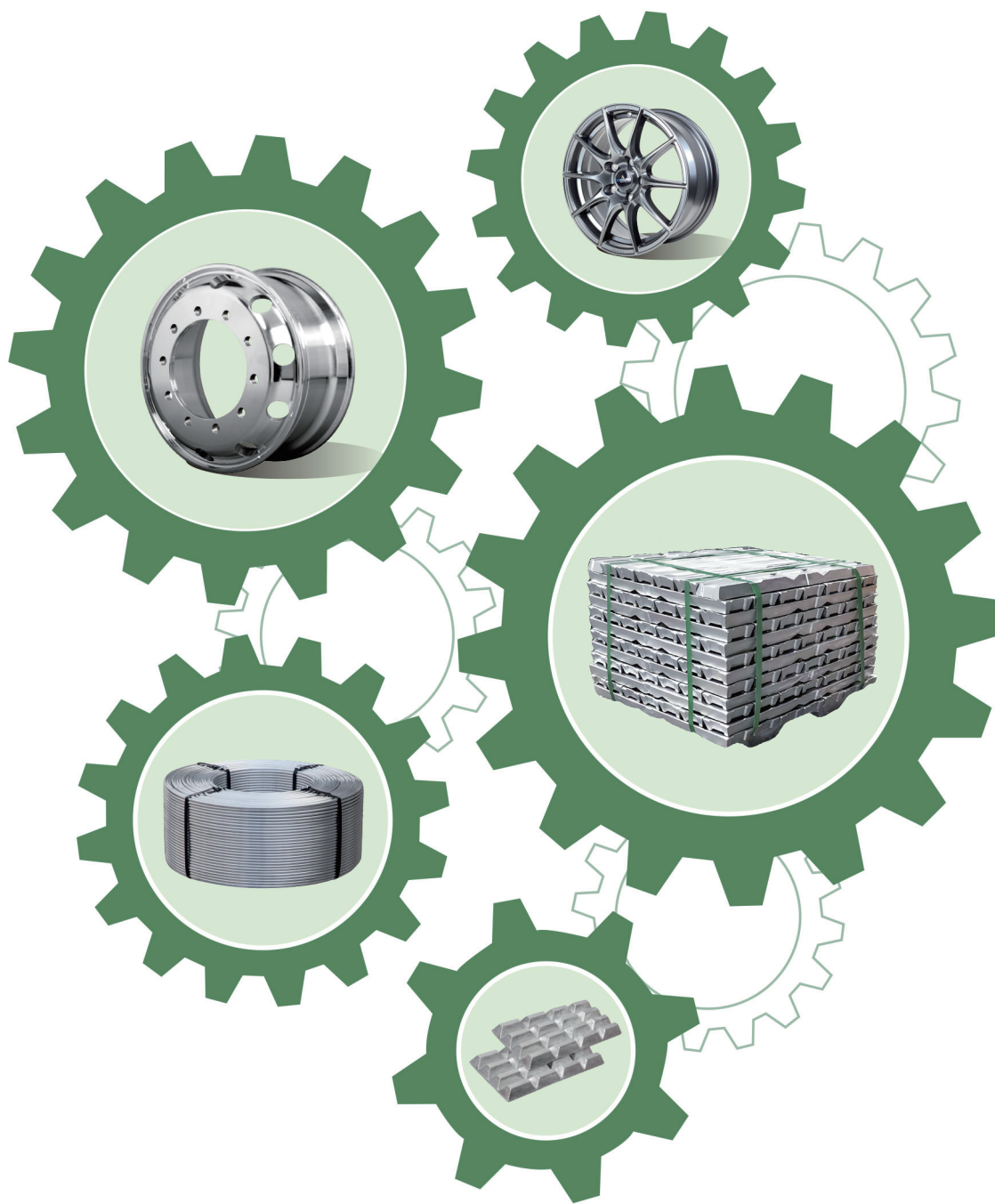


2024

# Sustainability Report (ESG)



*Green, low-carbon,  
and sustainable development*



*Be an environmentally and  
socially friendly enterprise*

*Cooperate More . . .*

*Strive More*



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# Regarding this report

This report is the annual sustainable development report of Lizhong Sitong Light Alloy Group Co., Ltd. (hereinafter referred to as "Lizhong Group", "the Company" or "We"), aiming to comprehensively present Lizhong Group's practices and performance in sustainable development to society and stakeholders.

## Time scope

The time scope of this report is from 2024.1.1 to 2024.12.31 (referred to as the "reporting period"). In order to increase the comparability of the report, some content may be appropriately traced or extended to important years of the development of Lizhong Group.

## Organizational Scope

Unless otherwise specified, the statistical scope of the data and information in this report is consistent with the annual report scope of Lizhong Group.

## Information sources and reliability assurance

The information in this report is sourced from publicly available information, official documents, financial reports, internal management information systems, third-party monitoring and evaluation data, as well as data collected by relevant functional departments of Lizhong Group. Lizhong Group guarantees that there are no false records, misleading statements or significant omissions in the content of this report.

## Reference standards

- United Nations Sustainable Development Goals (SDGs)
- Global Reporting Initiative's GRI Standards for Sustainable Development Reporting
- SZSE Self-Discipline Regulatory Guidelines No. 17 – Sustainability Report (Trial)
- SZSE Growth Enterprise Market Self-Discipline Regulatory Guide No. 3 – Compilation of Sustainability Report
- The General Framework of China Enterprise Sustainability Reporting Guidelines (CASS-ESG 6.0) by the China Enterprise Reform and Development Research Association

## Access

This report is published in both Chinese and English versions and can be found on the official website of Lizhong Group (<http://www.lizhonggroup.com/>)、Please refer to the website of Shenzhen Stock Exchange ([www.szse.cn](http://www.szse.cn)) and the website of Juchao Information ([www.cninfo.com.cn](http://www.cninfo.com.cn)) for more information. When there is ambiguity in understanding two texts, please refer to the Chinese version.



# Message from Chairman

In 2024, profound changes are taking place in the global environmental, social, and governance (ESG) field. The EU's Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD) have been officially implemented. China, guided by its "Dual Carbon" goals, is accelerating the construction of a modern industrial system that promotes harmonious coexistence between humans and nature, and driving high-quality development with new quality productivity. The SZSE Self-Discipline Regulatory Guidelines No. 17 – Sustainability Report (Trial) further strengthens ESG information disclosure requirements. As a leader in China's high-end aluminum based new materials and automotive components, Lizhong Group has always taken national strategy as the guiding principle, global vision as the rudder, integrated sustainable development into its corporate DNA, driven industrial transformation with green innovation, responded to the era's challenges with responsibility, exerted the influence of industry leaders, promoted the construction of green supply chains, and met the expectations of stakeholders.

Anchor the "Dual Carbon" goal and create core competitiveness in the green industry chain. Lizhong Group actively responds to the State Council's Action Plan for Carbon Dioxide Peaking Before 2030, further develops aluminum recycling technology and product lightweight technology industry chain carbon reduction models, and promotes the transformation of aluminum based materials towards "Green Circulation". Adhere to the core of primary utilization, recycling, energy conservation and emission reduction of recycled aluminum, innovate and develop low-carbon processes, create a green closed-loop covering raw materials to end products, and help promote the lightweight development of automotive, aerospace and other fields. By deepening collaboration with global industrial chain partners, we are committed to minimizing the carbon footprint per ton of aluminum and contributing Chinese wisdom to the global low-carbon transformation.

Practice common prosperity and build an ecosystem of shared benefits and development. Lizhong Group always regards "People-Oriented" as the core of development, and builds a responsible ecology of collaborative symbiosis among employees, communities, and industrial chains. We focus on skill training and innovation incubation to build a lifelong growth platform for our employees. Empowering communities with sustainable development through rural revitalization and educational support. Based on supply chain responsibility audits, promote upstream and downstream enterprises to jointly practice ESG concepts and build a sustainable industrial community. We deeply understand that the value of a company lies not only in creating profits, but also in transmitting warmth. By establishing a sound occupational health system, fair incentive mechanisms, and career promotion system, the efforts of every employee are closely linked to the future of the enterprise. By building green supply chains and exporting low-carbon technologies, we provide global customers with products that combine economic value and environmental benefits.



Deepen transparent operation and build a solid foundation for sustainable development. Faced with the new regulations of the Shenzhen Stock Exchange, Lizhong Group has taken the lead in improving its ESG governance system, embedding the concept of sustainable development into its strategic decision-making and daily operations. We optimize the board structure, establish a Sustainable Development Management Committee, and systematically manage important sustainable development issues such as climate risk and data security, in order to repay shareholder trust with stable performance. Real time monitoring of environmental data through digital platforms to ensure transparent and compliant information disclosure. We firmly believe that only by ensuring responsibility through institutional safeguards and winning trust through transparency can we achieve long-lasting success.

Firmly committed to digitalization and intelligence, leading low-carbon and green development. In the future, Lizhong Group will implement three major strategic actions. Technological Self-Strengthening Action: Increase R&D investment, break through the bottleneck technology of aluminum based materials and high-end manufacturing, and consolidate the global technological leadership position. Global Collaborative Action: Improve the layout of overseas green production capacity in Mexico, Southeast Asia, and other regions, and build a global network of "Localized Supply+ Low-Carbon Manufacturing". Ecological Prosperity Action: Establish the "Automotive Material Recycling Industry Alliance", collaborate with upstream and downstream enterprises to develop industry carbon footprint standards, and assist in the green transformation of the global industrial chain.

Native metals are limited, but the recycling cycle is infinite. Lizhong Group has always been committed to the recycling of recycled aluminum resources and the development of lightweight automotive components, making human transportation and life easier and more environmentally friendly. We are making every effort to promote civilization progress with every innovation, enabling Lizhong products to carry more green missions, and contributing Lizhong wisdom to global sustainable development!

A handwritten signature in black ink, appearing to be 'Lizhong'.





## Corporate Culture

### Corporate spirit

Strive more, cooperate more . . .

### Corporate values

Learn, innovate, manufacture excellent products, meet market demand, and realize the common interests of employees, customers and shareholders.

### Business policy

Operate with kindness and be a respected enterprise for a century. Smart management, innovation learning, creating user value. Steady development, pragmatism and practice, realizing the interests of employees, customers and shareholders.

# About Lizhong Group

Lizhong Group was founded in 1984 and was listed on the Shenzhen Stock Exchange in 2015 (stock code)).The listed company currently has three major product segments: Lizhong Alloy, Lizhong Wheel, and Lizhong Sitong New Materials. It has several companies (including production factories) worldwide and is a global supplier of aluminum alloy new materials and automotive lightweight components. The product is mainly used in fields such as automobiles, high-speed trains, power appliances, consumer electronics, communications, aerospace, and high-end equipment.

Lizhong Group carries forward the corporate spirit of " Strive More Cooperate More", and always adheres to the deep cultivation and meticulous work of aluminum alloy new materials and aluminum alloy new products. After years of development, Lizhong Alloy has become a leading enterprise in the Chinese industry.After years of development, Lizhong Wheel has become the second largest enterprise in the industry worldwide.After years of development, Lizhong Sitong New Materials has become the world's largest enterprise in the industry.

GLOBAL CUSTOMERS OF LIZHONG GROUP	
Passenger Cars	
New Energy	
Commercial Vehicle	
Rail Transportation, Aerospace, Ships	
Power Electronics, Food and Medicine Packaging, High-end Manufacturing	

## Three major sectors

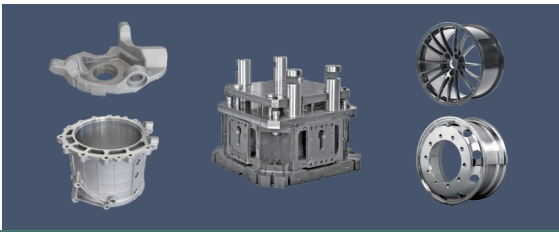
### Lizhong Alloy Sector

Since its establishment 40 years ago, we have been committed to the research and development, production, and operation of recycled aluminum alloys, providing society with over 10000 tons of low-carbon recycled aluminum alloy materials, replacing electrolytic aluminum materials and steel materials.



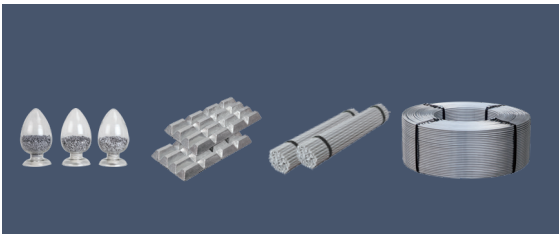
### Lizhong Wheel Sector

Since its establishment 30 years ago, we have been committed to replacing steel with aluminum, promoting the research and manufacturing of lightweight automobiles, and more than 240million lightweight aluminum alloy wheels were provided to the society, reducing greenhouse gas emissions by 1.84 million tons for 48million vehicles worldwide.



### Lizhong Sitong New Materials Sector

Since its establishment 28 years ago, it has always been committed to improving the mechanical strength and service life of aluminum alloy materials and aluminum products, providing more than 900000 tons of aluminum based functional master alloys for the society, and promoting the high-quality development of the world's cause of replacing steel with aluminum, copper with aluminum, and wood with aluminum.



Industrial layout

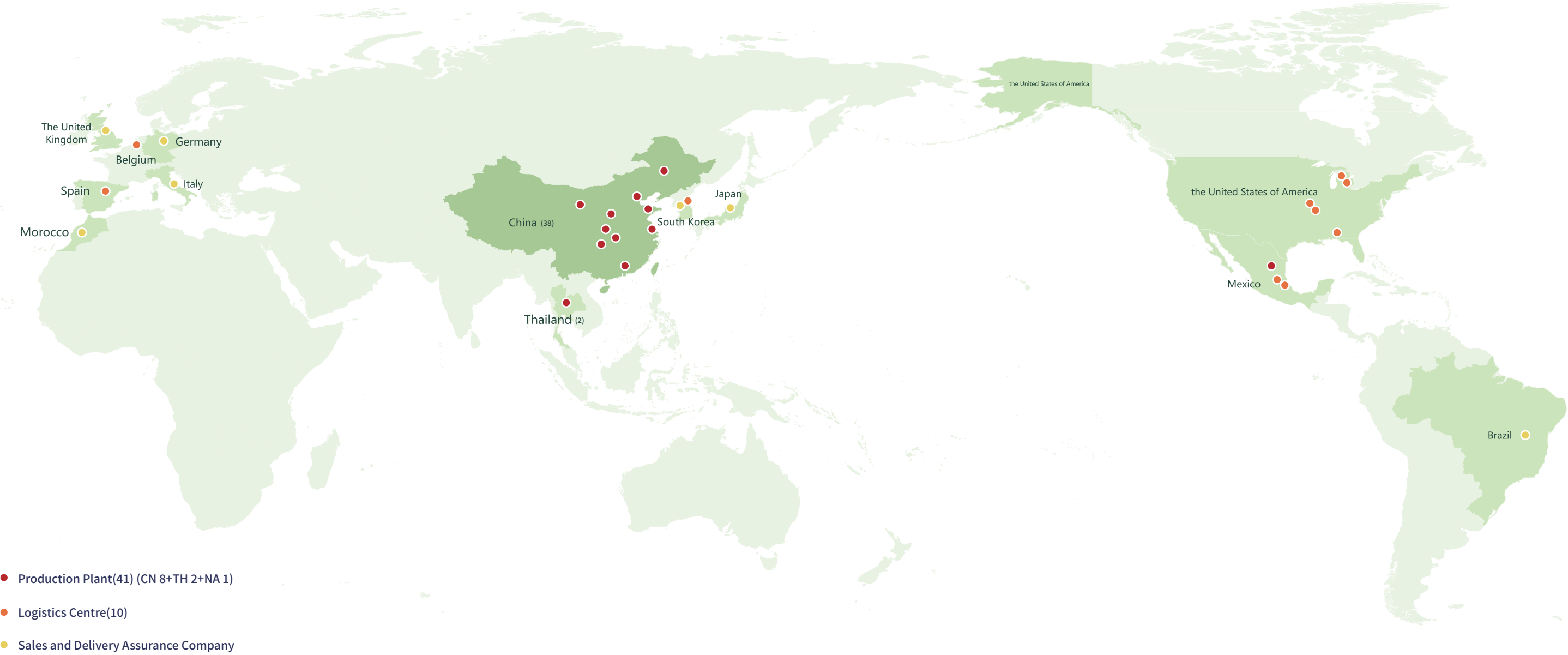
As a global enterprise, Lizhong Group has advanced production bases and business networks spread across 20 provinces and cities in China, ensuring efficient coverage of products and services and market response. In addition, the company actively expands into international markets and has established business institutions in countries and regions such as the United States, the United Kingdom, Thailand, Mexico, Brazil, South Korea, Japan, Germany, Italy, Morocco, Spain, Belgium, etc., forming a stable global business layout.

