Shandong Sheet Materials held a commendation ceremony for the winners of the ''Innovation & Breakthrough'' improvement proposal campaign. The Company's management encouraged all employees to actively participate in the ''Innovation and Breakthrough'' activities, aiming to foster a culture of innovation and continuous improvement among all employees, thereby propelling the Company's innovative development.





''Innovation and Breakthrough'' Improvement Proposal Commendation Ceremony

### Inner Mongolia Lightweight: Launches ''Company-Wide Improvement'' Initiative to Stimulate Employee Creativity

To fully mobilize the enthusiasm and creativity of all employees, Inner Mongolia Lightweight has established a ''Full-Staff Improvement'' project team and organized ''Full-Staff Improvement'' activities. Inner Mongolia Lightweight received a total of 59 proposals from various departments and workshops. These proposals covered multiple aspects, including production site improvements, quality enhancement, efficiency improvement, tooling and molds, packaging and transportation, office supplies, personal protective equipment, waste reduction, recycling of scrap materials, and energy consumption reduction. Through the ''Full-Staff Improvement'' activities, the Company is able to identify ''sources of waste'', ''sources of problems'', ''sources of value'', and ''sources of improvement'' in its operations. These activities help drive the Company's high-quality development.


''Full-Staff Improvement'' Summary and Award Ceremony

The Company encourages technical talents to actively participate in innovation and entrepreneurship competitions. This year, individuals related to Innovation Metal were honored with the Excellence Award in the 2024 China Shandong (Post)doctoral Innovation and Entrepreneurship Competition and the Second Prize in the ''Win in Binzhou'' High-Level Talent Innovation and Entrepreneurship Competition.

## Intellectual Property Management

Innovation New Material strictly complies with the *Civil Code of the People's Republic of China,* the *Patent Law of the People's Republic of China*, and the *Trademark Law of the People's Republic of China*, among other laws and regulations. The Company has established the *Patent Management System* and the *Intellectual Property Protection Control Procedures* to actively improve the intellectual property management system, give full play to the significant role of intellectual property in the Company's development process, continuously enhance the capabilities of independent innovation and the utilization of intellectual property, and, at the same time, refrain from infringing upon others' patents, trademarks, copyrights, and other intellectual property rights.

We have established a Leadership Group for Intellectual Property Management and an Office for the Protection of Trade Secrets to ensure the orderly conduct of intellectual property management work. Through training employees on intellectual property management and protection, and trade secret protection, implementing specialized management of key personnel, and strengthening contract risk management, we continue to improve our intellectual property management system and enhance the protection and management of intellectual property.

| Aspects | Actions | Concrete Measures |
|---|---|---|
| Process Management | Trade Secret Protection | • Establish a dedicated office for the protection of trade secrets, responsible for formulating trade secret confidentiality systems and non-compete agreements for Company employees.<br>• Classify trade secrets into different security levels and establish usage rights. Sign confidentiality and non-compete agreements with employees who handle sensitive information.<br>• Establish a dedicated Information Technology Management Department to ensure the Company's information security through confidentiality management and technical encryption measures.<br>• Implement customer data access controls, utilizing data encryption and two-factor authentication technology to protect customer privacy. |
| | Project Initiation Approval and Monitoring | • The Technology Center conducts strict reviews, approvals, and searches before the initiation of new product projects, proceeding only after assessment.<br>• Monitor the generation and protection of intellectual property throughout the R&D process.<br>• Conduct pre-release approval for new project information to ensure intellectual property compliance.<br>• Categorize and file all types of documents, ensuring confidentiality and controlled access. |
| Personnel Management | Key Personnel Management | • The Human Resources department conducts background checks and communicates with key personnel and individuals with access to confidential information who are being recruited.<br>• Sign *Non-Disclosure and Non-Compete Agreements* with technical and quality personnel, conduct intellectual property exit interviews with departing personnel who had access to confidential information, and document the discussions in *Employee Exit Interview Records*.<br>• Effectively control the risk of disclosure of technical and economic intelligence. |
| | Employee training and awareness enhancement | • Integrate intellectual property management and protection training into the annual training plan, which is divided into two parts: external training and internal training.<br>• External training: Relying on relevant departments to offer training programs for enhancing intellectual property management, and inviting experts to give specialized lectures.<br>• Internal training: Organizing employees to participate in special enhancement activities and technical business training focused on the creation, utilization, and protection of intellectual property. |
| Risk Prevention and Control | Contract Management | • During project collaboration, we specify the allocation of intellectual property rights among the parties involved and their confidentiality obligations through contracts.<br>• Continuously monitor the intellectual property status of the cooperating party during the collaboration period, take immediate remedial measures upon discovery of any breach, and terminate the cooperation if necessary. |
| | Risk Consulting | • Establish a dedicated department to provide legal consulting services on intellectual property issues arising in operations, and assist other departments in conducting daily intellectual property management tasks. |

## Digital Intelligence-Driven Transformation

The Company has deeply restructured its production management system using cutting-edge digital technologies, committed to building a first-class benchmark factory featuring ''Operational Excellence + Intelligent Manufacturing.'' This year, through the implementation of a systematic digital upgrading project, including the deployment of an enterprise-level resource planning system (ERP), the establishment of a refined cost management system, the advancement of intelligent upgrades to the manufacturing execution system (MES), and the reliance on digital transformation measures such as industrial collaborative data acquisition, the Company has significantly enhanced its operational efficiency and decision-making accuracy, driving the enterprise towards lean and intelligent transformation and upgrading.

**Production Process Optimization:**

By leveraging digital methods, the Company has achieved automation, intelligence, and transparency in the production process, thereby enhancing production efficiency and quality.

**Data-Driven Decision-Making:**

The Company has established a data platform to collect, analyze, and utilize production data, providing precise decision-making support for management.

**Supply Chain Collaboration:**

The Company strengthens cooperation with upstream and downstream enterprises to achieve real-time sharing and collaborative management of supply chain information.

**Customer Service Innovation:**

By utilizing digital tools, the Company enhances the customer service experience and increases customer loyalty.

This year, the Company has effectively strengthened its full-lifecycle management capabilities for data assets by building a new data-driven industrial model and promoting the digital upgrading of production operations. The Company has systematically advanced the integrated innovation of equipment interconnection, process optimization, and intelligent decision-making, laying a solid foundation for the construction of an interconnected and intelligent industrial ecosystem. In this year, several subsidiaries have obtained digital intelligence-related certifications:

- Shandong Sheet Materials has been successfully selected as a ''Municipal Digital Workshop for 2024''.
- Yuanwang Electrical Technology, Chuangyuan Renewable Resources, and Hengwang Cable have been included in Shandong Province's ''Morning Star Factories'' for the digital economy.
- Inner Mongolia Lightweight has been selected as one of the ''2024 Autonomous Region Digital Workshop and Smart Factory''.

### SAP Implementation for Precision Business Management

This year, we implemented SAP software, integrating its advanced management concepts with our Company's management practices to enhance precise business operations and digital transformation. The SAP software has been successfully implemented at Suzhou Chuangtai, QingDao Liwang, and Inner Mongolia Lightweight. It seamlessly integrates modules such as finance, supply chain, production, and sales, creating a unified data source. This integration eliminates data redundancy and conflicts, thereby enhancing cross-departmental collaboration efficiency. Moreover, by leveraging the standardized process templates built into SAP, the Company can standardize various business processes, accelerating the digital transformation of the enterprise. Furthermore, SAP's preconfigured legal and tax compliance modules support multilingual and multi-currency operations, automatically handling exchange rate conversions and tax regulations. This facilitates localized operations for multinational enterprises and lays the technical foundation for future overseas projects.

### QMS operation management system, achieving standardized quality management

The Company has implemented the QMS operation management system and achieved digital and automated quality control through deep integration with MES. This has established a trinity of digital quality encompassing ''prevention-control-improvement'', enabling real-time data monitoring and early warning.

The Company has established a closed-loop quality traceability system covering the entire production process from raw materials to finished products through the system: At the raw material stage, inspection tasks are automatically triggered with dynamically correlated results to establish an intelligent inspection mechanism. During production, real-time equipment parameter monitoring is implemented through MES, while QMS simultaneously analyzes defect root causes and provides feedback for process parameter optimization, enabling embedded quality control. For finished products, the MES drives automated inspection equipment, and the QMS obtains data in real-time to generate quality dashboards and inspection reports. The Company integrates MES-QMS data to build predictive models, enabling quality early risk notification and continuous iteration of process parameters. This forms a data-driven intelligent manufacturing optimization system, providing core support for the Company's transition to Industry 4.0.

### Innovation Metal: Establishing a Stereoscopic Warehouse to Optimize Spatial Utilization and Operational Efficiency

Innovation Metal has implemented an automated and intelligent stereoscopic warehouse, significantly improving logistics efficiency and space utilization. The stereoscopic warehouse utilizes robotics, conveyor systems, and stacker cranes, integrated with computerized management and advanced algorithms to optimize storage and material handling paths, reducing unnecessary movements while enhancing operational efficiency and accuracy. Moreover, the real-time monitoring and data analysis functions assist management personnel in optimizing inventory levels, increasing turnover rates, and reducing costs. The vertical storage design of the stereoscopic warehouses achieves a space utilization rate of 70% to 90%, which is much higher than that of traditional warehouses. By optimizing the layout with multi-level racks and automated equipment, the warehouses enable fast and accurate storage and retrieval of goods.

Stereoscopic Warehouse

# Precision Control Ensures Quality

The Company adheres to the quality management concepts of ''customer orientation, total employee participation, and continuous improvement '', implementing the quality approach of ''putting quality first, seeking continuous improvement, complying with the law, and serving customers''. We have established a robust quality management system, enforcing precise and stringent product quality controls throughout the entire production process, and are committed to delivering products of exceptional quality. This year, the Company has not experienced any major safety or quality-related incidents concerning its products and services.

This year, the Company has achieved remarkable results in the field of quality, which have been recognized by the industry. Innovation Metal has been honored with the national title of ''Manufacturing Single Champion Enterprise'' and the title of ''Outstanding Supplier in Aluminum Processing Industry''. Innovation Precision has received the Shandong Province Quality Benchmark Award and the title of ''Key Cultivation Enterprise for High-End Brands in Shandong Province''.


Innovation Metal Honored as National ''Manufacturing Single Champion Enterprise''


Innovation Metal Honored as ''Outstanding Supplier in Aluminum Processing Industry''

## Quality Management System

The Company places high importance on the construction of the quality management system. We have established internal procedures related to quality management and formed a two-tier management structure consisting of the Quality Management Center and the Quality Management Departments of subsidiaries. We have also clarified the quality management requirements for different positions to ensure the implementation of quality management measures.

| | |
|---|---|
| **Quality Management Center** | Coordinates the Company's quality management, formulates quality management policy, and supervises the quality management performance of business units. |
| **Quality Management Department of Subsidiaries** | Implement quality management in all aspects, including quality control, quality improvement and quality assurance. |
| **Quality Management Positions** | Ensure the effective implementation of quality management measures across four key areas: quality control, quality engineering, document control center, and quality assurance; implement the quality planning developed by the Company; participate in quality performance assessment and training; accomplish quality management objectives. |

In addition, in accordance with the requirements of the ISO 9001 Quality Management System, the Company has developed the *Integrated Management Manual*. This manual is applied across various stages, including market development, order review, advanced product quality planning, process design, procurement, production, inspection, delivery, and service, to further enhance the level of quality management.

By the end of 2024, 93% of the factories have obtained the ISO 9001 Quality Management System certification, with the certification covering 100% of products. A total of 11 subsidiaries have acquired the IATF 16949 Automotive Industry Quality Management System certification, covering 15% of their respective product ranges.

## Full-process Precision Quality Control

The Company adheres to the lean production concepts and continuously advances standardized quality management throughout the entire process. Based on the standardized system, the Company constructs a closed-loop quality control system covering the entire process from ''incoming, in-process, and outgoing'' through technological upgrades and innovative methods. Meanwhile, we strengthen supply chain collaboration and data-driven decision-making. Ultimately, this approach achieves a comprehensive improvement in quality stability, production efficiency, and customer satisfaction, ensuring the stability and reliability of product quality and enhancing the overall quality level of products.

This year, in order to comprehensively enhance the quality management level of raw materials, the Company has implemented precision controls from three major dimensions: sampling inspection system, internal control standards, and supplier management. By integrating dynamic sampling rules with internal control standards, potential defects can be anticipated and inspection resource allocation can be optimized, significantly reducing the impact of raw material quality fluctuations on production stability. Meanwhile, Innovation Precision has introduced advanced quality management tools such as SPC (Statistical Process Control), established an SPC project team, and carried out special improvements for quality issues.


Fine-Grained Control over the Quality of Raw Materials

To promptly identify and resolve quality issues and reduce the rate of non-conforming products, we have further refined and clarified the quality standards for each stage, including incoming, in-process, and outgoing.

### Incoming quality inspection

Clarify the requirements for quality measurement tools, inspection equipment, inspection standards and inspection methods, standardize the procedures for dealing with anomalies, and emphasize the responsibilities of relevant inspection personnel, so as to improve the accuracy, standardization and consistency of inspection.

This year

Innovation Precision revised the Incoming Quality Inspection *Operation Procedures for Raw and Auxiliary Materials*, clarified the execution standards for aluminum ingots, added acceptance standards for magnesium ingots, and standardized the inspection equipment, tools, and abnormality handling processes to ensure the controllability of raw material quality.

### In-process quality inspection

Emphasize the continuous quality control in the production process, including the inspection requirements for the first batch of finished products and the sampling requirements for each production process; emphasize whether the inspection of the appearance and performance of finished products meets customer requirements; clarify the inspection tools and equipment, and the manner in which the results are recorded and reported. Detailed instructions are also provided for dealing with nonconforming products.