Overseas industrial layout

- > America
- > Britain
- > Germany
- > Morocco
- > Thailand
- > Japan
- > Mexico
- > Spain
- > Republic of Korea
- > Brazil
- > Italy
- > Belgium

Domestic industrial layout

- > Tianjin
- > Guangzhou Guangdong
- > Binzhou, Shandong
- > Qingyuan, Guangdong
- > Liu an, Anhui
- > Changsha, Hunan
- > Chongqing
- > Baoding, Hebei
- > Jining, Shandong
- > Yangzhong, Jiangsu
- > Daye, Hubei
- > Jilin Changchun
- > Shanghai
- > Yantai, Shandong
- > Yangzhou, Jiangsu
- > Yingde Guangdong
- > Wuhan, Hubei
- > Xuzhou, Jiangsu
- > Baotou, Inner Mongolia
- > Qinhuangdao Hebei







Lizhong Group joins the Global Aluminum Initiative (ASI)

Lizhong Group has been awarded the global authoritative carbon rating CDP B - (Climate Change B -, Water Security B -) for three consecutive years

Lizhong Group has received A-level evaluation for its information disclosure work on the Shenzhen Stock Exchange for three consecutive years

Lizhong Group received Wind ESG rating of A and Guozheng ESG rating of A

Tianjin Lizhong Wheel Co., Ltd. and Xintai Wheel Manufacturing Co., Ltd. won the bronze medal in EcoVadis

Lizhong Group has won the General Motors Global "Supplier of the Year" award for six consecutive years, and is the only aluminum wheel supplier to receive this award

Nobilis, a globally leading aluminum rolling manufacturer, received the "Outstanding Supplier Award" from Lizhong Sitong Light Alloy Group Co., Ltd

Lizhong Sitong Light Alloy Group Co., Ltd. is recognized as an excellent supplier in the aluminum processing industry by the China Nonferrous Metals Processing Association

Tianjin Xinlizhong Alloy Group Co., Ltd. is a demonstration enterprise of the Global Environment Facility's "Green Production and Sustainable Development Project for China's Recycled Aluminum, Lead, Zinc, and Lithium Industries"

Lizhong Group was selected as an excellent practice case for sustainable development of listed companies in 2024 by the China Association of Listed Companies

Tianjin Lizhong Light Alloy Forging Co., Ltd. China Machinery Industry Federation "Machinery Industry Science and Technology Award"

Tianjin Lizhong Wheel Co., Ltd. has won the "Manufacturing Industry Single Champion Product Award" from the China Federation of Industrial Economics for three consecutive years

Hebei Lizhong Alloy Group Co., Ltd. "Rotary Award - Automotive Technology Innovation Break-through Award"

Tianjin Lizhong Wheel Co., Ltd. National Green Factory

Tianjin Lizhong Light Alloy Forging Co., Ltd. National Green Factory

Baotou Shengtai Automotive Parts Manufacturing Co., Ltd. National Green Factory

Guangdong Longda Aluminum Industry Co., Ltd. National Green Factory

Tianjin Xinlizhong Alloy Group Co., Ltd. National Green Factory

Tianjin Lizhong Wheel Co., Ltd. National Green Supply Chain

Tianjin Xinlizhong Alloy Group Co., Ltd. National Green Supply Chain

# Sustainable Development Governance

The Board of Directors of Lizhong Group	→ Coordinating the overall situation, the company formulates strategic plans for sustainable development. By promoting synergy across the three aspects of environment, society, and corporate governance, it comprehensively implements the green - low - carbon and sustainable development strategies.
Inside the Board of Directors	→ A Sustainable Development Management Committee is established under it, which is responsible for the specific management of the promotion of major sustainable development matters and the relevant performance assessment, and it shall report to the Board of Directors on a regular basis.
Committee	→ A Sustainable Development Department is established under it, which is responsible for coordinating and promoting the specific work and matters related to sustainable development.
Engage an external expert panel	→ Provide guidance on the sustainable development work of Lizhong Group.
All sections	→ Designate a specific person in charge. The subsidiary companies shall establish a Sustainable Development Promotion Team with the general manager as the team leader to comprehensively promote the sustainable development work.



The Sustainable Development Management Committee of Lizhong Group organizes 1-2 sustainable development management training sessions per year for various departments and subsidiary companies, and requires subsidiary companies to have at least one carbon manager. Hold a sustainable development summary meeting every six months, and each department is required to report on the progress of relevant management work. Lizhong Group has established a self-evaluation and on-site audit system, conducting monthly self-evaluation and annual audit of its subsidiaries. Through the self-evaluation mechanism, subsidiary companies can achieve self-examination and self-correction. The annual audit will issue a rectification report and follow up on the implementation of rectification to ensure the achievement of the unified management goal of sustainable development of Lizhong Group. The Sustainable Development Management Committee reports to the Board of Directors annually on the completion of its work and develops a work plan for the following year. The board of directors formulates strategic plans based on the report content and incorporates ESG factors into the decision-making process.

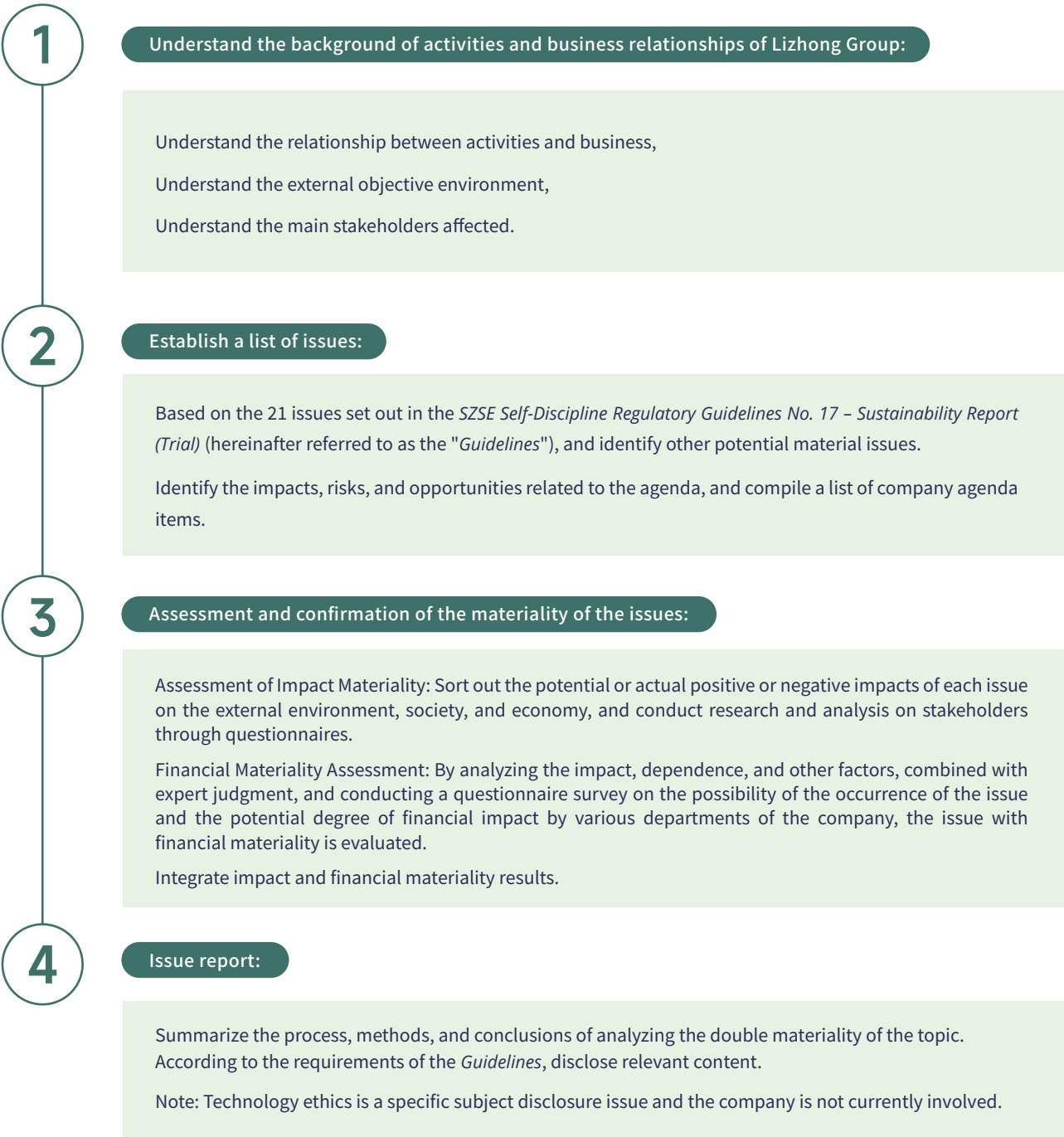
## Sustainable Development Goals

The 70th United Nations General Assembly adopted the "Change our world -2030 agenda for sustainable development", which proposes 17 sustainable development goals. Based on its own business areas, Lizhong Group responds to the 16 sustainable development goals by continuously improving its internal sustainable development management, enhancing social influence, and promoting sustainable development of the industry and society.

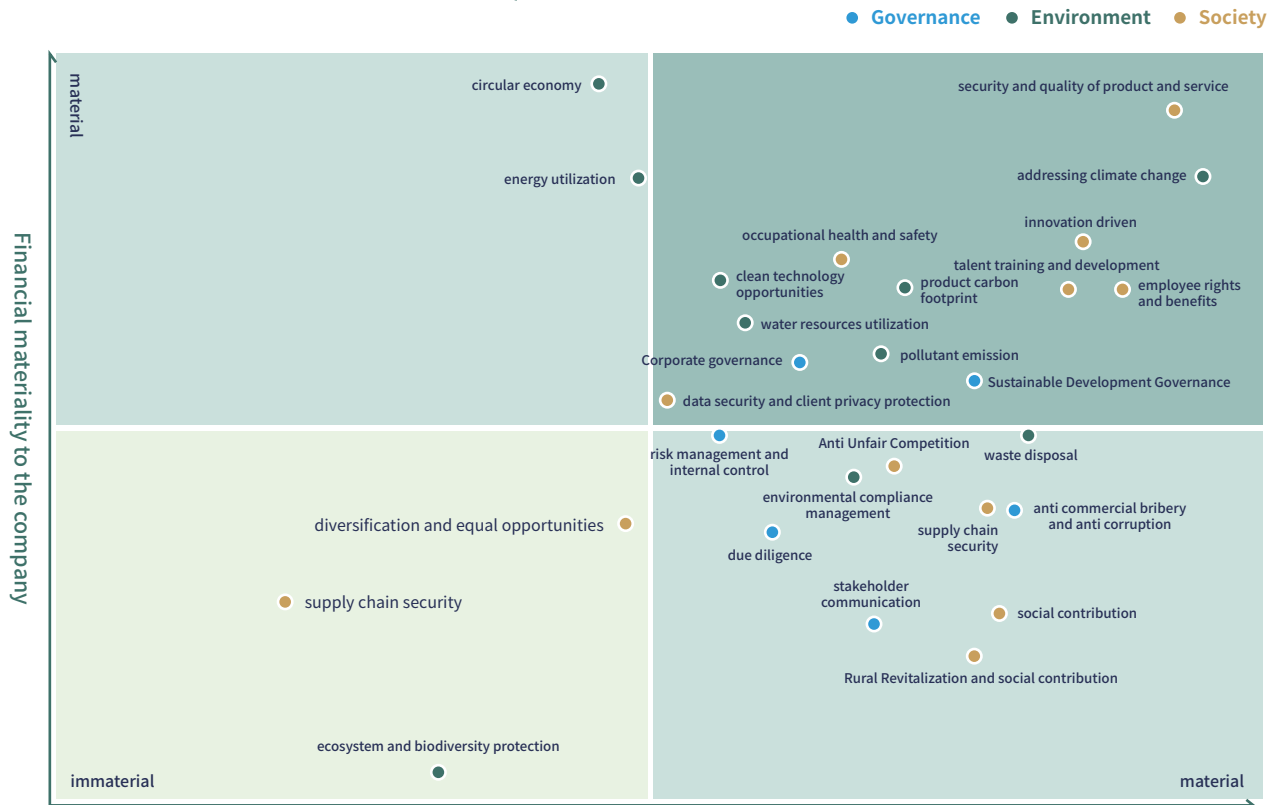
Dimension	Sustainable Development Issues	Lizhong Action	United Nations Sustainable Development Goals
 Environment	<ul style="list-style-type: none"><li>✓ Addressing climate change</li><li>✓ Environmental compliance management</li><li>✓ Pollution prevention and control and ecosystem protection</li><li>✓ Sustainable resource utilization</li><li>✓ Product Carbon Footprint</li><li>✓ Clean technology opportunities</li></ul>	<ul style="list-style-type: none"><li>✓ The total greenhouse gas emissions per million revenue (Scope 1 and Scope 2) are 27.8 metric tons of carbon dioxide equivalent per million yuan</li><li>✓ Environmental protection investment of 68.28 million yuan</li><li>✓ The total energy consumption intensity is 121.4 tons of standard coal per million yuan</li><li>✓ 750000 tons of scrap aluminum recycling and utilization</li><li>✓ Reclaimed water usage of 514600 cubic meters</li><li>✓ Water recycling utilization rate 16.11%</li><li>✓ Reclaimed water usage 514594 cubic meters</li></ul>	   
 Society	<ul style="list-style-type: none"><li>✓ Rural Revitalization and Social Contribution</li><li>✓ Innovation driven</li><li>✓ Stable supply chain</li><li>✓ Product and Service Safety and Quality</li><li>✓ Data Security and Customer Privacy Protection</li><li>✓ Employee</li></ul>	<ul style="list-style-type: none"><li>✓ By the end of 2024, a total of 964 authorized patents had been obtained</li><li>✓ The R&amp;D investment for 2024 is 937563300 yuan</li><li>✓ The total number of suppliers with environmental and labor clauses signed in 2024 is 1634</li><li>✓ 100% of suppliers who sign integrity agreements in 2024</li><li>✓ Customer complaint handling rate of 100% in 2024</li><li>✓ 3671 people employed during the 2024 reporting period</li><li>✓ 148 employees in need of assistance in 2024</li></ul>	         
 Governance	<ul style="list-style-type: none"><li>✓ Risk Management and Internal Control</li><li>✓ Due diligence</li><li>✓ Stakeholder communication</li><li>✓ Anti commercial bribery and anti-corruption</li><li>✓ Anti unfair competition</li></ul>	<ul style="list-style-type: none"><li>✓ 100% of directors who received anti bribery and anti-corruption training in 2024</li><li>✓ The proportion of management personnel who will receive anti bribery and anti-corruption training for directors in 2024 is 100%</li><li>✓ The proportion of employees who will receive anti commercial bribery and anti-corruption training as directors in 2024 is 100%</li><li>✓ 0 incidents of commercial bribery and corruption occurred</li></ul>	 

Identification of material Issues

Lizhong Group has systematically carried out the identification and evaluation of material issues through the following four processes to determine the material issues related to sustainable development work, and has made key disclosures in the report.



LIZHONG GROUP ESG ISSUE MATERIALITY ANALYSIS



Note: Technology ethics is a specific subject disclosure issue and the company is not currently involved.

- Governance

>

1 Corporate governance

2 Sustainable Development Governance

3 risk management and internal control

4 due diligence

5 stakeholder communication

6 anti commercial bribery and anti corruption

7 Anti Unfair Competition
- Environment

>

8 addressing climate change

9 pollutant emission

10 waste disposal

11 ecosystem and biodiversity protection

12 environmental compliance management

13 energy utilization

14 water resources utilization

15 circular economy

16 product carbon footprint

17 clean technology opportunities
- Society

>

18 Rural Revitalization and social contribution

19 social contribution

20 innovation driven

21 supply chain security

22 equal treatment of SMEs

23 security and quality of product and service

24 data security and client privacy protection

25 occupational health and safety

26 employee rights and benefits

27 diversification and equal opportunities

28 talent training and development







Governance chapter  
Striving for excellence in governance, achieving stability and long-term success

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Corporate Governance

Standardize governance structure



Standardize governance structure

Improving governance structure: Lizhong Group strictly adheres to laws and regulations such as the *Company Law of the People's Republic of China* and the *Securities Law of the People's Republic of China*, and has established governance institutions such as the shareholders' meeting, board of directors, and supervisory board, clarifying the responsibilities of each institution. The board of directors has four specialized committees, namely the Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Assessment Committee. The members of each committee are all directors of the company, responsible for researching professional matters and providing reference for the board's decision-making.