This year

Innovation Precision introduced the *Melting and Casting QC Inspection Standards*, clarifying the responsibilities of inspectors. Through initial piece inspection and process sampling, the Company strictly controls key indicators such as the appearance and performance of finished products.

### Outgoing quality inspection

Clarify the items, inspection and operation methods and judgement standards according to product standards, customer requirements, quality plans and other information; clarify the response process for abnormalities found in the outgoing quality inspection, including the identification, isolation, disposal and reporting of nonconforming products, to avoid potential nonconforming products from entering the market.

This year

The Company formulated the "Product Protection Work Standard Book, which improved packaging materials and methods to ensure better protection of products during transportation and storage.

This year, the Company has enhanced its quality control capabilities through technological reinforcement and third-party verification.

#### Multi-dimensional Testing Capability Development

The Company has equipped itself with advanced devices such as Inductively Coupled Plasma - Optical Emission Spectrometer (ICP-OES) , Optical Emission Spectrometer (OES) , and Scanning Electron Microscope-Energy-Dispersive Spectroscopy (SEM-EDS). These tools enable precise detection of key indicators such as heavy metal content, chemical composition, and microstructure, making the inspection report cover all-dimensional quality characteristics.

#### Third-Party Cross-Validation Mechanism

Each quarter, raw material samples are randomly selected and anonymously sent to international authoritative institutions for parallel testing. The successful correlation comparison indicates the objectivity and reliability of the testing system.



## Hazardous substance control

We always focus on customer needs and drive the upgrade of harmful substance management capabilities across the supply chain by conveying clear raw material environmental standards and quality requirements to suppliers. By the end of 2024, the number of our subsidiaries that have obtained the QC080000 Hazardous Substance Process Management System Certification has reached 6.

In accordance with legal requirements and customer demands, we continuously conduct assessments of potential health and safety risks associated with the production and use of our products. We carry out evaluation work that covers raw material inspection, in-process inspection, finished product inspection, and by-product testing during the production process, to provide products that meet the testing standards of all parties.

| Process | Control Measure | Compliance Standard |
|---|---|---|
| Raw material testing | The Company has commissioned third-party agencies to conduct specialized testing in compliance with the RoHS (Restriction of Hazardous Substances) and the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals). We have also established a "zero-tolerance" policy for harmful substances as an entry-level red line, and materials are only approved for warehousing after passing all compliance tests. | *HSF (Hazardous substances free) Supplier Analysis and Evaluation Management Measures* |
| In-process inspection | We rigorously monitor the process parameters of key production stages to ensure the stability and reliability of the manufacturing process. Any deviation in process parameters automatically triggers a machine shutdown alarm, ensuring that in-process risks are controllable. | *Management Measures for Identification and Evaluation of Hazardous Substances in Processes* |
| Finished product inspection | Final inspection of finished products covers low-magnification structure, microstructure, chemical composition testing, and detection of harmful substances such as Pb, Cr, Hg, and Ni. These tests are conducted in accordance with the Company's *Harmful Substances Restriction Standards*. In addition, the Company commissions a third-party organization to conduct RoHS and REACH testing for each grade to ensure that the finished products are qualified and compliant. | Requirements of the QC080000 System |

#### Innovation Precision: Full-Process Control of Hazardous Substances to Build a Safety Line for Products

Innovation Precision has established the *Management Measures for Identification and Evaluation of Hazardous Substances in Processes*. The Company strictly adheres to the restrictions on hazardous substances at every stage, from raw material procurement through production to product packaging and transportation, to ensure that its products comply with requirements of directives such as RoHS.

**Supplier Hazardous Substances Management:** Innovation Precision has established the HSF Supplier Analysis and Evaluation Management Measures to systematically enhance suppliers' detection capabilities and compliance levels. By implementing these measures, Innovation Precision ensures risk control from the source to the end-user, providing downstream customers with safe, reliable, and high-quality products.

**HSF Risk and Opportunity Assessment Analysis Form:** Innovation Precision has established the HSF Risk and Opportunity Assessment Analysis Form based on ISO international standards and industry best practices. This form comprehensively identifies product risks through the following dimensions:

- Hazardous Substance Screening: Identify potentially hazardous chemical components and physical risk factors in products.
- Health and Safety Impact Assessment: Quantitatively analyze the potential impacts on user health, production environment, and social responsibility.
- Risk Level Classification: Categorize risks into high, medium, and low levels based on probability of occurrence and degree of harm. For high-risk products, we implement enhanced controls, including increased inspection frequency, upgraded process error-proofing mechanisms, and establishment of health monitoring records. For low-risk products, we focus on process optimization to continuously reduce risk exposure.

## Cultivation of Quality Awareness

The Company places emphasis on cultivating employees' quality awareness. Organizing a series of activities enhances employees' awareness and capability in quality control, thereby promoting the improvement of product quality.

### Quality Enhancement Meetings

The Company regularly holds quality enhancement meetings to address issues identified in the manufacturing process and finished products, and to establish corrective and preventive actions. These meetings also focus on optimizing Standard Operating Procedures (SOPs) to achieve quality improvement. This year, a total of 36 sessions of quality enhancement were conducted.

### Professional Knowledge Training

The Quality Department conducts a Company-wide professional knowledge training session once a month. The training content includes the use and maintenance of testing equipment, professional testing theory, and internal department safety. In addition, the Company offers targeted technical training. This year, an 8-week professional training on aluminum alloy technology was conducted for middle- and upper-level managers of the production department.

### Quarterly Skills and Knowledge Competitions

The Company holds a quarterly skills and knowledge competition with awards. By combining theoretical knowledge and practical operation, these competitions motivate all members of the Quality Department to improve their professional level.

### Innovation Precision: Organizing QC (Quality Control) Skills Training to Enhance Product Quality Control Capabilities

Innovation Precision schedules weekly training sessions for QC employees, covering the Company's regulatory requirements, drawing interpretation skills, in-process technology learning, quality management procedures, and control procedures for material mix-ups and errors. The Company implements a ''Master-Apprentice'' mentorship program to help QC employees quickly familiarize themselves with work processes, master inspection skills, and develop quality awareness and problem-solving capabilities, enabling them to independently and accurately perform quality control duties.


On-Site QC Skills Training

### Innovation Precision: Organizing Skill Training for Quality Engineering Employees to Enhance Product Competitiveness

To implement the Company's key customer development strategy, focus on customer needs, and maintain precise efforts, while also firmly establishing a ''zero defects'' quality awareness among all employees, further enhancing product quality control capabilities and product competitiveness, the Company has planned to offer multiple courses for training. Adopting a closed-loop model of training, practice, assessment, and competition, and utilizing a mentorship approach, the Company has assigned instructors to each group of trainees to facilitate both in-class and after-class learning, thereby improving the trainees' practical skills.


On-site Skill Training for Quality Engineering Staff



## Ensuring a High-Quality Service Experience

The Company adheres to a customer-centric service concept, emphasizing the principle of ''Customer Experience First''. Guided by customer demands, the Company continuously enhances its service level to promote ongoing improvement in customer satisfaction. We have developed a customer relationship management framework in modules according to business characteristics and processes, covering four areas: sales assistant, field sales assistant, on-site operations and secondary aluminum recovery, to provide customers with comprehensive and high-quality services. Meanwhile, the Company provides a diverse range of customer feedback channels and communication pathways, including email, WeChat, fax, phone, regular meetings, customer review platforms, and a complaint-handling system. These multiple avenues enable the Company to listen to customer needs from various angles and provide high-level customer service.

To improve the management of customer service complaint processes, the Company has established the *Customer Feedback Process Control Procedure*, which standardizes the complaint handling process and time limits. This ensures that customer complaints are handled promptly, orderly, and effectively, thereby forming a closed-loop management system. Additionally, we regularly conduct post-mortems on complaint cases to continuously optimize processes and products. We also conduct personalized follow-ups based on customer preferences to enhance the customer experience.

| Within 24 hours of the complaint | Within 48 hours | Within 72 hours |
|---|---|---|
| The Marketing Department is responsible for receiving complaints and forwarding them to the Quality Management Department and the respective responsible departments. For high-priority complaints (such as significant quality issues), an emergency handling process is initiated. | The Quality Management Department organizes a quality review meeting and analyses the cause with the relevant responsible departments, who formulate corrective and preventive measures in accordance with the *Process Control Procedures for Improvement, Corrective and Preventive Actions, the Process Control Procedures for Nonconforming Products* and other documents. | The responsible departments implement the above measures as planned. The Quality Management Department responds to customers by issuing the 8D report (i.e., a problem-solving method commonly used by engineers or other professionals) or by sending contact letters, and monitors the abnormal closure of customer complaints. |

### Innovation Precision: Optimization and Upgrade of Customer Service System

This year, Innovation Precision has continued to advance the construction of a high-quality customer service system and has optimized the complaint handling process:

- Increased the timeliness requirements for each stage of complaint handling. Customer service is responsible for tracking and following up to ensure that every customer request is completed and responded to on schedule.
- Introduced an escalation mechanism for complaint handling to promptly inform senior management and involve them in the process, preventing further escalation of losses on the client side.
- Implemented an assessment system to warn employees who handle complaints passively, fail to submit materials on time, or repeatedly submit non-compliant reports. This measure aims to boost employee enthusiasm and prevent the recurrence of issues.
- Strengthened customer service supervision over the implementation of improvement actions, including random on-site inspections to ensure the effectiveness of these actions and their long-term integration into operations.

The Company places high importance on customer feedback and conducts at least one comprehensive customer satisfaction survey annually. These surveys combine online questionnaires with offline site visits, covering aspects such as product quality, technical services, delivery times, and hazardous substances management. The Company organizes, summarizes, and analyzes the feedback data to form a report on product and service improvement suggestions, which is then presented to the management. This year, the Company has conducted multiple customer satisfaction surveys, all of which have yielded satisfaction rates above 90%.

Innovation New Material adheres to the talent philosophy of "integrity and capability, matching people with positions", ensuring the legal rights and interests of employees, strengthening talent development, and enhancing employee welfare. We actively work on building an equal, diverse, and happy workplace environment. At the same time, we maintain a commitment to safe production, and improve the safety management system, actively carry out hidden danger inspections, comprehensively enhance employee safety awareness, and are dedicated to creating a safe working environment for our employees.

# 04

# Empowering Employees, Creating Prosperity Together

# Promoting Workplace Equality and Diversity

The Company strictly complies with relevant laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, and the *Special Regulations on Labor Protection for Female Employees*. The Company respects and protects human rights, providing all employees with equal employment opportunities, competitive salaries, and continuously expanding communication channels to effectively safeguard the legal rights and interests of employees.

This year

the Company employed **9** people with disabilities

**231** veterans

helped **31** employees apply for rental housing

resolved the nearby school enrollment issues for **5** employees' children

provided **48** local rural employment opportunities

assisted a total of **188** employees in difficulty

## Respect and Protect Human Rights

The Company follows international standards such as the *International Labor Standards*, as well as domestic laws and regulations like the *Labor Law of the People's Republic of China* and the *Labor Code of Vietnam*. The Company has established rules and regulations including the *Employee Handbook*, *Corporate Culture Handbook*, *Female Employee Protection Procedures*, *Anti-Discrimination Management Control Procedures*, *Child Labor Remediation Procedures*, and *Minor Worker Protection Procedures*. Adhering to the management principle of ''policies first, processes foremost'', the Company ensures the protection of employee rights. We prohibit discrimination against any employee during the recruitment and employment process based on race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, trade union membership, nationality, marital status, gender identity, etc., ensuring that everyone is treated equally and fairly. At the same time, we strictly comply with labor laws and regulations to ensure that employees' labor rights are respected and protected, including but not limited to wages, working hours, and working conditions. We prohibit the use of any form of forced labor and child labor, and when establishing cooperative relationships with suppliers, we ensure that they also adhere to this principle.

## Compensation and Benefits

The Company provides competitive compensation to fully recognize the contributions of its employees. To better stimulate the potential of employees, this year, the Company continues to optimize the compensation incentive mechanism and build a performance-oriented distribution system. The Company deeply links employee compensation with performance outcomes, establishes a diversified bonus pool, and offers special rewards to those who make outstanding contributions, ensuring that value-creators receive corresponding returns. This year, the Company organized several special training sessions on compensation and performance reform, guiding employees to use professional tools and methods to help them scientifically set performance indicators, conduct process evaluations, and provide feedback on results, ensuring objective and fair performance management.

We strictly follow national laws and regulations to provide employees with various benefits and protections, including social insurance, housing provident funds, and statutory leave. We also continue to optimize employee benefits, offering supplementary benefits such as commercial insurance, holiday gifts, team-building funds, and educational assistance for children's academic achievements, comprehensively enhancing the level of employee benefits.

**Legal Benefits**

Paid annual leave, marriage leave, maternity leave, paternity leave, breast-feeding leave, etc.

**Supplementary Benefits**

Commercial insurance, holiday gifts, vehicle subsidies, free meals, shuttle bus services, health check-ups, team-building funds, sports club memberships, etc.

## Employee Communication and Exchange

The Company continuously improves the employee rights protection system, formulates normative documents such as the *Trade Union Management System* and the *Freedom of Association Management Control Procedures*, clearly safeguarding employees' freedom of association and the right to collective negotiation, and builds a fair and open working environment. To ensure smooth communication channels, the Company has established a direct line to the Chairman and has equipped digital suggestion boxes in various production workshops, employee activity centers, and cafeterias, forming a network for collecting employee opinions that covers all areas, ensuring that voices from the grassroots reach management.