Optimize the board structure

The company's board of directors consists of 7 directors, including 3 independent directors, who possess both industry experience and innovative vitality. The professional backgrounds of the members cover the fields of finance, risk control, and ESG strategy. The board of directors continues to strengthen its ability to perform its duties, conducting ESG special training twice a year, covering topics such as interpretation of dual carbon policies, climate information disclosure, and green supply chain management. External experts are also invited to share international ESG management improvement paths, helping the board of directors make scientific decisions and achieve deep synergy with the company's low-carbon transformation goals. Future plans include setting up foreign and female independent directors to enhance diversity.

In 2024, the company revised and improved the *Independent Director Work System* and formulated the *Independent Director Special Meeting Work System*, providing institutional guarantees for independent directors to further enhance their independence and effectiveness in fulfilling their duties. When evaluating the composition of the board of directors, the nomination committee will consider multiple aspects of the board's diversity policy, including but not limited to gender, age, cultural and educational background, professional knowledge and experience, industry knowledge and experience, and skills.



Strengthen internal management

Improve internal control system

Establish compliance training, compliance inspection and other compliance management systems, revise and improve systems in a timely manner according to regulatory policies, prepare and publish documents such as *Internal Control System*" and *Internal Audit System*, and enhance compliance management awareness.

Strengthen risk management

attach great importance to the construction and supervision of internal control and risk management systems, regularly evaluate major risks, determine prevention and control measures and response plans, and ensure the completeness and effective operation of the internal control system.

Improve governance level

Revision of governance system

On January 15, 2024, Lizhong Group held the 13th meeting of the 5th Board of Directors, deliberated and passed the *Proposal on Revising and Formulating Part of the Company's Governance System*, revised the *Rules of Procedure for Shareholders' Meetings*, *Rules of Procedure for Directors' Meetings* and other systems, and newly formulated the *Management System for Subsidiaries* and other systems. On August 28, 2024, the company held the 20th meeting of the 5th Board of Directors, which reviewed and approved the *Proposal on Revising and Formulating Part of the Company's Governance System*, revised the *Management System for Shares and Changes Held by Directors, Supervisors and Senior Management Personnel in the Company* and other systems, and newly formulated the *Public Opinion Management System and Accountability System for Major Errors in Annual Report Information Disclosure*.

Deepening investor communication

Lizhong Group has formulated the *Investor Relations Management System*, which strengthens communication with investors and enhances the company's investment value through online performance exchange meetings, organizing on-site research, and other methods.



During the reporting period, Lizhong Group held

3 order shareholder meetings

13 order board meetings

4 order audit committee meetings

2 order nomination committee meetings

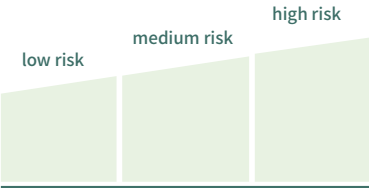
2 order strategic committee meetings

2 order compensation and assessment committee meetings

4 order independent director meetings

Risk Management and Internal Control

Develop and complete the *Risk Identification and Response Management Process for Lizhong Group*. The company regularly listens to internal control work reports from top to bottom, evaluates the risks existing in the company according to the ISO31000 risk management guidelines, and divides the risk categories into high risk, medium risk, and low risk. Each business department is required to develop prevention and control measures and response plans to ensure that the company's internal control system is sound and operates effectively.



According to laws, regulations, and rules such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Shenzhen Stock Exchange Self Regulatory Guidelines for Listed Companies No. 2- Standardized Operation of GEM Listed Companies*, the company has formulated its *Internal Control System*.

Improve the internal control system, establish a comprehensive compliance management system that covers compliance training and compliance inspections, and timely revise and improve existing systems in accordance with regulatory policies. Develop and publish relevant institutional documents such as the *Security Management System*, *Procurement Management System*, and *Regulations on the Protection of Trade Secrets*, and take multiple measures to enhance the compliance management awareness and capabilities of the upper and lower levels, providing support for the sustainable and healthy development of the company.

Financial management strictly adheres to national tax policies and fulfills tax obligations in accordance with the law. To strengthen tax control and risk management, a comprehensive tax management system has been established, and tax risks are identified through monthly financial statements and corresponding measures are formulated. In addition, maintaining cooperation with professional tax agencies, timely obtaining policy updates, and ensuring the standardization and foresight of tax management.

Due diligence

The Sustainable Development Management Committee of Lizhong Group is responsible for coordinating the development of a due diligence framework, with a Sustainable Development Department responsible for promoting specific due diligence, and hiring professional teams with qualifications such as environmental engineers and carbon managers.

In 2024, due diligence was conducted on the entire value chain of upstream suppliers, their own operations, and downstream customers, with a focus on identifying environmental risks, social risks, and governance risks. The specific scope includes but is not limited to: EU carbon tariff (CBAM) response, water resource utilization, supply chain transparency, geopolitical impact on raw material procurement, and other risks.

A series of measures have been taken to address the identified risks, including but not limited to energy conservation and emission reduction, resource recycling, improvement of internal control system, and response to geopolitical risks. For example, in the supply chain, the procurement department has used information technology to build real-time monitoring systems, such as ERP and SRM systems, to closely monitor key indicators of the supply chain.

# Stakeholder Communication

We have established a comprehensive stakeholder communication mechanism to accurately identify stakeholders. Through meetings, regular visits, survey questionnaires, satisfaction surveys, and other forms, we maintain communication and exchange with stakeholders to understand their expectations and interests of the group. Based on our own situation, we take measures to respond to and meet the reasonable demands of stakeholders.

In addition, Lizhong Group attaches great importance to the protection of investors' rights and interests, and has formulated the *Investor Relations Management System*, which clarifies the content and responsibilities of investor relations management work and establishes long-term, stable and benign cooperative relationships with investors. In 2024, the company will conduct online performance exchange meetings, organize on-site research, roadshows, and answer online interactive questions to enable investors to further understand the company's business situation and future development plans. During the reporting period, the company held 5 performance briefing sessions and organized 11 research activities.

Main stakeholders	Main communication content	Main communication methods	Communication frequency
 Shareholders/Investors	<ul style="list-style-type: none"><li>Sustainable Profitability</li><li>Standardize corporate governance</li><li>Improve information disclosure</li><li>Return to shareholders</li></ul>	<ul style="list-style-type: none"><li>Hotline</li><li>E-mail</li><li>Working conference</li><li>The general meeting of shareholders</li></ul>	Regular/irregular
 Government/regulatory agencies	<ul style="list-style-type: none"><li>Observe Law And Discipline</li><li>Pay Taxes According To Law</li><li>Environmental Protection</li><li>Drive Local Economic Development</li></ul>	<ul style="list-style-type: none"><li>Stock exchange meeting</li><li>Government meetings</li><li>Lawful disclosure of information</li><li>Organize science popularization/visiting activities</li></ul>	Regular/irregular
 Customers/Potential Customers	<ul style="list-style-type: none"><li>Integrity in performance</li><li>Product quality</li><li>Good service</li><li>Responding to demands</li><li>Data privacy and security</li></ul>	<ul style="list-style-type: none"><li>Customer complaint platform</li><li>Satisfaction survey</li><li>Professional training</li><li>After-sale service</li><li>Regular visits</li></ul>	Regular/irregular
 Staff	<ul style="list-style-type: none"><li>Basic rights protection</li><li>Training and development</li><li>Health and safety</li><li>Employee care</li></ul>	<ul style="list-style-type: none"><li>Workers' congress</li><li>Employee satisfaction survey</li><li>Leadership interview</li><li>Internal oa system of the company</li><li>Employee training and specialized meetings</li></ul>	Regular/irregular
 Suppliers/Business Partners	<ul style="list-style-type: none"><li>Sunshine procurement</li><li>Industry exchange and cooperation</li><li>Supply chain management</li></ul>	<ul style="list-style-type: none"><li>On site visit</li><li>Visiting reception</li><li>Supplier qualification review</li><li>Supplier communication platform</li><li>Supplier empowerment training</li></ul>	Regular/irregular
 Public/Society	<ul style="list-style-type: none"><li>Charity and public welfare</li><li>Protect the environment</li><li>Support community development</li></ul>	<ul style="list-style-type: none"><li>Public benefit activities</li><li>Science popularization and visiting activities</li><li>Regular visits/reception of visitors</li></ul>	Irregular

## Responding to customers' sustainable development requirements

In 2024, we collected and summarized customer requirements for sustainable development, and prepared response measures in advance to meet customer demands. With the implementation of the *Sustainable Development Due Diligence Directive CSDDD*, management of safety, sustainable procurement, human rights, and other aspects will be strengthened in accordance with the directive requirements.

customer	Sustainable development requirements	Response measures of Lizhong Group
BMW	Since 2023, related products must use 75±5% recycled aluminum. Starting from 2020, the requirement for suppliers to use green electricity has been proposed.	Since 2023, 75±5% recycled aluminum has been used in related products. Green certificates have been purchased since 2021. Currently, all production plants and corresponding electrolytic aluminum suppliers have achieved 100% green electricity usage through measures such as building photovoltaic systems and purchasing green certificates
	Complete the CDP questionnaire every year	Complete the CDP questionnaire on time every year, and maintain B
Mercedes-Benz	The carbon footprint of the main raw materials of a product will not exceed 3.5kgCO <sub>2</sub> e/kg in 2027, 2kgCO <sub>2</sub> e/kg in 2035, and carbon neutrality in 2039	By planning the ratio of green aluminum and recycled aluminum, the raw materials of Mercedes-Benz products, and purchasing carbon sinks and carbon credits as appropriate, meet the carbon footprint requirements of Mercedes-Benz's products
Volkswagen	Complete the CDP and SAQ questionnaires every year, which requires a SAQ score of 80 or above	Complete the CDP and SAQ questionnaires on time every year, and the results are as follows: Lizhong Wheel Plate CDP results have maintained B- for many years- Lizhong (Mexico) Co., Ltd. scored 86 points in SAQ Tianjin Lizhong Wheel Co., Ltd. SAQ85 points
	Complete the CDP and EcoVadis questionnaires every year, which require a total score of ≥ 45 for EcoVadis and a ≥ 25 for business ethics	Complete the CDP and EcoVadis questionnaires on time every year, and the results are as follows: CDP Result B- EcoVadis has an overall score of 64 points EcoVadis scored 68 points in business ethics
Volvo	Related products use 75% recycled aluminium and 25% green electric aluminum	The relevant products are planned to use 75% recycled aluminum and 25% green electric aluminum, and the carbon reduction ratio can meet Volvo's requirements for reducing carbon emissions in the whole life cycle of wheels by 40% from 2018 to 2025
General Motors (GM)	EcoVadis must have a minimum score of 50 in the three modules of Labor & Human Rights, Business Ethics and Sustainable Procurement	EcoVadis scored 63 points for Labor & Human Rights, EcoVadis scored 68 points for Business Ethics, and EcoVadis scored 66 points for Sustainable Procurement
	Fill in the EU Carbon Border Adjustment Mechanism (CBAM) report	According to the customer's requirements, the EU Carbon Border Adjustment Mechanism (CBAM) report is filled in a timely manner, and the CBAM module is planned to be added to the carbon management platform of Lizhong Group
Saic Passenger Vehicle/EU Trader		

Information Disclosure

In order to standardize the company's information disclosure behavior, Lizhong Group has formulated the *Information Disclosure Management System* and *Insider Information Informed Person Registration Management System*. The company always adheres to the principles of fairness, impartiality, and openness, improves the information disclosure system, timely, accurately, and completely discloses company information, strictly follows the listing rules and standardized decision-making procedures, protects the rights and interests of investors, objectively, truthfully, accurately, and completely introduces the company's business management situation to investors, maintains good communication and exchange with investors, and strives to create good business performance feedback to investors.

As of December 31, 2024, Lizhong Group has issued a total of 225 regular reports and interim announcements. In the 2023-2024 annual evaluation of information disclosure work, the company stood out among 1327 listed companies and once again received the highest level of A-level in the annual evaluation of information disclosure. Thus, Lizhong Group has been awarded this honor for three consecutive years.

### 信息披露考评

位置：信息披露/监管信息公开/信息披露考评

信息披露

- 交易备忘
- 本所公告
- 交易信息
- 融资融券
- 监管信息公开
- 监管动态

300428

考评年度

考评结果

查询

主板

创业板

公司代码	公司简称	考评结果	考评年度
300428	立中集团	A	2023
300428	立中集团	A	2022
300428	立中集团	A	2021

Anti Commercial Bribery and Anti Corruption

Lizhong Group has a supervisory board and an audit supervision committee responsible for the group's anti commercial bribery and anti-corruption work. In 2024, Lizhong Group will continue to improve its anti commercial bribery and anti-corruption procedures.

At the supplier level, Lizhong Group has formulated regulations such as *Regulations on Selecting Suppliers and Business Cooperation with Suppliers* and *Regulations on Internal Personnel Dealing with Suppliers*. Lizhong Group attaches great importance to the training and signing of the *Sunshine Agreement*, requiring business departments to send *Sunshine Cooperation Letters to Suppliers* to suppliers, and requiring relevant personnel to learn the *Sunshine Agreement*. At the same time, it is committed to establishing and using an electronic bidding procurement platform.

Within the Lizhong Group, it has developed the *Code of Conduct for Business Ethics* system based on the ISO 37001 Anti Bribery Management System. An assessment was conducted on the risks of commercial bribery and corruption, and corresponding systems were established to regulate the operation of risk areas and key links that are prone to corruption in the management process. The company has improved its management system for key links such as marketing, procurement, and quality, prevented internal and external corruption risks, emphasized clauses such as avoiding employee conflicts of interest, and actively carried out the declaration and inspection of relationships between employees and important stakeholders such as suppliers and partners.

To ensure the effective operation of the supervision mechanism, the company has set up reporting hotlines, mailboxes, and other methods to receive information on violations. Employees and third parties who have dealings with the company, as well as the general public, can report any fraudulent activities or illegal or criminal activities related to the company's business. The company conducts a thorough investigation into the reported content and provides timely feedback on the handling results. Lizhong Group always prioritizes the privacy and security of complainants, and is committed to building a reliable feedback environment. The complainant's identity and reported content are only accessible to authorized personnel from relevant departments. Relevant information is stored through an encrypted system and is strictly prohibited from being leaked to unrelated parties. We also follow standardized investigation procedures for anonymous complaints to ensure that the fairness of handling is not affected by identity concealment.

Lizhong Group disseminates the company's anti commercial bribery and anti-corruption management requirements through publicity and training, promotes the corporate culture of integrity and self-discipline, deepens employees' awareness of anti-corruption, promotes the healthy development of the company, and safeguards the company's reputation and the legitimate rights and interests of shareholders.

During the reporting period, Lizhong Group held

7 people

Directors of lizhong group who received anti commercial bribery and anti-corruption training was

754 people

Management personnel was

12,032 people

Total number of employees was

0 piece

Commercial bribery and corruption occurred

Governance chapter  
Striving for excellence and achieving stability





## Case

## Strengthening the awareness of integrity and building a strong ideological defense line

In November 2024, Lizhong Group organized a training on *Integrity and Compliance Management and Risk Prevention Practice*, with a total of 218 management and business employees participating. This training aims to strengthen the foundation of clean and compliant management, enhance employees' awareness of anti competitive behavior, anti-corruption and anti bribery, and improve the company's comprehensive risk management level. The training instructor will provide detailed explanations on the basics of integrity and compliance management, behavioral norms and requirements, risk identification and assessment. Trainees can effectively enhance their professional competence and risk prevention ability through case discussions and analysis.



## Anti Unfair Competition

Lizhong Group has formulated the *Code of Conduct for Business Ethics* to oppose the use of unfair competition methods such as fraud, false advertising, monopoly, and malicious defamation of competitors.

In trading activities, follow the principles of legality, voluntariness, fairness, integrity, and mutual benefit, do not disrupt market trading order, and do not collude maliciously with relevant units in the same industry to harm the interests of the state and other operators. Do not force the other party to sign contracts containing unfair or unreasonable terms, do not harm the other party's legitimate economic interests, keep each other's trade secrets confidential, and shall not illegally obtain, disclose, use or allow others to use the other party's trade secrets. When engaging in transactions with relevant parties, the contract clearly stipulates the types of services, prices, acceptance criteria, and conditions for contract termination.