To further protect employee rights, the Company has established the *Employee Grievance Management System*, creating a diversified grievance channel that includes department supervisors, the human resources department, the economic inspection department, grievance email, and telephone. We encourage employees to put forward rationalization suggestions on the development of the Company or file complaints about their salary and performance appraisal results, and we are committed to dealing with each complaint on the principle of openness and fairness, and to deal with and give feedback on them within seven working days, so as to effectively safeguard the rights and interests of the employees and maintain the stable operation of the enterprise.

The Company actively collects and listens to employee voices, conducting annual employee satisfaction surveys at the end of each year, summarizing employees' opinions and suggestions, and formulating feasible improvement measures based on the results of the satisfaction survey to promote the continuous improvement of the Company's management level. This year, the Company's employee satisfaction survey covered 80% of employees, with an overall satisfaction rate of 90%. At the same time, for specific issues, the Company conducts irregular satisfaction surveys and makes targeted improvements based on the actual needs and opinions of employees to ensure that employees' voices can truly become the driving force for company development. Innovation Metal, Innovation Precision, and Shandong Sheet Materials regularly conduct democratic evaluations covering 100% of employees to collect and understand employees' suggestions on company development and the senior management team, and adopt effective suggestions to improve company development.

This year

Company's employee satisfaction survey covered **80%** of employees

With an overall satisfaction rate of **90%**

### Innovation Metal: Holding a Staff Representative Assembly to Listen to Public Opinion

Since its establishment in 2009, the labor union of Innovation Metal has fully exercised its functions in safeguarding the legal rights and interests of employees, distributing salary and benefits, participating in Company management and construction, and engaging in the democratic management of the Company. The union regularly organizes activities to collect public suggestions for improvement, systematically gathering employees' reasonable suggestions on labor rights protection, career development, and production improvements. The summarized information is then documented and publicized at meetings, with continuous improvements made based on public opinion. This approach strengthens the sense of ownership among employees and effectively promotes the scientific decision-making and operational efficiency of the enterprise, forming a distinctive model of employee democratic participation.


On-site of the Staff Representative Assembly at Innovation Metal

# Cultivating Holistic Talent Development

The Company adheres to the talent philosophy of ''integrity and capability, matching people with positions'', and has built a closed-loop talent development system of ''empowerment-growth-win-win'' to empower employees in all aspects. The Company focuses on shaping a development culture of ''co-creation and sharing'', and strives to create a culture that is ''attractive, appetizing, fun, educational, and promising'' to provide employees with a healthy, safe, beautiful, and happy working environment, achieving a win-win situation for both employees and the Company.

## Talent Development

The Company is committed to creating a fair and transparent recruitment environment, continuously improving the employee promotion mechanism and a learning system for all staff, and establishing a learning organization to stimulate employees' potential and promote the enhancement of their work skills and professional quality.

### Fair Recruitment and Diverse Backgrounds

The Company has established documents such as the *Recruitment Management System* and the *Resignation Management System*, specifying the processes and execution standards for employee onboarding and resignation. During the recruitment process, the Company requires the recruitment team to strictly adhere to the principle of openness and transparency, select talents based on established systems, and has set up a dedicated reporting email and hotline to actively accept supervision from applicants and all sectors of society, ensuring the fairness and impartiality of the entire recruitment process.

The Company practices a diversified talent development concept, building an intergenerational talent echelon. The senior management team integrates young talents, middle-aged backbones, professional managers, and senior technical experts, forming a decision-making mechanism where the innovation power of the times and the wisdom of industry experience are organically coordinated, effectively driving the improvement of organizational efficiency. In the field of gender equality, the Company has established a systematic protection system: strictly implementing equal pay for equal work, improving support policies for female employees' childbirth, and legally implementing benefits such as maternity leave and nursing leave, to build a fair and inclusive workplace environment.

This year

We absorbing a total of **61**

employment difficulty personnel recognized by the government's labor and social security department, paying their social insurance and housing provident funds in full, effectively alleviating regional employment pressure.

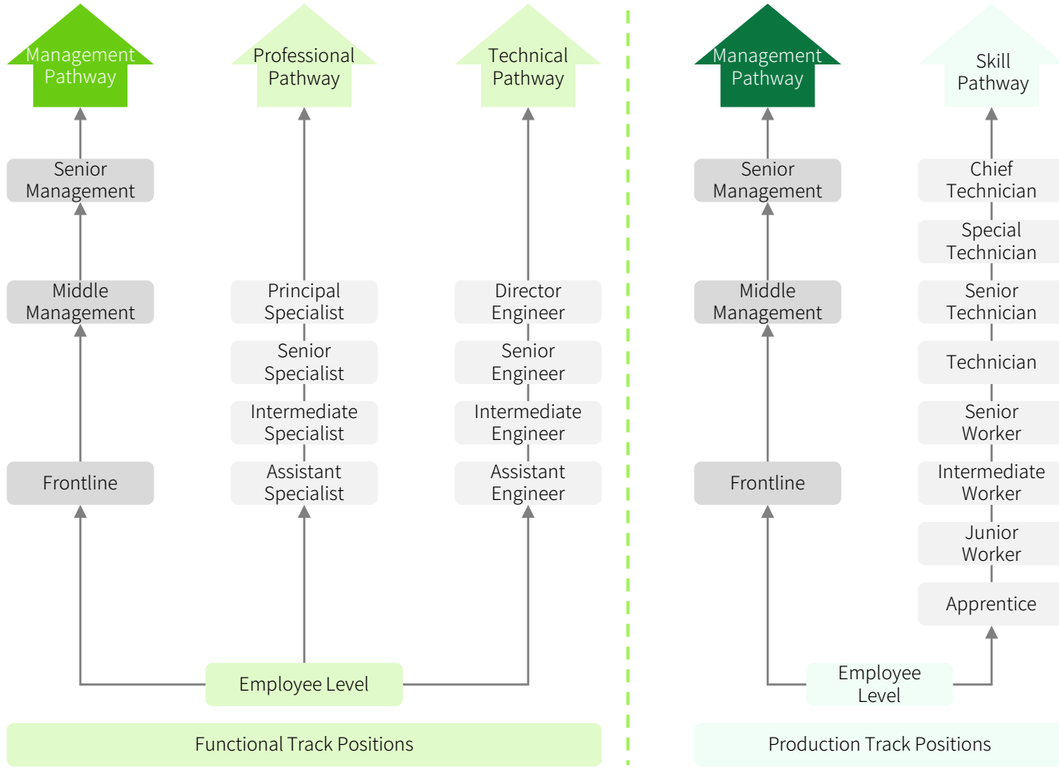
| Dual Tracks | Promotion Pathways |
|---|---|
| Functional Track: | Management Pathway, Professional Pathway, Technical Pathway |
| Production Track: | Management Pathway, Skill Pathway |

### Employee Development Pathways

The Company adheres to a culture of ''co-creation and sharing'', and has established a career growth model of ''dual tracks, four pathways'', providing differentiated promotion ladders for managerial and technical talents, encouraging employees to enhance their work capabilities and achieve full career development. The Company has set up internal recruitment channels, regularly posting internal job openings and encouraging employees to apply voluntarily, aiming to provide employees with broader development opportunities. In addition, the Company has obtained the qualification for independent skill assessment in Shandong Province, offering more learning and development opportunities for skilled talents. By the end of 2024, the Company has assessed 526 skilled talents through independent evaluation.

The Company focuses on building a fair, just, and transparent promotion system. We introduce a democratic assessment mechanism for all staff, conducting a fair evaluation of employee performance based on a comprehensive range of factors including job requirements, individual work performance, achievements, and departmental evaluations. At the same time, we conduct thorough investigations on employees who are intended for promotion and publicize promotion information and methods for handling objections company-wide, opening up supervisory channels such as suggestion boxes to ensure that the promotion process is fair and transparent.

**Dual-Track Promotion Pathway**



## Employee Training System

The Company adheres to the principle of applying knowledge and learning for practical use, systematically constructing a comprehensive learning and development system for all employees. The Company designs a hierarchical and categorized training system, creating differentiated training programs for employees at various levels such as new hires, technical staff, and middle to senior management. These programs cover a diverse range of areas including vocational skill certification, leadership enhancement, and innovative thinking training, ensuring that the training content is deeply integrated with actual business operations.

**New employees**

Conduct orientation meetings, discussions, and team-building activities to enhance mutual understanding between the Company and employees; continuously update and enrich the content of new employee training programs to help new hires quickly grasp common knowledge and skills needed for their work, and implement a ''mentorship'' model for new employees after they join the Company to assist them in better integrating into the Company.

**Middle and senior management**

Organize various specialized management training sessions to strengthen the management team and optimize corporate management. This year, the Company has conducted multiple leadership training sessions for management staff:

- To further consolidate the ''extremely high standards, extremely simple actions, extremely fast speed, and extremely great results'' four-level thinking theory, the Company conducted a special training on ''The Five Managements of High-Efficiency Individuals'', with more than 170 employees participating. This training shared knowledge and experience on ''goal management, mindset management, time management, learning management, and behavior management'', providing efficient work methods for employees and supporting the high-quality development of the Company.
- Innovation Metal organized a training session on the theme of ''Performance Growth Model'', with over 50 participants. The training focused on the four core steps of performance growth, namely ''Goal, Measure, Evaluation, and Incentive''. Taking these four steps as the main line, Innovation Metal elaborated on the bottlenecks of each step and the implementation tools, key actions, and methods to overcome these bottlenecks and achieve goals from the three major directions of ''What, Why, and How''. Innovation Metal also explained the logic behind performance growth, enhancing the awareness of leading cadres regarding the role of performance management.
- Qingdao Liwang organized a training activity on the theme of ''How to Be a Good Manager'', with a total of 98 employees participating. The training revolved around seven major themes: ''Self-Positioning of a Manager'', ''What a Manager Should Do'', ''How to Do It'', ''What Qualifications Are Required'', ''What Not to Do'', ''How to Manage Indicators and On-Site Operations'', and ''How to Conduct Work''. This training broadened employees' understanding of the importance of management, enhanced the overall quality of Qingdao Liwang's management personnel, and improved the combat effectiveness of the production team.

**Grassroots Management and Technicians**

Conduct ''Team Leader Training'' and ''Furnace Plan''talent reserve training classes, and use the ''Skilled Talent Self-Assessment'' platform to cultivate reserve talents for the production management system.

### Establishment of Online Training Platforms

The Company has established online training platforms ''Magic College'' and ''DeChuang Business School'' to continuously enrich employee training resources and methods, promoting the improvement of the Company's training standards and employee satisfaction. In addition, to stimulate employees' enthusiasm for learning, we have formulated the ''Educational Incentive System'', which standardizes the criteria for learning subsidies including professional title allowances, registered safety engineer certificate subsidies, and other corresponding occupational skill subsidies, providing full support for employees' professional skill enhancement and progress.

Online Training

### Organizing Middle and Senior Management to Participate in Principal EMBA and Condensed EMBA Training Courses to Build a Benchmark Team

To further enhance the management capabilities of leading cadres, the Company organized middle and senior management to participate in the Principal EMBA series training and Condensed EMBA training from Action Education. The learning outcomes were then shared with internal employees through internal training to unify thinking and language, forming the ''extremely high standards, extremely simple actions, extremely fast speed, and extremely great results'' four-level thinking theory, which reshaped the innovation team. This year, middle and senior management attended 12 external training sessions and organized 7 internal training sessions, with a total of approximately 700 participants in the Action Education series training. The expenditure on Action Education special training reached RMB 2,191,600.


Condensed EMBA Training

This year

Middle and senior management attended **12** external training sessions

Organized **7** internal training sessions

With a total of approximately **700** participants in the Action Education series training

The expenditure on Action Education special training reached RMB **2,191,600**

## Employee Well-being

The Company values employee communication and provides a variety of non-monetary benefits in addition to basic welfare to comprehensively enhance employees' happiness and sense of belonging.

### Employee Benefits

The Company adheres to a people-oriented philosophy and practices the culture of ''attractive, appetizing, fun, educational, and promising'', continuously improving employees' work and living environments to comprehensively enhance their well-being.

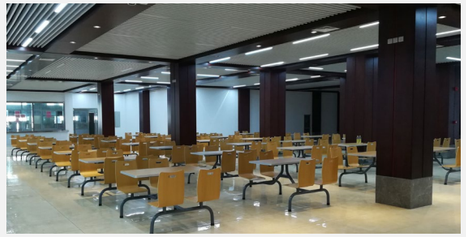
## Attractive

We have created beautiful garden-style factory areas and a comfortable working environment for our employees.

Garden-style Factory Area

## Appetizing

We provide our employees with a pleasant dining environment and high-standard, complimentary daily work meals.



Employee Cafeteria

## Fun

This year, the Company has established an ''Innovation Basketball Team'', injecting new vitality into the employees' leisure life.

To promote a healthy lifestyle and enhance employees' physical fitness, the Company has established sports clubs such as badminton and table tennis clubs, organizing club activities monthly to enrich employees' leisure time.

The Vietnam subsidiary organizes reunion activities for employees during the Spring Festival, allowing them to feel the ''homely'' atmosphere of the Company, enhancing their sense of belonging and satisfaction.


ChuangXin Basketball Team

Employee Sports Clubs

Photos from the Vietnamese New Year Reunion Event

## Festival Activities

### Lantern Festival Activities

The Company organized celebrations for the Lantern Festival, setting up popular games such as guessing lantern riddles and ring toss, combining them with knowledge about Company safety and culture, allowing everyone to gain knowledge while playing games.


### ''March 8th Traditional Chinese Medicine Cultural Science Popularization and Free Clinic'' Event

The Company invited a team of doctors from Zouping City Hospital of Traditional Chinese Medicine to conduct a cultural science popularization and free clinic event for female employees of Innovation. Nearly 60 female employees from Innovation Metal and Innovation Precision participated in the event.