### Intellectual property protection

The technology research and quality centers of various departments of Lizhong Group coordinate the management of intellectual property rights and implement the concept of sustainable development. We have formulated documents such as the *Regulations on Intellectual Property Management* and the *Intellectual Property Approval Form*, gradually improving the intellectual property management process. Regularly organize employees to learn about intellectual property related laws and regulations, and enhance the awareness of intellectual property protection among all staff. Encourage employees to respect the intellectual property rights of others and avoid behaviors such as plagiarism and plagiarism. In the future, we will continuously improve intellectual property protection measures and processes, and regularly revise them. For acts that infringe upon the intellectual property rights of others or the company, the company will hold them accountable to the end.

### Antitrust and Fair Competition Risk Control

Regularly organize internal compliance training to enhance employees' risk awareness and response capabilities, set up communication phone numbers and email addresses on the official website, timely receive and handle external feedback, and ensure compliant operations. In response to potential risks in the transaction process, the legal department collaborates with an external team of professional lawyers to comprehensively carry out a series of work including risk warning, in-depth analysis, accurate assessment, timely declaration, and proper handling, to ensure transaction security and safeguard legitimate rights and interests.



During the reporting period

0 piece

there were no incidents of unfair competition behavior or violations of anti-monopoly laws

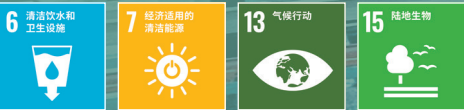




# Environment Chapter

## LOW CARBON, GREEN, AND INTELLIGENT MANUFACTURING

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# Addressing climate change

The Sustainable Development Management Committee under the board of directors, as the management body for addressing climate change, has established a comprehensive climate change management system, effectively improving the company's management level in climate change, and fully deploying the path of "Carbon Peak and Carbon Neutrality".Actively cooperate with audit planning to disclose the financial status of climate change related costs management.

A full process climate risk management system covering "Identification Assessment Monitoring Response" has been constructed around the TCFD (Task Force on Climate-Related Financial Disclosure) framework, and combined with industry practices and the management tools of the carbon management platform developed by Lizhong Group, climate risks are identified, evaluated, and classified annually, and targeted strategies are formulated to accurately control high priority risks, actively respond to indirect climate risks in the upstream and downstream of the supply chain, and comprehensively ensure the stable development of the company.

## Risk identification and strategy

Risk/ Opportunity Types	Main categories	Specific risks/opportunities	Probability of occurrence	Impact size	Time frame	Impact on value chain links	Prioritization	Potential financial impact
Transition risk	Policy and legal risks	Some subsidiaries have been included in the local carbon market. With the tightening of the dual carbon policy, more subsidiaries will be included in the carbon market, resulting in higher compliance requirements and costs	high	medium	Short -term and long-term	operation	medium	Rising operating costs
		The continuous increase in carbon quotas in the national and local carbon markets may affect production costs and competitiveness	medium	medium	mid-term	operation	medium	Rising operating costs
		The EU Carbon Border Adjustment Mechanism (CBAM) has begun to be implemented. If the CBAM reporting process and the carbon emissions of products cannot be effectively controlled, it will increase additional carbon tariff costs	high	high	short-term	operation	high	Rising operating costs and decreasing revenue
	Technical risk	Increased development costs for low-carbon emission technologies for existing products and services	medium	medium	Mid-term and Long term	operation	medium	Rising operating costs
	Market risk	In order to achieve the goal of reducing carbon emissions for the entire vehicle, the host manufacturers have successively put forward carbon reduction requirements to the opposition group	high	high	Short-term and medium-term	downstream	high	Decrease in operating revenue
		The increase in procurement costs of low-carbon raw materials and renewable energy	medium	high	Short-term and medium-term	upstream	high	Rising operating costs
	Reputation risk	Reputation risk caused by failure to achieve carbon reduction targets	medium	high	Short-term and medium-term	upstream operation downstream	high	Decrease in operating revenue



Risk/Opportunity Types	Main categories	Specific risks/opportunities	Probability of occurrence	Impact size	Time frame	Impact on value chain links	Prioritization	Potential financial impact
Physical risk	Acute physical risk	Typhoon, rainstorm, flood and snowstorm may affect production facilities, raw material storage and logistics transportation, leading to supply chain interruption	medium	high	Short-term and medium-term	upstream operation downstream	medium	Depreciation of fixed assets.Rising operating costs
	Chronic physical risk	An increase in average temperature may lead to an increase in energy costs and a decrease in outdoor work efficiency	low	medium	Mid-term and Long term	operation	low	Rising operating costs
Opportunity	Policy and law	The government has issued a series of green project subsidy policies to encourage industrial enterprises to transform and upgrade, and actively accept policy dividends for green transformation	high	medium	Short-term and medium-term	operation	high	Decreased operating costs
		The restart of China Certified Voluntary Emission Reduction (CCER) and the establishment of a local carbon inclusive mechanism have promoted the progress of low-carbon technology in Lizhong Group, and the development of CCER has brought economic benefits	medium	high	Mid-term and Long term	operation	medium	Decreased operating costs and increased revenue
	Products and Services	Vigorously carry out energy conservation and emission reduction work, and the surplus carbon quotas can bring economic benefits to Lizhong Group	medium	medium	Short-term and medium-term	operation	medium	Increase in operating revenue
		The market for low-carbon emission products and services is growing.Regularly simulate the carbon footprint of products corresponding to different raw materials (thermal power aluminum, recycled aluminum, green aluminum) and their impact on production costs	high	high	Mid-term and Long term	operation downstream	high	Decreased operating costs and increased revenue
		Using low-carbon energy sources to improve resource efficiency and reduce operating costs	medium	medium	Mid-term and Long term	operation	medium	Decreased operating costs

Note: 1. Probability of occurrence: Refers to the frequency and likelihood of risks or opportunities occurring. Based on past data, external scenarios, policy implementation progress, and expert predictions, the probability of occurrence ranges from low to high.

2. Impact size: Refers to the size of the impact on the likelihood of risk or opportunity occurrence, taking into account factors such as business model, value chain, and financial condition, with the impact size ranging from low to high.

3. Time frame: The time frame in which different risks and opportunities affect the company is divided into short-term (1-2 years), medium-term (3-5 years), and long-term (more than 5 years).

4. Impact on value chain links: Refers to upstream (procurement, raw materials), operations (production, manufacturing, assembly, testing), and downstream (marketing, sales, customer service).

5. Prioritization: Taking into account factors such as probability of occurrence, impact size, and time range, combined with the actual situation of the company, the priority ranking is divided into low, medium, and high.

Dynamic monitoring

1 Dynamic monitoring of transformation risks

Lizhong Group has partnered with Lianhe Equatorial Environmental Assessment Co., Ltd. to successfully launch the Smart Carbon Star Carbon Management Platform, which has five core functions: organizing carbon inventory, product carbon footprint, carbon emission analysis and statistics, carbon asset management, and carbon market trends. It can achieve accurate accounting and business empowerment. Monitor the total carbon emissions and intensity of subsidiary companies on a monthly basis to achieve dynamic monitoring of climate risks and opportunities. At the same time, we will integrate the highlights of energy-saving and carbon reduction management within Lizhong Group, introduce new technologies, products, and equipment from external sources, and reduce the carbon emission intensity of our subsidiaries.



2 Dynamic monitoring of physical risks

Real time monitoring of local meteorological department data, providing 72 hours warnings for typhoons, floods, and other events.

Response measures

1 Risk response measures for transformation

A comprehensive carbon management audit system

The Sustainable Development Management Committee constructs a carbon management system that matches the Lizhong Group based on ISO14064 and ISO14067 standards. Each company is evaluated and assessed through monthly and annual reports, and representative energy-saving and emission reduction measures are extracted and promoted throughout the group.Reward companies with high scores annually to continuously improve and enhance the carbon management capabilities of Lizhong Group.

Carry out carbon inventory check

In 2024, according to the Carbon Inventory Management Process, we will continue to organize our subsidiary companies to independently conduct carbon inventory inspections and issue monthly Lizhong Group Carbon Inventory Monthly Summary Analysis Report '.

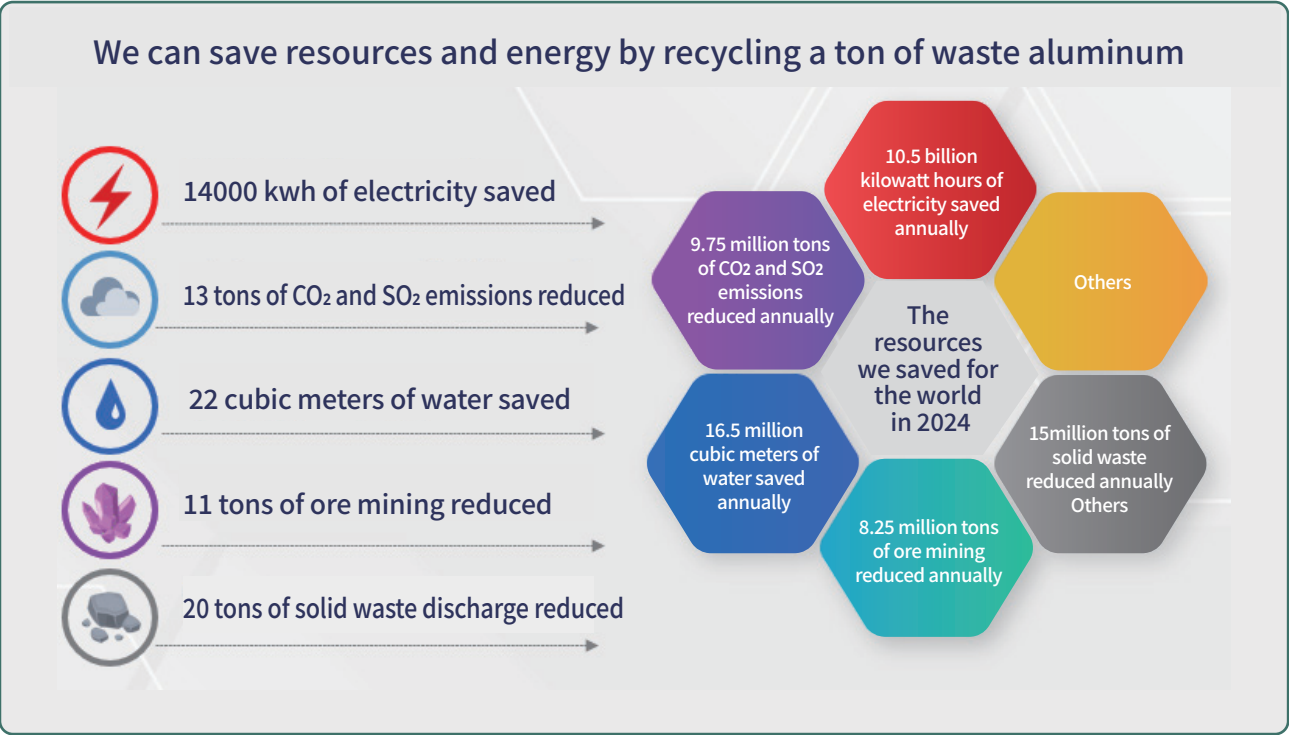
Lizhong Group collects internal energy-saving and carbon reduction management highlights through the Lizhong Group Carbon Inventory Monthly Summary Analysis Report, introduces external new technologies, products, and equipment, and reduces carbon emission intensity.

Carbon quota compliance

In 2024, according to the Lizhong Group Carbon Quota Management Process, unified management of carbon quota work has been achieved.While meeting the requirements of national and local environmental protection departments, the company can increase economic benefits through carbon asset trading.Tianjin Lizhong Wheel Co., Ltd. and Tianjin Xinlizhong Alloy Group Co., Ltd. have completed their carbon quota obligations for 2023.

Use of recycled aluminum, recycled silicon, and green aluminum

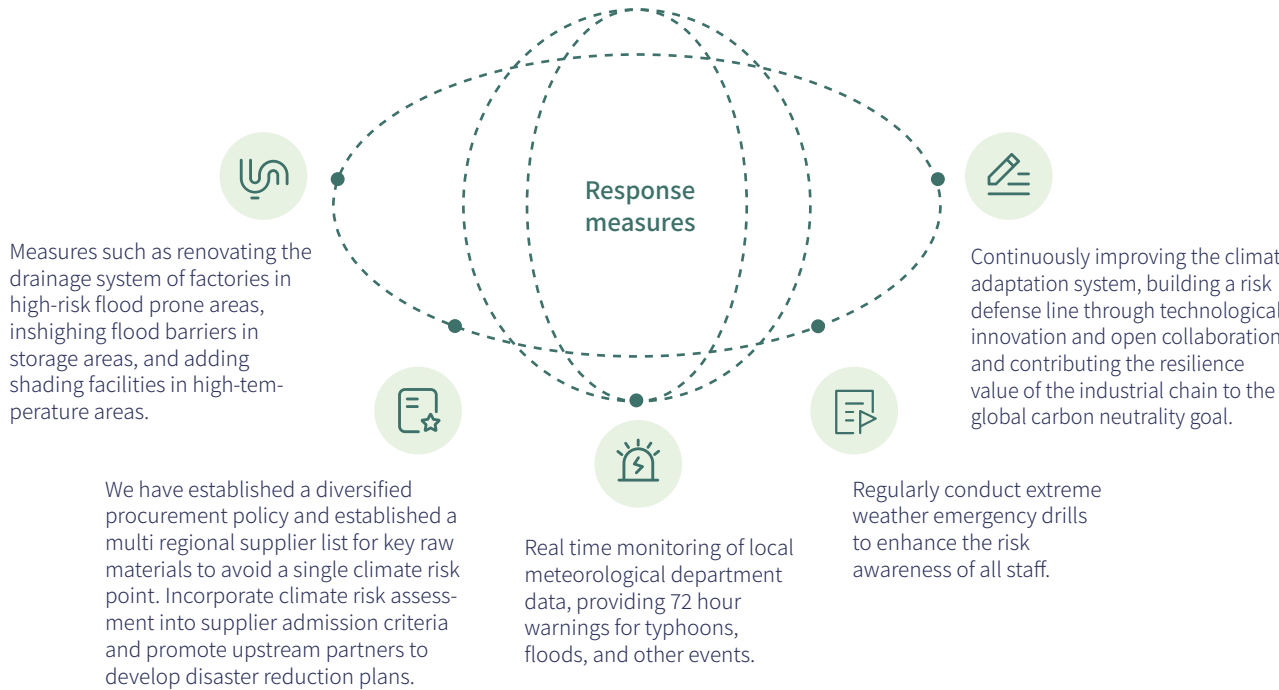
Lizhong Group has established a procurement and utilization center for recycled metal raw materials, established a sound management system for the procurement, supply, use, and sales of recycled metals, and continuously increased the use of recycled aluminum, recycled silicon, and other materials. Currently, the highest proportion of A356 recycled aluminum added can reach 75%. According to customer requirements, we can customize raw material ratio combinations to meet carbon emission requirements and enhance the company's core competitiveness. In the future, we will focus on increasing the primary utilization of green aluminum and recycled aluminum, accelerating the development of low-carbon high-end aluminum alloy products, and reducing carbon emissions throughout the product lifecycle.



Upgrade of digital carbon management platform

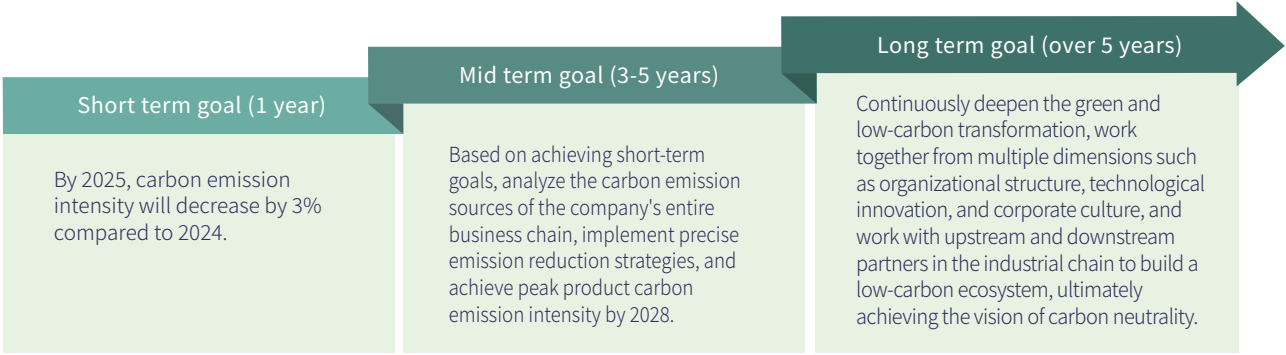
To deepen digital transformation, we will launch the upgrade of the Smart Carbon Star carbon management platform, strengthen energy consumption monitoring and optimization throughout the entire process, and achieve refined management of carbon emissions. The platform will add multilingual features to meet international and diversified business needs. At the same time, CBAM management module and supplier management module will be added to unify the management of companies included in CBAM, leveraging the platform advantages to meet the requirements of EU CBAM. By horizon highly comparing and analyzing product carbon footprint data, identifying supplier rankings, and selecting raw material suppliers based on customer carbon reduction requirements, unified management of raw material real-world carbon emissions data and carbon footprint data can be achieved.