# Team Building Activities

## Labor Day Sports Meeting

Various subsidiaries carry out ''Celebrate Labor Day'' activities to enhance employees' cohesion, centripetal force, and combat effectiveness. Through a series of activities, employees' cultural life is enriched, and their spirit of tenacious struggle and sense of collective honor is strengthened.


## Skills Competition

The Company holds competitions for grinding wheel static balance, forklift, and crane operation skills. Participants demonstrate focus and craftsmanship in grinding wheel static balance operations, precisely adjusting to ensure production quality; participants skillfully maneuver to efficiently transport goods in the forklift skills competition; Participants show precise control and smooth lifting of heavy objects in crane operation skills competitions. These activities identify technical experts, stimulate employees' enthusiasm for learning, create an atmosphere for skill improvement, and support the Company's innovative development and production efficiency enhancement.


## Distribution of Pioneer Vehicles

To recognize outstanding employees who have made significant contributions to their work, the Company rewards and distributes 176 all-aluminum electric new energy vehicles, acknowledging employees' efforts for the Company's development.


## Other activities

The Company has established team-building funds for each department, allowing for flexible organization of various forms of team-building activities based on job tenure. These activities encompass outdoor development exercises, short-distance trips, and cultural and sports events, providing employees with opportunities to relax and unwind amidst their busy work schedules and enhancing team cohesion.


# Implementing the Concept of Inherent Safety

The Company always adheres to the safety management policy of ''safety first, prevention as the main approach, comprehensive management, continuous improvement, people-oriented, and safe development''. We practice the safety management concept that ''all risks can be controlled, and all accidents can be prevented''. The Company continuously improves the safety assessment and inspection mechanisms, enhances the safety level of production equipment, and promotes health and safety training for employees, all to create a safe and healthy production environment.

By the end of 2024,

**7** subsidiaries have completed the acceptance of the third-level safety standardization, and **4** subsidiaries have completed the second-level safety standardization acceptance;

Innovation Metal, Shandong Sheet Materials, Innovation Precision, and Suzhou Chuangtai have all passed the assessment and acceptance of the ''Second-Level Safety Production Standardization Enterprise'';

The number of factories that have passed the ISO 45001 Occupational Health and Safety Management system certification is **12**.

2024Safety-Related Indicators

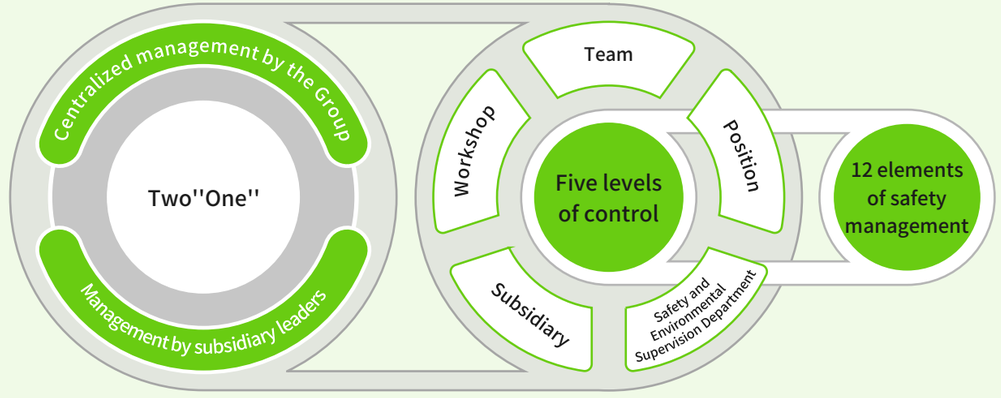
| | | |
|---|---|---|
| Occupational Disease Incidence Rate<br>**0%** | Number of Fatalities per Hundred Million in Revenue<br>**0** | Average Safety Training Hours per Person<br>**24.66** |
| Injury Rate<br>**0.881%** | Incident Rate per Million Working Hours<br>**3.13** | |

## Safety Management System

The Company has established safety management regulations, including systems for production safety responsibility, risk assessment and control management, management of special operations personnel, operation safety management, occupational health management, safety production assessment management, emergency management, and safety performance evaluation management. At the same time, the Company has established a top-down management model, led and planned by the Safety Committee, with unified supervision by the Safety and Environmental Department, and autonomous management by each subsidiary to implement health and safety management measures.

The Company has built a ''dual-wheel drive'' safety management system, with the Company's unified management and the overall management by the heads of various subsidiaries, and the branch-level management and 12 safety management elements as the driving wheel. Under the joint drive of the overall production safety responsibility system and the safety performance competition mechanism, a tightly linked production safety management model is formed to ensure that production safety management measures are effectively implemented.

**Dual-Wheel Drive Safety Management System**



The Company has established a safety assessment and reward and punishment mechanism, formulating systems such as the *Safety Performance Assessment Measures*, and operates mechanisms for safety performance assessment, dual-system operation assessment, and accident assessment. We also strengthen supervision, inspection, and assessment, with a focus on rewarding more and punishing less, to fully leverage the guiding and motivational role of performance assessment. The Company's Safety and Environmental Department regularly organizes safety management personnel and technical staff from subsidiaries to conduct monthly inspections, comprehensive inspections, special inspections, and re-inspections. Based on the performance of safety production responsibilities, education and training, hidden danger rectification, emergency drills, on-site safety status, work injuries, and other safety management situations, they organize the calculation of performance scores and implement rewards and punishments based on the annual achievement of targets at the Company, workshop, and team levels.

**Safety Responsibility System**

Achievement in 2024

| | |
|---|---|
| Control Target：100% | Compliance Rate for Safety Production Responsibilities **100%**<br>Safety Education and Training Qualification Rate **100%**<br>Certification Compliance Rate for Special Operations Personnel **100%** |
| Control Target：100% | Compliance Rate for Hazard Control Measures **100%**<br>First Re-inspection Rectification Rate (Including deferred rectification) **98.21%** |
| Control Target：100% | Emergency Drill Completion Rate **100%**<br>Safety Equipment, Safety Signs, Emergency Facilities Integrity Rate **100%** |

**Work Injury Management**

Achievement in 2024

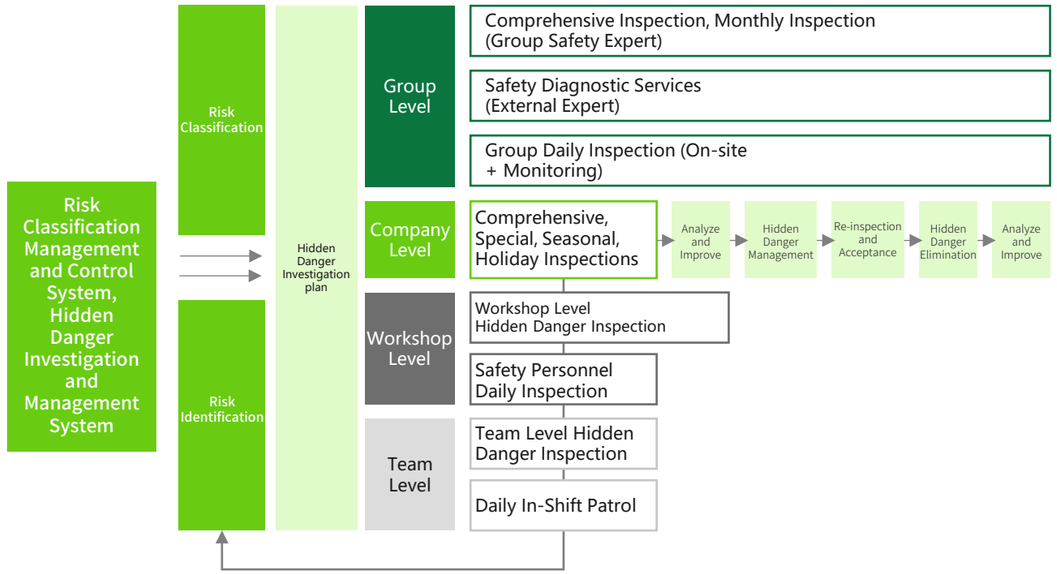
| | |
|---|---|
| Control Target：0 | Work-related Fatal Accidents (cases) **0**<br>Occupational Disease Incidence Rate **0**<br>Serious Injury Accidents (cases) **0** |
| Control Target：1% | Per Thousand Light Injury Rate (including minor injuries) **0.881%** |

## Third-Party Personnel Work Safety Management

The Company also focuses on the safety management of third-party personnel working on-site, incorporating external construction units into daily safety management and the assessment management of the responsible department, implementing comprehensive safety management covering the entire process including procurement bidding for external construction, signing of safety agreements, on-site training, supervision of the construction process, and acceptance of construction safety. In addition, the safety department has established a ''one company, one file'' mechanism for the safety of external construction, including the qualifications of construction units, personnel certificates, insurance materials, construction plans, safety training, hidden danger inspections, violation assessments, and safety performance evaluations, to implement the safety management of third-party personnel working on-site.

## Safety Hazard Identification

The Company establishes and improves a long-term mechanism for self-inspection and self-correction by formulating an *Annual Hazard Identification Plan*. The Company conducts multi-level and categorized hazard identification work independently, through a combination of routine and regular inspections, special and comprehensive inspections, group and branch-level self-inspection, and workshop and team inspections. Special safety inspections including major accident hazard, special equipment, electrical, fire, and external construction are implemented as planned. Additionally, we carry out deep-well casting special inspections and gas special inspections in conjunction with industry accident cases and policy requirements to strengthen the closed-loop management of hazards and promptly eliminate accident risks. For identified hazard issues, Company analyzes the causes and formulates rectification plans, conducts regular re-inspections, publicizes the results of hazard identification and management, and forms a closed-loop management system. At the same time, the Company regularly organizes full-time safety management personnel and professional technicians to conduct on-site special hazard identification, comprehensive inspections of safety production responsibility fulfillment, and routine inspections in subsidiaries to fully implement hazard identification.




Management System for Risk Classification Control and Hidden Danger Investigation and Governance

By the end of 2024

the Company has achieved a **100%** rectification rate for identified hazards

with a first re-inspection rectification rate of **98.21%**

## Safety Technical Transformation

Adhering to the concept of safe production, the Company continuously improves the level of intelligence and safety in the production process through technological transformation and equipment innovation. This year, the Company, in conjunction with accident cases in the aluminum processing industry and considering strategic planning and equipment production safety, carried out production line transformations from two aspects: essential equipment safety and structural adjustment of production capacity.

### Renovation of Production Line

Transformed fixed melting furnaces, wire rope casting production lines into tilting furnaces, and continuous casting and rolling production lines.

### Increase the Use of Automation Equipment

Improved the automation and intelligence level of equipment, and enhanced safety facilities and automatic control of interlocking devices.

## Strengthening Safety Awareness

The Company adheres to the safety philosophy that ''those who manage production must also manage safety'' and ''those who manage safety must understand safety''. We are committed to enhancing employees' safety awareness and continuously advancing comprehensive safety education and training management to ensure that every employee can master the necessary safety knowledge and skills. At the same time, the Company actively conducts safety emergency drills to strengthen employees' ability to respond to emergencies and to build a comprehensive safety production defense line.

This year

the Company achieved a **100%** participation rate in employee safety training

the Company has a total of **46** employees holding the Certified Safety Engineer qualification

**Innovation New Material Safety Training Highlight Courses**

**Professional Technical Position Training**

The Company intensifies efforts to promote competency development for technical professionals and enforce certification requirements for special equipment operators.

The Company and its various subsidiaries entrust professional training institutions to organize the professional technical knowledge safety training for the Company's special operation personnel and obtain the qualification certificates for special operations.

The Company organizes professional knowledge exams for professional technical personnel every quarter, and the pass rate of the exams is included in the safety performance assessment of Company.

**New Employee Onboarding Safety Education and Training**

The Company organizes pre-job ''three-level'' (i.e., company-level, workshop-level, and team-level) safety education for newly hired employees to ensure that they receive a systematic and comprehensive safety management education. For subsidiaries involving molten metal, the pre-job training for new employees should be no less than 72 hours, while for other subsidiaries, the pre-job training for new employees should be no less than 24 hours. This ensures that the ''three-level'' safety education rate for new employees reaches 100%. Employees who fail the safety training and education assessment will not be arranged to take up their posts.

**Special Training for the Prevention and Control of Occupational Diseases**

The Company places great emphasis on the prevention and control of occupational diseases, requiring its subsidiaries to formulate annual occupational health training plans, which are then implemented by the safety departments according to the plans. The training should be no less than 4 hours per year, conducted in two phases, with each phase organizing multiple batches of occupational health and safety training for all employees, and each batch should be no less than 2 hours.

### Shandong Sheet Materials: ''company-level'' Safety Awareness Training

In January 2024, Shandong Sheet Materials conducted training on the analysis of causes and hazards of ''three violations'' (violations of instructions, operations, and labor discipline), road traffic safety, psychological counseling for safety, analysis of typical accident cases, the *Regulations on Safety Management of Confined Space Operations in Industrial and Commercial Enterprises (Emergency Management Department Order No. 13)*, and the *Safety Standards for Confined Space Operations in Industrial and Commercial Enterprises*. By helping employees learn and reflect on the causes and severe consequences of ''three violations'' and master the safety requirements and measures for confined space operations, Shandong Sheet Materials enhanced employees' awareness of safe production. This training covered 1,350 production-related employees, with a participation rate of 100%.

Safety Awareness Training Site

The Company places a high priority on the health and safety of its employees, continuously improving their working environment, and actively conducting occupational health management knowledge training for personnel exposed to occupational hazard factors. The training covers basic knowledge of occupational disease prevention laws and regulations, workers' rights and obligations regarding occupational health protection, main occupational hazard factors and preventive measures in their respective positions, as well as the use and maintenance of personal labor protection equipment. By popularizing health and safety knowledge, the Company enhances employees' ability to manage their own occupational health. This year, the Company conducted occupational disease examinations for 9,078 employees during their employment, with no confirmed cases of occupational diseases.

### Shandong Sheet Materials: ''company-level'' Occupational Health Management Training

In May 2024, Shandong Sheet Materials conducted occupational health management training on basic knowledge of occupational disease prevention regulations, the rights and obligations of workers' occupational health protection, main occupational disease hazard factors and preventive measures in positions, and the use and maintenance of personal labor protective equipment. This training aimed to enhance employees' awareness of their rights and obligations in occupational health protection, improve their ability to identify occupational disease hazard factors in their positions, and encourage them to consciously fulfill their occupational health protection duties. The training covered 1,300 employees exposed to occupational hazard factors, with a participation rate of 100%.

### Yuanwang Electrical Technology: ''company-level'' Occupational Health Management Training

In August 2024, Yuanwang Electrical Technology conducted occupational health management training on occupational health laws and regulations, occupational health management systems, job operating procedures, and emergency rescue plans for occupational disease hazard accidents. By promoting laws and regulations, management systems, and other content to employees, the training aimed to enhance employees' awareness of occupational disease prevention and their emergency rescue skills in the event of occupational disease hazard accidents, thereby improving employees' occupational safety protection from both institutional and self-protection aspects. The training covered 691 employees exposed to occupational hazard factors, with a participation rate of 100%.

On-site Training Photos

## Safety Emergency Drills

The Company has established a clearly defined emergency drill operation system to ensure the efficient implementation of safety management work.

The company-level emergency drill activities are uniformly deployed and organized by the Company to formulate plans for comprehensive emergency drills, special emergency drills, and on-site disposal plan drills.

The safety departments of subsidiaries organize and implement comprehensive emergency drills and special emergency drills according to the plan, while the Safety and Environment Protection Department conducts spot checks on the effectiveness of these drills.

The team leaders of subsidiaries organize and implement on-site disposal plans according to the plan, and the safety department conducts spot checks on the effectiveness of these drills.

At the drill site, a combination of centralized lectures and on-site simulated operations is employed. Employees are instructed on the drill procedures and emergency response measures, and are guided through on-site simulations of various emergency first aid methods. This approach enhances employees' awareness of production risks, equips them with emergency response methods, and strengthens their ability to perform emergency self-rescue in critical situations. After the drill, relevant personnel organize the drill records and assess the effectiveness of the activity. They then refine the activity setup and content to continuously improve the effectiveness of the emergency drills.

### Shandong Sheet Materials, Innovation Beihai: Special Emergency Response Drill for Molten Metal Companies

Shandong Sheet Materials held a special emergency response drill for natural gas leakage, fire, and explosion accidents. By simulating a natural gas pipeline valve malfunction that led to leakage and fire, the drill enhanced employees' awareness of such dangers and trained their emergency response and handling skills in critical situations. Shandong Sheet Materials also improved employees' abilities to evacuate and self-rescue in emergencies and strengthened inter-departmental coordination.

During the ''Workplace Safety'' month, Innovation Beihai conducted an emergency drill for high-temperature aluminum liquid leakage in the casting workshop. The drill simulated an abnormality in the furnace eye control rod that caused aluminum liquid to overflow. This exercise heightened employees' awareness of the dangers of high-temperature aluminum liquid leakage and honed their emergency response capabilities in urgent scenarios.

# 05

# Open Cooperation for a Win-Win Future

Innovation New Material prioritizes the development of collaborative partnerships, working hand-in-hand with partners to build a sustainable supply chain. While pursuing growth, the Company remains committed to social responsibility, sharing the fruits of progress with society, and contributing to the building of a better society.

# Sustainable Supply Chain Management

The Company continues to strengthen its supplier management systems and mechanisms, actively advancing sustainable supply chain management. While enhancing its own sustainable development capabilities, the Company focuses on driving comprehensive sustainability throughout the entire supply chain.

The Company has formulated management policies such as the *Procurement Process Control Procedures*, the *Supplier Control Procedures*, the *Supplier Evaluation Management Control Procedures*, and the *Qualified Supplier Evaluation Standards* to standardize the supply chain management process.

## Supplier Qualification

### Information Source

The Company obtains information on potential suppliers through various channels, including participation in industry exhibitions, peer recommendations, and self-nominations from suppliers.

### Preliminary Screening

The Company requires potential suppliers to provide detailed information, including business licenses, production licenses, quality management system certificates, product test reports, etc., and conducts a rigorous review of the relevant information.

### On-site Inspection

For suppliers who have passed the qualification audit, the Company will arrange a professional team to conduct on-site inspections at their production sites. The inspection covers production equipment, process flow, quality control systems, environmental management systems, employee working environments, welfare, etc., to ensure that the suppliers have good production conditions and management capabilities.

### Public Bidding

The Company explicitly defines bidding requirements and evaluation criteria to ensure transparency, fairness, and impartiality in the bidding process, thereby attracting more qualified suppliers to compete and securing superior products and services.

### Qualified Supplier List Inclusion

The Company includes suppliers whose products have been verified through small-batch trials, meet the Company's requirements, and have demonstrated good performance during the on-site inspection, in the qualified supplier list.

### Trial Verification

After passing the on-site inspection, the Company will sign a small-batch trial contract with the supplier and purchase a certain number of products for trial verification. In the trial process, the Company will comprehensively test and evaluate product quality, performance, stability and other indicators, while also paying attention to the supplier's delivery time, after-sales service and other performance.

## Supplier Performance Evaluation

We conduct regular performance assessments of suppliers with whom we are collaborating, implement tiered supplier management based on the evaluation results, and continuously eliminate non-compliant suppliers to minimize supply chain risks. This year, we have vigorously advanced the optimization and upgrade of the digital procurement platform, achieving 100% system access and management of suppliers. This has led to continuous improvements in the efficiency of audit work, ensuring the traceability and query-ability of records, and has propelled the systematization and standardization of the Company's annual supplier audit process.

### Assessment and Scoring

The Company has established a comprehensive supplier assessment and scoring system, which regularly assesses and scores suppliers in terms of product quality, delivery time, price, after-sales service, cooperation and business ethics, etc. According to the assessment results, we categorize suppliers into excellent suppliers, qualified suppliers and suppliers to be improved.

### Tiered Management

For excellent suppliers, the Company will provide more order share, priority payment and other preferential policies, and maintain a good cooperative relationship with them.

For qualified suppliers, the Company maintains normal business dealings with them, pay attention to their performance in cooperation in a timely manner, and prompt them to improve through regular communication and feedback.

For suppliers to be improved, the Company will put forward specific requirements for improvement and deadlines for completion, and consider suspending or terminating the cooperation relationship if the requirements cannot be met within the specified time.

### Exit Mechanism

Based on the assessment results, the Company will resolutely terminate the cooperation relationship with any supplier whose product quality is unqualified for a long period of time, whose delivery date is frequently delayed, whose after-sales service is poor, who does not comply with our business ethics and the relevant regulations of the Company, and who fails to make any significant improvement after repeated communication and improvement.

## Supplier Training and Communication

The Company is committed to carrying out friendly exchanges and cooperation with suppliers, and promotes healthy communication with suppliers by organizing regular supplier training, carrying out business exchange meetings, and participating in industry exhibitions and annual meetings.

**Optimization of the Supplier Training System**

In alignment with our business development plans and the current capabilities of our suppliers, the Company regularly organizes specialized training sessions. The training content includes interpretation of new product development directions, upgraded quality standards, guidance on the application of new technologies, and analysis of the latest industry regulations and policies. This initiative aims to help suppliers accurately grasp our requirements and development trends, while enhancing their ability to undertake business.

**Deepening of Business Exchange Meetings**

The Company regularly convenes business exchange meetings, inviting suppliers to participate. These meetings focus on analyzing pain points in the cooperation process and discussing improvement measures, while simultaneously sharing market developments and industry trends. This approach deepens mutual trust between both parties and lays a solid foundation for the steady progress of business cooperation.

**Integration of Industry Exhibitions and Annual Conferences**

The Company actively organizes supplier participation in industry exhibitions and annual conferences. These platforms enable suppliers to comprehensively demonstrate their product and technological capabilities, expand industry networking channels, and foster a conducive external environment for long-term strategic collaboration between the Company and its suppliers.

## Supplier ESG Management

The Company has integrated ESG principles into supplier management, requiring suppliers to sign the *Prohibited Substance Assurance Declaration and HSF Notice, the Environmental Notification Letter for Related Parties, the Supplier Social Responsibility Commitment*, and other documents. Among them, the *Supplier Social Responsibility Commitment* clearly defines the red line of suppliers' responsibility, covering areas such as environment, business ethics, and conflict minerals[6]:

- Prohibition of child labor and any form of forced labor.
- Promotion of labor-management cooperation and respect for employees' rights to freedom of association and collective bargaining.
- Provision of an equal and fair working environment, prohibiting any form of discrimination.
- Timely and complete disclosure to the Company of any relevant business relationships with other suppliers, subcontractors, and downstream suppliers.
- Ensuring safe and hygienic living conditions to safeguard the safety and health of employees.
- A firm commitment to not support or procure any metals originating from conflict-affected areas, illegal mining, or mines with deplorable working conditions.

The Company actively collaborates with third-party audit institutions commissioned by downstream customers to conduct comprehensive audits of its own supply chain conditions. The audits focus on key areas such as labor rights protection, health and safety measures, environmental protection effectiveness, adherence to business ethics, and the operation of management systems. For small and micro enterprises within the supply chain, the Company provides professional guidance, technical support, and necessary resource assistance to help them optimize production processes and enhance overall supply chain management capabilities.

6. Conflict minerals: refer to certain metals and minerals that are extracted from conflict-affected regions, particularly the Democratic Republic of Congo (DRC) and its neighboring countries, such as Rwanda, Uganda, Burundi, Tanzania, and Kenya. These minerals include tin, tantalum, tungsten, and gold (collectively known as 3TG), as well as cobalt. The extraction and trade of these minerals often fund armed groups and contribute to human rights abuses, violence, and environmental degradation.



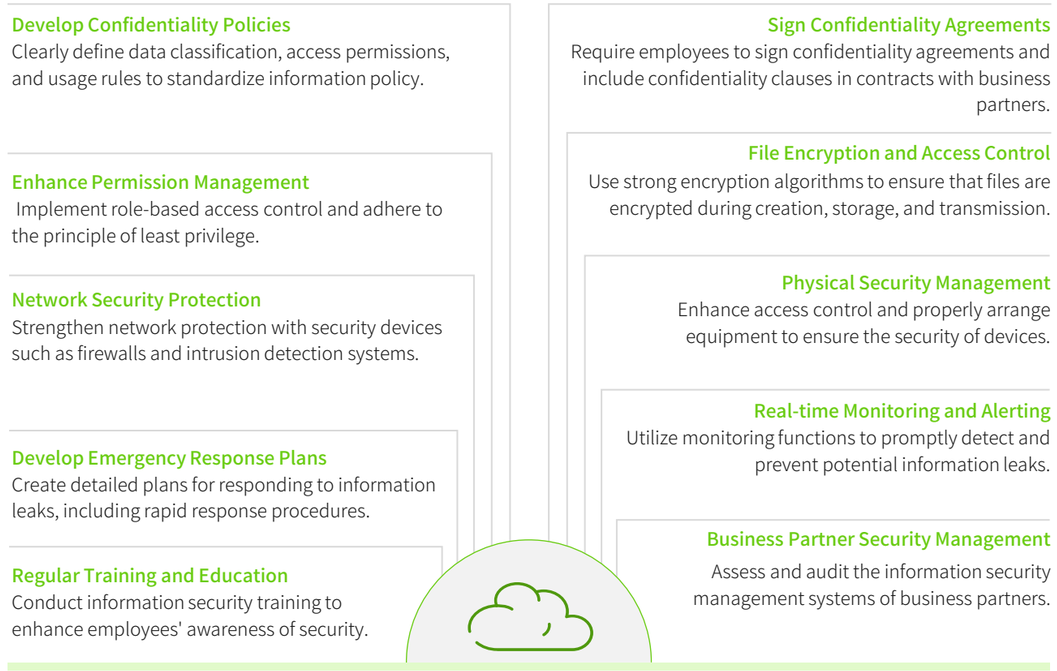
# Enhancing Customer Privacy Protection

The Company is firmly committed to safeguarding information security by continuously improving and optimizing management measures to reduce information security risks and effectively protect customer privacy. The Company complies with the *Cybersecurity Law of the People's Republic of China,* the *Personal Information Protection Law of the People's Republic of China*, and other relevant laws and regulations. We have formulated policies including *the Information Security Strategy and Management Policy, the Information Security Education and Training Policy, the Password Management Policy, the Network Information Security Emergency Response Implementation Policy, and the Management Structure and Measures for Information Security and Privacy Protection*, all aimed at building a comprehensive and effective information security and privacy protection system to provide strong support for the Company's secure operations. This year, the Company has updated and refined the *Cybersecurity Management System*, further optimizing the cybersecurity management framework by detailing management processes, enhancing technical measures, and clarifying responsibility assignments, thereby making cybersecurity management more standardized, systematic, and efficient.

In 2024, Qingdao Liwang passed the ISO 27001 Information Security Management System certification.



The Company has established an Information Security Working Team, with the Company's primary leadership serving as the first responsible person for information system management and cybersecurity, responsible for the comprehensive management, operation, and maintenance of computer application systems and network security. The Computer System Administrator provides technical assurance for the secure operation of the Company's internal network. The Information Security Officer is responsible for reviewing all application records related to the Company's informatization, auditing the rationality of user account usage and permission allocation, conducting security classification of the Company's critical information, and periodically reviewing inspection records compiled by System Administrators. In accordance with the principle of ''whoever uses it bears responsibility'', the Company designates user departments as the responsible units for computers and peripheral equipment, establishes an asset ledger, and ensures the integrity of allocated assets.