2 Physical risk response measures



Indicators and Objectives

Lizhong Group actively responds to the global temperature control targets advocated by the Paris Agreement and China's "Dual Carbon" strategy, integrating carbon reduction into its core development strategy. The company promises to ensure the achievement of the national grand goal of "Peaking Carbon Emissions Before 2030 and Striving To Achieve Carbon Neutrality Before 2060", and has systematically planned and formulated short-term, medium-term, and long-term carbon reduction goals.





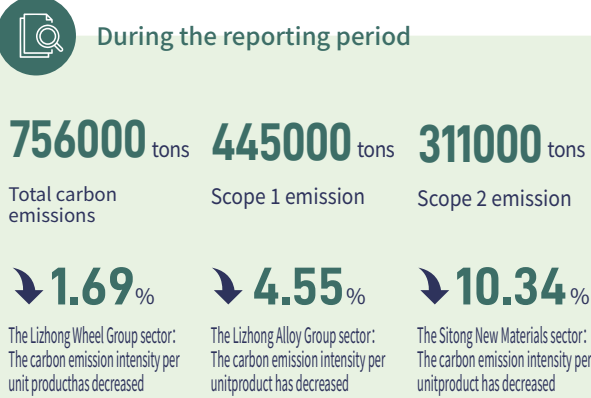
To achieve the established goals, we have developed corresponding implementation paths, including: continuously monitoring the company's carbon emissions on a monthly basis. Deepen research on clean energy and CCER technologies. Actively carry out low-carbon publicity activities to encourage employees to reduce energy consumption and carbon emissions. Actively participate in national climate governance and strengthen experience exchange and sharing with other enterprises.



Accounting standard: ISO 14064-1:2018

Accounting method:

- Determine organizational and operational boundaries: Identify which activities and facilities fall within the scope of accounting.
- Identify emission sources: Determine the greenhouse gas emission sources within the organization. Common emission sources include fixed combustion emissions, mobile combustion emissions, process emissions, and fugitive emissions.
- Data collection and processing: Collect activity data and emission factors related to emission sources.
- Emissions calculation: Use appropriate calculation methods to calculate greenhouse gas emissions. The calculation methods include emission factor method, mass balance method, and actual measurement method.
- Report preparation and verification: According to the requirements of ISO 14064-1 standard, generate an enterprise carbon emission inventory report and conduct internal and external verification to ensure the accuracy and reliability of the data.



Product Carbon Footprint

Lizhong Group uses company activity data and SimaPro 9.5.0.0 to calculate product carbon footprint, with its database being Ecoinvest 3.9.1. The methodology of life cycle impact assessment follows the IPCC 100 year greenhouse gas emissions assessment method (IPCC 2021 GWP 100A) to calculate the carbon dioxide equivalent emissions of products from raw material extraction to manufacturing stage (cradle to gate), with reference to ISO 14067:2018.

Product carbon footprint accounting and certification

The Sustainable Development Department of Lizhong Group requires its subsidiaries to regularly select representative products and use the Smart Carbon Star carbon management platform for carbon footprint accounting. The accounting results need to be approved by the department head and general manager of the company before being submitted to the Sustainable Development Department for archiving. Through this process, subsidiary companies systematically evaluate and optimize the carbon emission performance of each link from raw material procurement, production, transportation, use to final disposal, based on customer requirements for carbon footprint. As of December 31, 2024, Lizhong Group has selected 55 typical product models, completed carbon footprint accounting according to ISO14067 methodology, and obtained certification from Rheinland Testing and Certification Services (China) Co., Ltd. This measure provides a scientific basis for the company's carbon reduction work, clarifying the direction and goals for improvement.



Product lifecycle emission reduction path

① Product design for emission reduction

Lizhong Group prioritizes the planning of a recycled aluminum application production line based on a 75% ratio, which includes approximately 35% of in-house waste materials (processing residues, scrapped wheel hubs at the rear station) and 40% of purchased A356 aluminum alloy scrap wheel hub recycled materials. Compared to using 100% thermal aluminum as raw material, the carbon footprint of the product can be reduced by about 55%.

Lizhong Group actively researches and develops lightweight technology for aluminum alloy wheels, meeting the requirements of high-end passenger cars for lightweight and high-strength development of aluminum alloy wheels, while achieving the goal of energy conservation and carbon reduction.



2 Supply chain emissions reduction

Lizhong Group has formulated the Sustainable Procurement Process, which includes the carbon footprint of supplier products in the scope of inspection in the procurement of raw materials, and incorporates carbon footprint requirements into procurement contracts. Enterprises are required to provide carbon footprint certification certificates and implement carbon reduction measures, striving to build a green supply chain.

3 Production emission reduction

Lizhong Group actively explores new models of energy conservation and emission reduction development, by building new photovoltaic power generation and continuously increasing the proportion of clean energy use. By implementing measures such as retrofitting high energy consuming equipment, optimizing energy efficiency, increasing the proportion of waste heat utilization, and achieving sustainable energy conservation.



High efficiency, energy-saving and environmenhighly friendly furnace group independently designed by Lizhong Group



The overall planning of Lizhong Group's distributed photovoltaic project is 29.29MW, which will gradually have the ability to generate electricity and connect to the grid by 2025, with an average annual power generation of about 26.35 million kWh. Prioritizing the use of green electricity in the factory area during the production process to reduce emissions during the production process.



4 Transportation emission reduction

In 2024, Lizhong Group continued to expand the scale of aluminum liquid direct supply projects within a radius of 80KM, and reached aluminum liquid direct supply cooperation with 17 customers, achieving aluminum liquid sales of 472000 tons. Through the "One-To-One" direct supply mode of aluminum liquid, customers can save the process of remelting aluminum ingots, directly reducing the consumption of 23600MWh of electricity energy and 28 million m3 of natural gas energy, reducing greenhouse gas emissions by 74000 tCO2e, and promoting the industrial chain to move towards low-carbon and green production. At the same time, reducing nitrogen oxide emissions by 53 tons and sulfur dioxide emissions by 5.7 tons vividly illustrates the sustainable development concept of "Technology Energy Conservation Helps Environmental Protection". It not only strengthens the synergy efficiency of the industrial chain, but also significantly reflects the social value of green development.



The ways of molten aluminum transportation and supply of Lizhong Group

5 Recycling and emission reduction of recycled aluminum

Lizhong Group reduces carbon emissions throughout the entire lifecycle of its products by increasing the use of recycled materials.



## Environmental Compliance Management

Lizhong Group has incorporated environmental compliance management into its corporate strategy. The company fully complies with the ISO14001 environmental management system standard, strictly implements the requirements of the clean production audit system, and thoroughly implements environmental regulations such as the Clean Production Promotion Law. The company has systematically built a full chain environmental management system covering source prevention, process control, and end of pipe treatment. The company promotes efficient resource utilization and waste reduction by implementing lean production management mode and energy-saving and consumption reduction target responsibility system, achieving dual improvement of environmental management performance and operational quality.

The Sustainable Development Management Committee coordinates environmental compliance management, establishes a three-level management structure at the group, sector, and company levels, and conducts monthly summaries, quarterly meetings, and annual monitoring of subsidiary companies. All companies have passed ISO14001 environmental management system certification. According to the requirements of the system and relevant provisions of the *Environmental Protection Law of the People's Republic of China*, Lizhong Group has formulated the *Compilation of Safety and Environmental Management Systems*.

Lizhong Group implements a three in one environmental risk management mechanism of "Prevention-Monitoring-Emergency". Every year, a systematic investigation of environmental risk sources is conducted, and risk items such as waste gas, wastewater, and solid waste in the production process are graded and evaluated. A dynamic list of major risk sources is established and a "one source, one policy" control plan is implemented.

In response to sudden environmental incidents, the group requires its subsidiaries to prepare an Environmental Emergency Response Plan, establish a three-level emergency response mechanism, and equip professional emergency teams and material reserves. Organize environmental accident simulation drills every six months, conduct more than 60 environmental emergency drills during the reporting period, with over 12000 participants, and establish emergency linkage channels with local governments to ensure that emergency procedures are activated within 30 minutes.



During the reporting period

60+

environmental emergency drills

Over 1200

participants involved

Established emergency coordination channels with local governments to activate response procedures within 30 minutes



车轮集团公司污水处理站采用“超滤+反渗透”工艺,将废水进行再次处理,使用次氯酸钠、亚硫酸氢钠、阻垢剂,进行水质消毒脱氯防结垢,中水回用至模具冷却、工件冷却、涂装预清洗、厕所冲洗、花卉浇灌等。



车轮集团公司中水回用设备

Lizhong Group has incorporated environmental protection capacity building into its employee development system. In 2024, the entire group has conducted over 50 environmental protection training sessions, covering more than 2000 key positions such as production, technology, and procurement, with a total training duration of over 300 hours. The training content covers modules such as interpretation of environmental regulations and practical implementation of clean production. At the promotional level, the company has created a multi-dimensional environmental protection culture battlefield: regularly carrying out theme activities such as "World Environment Day" and "Energy Conservation Promotion Week", and holding 15 events such as environmental knowledge competitions and waste utilization competitions in 2024. Through internal electronic screens and enterprise work groups, more than 180 environmental protection cases were promoted, and more than 50 visual environmental protection billboards were set up in the workshop to strengthen the environmental awareness of the entire group.



During the reporting period

Lizhong Group

0 incidents

there were no environmental penalty incidents reported by Lizhong Group.




The picture shows the Environment Day event



# Pollution Prevention and Control and Ecosystem Protection

## Pollutant Emission

Lizhong Group has established a three-level pollutant emission management system consisting of "Group Strategic Coordination, Sector Collaborative Execution, and Precise Factory Implementation", clarifying the responsibilities of each level to ensure efficient and coordinated pollution control work. All companies have passed the ISO14001 environmental management system, and some companies have environmental performance ratings of B or above, and have obtained exemptions for strategic emerging enterprises.



1.Coordinate the integration of resources and standardization across various sectors

The Sustainable Development Department coordinates the development of pollutant emission management strategic plans, supervises the company's pollutant treatment situation, and ensures compliance with pollutant emissions regulations.

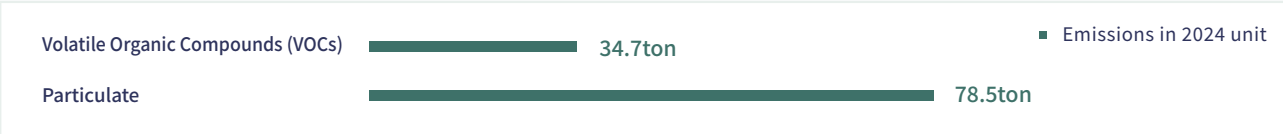
2. Refine sector emission targets and internal inspections

The responsible persons of each department shall formulate the implementation rules for pollutant emission management in their respective departments based on the strategic plan issued by the Sustainable Development Department, guide their subsidiaries to implement environmental protection equipment renovation, treatment process upgrading, and carry out special inspections and hidden danger investigations, organize environmental protection training and experience sharing.

3.Implement daily operation and management of pollutants in subsidiary companies

The safety and environmental protection department of the subsidiary is responsible for the daily operation and management of the company's pollutant treatment, including process optimization, equipment maintenance, daily emission data monitoring, and ledger recording. It implements the rectification requirements issued by the superior department and provides feedback on the implementation of the rectification.

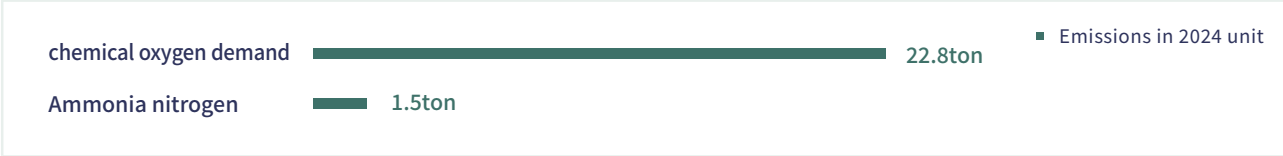
### Atmospheric pollutants




Lizhong Group strictly abides by relevant laws and regulations such as the Air Pollution Prevention and Control Law of the People's Republic of China. According to the Compilation of Safety and Environmental Management Systems, it sets an annual target to reduce the emission of waste gas pollutants, ensuring a 5% decrease in pollutant emissions by 2025 compared to the previous year. It also conducts daily management of waste gas in accordance with the Management Standards for Pollutant Emission Ledger and Waste Gas Emission Management System.As of December 31, 2024, subsidiaries of Lizhong Group have continuously inshighed corresponding environmental protection facilities in various production plants and production lines, including "Zeolite Molecular Sieve Rotary Adsorption Concentration+RTO", bag filter, online monitoring system, etc. All exhaust emissions meet the relevant national and local emission standards, and some companies have emission concentrations lower than the local limit by more than 30%.



### Water pollutants



The subsidiary of Lizhong Group strictly manages wastewater pollutants in accordance with the Wastewater Station Management Standards and Wastewater Discharge Management System, and sets annual wastewater pollutant reduction targets to ensure a 3% decrease in emissions by 2025 compared to the previous year.Subsidiaries and production plants under Lizhong Group are equipped with comprehensive sewage treatment facilities and online monitoring systems for pollutants, which monitor the real-time treatment of wastewater. After the comprehensive wastewater enters the urban sewage treatment plant for treatment, the water quality meets the relevant national and local discharge standards.



During the reporting period

no significant administrative penalties were imposed for pollutant emissions.

## Waste Disposal

Lizhong Group strictly complies with national and local environmental protection laws and regulations such as the Solid Waste Pollution Prevention and Control Law of the People's Republic of China and the General Industrial Solid Waste Storage and Landfill Pollution Control Standards. It strictly manages the generation, transfer, and storage of solid waste and requires its subsidiaries to set solid waste emission reduction targets, setting a 3% reduction in solid waste by 2025 compared to the previous year. Through measures such as using recycled packaging materials and strengthening production process management, it effectively promotes the recycling and reuse of solid waste.

For hazardous waste, the Hazardous Waste Management System has been formulated, which provides intelligent online supervision and management from the aspects of collection, storage, transportation, utilization, and disposal. A professional third-party team has been hired to dispose of hazardous pollutants, ensuring that all pollutants are safely and harmlessly treated in accordance with relevant national laws and regulations.The company has set an annual target for reducing hazardous waste, with a 5% decrease in hazardous waste generation by 2025 compared to the previous year.



During the reporting period

23624 tons

general solid waste were generated and properly and effectively disposed of

60098 tons

hazardous waste are generated

100 %

with a compliance treatment rate of

## Ecosystem and Biodiversity Conservation

The operational points of Lizhong Group are not within the key protected areas, and their production and business activities do not have a significant impact on the ecosystem and biodiversity.

In 2024, Lizhong Group formulated regulations such as the Regulations on the Management of Biodiversity Protection and the Regulations on the Management of Alien Species, and conducted a biodiversity assessment to form the Biodiversity Assessment Report. Reduce dependence on primary mineral resources through a recycling network of recycled aluminum resources (covering multiple regions both domestically and internationally), indirectly reducing the damage to habitats caused by mineral extraction. Promote recyclable packaging materials to reduce the loss of forest resources caused by disposable packaging. And carry out greening projects in the factory area to create small ecological spaces and promote regional micro ecological balance.

In the future, Lizhong Group will continue to expand its production capacity of recycled aluminum, explore eco-friendly new materials and processes, increase the use of recycled packaging materials, and actively participate in ecological restoration projects (such as afforestation and wetland protection) to reduce the interference of production activities on surrounding biological habitats.