This year, the Company continued to enhance information security protection capabilities in both software and hardware, upgraded system architectures, constructed a digital hyper-converged platform, deployed backup hosts, implemented latest-generation firewalls, and continuously refined and optimized its information security protection framework to ensure the secure and stable operation of business operations.

### Establishing a New Data Center to Enhance Data Processing Capacity and Information Security Protection Capabilities

This year, the Company established a new data center to enhance data processing capacity and information security protection capabilities, ensuring the stable operation of corporate information systems, providing robust support for business development, and elevating the Company's overall informatization level. The newly built data center has achieved significant results in improving data processing efficiency, reducing operational costs, enhancing business flexibility, and driving industrial upgrading. Additionally, the data center positively impacts the Company's overall information security and cybersecurity management standards, strengthens cybersecurity governance, improves emergency response capabilities, and promotes regulatory compliance, all of which hold critical importance for the Company's long-term development and market competitiveness.

This year, the Company conducted cybersecurity attack-defense simulation training for all employees in the Information Center, covering cybersecurity fundamentals, cybersecurity laws and regulations, practical attack-defense techniques, and cybersecurity strategy and planning. Through a theory-practice integrated training model, the program equipped employees with foundational cybersecurity knowledge and hands-on skills, strengthened team collaboration and innovation capabilities, and enhanced the Company's cybersecurity protection standards.

This year, the Company has not experienced any data security incidents or breaches of customer privacy.



# Striving to Contribute to Social Well-Being

## Community Management and Communication

As a core industrial force driving regional economic development, the Company fully recognizes its responsibility for the sustainable development of surrounding communities and indigenous populations. Adhering strictly to internationally recognized social responsibility standards, the Company integrates indigenous rights protection into its operational framework. For new, modified, expanded projects, and resource development activities, the Company commits to fully safeguarding the legal rights of indigenous peoples to ''autonomous decision-making, prior consultation, and informed consent'' at all stages involving their lands, territories, and traditional resources. We have formulated the *Indigenous Peoples Protection and FPIC (Free, Prior, and Informed Consent) Rights Management Procedures*, ensuring institutionalized arrangements to fully respect community participation rights and benefit-sharing mechanisms.

To deepen corporate-community collaboration mechanisms, the Company has established a deunity Relations Management Team and developed a multi-dimensional communication and collaboration platform. This team oversees and implements community development programs, and through regularized communication mechanisms, shares in a timely manner the Company's practical achievements in livelihood improvement, environmental protection, and related fields with the public, shaping a responsible corporate citizen image.

To advance community governance innovation, we implement the ''Community Co-governance Initiative'', establishing a resident council system that invites community members to actively participate in development planning, public decision-making, and other critical processes. The Company operates an integrated online-offline public feedback system, including community suggestion boxes, hotlines, and online platforms, forming an efficient demand-response mechanism. The Company applies closed-loop management to resident concerns, ensuring that every concern is addressed, and every response is provided, thereby enhancing the transparency of community governance and resident satisfaction.

## Social Care

The Company adheres to the ''Business for Good'' development philosophy, continuously deepening its commitment to public welfare initiatives and prioritizing the creation of social value. We focus on socially vulnerable groups, and by establishing a systematic philanthropic framework, we precisely implement public welfare programs such as educational assistance and elderly support, effectively improving the living conditions of underserved populations. This year, the Company donated RMB 200,000 to an education foundation to specifically support basic education development and contributed another RMB 200,000 to the Shandong Provincial Public Security Officers Welfare Foundation, dedicated to the compensation and welfare of public security police officers.

### Nursing Home Visits: Warming the Hearts of the Elderly

The Company upholds the spirit of ''patriotism and family values'' and remains committed to caring for the elderly. In February 2024, the Company organized employees to visit nursing homes in Gaoxin Subdistrict, Xidong Subdistrict, Jiaoqiao Town, and Weiqiao Town in Zouping City, delivering financial subsidies, flour, and cooking oil to elderly residents. Employees also engaged in warm conversations to understand the residents' recent living conditions and convey New Year greetings.

### Six Consecutive Years of Participating in the ''Sanyi of Sponsorship'' to Support Underprivileged Students in Completing Their Education

The Company actively engages in poverty alleviation and educational support initiatives, as well as other activities aimed at helping students from financially disadvantaged families who are diligent in their studies and have outstanding academic and moral performance to successfully complete their education. Over the past six years, the Company has allocated a total of RMB 600,000 in scholarships to students in Zouping City, supporting 300 students in continuing their education.



Ceremony of ''Sanyi of Sponsorship''

## Rural Revitalization

The Company actively implements the national rural revitalization strategy and innovatively launches the ''Consumer-Assisted Agriculture'' initiative. By establishing a ''direct procurement from production origins + employee sharing'' model, the Company not only delivers fresh agricultural products directly from farms to employees' tables but also expands sales channels through large-scale procurement, effectively helping farmers resolve sales challenges and achieve income growth. This initiative establishes a sustainable development mechanism for corporate participation in rural revitalization.

### Conducting Consumer-Assisted Agriculture to Promote Rural Prosperity and Development

In October 2024, the Company continued its ''Consumer-Assisted Agriculture'' initiative by directly procuring 25,000 kilograms of Huaniu apples from the origin of production. These specialty agricultural products, carrying profound support for rural communities, reached employees' tables through a ''farm-to-table'' supply chain system. This approach not only allowed all employees to share the sweetness of the harvest but also helped orchard farmers increase output value. Over two consecutive years of implementation, this measure has effectively driven the standardization and branding of the Huaniu apple industry, injecting sustained momentum into the transformation and upgrading of regional specialty agriculture.

The Company procures apples to support increased income for farmers.

By building a compliance management system and adhering to business ethics principles, Innovation New Material will continue to build the image of a responsible market entity, steadily improve the level of corporate governance and risk management, and create long-term value for shareholders and society.

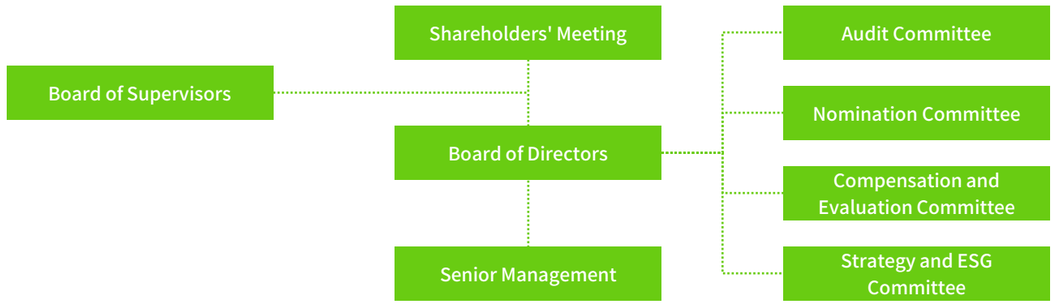
# 06

# Corporate Governance

# Enhancing the Corporate Governance Structure

Innovation New Material strictly complies with the *Company Law of the People's Republic of China,* the *Securities Law of the People's Republic of China,* the *Code of Corporate Governance for Listed Companies*, and other laws and regulations. The Company has established and refined a robust corporate governance structure, forming a decision-making, oversight, and operational management framework centered on the Shareholders' General Meeting, Board of Directors, Supervisory Board, and senior management. This framework effectively safeguards the legitimate rights and interests of the Company and its shareholders. To ensure the Board of Directors fulfills its duties effectively, the Company regularly conducts operational efficiency evaluations of the Board and produces dedicated evaluation reports. The Company requires independent directors and the Audit Committee to conduct annual performance reviews, with independent directors also undergoing independent reviews, all of which are documented in publicly disclosed special reports. For issues identified during evaluations, the Company develops targeted improvement plans to continuously optimize the governance system. At the same time, the Company actively fulfills its information disclosure obligations, continuously strengthens institutional development and investor relations management, rigorously implements social responsibilities, and consistently elevates corporate governance standards. For detailed information regarding the corporate governance structure, please refer to Chapter 4, ''Corporate Governance'', in the *2024 Annual Report*.

Innovation New Material's Corporate Governance Structure




## Board of Directors and Board of Supervisors

In accordance with national laws and regulations and the relevant provisions of the *Articles of Association*, the Company has formulated internal control policies such as the *Rules of Procedure for the Board of Directors,* the *Independent Directors Work Guidelines*, and operating rules for specialized committees, establishing a scientific, effective, and accountability-driven institutional framework. The Company continues to clarify the organizational structure, responsibilities, authorities, and working procedures of each specialized committee of the Board of Directors to ensure standardized performance of duties. During the reporting period, the Company's Board of Directors held 7 meetings, and specialized committees convened 8 meetings, reviewing and approving proposals including periodic reports, related-party transactions, revision of the articles of association, external guarantees, use of raised funds and completion of some of the raised-capital investment projects. The convening and conducting of the Board of Directors and specialized committee meetings were all in compliance with laws and regulations.

The Board of Supervisors is responsible for exercising the independent oversight duties delegated by the Shareholders' General Meeting, effectively overseeing corporate operations, financial management, internal control mechanisms, and the performance of duties by directors and senior management. The Company's Board of Supervisors comprises 3 supervisors, including 1 employee representative supervisor. During the reporting period, the Board of Supervisors held 7 meetings, with all convening and conducting procedures as well as proposal deliberation processes fully compliant with the requirements of the Company's *Articles of Association* and the *Rules of Procedure for the Board of Supervisors*.

## Board Diversity

We place great emphasis on the diversity of the Board of Directors. When electing or appointing board members, we consider factors such as age, gender, industry experience, and professional qualifications.

| Name | Position | Gender | Age | Committee Memberships | | | |
|---|---|---|---|---|---|---|---|
| | | | | Audit Committee | Nomination Committee | Compensation and Evaluation Committee | Strategy and ESG Committee |
| Cui Lixin | Chairman | Male | 56 | | | | ✓ |
| Wang Wei | Director | Male | 58 | | ✓ | ✓ | ✓ |
| Xu Feng | Director | Male | 63 | | | | |
| Zhao Xiaoguang | Director | Male | 49 | | | | |
| Gao Shanghui | Director | Male | 48 | | | | |
| Yin Qi | Director | Male | 48 | | | | |
| Xiong Hui | Independent Director | Female | 57 | ✓ | ✓ | ✓ | ✓ |
| Luo Bingqin | Independent Director | Male | 60 | ✓ | | ✓ | |
| Tang Jianguo | Independent Director | Male | 49 | ✓ | ✓ | | |

As of the end of the reporting period,

The Company's Board of Directors comprises **9** directors

including **3** independent directors

And **1** female director

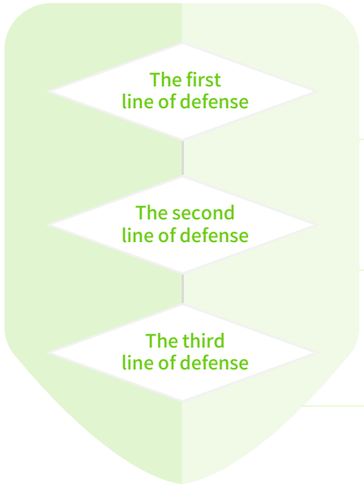
## Specialized Committees of the Board of Directors

The Company's Board of Directors has established four specialized committees—Strategy and ESG, Audit, Nomination, and Compensation and Evaluation—to assist the Board in corporate governance. These committees fulfill their oversight and deliberation responsibilities in accordance with the law, regularly report to the Board, and provide expert recommendations to support informed decision-making. The Audit Committee is composed entirely of Independent Directors, while the Nomination Committee, and Compensation and Evaluation Committee are chaired by Independent Directors.

## Enhancing Risk Management Capabilities

The Company continuously strengthens its risk management capabilities, strictly complies with relevant laws and regulations, and has established internal risk management policies and procedures. By integrating the enterprise risk management framework and risk management standards, the Company has built a comprehensive risk management system to ensure its long-term development.

To strengthen prevention against potential risks, the Company has established the three lines of defense for risk management:




Employees serve as the first line of defense, are responsible for daily internal controls, assess risks and take control of matters, and report to the management when necessary.

The finance department, legal department, and archive center act as the second line of defense, monitoring and inspecting the execution situation of the first line, ensuring comprehensive control of risks.

The internal audit department acts as the third line of defense, responsible for the internal audit and risk management review, ensuring the rigor of the Company's internal risk controls.

To further strengthen internal oversight and risk control, the Company has established a risk management system, responsible for supervising and evaluating the risk management practices of internal departments and subsidiaries. The Company conducts regular risk assessments and implements reporting and corrective actions for identified risks.

### Regular Assessments

The Company conducts an annual focused risk assessment, evaluating financial risks under a three-tier classification (critical, significant, and general). Based on the assessment results, the Company continuously improves the internal control system.

### Reporting and Remediation

The Audit Department compiles assessment results and corrective action recommendations and submits them to the Audit Committee. the Company monitors the progress of remediation efforts, ensuring closed-loop risk management.

### Awareness Enhancement

The Company provides regular internal compliance training (online and offline) to strengthen employees' legal and regulatory compliance awareness and risk prevention capabilities.

Furthermore, the Company has integrated ESG risk management, including climate change risks, into its overall risk management framework and established the Strategy and ESG Committee to oversee the identification, assessment, and control of ESG risks, thereby building comprehensive risk resilience across the enterprise.