# Sustainable Resource Management

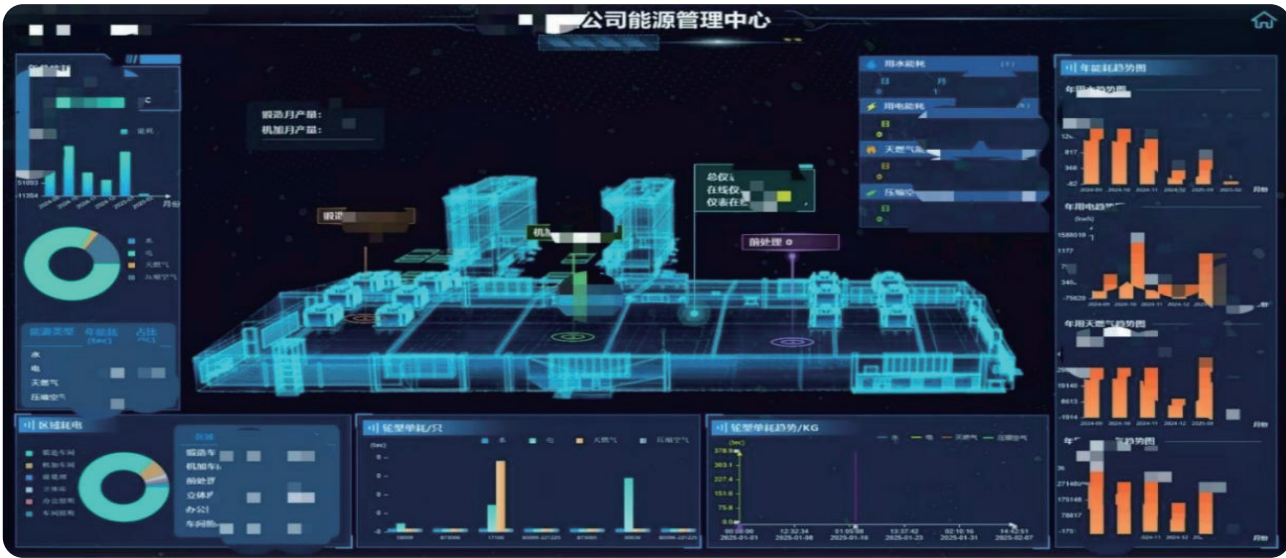
The Sustainable Development Management Committee of Lizhong Group coordinates the management of energy, resources, and circular economy, establishes the strategic orientation of "Energy Conservation, Consumption Reduction, and Continuous Improvement", and incorporates sustainable resource utilization into its core strategy. The equipment department of the group optimizes the use of energy and resources in accordance with program documents such as *the Energy and Resource Control Procedure and the Energy Operation Management Procedure*, promotes technologies such as circular water use and frequency conversion control, strengthens equipment energy efficiency monitoring and eliminates outdated production capacity, and ensures full lifecycle management of resources.

## Energy utilization

Lizhong Group actively carries out energy management work, standardizes energy management system certification activities, and all major companies have passed ISO 50001 energy management system certification. They have formulated the Energy Use and Statistical Analysis Management Process, set energy management related goals, optimize energy consumption structure, and continuously improve the energy management level of the enterprise.

Lizhong Group actively uses clean energy, continuously increasing the proportion of clean energy use through the construction of new photovoltaic power generation, transforming high energy consuming equipment, continuously promoting low-temperature waste heat utilization to save gas use, optimizing energy efficiency, and achieving sustainable energy conservation. On this basis, the group sets an annual target for advanced energy consumption per unit, and achieves a continuous decrease in unit consumption by benchmarking with its subsidiaries every month.

Tianjin Lizhong Light Alloy Forging Co., Ltd. plans to establish an energy management system to achieve dynamic monitoring of energy consumption and promote digitalization and visualization of energy management. By finely managing, controlling, and optimizing the structure, processes, and key elements of energy consumption in the production process, the system will accurately measure and analyze the water, electricity, and gas consumption of the entire factory, each production process, each shift, and key energy consuming equipment. At the same time, an energy consumption cost model is generated based on monitoring data, and energy consumption benchmarking management is carried out to improve the company's energy utilization efficiency.



Case

### Recycled A356 Low Carbon Alloy Material (LZRA356)

Research and Development Objective: To replace electrolytic aluminum with waste aluminum and achieve low-carbon and green manufacturing of A356 aluminum alloy and A356 aluminum alloy products.

Technical achievements: Domestic invention patent application 202310033079.7. After investigation, the technical level is internationally advanced.

Advantages of alloy: The proportion of using waste aluminum instead of electrolytic aluminum reaches 75%. Compared with using electrolytic aluminum, the performance is the same, the carbon emissions are reduced by about 9.5 tons per ton, and the material cost is low.

Case

### Waste Heat Recovery and Utilization System

Research and Development Objective: To fully utilize various waste heat resources in the factory, reduce energy consumption, and achieve low-carbon sustainable development.

Functions and characteristics of waste heat recovery and utilization system:

1. Combined with the monitoring system of the air compressor station, recover the heat generated during the operation of the air compressor through oil-water heat exchange, and improve the working environment of the equipment.
2. Utilize intelligent electronic control systems to use the heat exchanged hot water for production and daily use, reducing energy consumption.
3. The utilization of factory waste heat can save 8 million cubic meters of natural gas annually.

## Water resources utilization

Lizhong Group attaches great importance to water resource protection and is committed to building a water-saving enterprise. The company strictly complies with relevant laws, regulations, and local policies such as the Water Law of the People's Republic of China, and has established a three-level water resource management structure from top to bottom, responsible for formulating water resource management strategies and performance evaluations. The "Water Balance Test Management Regulations" will be formulated and completed by 2024.

The subsidiary of Lizhong Group regularly introduces professional testing institutions to conduct water balance tests. Through strengthening management and technological transformation, the goal of water conservation, consumption reduction, and emission reduction is achieved, laying the foundation for building a water-saving enterprise. By inshighing advanced reclaimed water reuse equipment, the maximum reuse of water resources can be achieved, ensuring that the overall water conservation of the group reaches the industry's first-class level.

Goal: By the end of 2025, the total amount of reclaimed water used by Lizhong Group will increase by 35% compared to 2024.

Case

### Reclaimed water reuse system

Baoding Lizhong Wheel Co., Ltd. and Tianjin Lizhong Wheel Co., Ltd. use the "Ultrafiltration + Reverse osmosis" process to reprocess the wastewater after treatment. Sodium hypochlorite, sodium bisulfite, and scale inhibitors are used for water disinfection, dechlorination, and scaling prevention. The conductivity of the produced water can be less than 50  $\mu$  S/cm. The company has now achieved the reuse of the generated reclaimed water for processes such as mold cooling, workpiece cooling, and pre cleaning of coatings, with an annual reclaimed water consumption of approximately 220000 tons.

Index	unit	2024
Reclaimed water usage	10000 cubic meters	51.46
Fresh water extraction volume	10000 cubic meters	268
Fresh water extraction intensity	10000 cubic meters/million industrial output value	0.0098
Total water intake 1	10000 cubic meters	268
Water recycling utilization rate 2	/	16.11%
Total water consumption 3	10000 cubic meters	170
Water consumption density	10000 cubic meters/million industrial output value	0.0062

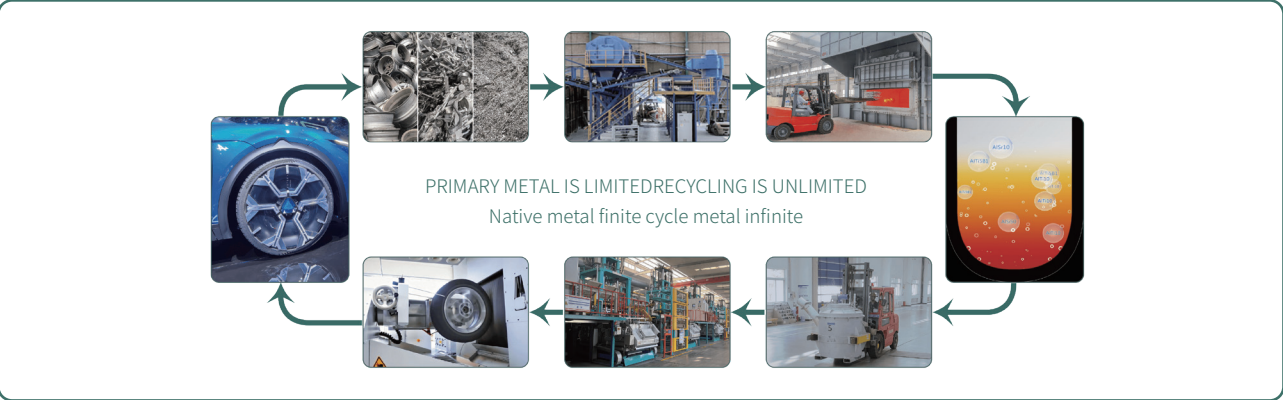
1. Calculation method: Fresh water extraction volume + Alternative water extraction volume
2. Calculation method: (Recirculated volume / (Recirculated volume + Withdrawn volume))  $\times$  100%
3. Calculation method: Total water withdrawal – Total water discharge



circular economy

At the beginning of its establishment, Lizhong Group adhered to the corporate philosophy of "limited primary metals, unlimited recycling and reuse, development of waste metal recycling and processing, and manufacturing of advanced aluminum alloy materials and products", actively practicing corporate social responsibility and pursuing sustainable development of the enterprise. The company formulates clear plans, sets specific goals, and promotes green and low-carbon transformation through practical actions.

In 2024, the company's procurement of recycled aluminum resources increased by 24% year-on-year, and its revenue from recycled aluminum increased by 29.8% year-on-year, demonstrating a strong growth trend. In 2025, the company plans to invest 960,000 tons of recycled aluminum in product production to further enhance the level of resource recycling.



In 2024, the company's domestic supporting customers' green circular packaging orders reached 8.102 million, accounting for 98.1%. The target for 2025 has been raised to 9.832 million units. In terms of overseas markets, 11 supporting customers, including Thailand and Mexico, have promoted the use of recycled packaging. The order volume reached 2.119 million units in 2024, accounting for 22.6%, and is planned to increase to 4.854 million units in 2025.

In addition, Lizhong Group continues to deepen sustainable supply chain management, promote green procurement, practice green office, and promote collaborative carbon reduction in the industrial chain, committed to supporting global green development.

Recycling of recycled aluminum

The company is a leading enterprise in the domestic recycled aluminum alloy industry, with 40 years of experience in recycling, processing, and reusing recycled aluminum technology and talent advantages, continuously promoting the recycling of renewable resources. The company fully leverages the regional layout of 21 domestic factories and the advantages of purchasing, sorting, and processing bases for recycled aluminum in Baoding and Jiangsu, further enhancing the recycling and utilization of recycled aluminum resources within the regional radius. With the commissioning of the Thai recycled casting aluminum alloy project, the company has further expanded its overseas procurement channels for recycled aluminum raw materials, promoting the global layout of the company's recycled aluminum resource recycling and utilization. At the same time, the company is actively expanding its automotive dismantling business and further expanding its advantages in utilizing recycled aluminum resources. Currently, the company has signed a memorandum of understanding with NIO on vehicle recycling, aiming to maximize the value added of vehicle material recycling and achieve circular economic benefits for vehicle materials.



Lizhong Group always adheres to the green concept of "Harmless Elements and Beneficial Harmless Elements" in recycled aluminum alloys, and creatively proposes the "Three Super, One Micro, and Two Ratio" production technology for recycled aluminum alloys. The low-carbon recycled aluminum A356 alloy developed by the group can reduce 11 tons of carbon dioxide emissions and save 22 tons of water for every ton produced.



Promote the use of recycled packaging materials

Lizhong Group actively responds to national sustainable development and environmental policies, and continues to promote the use of recyclable packaging materials. By reducing the use of disposable packaging materials and choosing recyclable materials and recyclable packaging, we can not only reduce the loss of forest resources but also decrease the amount of waste generated. Specific measures include:

**Optimize packaging design**

use recyclable packaging materials to reduce the use of disposable packaging.

**Promote green packaging**

Promote the use of environmentally friendly packaging materials in the supply chain to reduce the impact on the environment.

**Strengthening management**

By enhancing packaging management in the production process, improving resource utilization and reducing waste emissions.

Lizhong Wheel currently has 30 domestic supporting customers, of which 26 have promoted the use of recycled packaging materials. In 2024, the order volume for using recycled packaging materials was 8.102 million, accounting for 98.1% of all domestic supporting customer orders. The target for domestic customers to use recycled packaging materials by 2025 is 9.832 million units.



Eleven overseas supporting customers of Lizhong Wheel (including Thailand and Mexico) have promoted the use of recycled packaging materials. In 2024, the number of orders using recycled packaging materials reached 2.119 million, accounting for 22.6% of all overseas supporting customer orders. The target for overseas supporting customers to use recycled packaging materials by 2025 is 4.854 million units.





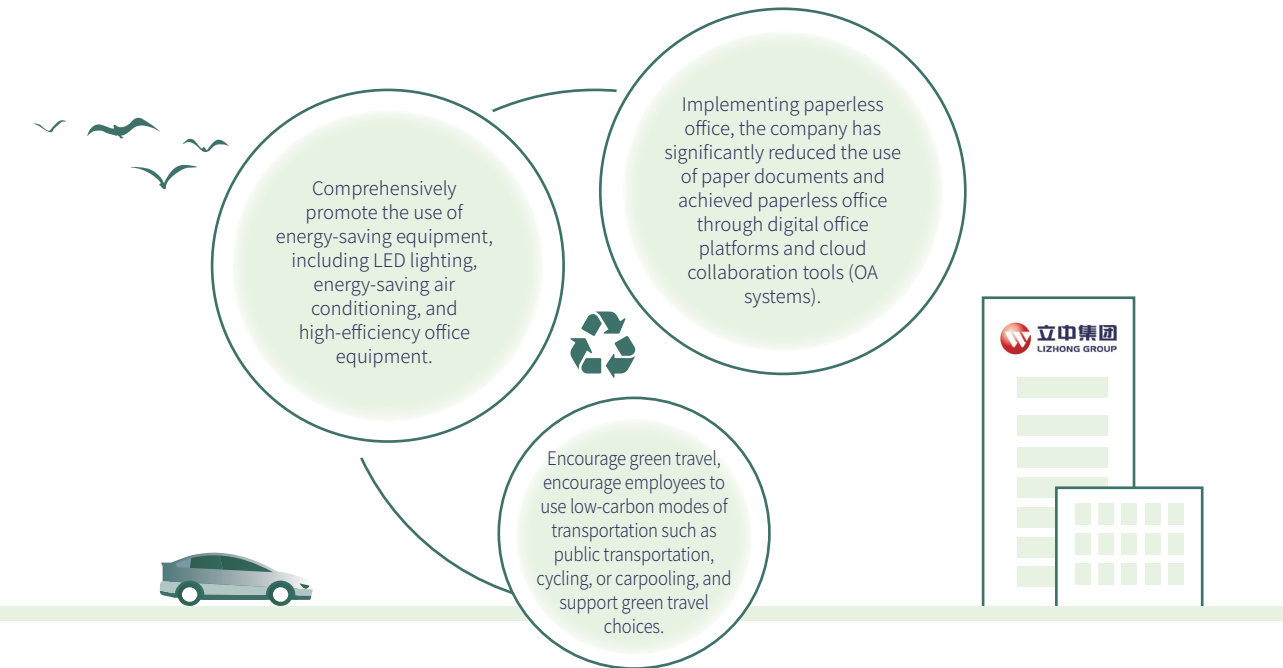
Harmless disposal of hazardous waste aluminum ash

Hebei Sanyi Renewable Resources Utilization Co., Ltd. is a wholly-owned subsidiary of Lizhong Group established in 2019. The equipment and production lines are constructed using advanced technology promoted by the Ministry of Ecology and Environment, all of which are green products for resource recycling. The company processes 130000 tons of various industrial waste annually (including a 100000 ton aluminum ash processing production line, which is a demonstration project of the Ministry of Ecology and Environment's Solid Waste Center). In accordance with the relevant requirements of the State Council's Pilot Work Plan for the Construction of a Waste Free City, the company aims to minimize the impact of solid waste on the social environment and achieve the goals of recycling, turning waste into treasure, harmless hazardous waste, and resource utilization, making contributions to building a waste free city in the Beijing Tianjin Hebei region.



Green office

Lizhong Group has always regarded green office as one of the important measures to achieve sustainable development, committed to creating a low-carbon and efficient office environment, and practicing environmental responsibility through practical actions.



Opportunities in Clean Technology

Clean technology strategic planning

Lizhong Group is anchored to its long-term goal of becoming a leading global supplier of low-carbon, green, and sustainable light alloy materials and automotive components, strengthening sustainable development management from the board of directors to its subsidiaries. The short-term goal is to focus on improving the technological innovation system, accelerating the formation of "New quality Productivity", promoting the large-scale application of "regenerated" and "Heat Free Alloy" new products from 2025, and achieving profit accumulation.

In terms of technological research and development, we adhere to the "Independent + Cooperative" model, guided by market demand, actively optimize industrial layout, and improve product technical indicators through overseas mergers and acquisitions and independent research and development. Promote lean, green and low-carbon production, digital and intelligent transformation, enhance the processing and utilization capabilities of recycled aluminum, and achieve dual circulation of domestic and foreign resources. By implementing a clean technology strategy, we strive to achieve a win-win situation between economic and environmental benefits, and enhance our core competitiveness and market influence.

Innovation capability in the field of clean technology

Lizhong Group has demonstrated strong innovation capabilities in the field of clean technology, not only establishing 15 national and provincial enterprise technology centers, but also jointly establishing 3 product technology research and development centers internationally.

As a leader in the domestic non heat treated alloy materials and recycled aluminum alloy industry, the company not only obtained the invention patent for "Low-Carbon Recycled Non Heat Treated Aluminum Alloy" in May 2024, but also has strong recycled aluminum processing capabilities, laid out 21 domestic recycling bases and expanded overseas production capacity. In addition, the "Key Technology Research and Application of Green Low carbon Aluminum Alloy Wheels" project developed by Baoding Lizhong Wheel Manufacturing Co., Ltd. has won the third prize for promoting productivity in China, demonstrating its innovative vitality.



As of December 31, 2024, Lizhong Group has obtained a total of 964 patents.



Green factories and green supply chains

Lizhong Group takes green factory construction as its core, comprehensively promotes the layout of green supply chain, and continues to lead the industry's green transformation. The company adheres to the dual wheel drive of "Environmental Friendliness" and "Energy Efficiency", and creates a green production model throughout the entire lifecycle by optimizing production processes, improving resource utilization efficiency, and reducing pollution emissions. As of December 31, 2024, the company has successfully built 5 national level green factories, 7 provincial level green factories, and 1 municipal level green factory, and has been awarded 2 national level green supply chain management enterprises and 2 provincial level green supply chain management enterprises.

Case

Research and development of A356 multi-stage recycled aluminum application technology

The Wheel Group Technology R&D Center collaborates with Lizhong Alloy Group and Sitong New Materials Company to conduct research on the application technology of A356 multi-stage recycled aluminum recycling, in partnership with major automakers such as Ideal, BMW, and Honda. With the group's industry position, resources, and full industry chain advantages, combined with independently developed microalloying and aluminum liquid purification technologies, remarkable achievements have been made in Fe phase treatment and slag removal, which have been recognized by automobile manufacturers and reached the international leading level.

In terms of project progress and implementation effectiveness, in the second phase of BMW's multi-stage recycled aluminum application verification, the chemical composition meets the requirements of A356.2, and after microalloying technology treatment, the mechanical properties and bench tests of the products are qualified. All products have been produced using multi-stage recycled aluminum. The Institute of Melting and Casting Technology, in collaboration with relevant departments, has conducted multiple verifications of potential alloy composition formulas for the fourth stage. The optimal formula has completed one round of online verification and the mechanical properties of the product are qualified. In addition, BMW is actively promoting the project, and the application verification of different proportions of recycled aluminum by Honda has also been completed.

Case

Primary Utilization Project of Solid Forging Waste

To enhance product competitiveness and meet the requirements of green and low-carbon development, Lizhong Group plans to recycle and reuse forging product waste. By verifying the addition ratios of different waste materials (75% and 100% aluminum chips), optimizing the aluminum liquid refining and bar casting processes, a process plan that maximizes the utilization of primary waste materials is formed and implemented. The verification results show that the chemical composition, mechanical properties, low magnification structure, high magnification structure, segregation layer thickness, and ultrasonic testing of both types of cast bars meet the product requirements. The forgings produced by the two types of cast bars also meet customer standards in terms of mechanical properties and bending fatigue. At present, the cast bars produced with a 75% aluminum chip ratio have been successfully used in the production of forgings that meet the requirements for use.




Case

Low carbon non heat treated aluminum alloy material

In 2024, Lizhong Alloy Group will further increase its efforts to promote the research and development of low-carbon heat free aluminum alloy materials. The LZHM-03 alloy developed has good balance of strength and toughness, especially with a high allowable upper limit of impurity elements and low-carbon advantages. The alloy is subjected to die casting tests with a 70% proportion of scrap aluminum added. The tensile strength is  $\geq 270\text{MPa}$ , the yield strength is  $\geq 120\text{MPa}$ , and the elongation rate is  $\geq 10\%$ . This alloy is suitable for large integrated aluminum alloy structural components, such as the rear floor, front engine compartment, battery tray, etc. of new energy vehicles.

In November 2024, LZHM-03 recycled low-carbon non heat treated cast aluminum alloy material won the Excellence Award at the 9th Lingxuan Awards.



Case

Tianjin Xinli Zhong Alloy Group Co., Ltd. was approved for a Global Environment Facility project

On November 7, 2024, the implementation plan for the Best Feasible Technologies/Best Environmental Practices (BAT/BEP) demonstration activity for recycled aluminum enterprises, prepared by Tianjin Xinli Zhong Alloy Group Co., Ltd., passed expert review smoothly. This project has participated as a typical case in the Global Environment Facility's "Green Production and Sustainable Development Project for China's Recycled Aluminum, Lead, Zinc, and Lithium Industries", with a total investment of 14.7214 million US dollars (approximately 104.52 million yuan) and a grant of 1.05 million US dollars (approximately 7.455 million yuan). The main goal is to build a demonstration project for intelligent control and collaborative emission reduction of dioxins throughout the entire process through technological innovation in source control, process optimization, and end of pipe treatment. The project is expected to be completed by the end of 2025, with an estimated reduction of 40.66gTEQ in dioxin emissions, 11.2% in comprehensive energy consumption, 3399 tons of carbon dioxide emissions, and an increase in aluminum recovery rate from 89.9% to 96.6%.







# Social Chapter

## INNOVATION LEADS EMPOWERMENT AND PROGRESS

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# Innovation driven

Lizhong Group has always regarded technological innovation as the core driving force for enterprise development, adhering to the strategic concept of "Relying on Technological Progress to Promote Enterprise Development". It has established a technology research and development department to guide research and innovation work, and is committed to occupying the technological high ground in the research and development of automotive lightweight materials, recycled new materials, heat free alloy new materials, and functional intermediate alloy new materials.



## Technology Innovation Strategy and Goals

### 1 Strategy and Goals

Lizhong Group has closely focused on the national innovation driven development strategy, combined with industry development trends and its own business characteristics, formulated a technology innovation strategy guided by market demand, centered on technological breakthroughs, and supported by talent cultivation. In the next three years, the company plans to increase research and development investment, aiming to break through key technologies, develop lightweight wheels, high-performance aluminum alloys and other products to meet market demand, and establish a digital research and development platform to improve research and development efficiency and data sharing.





2 Fund raising arrangements and safeguard measures

To ensure sufficient supply of funds for technological innovation, the company has established the R&D Expense Budget and Allocation Management Process to strengthen budget management for R&D projects. At the same time, regular audits and evaluations of the use of research and development funds are conducted to ensure transparency and effectiveness of fund utilization.

Lizhong Group has adopted diversified fundraising methods. On the one hand, the company will extract a certain proportion of funds from its net profit each year as research and development special funds to ensure stable growth in research and development investment. On the other hand, actively seek government research project funding support, participate in national and local science and technology plan projects, and obtain special funding support.

Specific situation of technological innovation

1 Construction of R&D Innovation Management System

Lizhong Group has established a comprehensive R&D innovation management system, integrating risk management awareness into the entire life cycle of each R&D project, covering various aspects such as project initiation, R&D process management, and achievement transformation, thereby ensuring the feasibility of technological innovation and the robustness of strategic implementation.

During the project initiation phase, the company established a project review committee composed of technical experts, marketing personnel, and management personnel to rigorously screen and evaluate R&D projects, ensuring their feasibility and market prospects.

In terms of R&D process management, project management software has been introduced to achieve real-time monitoring and management of the progress, quality, and cost of R&D projects. At the same time, a performance evaluation system for R&D personnel has been established, incorporating R&D achievements into individual performance, fully mobilizing the enthusiasm and creativity of R&D personnel.



2 Participation in R&D innovation and technology cooperation projects

Lizhong Group actively participates in various research and development innovation and technology cooperation projects, with more than 100 ongoing projects in 2024. It has established long-term and stable cooperative relationships with well-known universities and research institutions at home and abroad.



Lizhong Group has established strategic partnerships with more than ten domestic and foreign universities and research and development institutions, including the Chinese Academy of Sciences, the National Supercomputing Center, Tsinghua University, Beihang University, Beijing University of Science and Technology, and Brunel University in London, to promote the research and development of green and low-carbon technologies. Through the acquisition of MQP in the UK, an international research and development center has been established to achieve a business model of "international research and development, Chinese manufacturing, and global sales".



Part of the industry university cooperation universities and research institutions of Lizhong

Case

Hebei Province Automotive Lightweight Parts Industry Innovation Alliance Established

In 2024, led by Baoding Lizhong Wheel Manufacturing Co., Ltd., and in collaboration with 17 upstream, midstream, and downstream enterprises, as well as 8 research institutions and higher education institutions including the Chinese Academy of Sciences, Beihang University, and Beijing University of Science and Technology, the Hebei Province Automotive Lightweight Parts Industry Innovation Consortium was formed. The consortium focuses on researching key technical issues related to the "Bottleneck" of the automotive lightweight parts industry, forming an upstream and downstream industrial development chain in the field of automotive lightweight parts, breaking through industry technical barriers, and promoting high-quality development of the automotive parts industry.

Research and Development Progress and Achievements

Lizhong Group has always adhered to the principle of "relying on technological progress to promote enterprise development", attached great importance to scientific and technological innovation and research and development work, invested 290 million yuan to establish Lizhong Research Institute, with a building area of 15000 square meters, capable of accommodating 500 people for scientific research work, purchased more than 400 sets/sets of R&D testing and inspection equipment, and formed an efficient R&D system with talent gathering, equipment concentration, and technical collaboration, ensuring the leading position of casting aluminum alloy, deformed aluminum alloy, aluminum alloy wheels, automotive lightweight parts, precision molds, aluminum based functional intermediate alloys, and special alloy product technology in the industry.



Dr. Ryan, Chief Scientist of Aluminum Grain Refiner Technology at Lizhong Group



Technical Collaboration between Lizhong Group and Volkswagen Brazil

In the field of functional intermediate alloy new materials

In the field of functional intermediate alloy new materials, the company's technology research and development center currently has a research and development team of more than 50 people, including doctors, experts, and masters, with product research and development capabilities in a leading position in the industry. The company has successively established major research and development platforms such as the National International Science and Technology Cooperation Base, Hebei Aerospace Metal Materials Technology Innovation Center, Hebei Functional Intermediate Alloy New Materials Engineering Research Center, and Sweden Grain Refinement Research Experimental Center.

In the field of recycled casting aluminum alloy materials, the company has seven material innovation centers, including a provincial-level light metal alloy material industry technology research institute, a recycled aluminum based new material technology innovation center, a new aluminum alloy material technology innovation center, and a wheel new material and testing technology innovation center. It also has one provincial-level equipment technology innovation center, five provincial-level enterprise technology centers, and two nationally recognized CNAS laboratories.

In the field of recycled casting aluminum alloy materials

In the field of aluminum alloy wheels

In the field of aluminum alloy wheels, the company is the only enterprise in the industry that integrates aluminum alloy material research and development, mold research and development, tooling equipment research and manufacturing, wheel product design, simulation analysis, manufacturing process research and development, and digital information application. The R&D center has more than 300 expert and technical personnel, and has successively established national enterprise technology centers, provincial technology innovation centers, provincial enterprise technology centers, national certification laboratories, and postdoctoral innovation practice bases.

In 2024, the company's R&D investment amounted to 940 million yuan, an increase of 27.03% compared to the previous year, with R&D investment accounting for 3.44% of operating revenue. As of the end of this reporting period, the company has a total of 964 patents, including 170 invention patents, 749 utility model patents, and 45 design patents. As of December 31, 2024, the company has 2393 research and development personnel, accounting for 20% of the total number of employees.

The role of technological innovation in promoting the development of new quality productive forces

Promote industrial upgrading

Lizhong Group focuses on technological innovation, developing high-performance aluminum alloys and new energy vehicle battery materials to assist in the lightweighting, electrification, and intelligence of automobiles, and promote the development of new quality productivity.

Increase productivity

Lizhong Group has established a research and development platform and intelligent workshop through digital transformation, achieving R&D collaboration and data sharing, and shortening the cycle. Applying automation and IoT technology to improve production efficiency and quality.

Promote green development

High performance materials reduce vehicle weight, energy consumption, and emissions. Battery materials enhance performance, reduce pollution, and contribute to sustainable development.



Case

Application of Aluminum Alloy Materials in Aerospace and Low Altitude Economy

The aerospace grade special intermediate alloys developed and produced by the company have been successfully indirectly used to manufacture key parts such as aircraft engine exhaust plugs, engine blades, nozzle components, landing gear, brake discs, and fasteners. They have also been indirectly supplied to an electric aircraft ("Air Taxi") of a foreign flying car company. The aluminum based rare earth intermediate alloys produced have been applied in the manufacturing of aluminum alloys for large aircraft and aerospace components. In addition, the company's developed silicon aluminum dispersion composite new materials such as silicon aluminum alloy, aluminum based composite materials, microcrystalline aluminum alloy materials, and 3D printed aluminum alloy materials can be used for aerospace electronic packaging, aircraft components, optical equipment, etc. The company's high-strength, high yield, heat free die-casting aluminum alloy is also undergoing material verification on the structural components of a well-known drone brand in China.



Case

Application of new alloy materials such as aluminum silicon and aluminum silicon carbide in the semiconductor field

The new alloy materials developed by the company, such as aluminum silicon and aluminum silicon carbide, have the characteristics of low expansion, high thermal conductivity, low segregation, and high stiffness. They have been applied in the manufacturing of semiconductor equipment components, such as bases, support frames, electrostatic chucks, etc.



Case

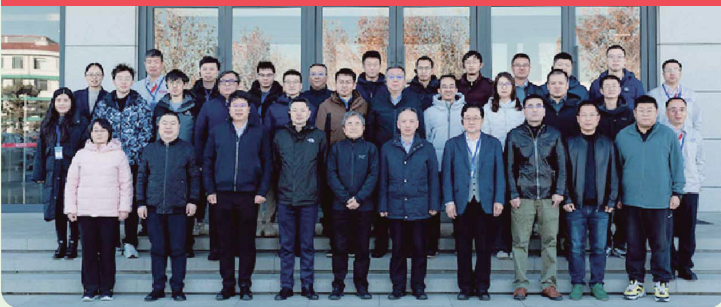
Development of Al-Ti-C grain refining agent applied to high-strength and tough aluminum alloys

Lizhong Sitong Light Alloy Group Co., Ltd. has improved the microstructure and refining ability of Al-Ti-C grain refining agent products through the improvement and optimization of raw materials and production processes. The developed product has smaller TiC particles, more uniform distribution without aggregation, and more efficient and stable refining ability, solving the technical problem of large TiC particle size and TiC aggregation in the original product. The product has been applied in high-strength, tough and fatigue resistant aluminum alloys.

National Key Research and Development Program "Key Technologies for New Ultra High Strength, Tough, Fatigue resistant, and Damage resistant Aviation Aluminum Alloy Plates"

Project 2024 Annual Work Conference

November 27, 2024, Baoding, Hebei







Case

Research and development of precision control technology and equipment for ultra purification treatment of aluminum melt

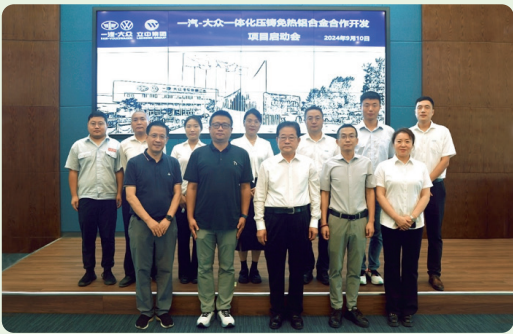
Lizhong Group has developed a large furnace to liquid filtration box, which increases the weight of aluminum liquid filtered by ABB in the static furnace by more than 15%. By insligning a diversion pier at the bottom of the rising pipe, the risk of slag being sucked into the mold cavity by the rising pipe during punching is reduced. At the same time, a new cup-shaped filter or multi-layer filter is designed to replace the current single-layer circular cake shaped iron nickel filter. After the application of this project, the total amount of slag inclusions and pore defects in the wheels decreased by more than 30%. According to expert evaluation, this technology has reached the international advanced level.