## Building a Robust Defense Line for Business Ethics

The Company places upholding business ethics at the core of its operations and resolutely opposes all unethical practices, including but not limited to bribery and corruption, asset misappropriation, and abuse of power for improper advantages. We strictly comply with the *Company Law of the People's Republic of China,* the *Anti-Unfair Competition Law of the People's Republic of China,* the *Anti-monopoly Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China* and other relevant national laws and regulations. In doing so, we have formulated policies such as the *Code of Business Conduct,* the *Management Control Procedures for Anti-Foreign Bribery and Anti-Corruption,* the *Management Control Procedures for Prohibition of Accepting Bribes or Using Other Means to Obtain Improper Advantages,* the *Control Procedures for the Regulation of Ethical Standards* to effectively regulate the operations of the Company and the employees' code of conduct.

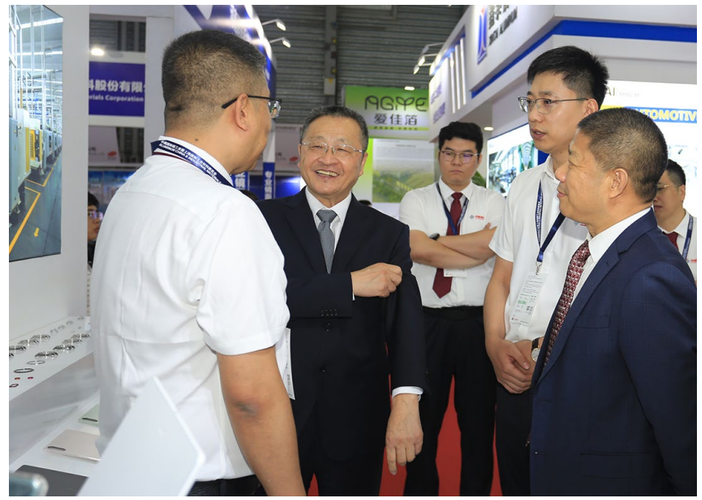
We continuously strengthen the development of anti-corruption and anti-monopoly management systems, establishing robust compliance review mechanisms for legal and disciplinary violations. The Company has designated the Board of Directors as the highest authority overseeing business ethics and has established an Economic Oversight Department responsible for investigating violations, as well as documenting investigation results and implementing corrective measures. These efforts ensure comprehensive prevention and control of business ethics risks. Meanwhile, the Company conducts annual education and training programs on business ethics, integrity, and ideological and conduct standards, covering topics such as anti-corruption, anti-monopoly, and anti-unfair competition. These initiatives enhance employees' legal and disciplinary awareness and ethical consciousness, establishing a comprehensive, multi-layered system to prevent and mitigate ethical risks. During the reporting year, the Company conducted 10 business ethics-related training sessions, targeting middle and senior management as well as personnel in marketing, procurement, engineering project management, human resources, and finance, with a total participation of 944 employees. The training content covered legal knowledge dissemination and case studies of typical scenarios. This year, the Company participated in the anti-monopoly training organized by the Shandong Administration for Market Regulation.

In 2024, the Company had no violations of corruption, money laundering, unfair competition, bribery, extortion, and fraud that would have a significant impact.

During the reporting year, the Company conducted **10** business ethics-related training sessions

with a total participation of **944** employees

**0** violation of corruption, money laundering, unfair competition, bribery, extortion, and fraud that would have a significant impact



## Supplier Integrity Initiatives

The Company actively promotes supplier integrity initiatives, communicating integrity requirements to suppliers during the bidding process and requiring them to sign an Integrity Commitment Agreement. Suppliers are also required to fully disclose to the Company any relevant business relationships they have with other suppliers, subcontractors, and sub-tier suppliers. When signing commercial contracts with suppliers, the Company mandates that all suppliers sign an Integrity Agreement as an annex to the contract. Additionally, the Company conducts regular compliance reviews related to supplier integrity to enhance supply chain transparency and to severely crack down on any acts of corruption or unfair competition. In strict compliance with the Company's relevant regulations, during the cooperation process, both parties are prohibited from soliciting or accepting kickbacks, bribes, or other improper benefits in any form during the collaboration. They must refrain from participating in activities such as banquets, entertainment, tourism, or other consumption-related events that could compromise impartial decision-making. Additionally, both parties are strictly prohibited from engaging in any non-professional conduct that violates national policies, laws, or regulations. In case of non-compliance, the supplier must implement corrective and preventive action plans. If the supplier fails to meet the Company's requirements, the Company will promptly terminate the relationship with the non-conforming supplier.

As of the end of the reporting period,

The signing rate of the Integrity Agreement among all suppliers conducting business with the Company has reached

**100%**

## Whistleblowing and Handling Mechanism

The Company has continuously improved its whistleblowing mechanisms and formulated the *Internal and External Grievance Management and Control Procedures*, providing dedicated whistleblowing email and hotline channels for employees, suppliers, and the public. We encourage all stakeholders to actively report any potential legal or disciplinary violations or breaches of business ethics through these transparent channels and commit to addressing complaints in a fair and transparent manner, dedicated to building a clean business environment. Meanwhile, the Company has further strengthened whistleblower privacy protections and standardized the management of whistleblowing information, supports anonymous reporting, and strictly prohibits any retaliation against whistleblowers. Any individual who engages in retaliation or intimidation against whistleblowers or individuals involved in investigations will face penalties under the Company's *Employee Reward and Disciplinary Policies*. In severe cases, the Company will report to the public security authorities to handle and firmly safeguard the whistleblowers' lawful rights to exercise their legal protections.



# Key ESG Performances[7]

## Environmental KPIs

| Key Performance Indicators | Unit | 2024 |
|---|---|---|
| Greenhouse Gas (GHG) Emission[8] | | |
| Total GHG emission (Scope 1+Scope 2) | Tons ($CO_2$ equivalent) | 965,260.04 |
| Direct GHG emission (Scope 1) | Tons ($CO_2$ equivalent) | 418,154.31 |
| Indirect GHG emission (Scope 2) | Tons ($CO_2$ equivalent) | 547,105.73 |
| GHG Emission Intensity | | |
| Aluminum billets | Tons ($CO_2$equivalent)/tons | 0.14 |
| Aluminum rods and cables | Tons ($CO_2$equivalent)/tons | 0.12 |
| Aluminum profiles | Tons ($CO_2$equivalent)/tons | 0.85 |
| Sheets, stripes, foils | Tons ($CO_2$equivalent)/tons | 0.54 |
| Structural components | Tons ($CO_2$equivalent) /10,000 pieces | 7.14 |
| Energy | | |
| Total energy consumption | Tons of standard coal | 354,873.92 |
| Total direct energy consumption | Tons of standard coal | 256,298.47 |
| Gasoline | Tons | 246.53 |
| Diesel | Tons | 1,004.84 |
| Natural gas | Cubic meters | 208,787,380.19 |
| Liquefied Petroleum Gas | Tons | 381.33 |
| Acetylene | Tons | 18.17 |
| Propane | Tons | 7.03 |
| Total indirect energy consumption | Tons of standard coal | 98,575.45 |
| Self-owned photovoltaic power generation | kWh | 42,339,896.00 |

7. The coverage scope of the following key performance indicators (KPIs) is the same as that of the Company's consolidated financial statements. In the event of any discrepancy between the total sum and the sum of the listed values in the data and ratios disclosed in this chapter, it is due to rounding.

8. In 2024, the Company conducted a carbon inventory for the first time and continued to improve the mechanisms for statistics and management of carbon peaking and carbon neutrality data as well as energy data.

| Key Performance Indicators | | Unit | 2024 |
|---|---|---|---|
| Energy | | | |
| Purchased electricity[9] | | kWh | 702,596,073.84 |
| Purchased steam | | GJ | 205,826.94 |
| Water Resource Usage[10] | | | |
| Total water withdrawal | | Tons | 2,897,496.95 |
| Wastewater | | | |
| Total industrial wastewater discharged in compliance | | Tons | 73,160.00 |
| Concentration of substances in wastewater by category | Ammonia Nitrogen | Kg | 175.07 |
| | Chemical Oxygen Demand | Kg | 3,832.00 |
| Waste Gas | | | |
| Sulfur oxides (SOx) emission | | Tons | 32.23 |
| Nitrogen oxides (NOx) emission | | Tons | 189.53 |
| Particulate matter (PM) emission | | Tons | 57.57 |
| Volatile organic compound (VOC) emission | | Tons | 13.62 |
| Waste | | | |
| Total hazardous waste generated[11] | | Tons | 68,527.44 |
| Total hazardous waste treated | | Tons | 69,174.44 |
| Total general industrial solid waste generated | | Tons | 464,377.97 |
| Total general industrial solid waste recycled | | Tons | 538,464.30 |
| Secondary Aluminum Recycling[12] | | | |
| Total secondary aluminum recycled | | Tons | 807,900.00 |

9. The purchased electricity consists of the electricity purchased from the State Grid, the electricity purchased from non-State Grid sources, and the electricity generated by the Group's self-built power plants.

10. The Company's water withdrawals are from municipal water supplies, and there are no withdrawals from areas of high water scarcity.

11. Hazardous waste mainly includes aluminum ash, dust removal ash, oil-containing diatomaceous earth, waste oil, waste sludge, and waste rolling oil.

12. Secondary aluminum recycled consists of market scrap and industrial residuals.



# Social KPIs

| Key Performance Indicators | | Unit | 2024 |
|---|---|---|---|
| Employment | | | |
| Total employees | | Person | 11,458 |
| By gender | Male | Person | 7,811 |
| | Female | Person | 3,647 |
| By employment type | Full-time employees | Person | 11,458 |
| | Part-time employees | Person | 0 |
| Workers besides employees | Dispatched workers | Person | 264 |
| | Dispatched workers from contractors | Person | 823 |
| Number of new employees | | Person | 6,699 |
| Management level employees[13] number and proportion by gender | Male management level employees | Person | 192 |
| | Female management level employees | Person | 27 |
| | Proportion of male management level employees | % | 87.67 |
| | Proportion of female management level employees | % | 12.33 |
| By region | Mainland China employees | Person | 11,191 |
| | Overseas Territories employees | Person | 267 |
| Number of local staff employed | | Person | 10,162 |
| Employee turnover | | | |
| Employee turnover rate | | % | 34.24 |
| Employee Training | | | |
| Training coverage | | % | 100 |
| Total employee training hours | | Hours | 535,762 |
| Total training hours by gender | Male | Hours | 354,021.69 |
| | Female | Hours | 181,740.31 |
| Training hours per employee by gender | Male | Hours | 45.32 |
| | Female | Hours | 49.83 |

13. Management-level employees refer to employees at or above the department level in the Company.

| Key Performance Indicators | | Unit | 2024 |
|---|---|---|---|
| **Employee Training** | | | |
| Training hours per employee by employment type | Production personnel | Hours | 45.20 |
| | Sales personnel | Hours | 48.74 |
| | R&D personnel | Hours | 52.12 |
| | Finance personnel | Hours | 69.76 |
| | Procurement personnel | Hours | 70.07 |
| | Management personnel | Hours | 65.41 |
| | Other admin and logistics personnel | Hours | 46.51 |
| **Employee Health and Safety** | | | |
| Lost work time due to work injuries | | Days | 10,068 |
| Number of work injury incidents | Employee | Cases | 93 |
| | Contractor | Cases | 0 |
| Number of work-related fatalities | Number of deaths | Person | 0 |
| **R&D Investment** | | | |
| Total R&D investment | | RMB 10,000 | 29,615.27 |
| Total employees on R&D positions | | Person | 493 |
| **Social welfare** | | | |
| Number of people assisted in social support programs | | Person | 103 |
| **Suppliers** | | | |
| Total suppliers[14] | | Units | 2,539 |
| By region | Mainland China | Units | 2,491 |
| | Overseas Territories | Units | 48 |

14. The total number of suppliers that generated transactions with the Company during the reporting period.

| Key Performance Indicators | | Unit | 2024 |
|---|---|---|---|
| **Suppliers** | | | |
| By tier | Total tier 1 suppliers[15] | Units | 2,539 |
| | Total key tier 1 suppliers[16] | Units | 86 |
| | Proportion of procurement from key tier 1 suppliers | % | 60 |
| | None-tier 1 key suppliers | Units | 0 |
| | Key suppliers (include tier 1 and none-tier 1) | Units | 86 |
| Number of suppliers participating in evaluation and training | Suppliers that passed onsite evaluation | Units | 1,364 |
| | Number of suppliers assessed to have significant actual/potential negative impacts | Units | 0 |
| | Percentage of suppliers with significant actual or potential negative impacts that have taken corrective action or improvement plans | % | 0 |
| | Number of suppliers with significant actual/potential negative impacts terminated | Units | 0 |
| | Total number of suppliers supported in corrective action plan implementation | Units | 32 |
| Proportion of total transaction value attributed to suppliers based in main operating region (Shandong province) | | % | 77 |
| **Anti-corruption** | | | |
| Number of corruption lawsuits filed and concluded against the Company or its employees during the reporting period | | Cases | 0 |
| Number of discrimination or harassment lawsuits filed and concluded against the Company or its employees during the reporting period | | Cases | 0 |
| Number of customer privacy data lawsuits filed and concluded against the Company or its employees during the reporting period | | Cases | 0 |
| Number of conflict of interest lawsuits filed and concluded against the Company or its employees during the reporting period | | Cases | 0 |
| Number of money laundering or insider trading cases filed and concluded against the Company or its employees during the reporting period | | Cases | 0 |

15. Tier 1 suppliers refer to suppliers who have transactions directly with the Company.

16. Important suppliers are the sum of the Company's Class A and Class B suppliers.

# GRI Index

| | |
|---|---|
| Statement of Use | For the 2024 reporting period, Innovation New Material prepared the Report with reference to the GRI Standards. |
| GRI 1 Used | GRI 1: Foundation 2021 |

| GRI Standards | Disclosure | Chapter(s)in the Report |
|---|---|---|
| GRI 2 The Organization and Its Reporting Practices | | |
| 2-1 | Organizational details | About Innovation New Material |
| 2-2 | Entities included in the organization's sustainability reporting | About Innovation New Material |
| 2-3 | Entities included in the organization's sustainability reporting | About the Report |
| 2-4 | Restatements of information | / |
| 2-5 | External assurance | / |
| GRI 2 Activities and Workers | | |
| 2-6 | Activities, value chain and other business relationships | About Innovation New Material,<br>Sustainable Supply Chain Management |
| 2-7 | Employees | Innovation New Material in Figures<br>Key ESG Performances |
| 2-8 | Employees | Key ESG Performances |
| GRI 2 Governance | | |
| 2-9 | Activities, value chain and other business relationships | Sustainable Development Management,<br>Enhancing the Corporate Governance Structure,<br>Innovation New Material 2024 Annual Report |
| 2-10 | Nomination and selection of the highest governance body | Enhancing the Corporate Governance,<br>Structure, Innovation New Material 2024 Annual Report |
| 2-11 | Chair of the highest governance body | Enhancing the Corporate Governance,<br>Innovation New Material 2024 Annual Report |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | Enhancing the Corporate Governance,<br>Innovation New Material 2024 Annual Report |



| GRI Standards | Disclosure | Chapter(s)in the Report |
|---|---|---|
| GRI 2 Governance | | |
| 2-13 | Delegation of responsibility for managing impacts | Enhancing the Corporate Governance,<br>Innovation New Material 2024 Annual Report |
| 2-14 | Role of the highest governance body in sustainability reporting | Sustainable Development Management |
| 2-15 | Conflicts of interest | Sustainable Development Management |
| 2-16 | Communication of critical concerns | Sustainable Development Management |
| 2-17 | Collective knowledge of the highest governance body | / |
| 2-18 | Evaluation of the performance of the highest governance body | / |
| 2-19 | Remuneration policies | Promoting Workplace Equality and Diversity |
| 2-20 | Process to determine remuneration | / |
| 2-21 | Annual total compensation ratio | / |
| GRI 2 Strategy, Policies, and Practices | | |
| 2-22 | Statement on sustainable development strategy | Message from the Chairman |
| 2-23 | Policy commitments | Building a Robust Defense Line for Business Ethics<br>Promoting Workplace Equality and Diversity |
| 2-24 | Embedding policy commitments | Building a Robust Defense Line for Business Ethics |
| 2-25 | Processes to remediate negative impacts | / |
| 2-26 | Mechanisms for seeking advice and raising concerns | Building a Robust Defense Line for Business Ethics |
| 2-27 | Compliance with laws and regulations Compliance with laws and regulations | No major incidents of violation |
| 2-28 | Membership associations | / |

| GRI Standards | Disclosure | Chapter(s)in the Report |
|---|---|---|
| GRI 2 Stakeholder Engagement | | |
| 2-29 | Approach to stakeholder engagement | Stakeholders Communications |
| 2-30 | Collective bargaining agreements | Promoting Workplace Equality and Diversity |
| GRI 3 Material Topics | | |
| 3-1 | Process to determine material topics | Stakeholders Communications, Materiality Issue analysis |
| 3-2 | List of material topics | Stakeholders Communications, Materiality Issue analysis |
| 3-3 | Management of material topics | Materiality Issue analysis |
| GRI 201: Economic Performance | | |
| 201-1 | Direct economic value generated and distributed | Innovation New Material 2024 Annual Report |
| 201-2 | Financial implications and other risks and opportunities due to climate change | Actively Address Climate Change |
| 201-3 | Defined benefit plan obligations and other retirement plans | Promoting Workplace Equality and Diversity |
| 201-4 | Financial assistance received from government | / |
| GRI 202: Market Presence | | |
| 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | / |
| 202-2 | Proportion of senior management hired from the local community | / |
| GRI 203: Indirect Economic Impacts | | |
| 203-1 | Infrastructure investments and services supported | Striving to Contribute to Social Well-Being |
| 203-2 | Significant indirect economic impacts | Striving to Contribute to Social Well-Being |
| GRI 204: Procurement Practices | | |
| 204-1 | Proportion of spending on local suppliers | Key ESG Performances |



| GRI Standards | Disclosure | Chapter(s)in the Report |
|---|---|---|
| GRI 205: Anti-Corruption | | |
| 205-1 | Operations assessed for risks related to corruption | Building a Robust Defense Line for Business Ethics |
| 205-2 | Communication and training about anti-corruption policies and procedures | Building a Robust Defense Line for Business Ethics |
| 205-3 | Confirmed incidents of corruption and actions taken | Building a Robust Defense Line for Business Ethics |
| GRI 206: Anti-Competitive Behavior | | |
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Building a Robust Defense Line for Business Ethics |
| GRI 207：Tax | | |
| 207-1 | Approach to tax | / |
| 207-2 | Tax governance, control, and risk management | / |
| 207-3 | Stakeholder engagement and management of concerns related to tax | / |
| 207-4 | Country-by-country reporting | / |
| GRI 301: Materials | | |
| 301-1 | Materials used by weight or volume | Designing Green and Low-carbon Products |
| 301-2 | Recycled input materials used | Exploring New Potential of Secondary Aluminum<br>Building a Green Aluminum Production Chain |
| 301-3 | Reclaimed products and their packaging materials | Exploring New Potential of Secondary Aluminum<br>Building a Low-Carbon Product Ecosystem<br>Building a Green Aluminum Production Chain |
| GRI 302: Energy | | |
| 302-1 | Energy consumption within the organization | Key ESG Performances |
| 302-2 | Energy consumption outside of the organization | / |
| 302-3 | Energy intensity | Key ESG Performances |

| GRI Standards | Disclosure | Chapter(s)in the Report |
|---|---|---|
| GRI 302: Energy | | |
| 302-4 | Reduction of energy consumption | Actively Address Climate Change<br>Building a Green Aluminum Production Chain<br>Building a Low-Carbon Product Ecosystem<br>Innovation Led by Technology Empowerment |
| 302-5 | Reductions in energy requirements of products and services | Actively Address Climate Change<br>Building a Green Aluminum Production Chain<br>Building a Low-Carbon Product Ecosystem |
| GRI 303：Water and Effluents | | |
| 303-1 | Interactions with water as a shared resource | Protecting the Harmony of Natural Ecology |
| 303-2 | Management of water discharge-related impacts | Protecting the Harmony of Natural Ecology |
| 303-3 | Water withdrawal | Key ESG Performances |
| 303-4 | Water discharge | Key ESG Performances |
| 303-5 | Water consumption | Key ESG Performances |
| GRI 304: Biodiversity | | |
| 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | / |
| 304-2 | Significant impacts of activities, products and services on biodiversity | / |
| 304-3 | Habitats protected or restored | / |
| 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | / |
| GRI 305：Emissions | | |
| 305-1 | Direct (Scope 1) GHG emissions | Key ESG Performances |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Key ESG Performances |
| 305-3 | Other indirect (Scope 3) GHG emissions | / |
| 305-4 | GHG emissions intensity | Key ESG Performances |



| GRI Standards | Disclosure | Chapter(s)in the Report |
|---|---|---|
| GRI 305：Emissions | | |
| 305-5 | Reduction of GHG emissions | ESG Highlight Performance in 2024<br>Actively Address Climate Change<br>Building a Low-Carbon Product Ecosystem |
| 305-6 | Emissions of ozone-depleting substances (ODS) | / |
| 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Key ESG Performances |
| GRI 306：Waste | | |
| 306-1 | Waste generation and significant waste-related impacts | Protecting the Harmony of Natural Ecology |
| 306-2 | Management of significant waste-related impacts | Protecting the Harmony of Natural Ecology |
| 306-3 | Waste generated | Key ESG Performances |
| 306-4 | Waste diverted from disposal | Key ESG Performances |
| 306-5 | Waste directed to disposal | Key ESG Performances |
| GRI 308：Supplier Environmental Assessment | | |
| 308-1 | New suppliers that were screened using environmental criteria | Sustainable Supply Chain Management |
| 308-2 | Negative environmental impacts in the supply chains and actions to be taken | Sustainable Supply Chain Management |
| GRI 401 Building a Sustainable Value Chain | | |
| 401-1 | New Employee Hiring Rate and Employee Turnover Rate | Key ESG Performances |
| 401-2 | Benefits Provided to Full-Time Employees (Excluding Temporary or Part-Time Employees) | Promoting Workplace Equality and Diversity |
| 401-3 | Parental Leave | Promoting Workplace Equality and Diversity |
| GRI 402：Labor/Management Relations | | |
| 402-1 | Minimum notice periods regarding operational changes | / |
| GRI 403：Occupational Health and Safety | | |
| 403-1 | Occupational health and safety management system | Implementing the Concept of Inherent Safety |

| GRI Standards | Disclosure | Chapter(s)in the Report |
|---|---|---|
| GRI 403：Occupational Health and Safety | | |
| 403-2 | Hazard identification, risk assessment, and incident investigation | Implementing the Concept of Inherent Safety |
| 403-3 | Occupational health services | Implementing the Concept of Inherent Safety |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | Implementing the Concept of Inherent Safety |
| 403-5 | Worker training on occupational health and safety | Implementing the Concept of Inherent Safety |
| 403-6 | Promotion of worker health | Implementing the Concept of Inherent Safety |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Implementing the Concept of Inherent Safety |
| 403-8 | Workers covered by an occupational health and safety management system | Implementing the Concept of Inherent Safety |
| 403-9 | Work-related injuries | Implementing the Concept of Inherent Safety |
| 403-10 | Work-related ill health | Implementing the Concept of Inherent Safety |
| GRI 404：Training and Education | | |
| 404-1 | Average hours of training per year per employee | / |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Cultivating Holistic Talent Development |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | / |
| GRI 405： Diversity and Equal Opportunities | | |
| 405-1 | Diversity of governance bodies and employees | Key ESG Performances |
| 405-2 | Ratio of basic salary and remuneration of women to men | / |
| GRI 406： Non-discrimination | | |
| 406-1 | Incidents of discrimination and corrective actions taken | Promoting Workplace Equality and Diversity, |
| GRI 407：Freedom of Association and Collective Bargaining | | |
| 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Promoting Workplace Equality and Diversity, Sustainable Supply Chain Management |
| GRI 408： Child labor | | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | / |



| GRI Standards | Disclosure | Chapter(s)in the Report |
|---|---|---|
| GRI 409： Forced or Compulsory Labor | | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | Promoting Workplace Equality and Diversity, Sustainable Supply Chain Management |
| GRI 410： Security Practices | | |
| 410-1 | Security personnel trained in human rights policies or procedures | / |
| GRI 411： Rights of Indigenous Peoples | | |
| 411-1 | Incidents of violations involving rights of indigenous peoples | / |
| GRI 413： Local Communities | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | Striving to Contribute to Social Well-Being |
| 413-2 | Operations with significant actual and potential negative impacts on local communities | / |
| GRI 414： Supplier Social Assessment | | |
| 414-1 | New suppliers that were screened using social criteria | Sustainable Supply Chain Management |
| 414-2 | Negative social impacts in the supply chain and actions taken | Sustainable Supply Chain Management |
| GRI 415: Public Policy | | |
| 415-1 | Political contributions | / |
| GRI 416：Customer Health and Safety | | |
| 416-1 | Assessment of the health and safety impacts of product and service categories | / |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | No occurrence of such incidents |
| GRI 417： Marketing and Labeling | | |
| 417-1 | Requirements for product and service information and labeling | Ensuring a High-Quality Service Experience |
| 417-2 | Incidents of non-compliance concerning product and service information and labeling | No occurrence of such incidents |
| 417-3 | Incidents of non-compliance concerning marketing communications | No occurrence of such incidents |
| GRI 418：Customer Privacy | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Innovation Led by Technology Empowerment, Enhancing Customer Privacy Protection |

# Issue Index Table of the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*

| Dimension | Item No. | Disclosure Topic | Chapter(s) in the Report |
|---|---|---|---|
| **Environmental** | 1 | Responding to Climate Change | Actively Address Climate Change |
| | 2 | Pollutant Emissions | Protecting the Harmony of Natural Ecology |
| | 3 | Waste Disposal | Protecting the Harmony of Natural Ecology |
| | 4 | Ecosystem and Biodiversity Protection | Protecting the Harmony of Natural Ecology |
| | 5 | Environmental Compliance Management | Protecting the Harmony of Natural Ecology |
| | 6 | Energy Utilization | Building a Green Aluminum Production Chain |
| | 7 | Water Utilization | Protecting the Harmony of Natural Ecology |
| | 8 | Circular Economy | Exploring New Potential of Secondary Aluminum |
| **Social** | 9 | Rural Revitalization | Striving to Contribute to Social Well-Being |
| | 10 | Social Contribution | Striving to Contribute to Social Well-Being |
| | 11 | Innovation Drive | Innovation Led by Technology Empowerment |
| | 12 | Ethics of Science and Technology | Innovation Led by Technology Empowerment |
| | 13 | Supply Chain Security | Sustainable Supply Chain Management |
| | 14 | Equal Treatment of Small and Medium-sized Enterprises | Sustainable Supply Chain Management |
| | 15 | Product and Service Safety and Quality | Precision Control Ensures Quality |
| | 16 | Data Security and Customer Privacy Protection | Enhancing Customer Privacy Protection |
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| **Governance related to sustainable development** | 19 | Stakeholder Engagement | Stakeholder Communication |
| | 20 | Anti-Commercial Bribery and Anti-Corruption | Building a Robust Defense Line for Business Ethics |
| | 21 | Anti-Unfair Competition | Building a Robust Defense Line for Business Ethics |


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