Case

Production Layout of Heat Free Alloy by Lizhong Group

As a pioneer in the domestic integrated die-casting of heat free alloy materials, the company has taken the lead in achieving domestic substitution. In the first half of 2024, integrated die-casting heat free alloy materials have successively obtained terminal certification and project designation from multiple leading new energy vehicle companies and large die-casting factories, and entered the stage of large-scale production. At the same time, the company has developed and launched a series of derivative non heat treated alloy materials such as recycled low-carbon and high-performance, which will help the company continue to expand the market size of integrated die-casting non heat treated alloy materials in multiple varieties of applications, diverse customer coverage, and segmented terminal product application fields.



Full process project management

from project application, baseline setting to achievement promotion, forming a closed-loop management.- Multi departmental collaboration in large-scale projects, combining quantitative indicators with qualitative evaluation, ensures that the improvement results are measurable and replicable.

Horizontal experience sharing

Establish a lean achievement promotion mechanism within the group, and quickly replicate excellent projects through standardized templates to achieve experience sharing and maximize benefits. In 2024, a total of 268 cost reduction and efficiency improvement projects were collected, and 62 were successfully promoted.



Case

Efficient Green Casting Production Line

The Lean Promotion Department of the company, in conjunction with the Technical Department and Thermal Department, optimized and adjusted the process at Baoding Lizhong Wheel Manufacturing Co., Ltd., developed water-cooled molds, and created an efficient and green casting production line. The casting temperature was reduced from 700 °C to around 680 °C, thus achieving a benchmark production line of high efficiency and low energy consumption.



Lean Management

Lizhong Group adheres to the concept of "Continuous Improvement and Pursuit of Excellence", systematically promotes lean management, and issued the Lizhong Group Lean Promotion Management Regulations in 2024, building a scientific and efficient management system to help reduce costs, increase efficiency, and promote sustainable development.

Systematic organizational structure

The group has established a multi-level lean management structure, including the group's lean promotion department, dedicated promotion teams of subsidiary companies, and cross departmental review committees. Strengthen resource integration and project execution through collaboration between dedicated lean specialists and review expert groups.

Dynamic assessment and incentives

Implement a strict monthly assessment mechanism, incorporating project application, progress tracking, and achievement verification into the scoring system. Quarterly selection sets up multi-dimensional awards (such as the Best Efficiency Improvement Award and the Most Practical Value Award), combining material and spiritual rewards to promote innovative practices and the emergence of excellent cases.



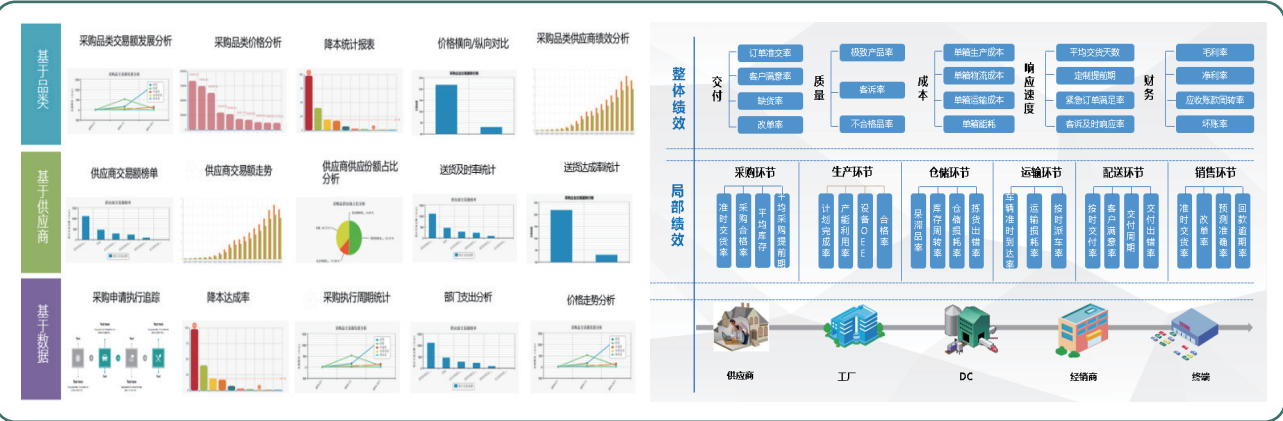
Digital transformation

Lizhong Group actively responds to the national strategic deployment of "Manufacturing Power", accurately grasps the development trend of "Intelligence, Greenness, and High-end" in the industry, takes the overall strategic planning as guidance, breaks through development bottlenecks through systematic digital transformation, and builds new advantages in intelligent manufacturing. The company has carried out in-depth strategic cooperation with the China Industrial Internet Research Institute of the Ministry of Industry and Information Technology. Based on authoritative standard systems such as Digital Transformation Maturity Model, Intelligent Manufacturing Capability Maturity Model, Informatization and Industrialization Integration Management System, and Digital Level Evaluation Indicators for Small and Medium sized Enterprises, the company comprehensively diagnoses the company's digital status quo, customizes the digital development strategic plan that is both forward-looking and feasible, and strives to create a "Digital Center" smart factory demonstration benchmark to achieve a dual wheel drive of production efficiency improvement and cost optimization, comprehensively enhance market competitiveness, and lead the industry in a new pattern of high-quality development.

5G Smart Factory

The Qingyuan factory under the company has made every effort to promote and complete the construction of a 5G cloud based smart demonstration factory. Relying on the operator's cloud based 5G customized private network products, and based on the lightweight cloud base, it has deployed the user plane function (UPF) multi access edge computing (MEC) and innovative cloud network applications, and built a computing network integrated industrial integration platform exclusive to Lizhong Group. The 5G smart factory project is guided by three core values: cost reduction, quality improvement, and efficiency enhancement, and is deeply integrated into the wheel hub manufacturing process. Based on actual production scenarios, we have carefully planned and implemented 7 innovative 5G fusion applications, including 5G+AI visual personnel management, 5G+smart mobile safety supervision, 5G+AR remote collaboration, 5G+AI robot wheel sorting, 5G+AGV intelligent warehousing, 5G+data acquisition smart park management, and visualized data cockpit.

At the same time, the company fully leverages the powerful data analysis and display capabilities of the Fansoft platform, as well as the data integration advantages of the main data platform, to carefully create a comprehensive decision-making reporting system that integrates production, supply chain, and finance. Through this system, real-time and accurate monitoring of various key data indicators can be achieved, and potential problems and opportunities in business operations can be identified in a timely manner, continuously optimizing and improving the operational capabilities of the enterprise.



The company strictly adheres to scientific ethical norms in the scientific research process, following the principles of "Respect and Harmlessness" and "Objectivity and Public Welfare".

Sustainable Supply Chain



The goal of supply chain risk management for Lizhong Group is to ensure the stability and reliability of the supply chain, reduce the risk of supply chain disruptions, and improve the resilience and sustainability of the supply chain.

Supply chain security

Lizhong Group has comprehensively applied various strategies and methods, covering multiple stages such as risk identification, assessment, response, and monitoring, to ensure the comprehensiveness and effectiveness of supply chain management.

Risk identification

1 Establish a risk list

comprehensively sort out various links in the supply chain, such as procurement, production, logistics, warehousing, etc., and list possible potential risk points, such as supplier bankruptcy, major quality abnormalities, natural disasters affecting production, epidemics, transportation vehicle failures, etc.

2 Collecting information

Collecting internal and external information, including the company's own operational data, financial status, etc. By purchasing membership on relevant information and intelligence websites, participating in industry exhibitions, and other means, external information can be obtained, covering market trends, policy and regulatory changes, industry trends, and more.

Risk assessment

1 Determine evaluation indicators

Establish a scientific risk assessment indicator system, such as the likelihood of risk occurrence, degree of impact, detectability, etc., and incorporate it into the risk management system.

2 Quantitative risk

Using methods such as risk matrix and analytic hierarchy process, quantitatively evaluate the identified risks and determine their levels (I-IV).





Risk response

1 Risk avoidance

For situations where there is a high possibility of risk occurrence and significant impact, such as suppliers in high-risk areas, increase the number and sources of suppliers, develop alternative suppliers, avoid dependence on a single supplier, and reduce the risk of supply interruption.

2 Risk reduction

By strengthening supplier management and establishing rigorous “Supplier Management Regulations”, implementing full lifecycle management from supplier admission to supplier exit, evaluating supplier performance monthly, implementing annual supplier upgrade and downgrade management, and conducting regular on-site supplier audits. In addition, measures such as optimizing inventory management and establishing emergency plans can be taken to reduce the likelihood of risk occurrence or mitigate the impact of risk occurrence.

Rationally plan the geographical location of production bases and storage facilities to reduce the risk of supply chain disruptions caused by natural disasters, geopolitical and other factors.

3 Risk transfer

Starting with the ESG risk management matrix, the company adopts a risk transfer strategy, using insurance transfer tools to purchase special insurance for physical risks such as asset damage caused by extreme weather, as well as compliance transformation risks caused by policy changes. At the same time, based on the ESG evaluation standards of supply chain finance, with the help of contract agreements, risk sharing agreements are reached with up- and downstream partners to reasonably transfer risks and stabilize supply chain security.

Risk monitoring

1 Establish a monitoring system

Utilize information technology to establish a real-time monitoring system to monitor key indicators of the supply chain, such as using ERP and SRM systems to monitor inventory levels, supplier delivery times, logistics and transportation status, etc.

2 Regular evaluation

Regularly reevaluate supply chain risks and promptly identify new risk points and changes in existing risks.

3 Continuous improvement

Based on the results of risk monitoring and assessment, adjust risk management strategies and measures in a timely manner, and continuously improve the supply chain risk management system.

Establishing cooperation and communication mechanisms

1 Internal collaboration

Strengthen collaboration and communication among departments such as procurement, production, sales, and logistics within the company to ensure the smooth implementation of risk management work.

2 External cooperation

Establish close cooperative relationships with suppliers, customers, logistics service providers, etc., share information, and jointly respond to risks. If signing a cooperation agreement with the supplier, clarify the responsibilities and obligations of both parties in risk management.



During the reporting period

there were no incidents of supply interruption in Lizhong Group.

Sustainable Supply Chain Management

Lizhong Group has added the audit content of ASI (Aluminum Stewardship Initiative) in the supplier audit process, evaluating suppliers based on their corporate integrity, greenhouse gas emissions, product carbon footprint, air pollutants, water pollutants, waste, water resource management, biodiversity, occupational health and safety, and ranking them according to their scores.

At the same time, Lizhong Group has formulated a statement on the procurement policy of conflict free metals, promising to only purchase from environmentally and socially responsible raw material suppliers, and that the metal materials used in the raw materials provided to Lizhong Group do not come from conflict areas.



Inviting suppliers to visit Lizhong Group and hold supplier symposiums

Equal treatment of small and medium-sized enterprises

Lizhong Group always adheres to the core value of “every excellent supplier is a part of Lizhong Group’s core competitiveness”, treats suppliers and other partners equally, and particularly supports the business development of small and medium-sized suppliers, and payment is timelier. For suppliers who apply due to financial pressure, the company will shorten the payment period and increase the proportion of spot exchange payment according to the situation.

At the same time, relying on good relationships with partner banks, Lizhong Group acts as a bridge between small and medium-sized suppliers and partner banks, providing them with more financing opportunities and promoting their development and growth.



# Safety and Quality of Product and Service

Lizhong Group always adheres to the strategic policy of “Quality first, innovation leading”, ensuring “Zero defects, high quality”, and is committed to the service orientation of “Quick response, professional service”. The group has established a technology research quality center to manage product design, development, and production processes at all levels; establish departments such as after-sales service and quality management to be responsible for product after-sales and customer service.

## Quality control system

All major companies have passed the ISO 9001 Quality Management System and IATF16949 Automobile Quality Management System Certifications. The quality departments of each department coordinate quality related management work and have developed management procedures such as “Manufacturing Process Management Procedure”, “Process Audit Management Procedure”, “Product Audit Management Procedure”, and “Non-conforming Product Management Procedure” to continuously improve product quality by strengthening process control and zero-defect management of products.

Lizhong Group takes “total quality management” as the main line and improves 14 arrival inspection methods through conducting supplier quality special meetings, flight audits, and research on incoming inspection methods, effectively enhancing the quality of supplier raw materials. At the same time, the group plans zero-defect project management internally and sets up dedicated departments to focus on monitoring and improving product strength, mechanical performance, coatings, and other projects, continuously enhancing manufacturing process assurance capabilities.

In response to internal and external quality issues, Lizhong Group has developed improvement and prevention measures, such as visual anti mixing packaging system and label error prevention system, to achieve root cause improvement. At the same time, measures will be taken to prevent and control quality risks throughout the entire process, including design and development, process control, inspection and verification, and error prevention. This will prevent the recurrence of quality problems, continuously improve process assurance capabilities, and enhance customer satisfaction.

At the same time, Lizhong Group has established a comprehensive quality traceability system, which facilitates the traceability of product quality abnormalities and the investigation of hidden dangers. Actively participate in 6Sigma external training and internal training such as APQP, FMEA, PPAP, MSA, and SPC every year, and continuously improve the quality control process of new product development and production processes using the above tools.



## Product testing service system

The company has been accredited by the China National Accreditation Service for Conformity Assessment (CNAS) ISO/IEC 17025 for the first time since 2008. Currently, a total of 7 laboratories have obtained this standard accreditation, including the Testing Center of Hebei Xinlizhong Nonferrous Metals Group Co., Ltd., the Testing Center of Lizhong Sitong Light Alloy Group Co., Ltd., and the Experimental Center of Tianjin Lizhong Wheel Co., Ltd. These laboratory testing capabilities have been compared and verified by international authoritative institutions such as DRRR in Germany and SAE in the United States and have obtained testing capability certifications from mainstream car companies such as Volkswagen, BMW, Mercedes Benz, General Motors, Honda, Geely, SAIC, NIO, Chery, etc., and have been widely recognized by international mainstream car companies. In addition, the company’s products have obtained export qualifications from the United States, Brazil, India, Vietnam, Indonesia, Taiwan, China, the European Union and other countries and regions.

Lizhong Group has three major R&D and testing centers, which can conduct over 160 professional performance tests and analyses for products such as aluminum alloy materials, aluminum alloy automotive wheels, motorcycle wheels, aluminum alloy automotive components, and aluminum based functional intermediate alloys. The company is equipped with world-class testing equipment, such as ZISS scanning electron microscope, MTS hydraulic servo actuator, YXLON industrial CT, Thermo inductively coupled plasma emission spectrometer (ICP), Panalytical X-ray fluorescence spectrometer (XRF) from the Netherlands, ARL direct reading spectrometer, etc., with comprehensive testing capabilities to meet the testing requirements of mainstream customers at home and abroad.



**During the reporting period**

**64**

the company further extended customer service, provided professional quality inspection support, and completed 64 service reports.

## Improve product accessibility

Lizhong Group has always driven product accessibility through technological innovation, achieving deep integration of technology inclusiveness and green development through cross disciplinary material research and development and global adaptability layout. In the automotive field, the company has launched high-performance wheel products based on modular development technology, targeting the trend of lightweighting and new energy transformation. These products are compatible with the needs of all vehicle models including fuel, pure electric, and hybrid, covering different sizes, loads, and wheel motor configurations. They have passed ISO/TS 16949 certification and comply with European and American environmental standards, with an annual supporting capacity of over 20 million pieces to serve the global market.

With 40 years of experience in the aluminum alloy industry, the company has extended its material technology advantages to the field of robotics. Its independently developed core materials, such as High-strength, high-yield, heat-treatment-free die-cast aluminum alloy, A356 and 6/7 series deformed aluminum alloy, not only meet the needs of automotive lightweighting, but also demonstrate excellent performance in the verification of key components such as robot joints and shafts, supporting the coordinated development of multiple industries with the same material technology platform. By continuously optimizing the green product matrix that empowers both cars and robots, Lizhong Group is building a lightweight solution ecosystem that covers the fields of transportation and intelligent manufacturing, promoting a comprehensive upgrade of the global market from traditional transportation to intelligent green manufacturing.

## Responding to customer complaints and product recalls

Lizhong Group always adheres to the customer-centric philosophy, making every effort to ensure that all customer quality issues can be quickly handled and properly resolved, in order to maximize customer satisfaction. Lizhong Group has developed customer complaint management procedures such as “Customer Quality Complaint Management Procedure” and “Customer Complaint Handling Operation Standard Book” and established an after-sales service department to coordinate and manage customer complaints.

The after-sales service department has established quality engineer positions in Europe, America, Japan, South Korea, China, and on-site factories. Each position closely monitors quality issues in various regions in real time to ensure prompt response and handling. Domestically covering North China, Central China, East China, and South China, with overseas factories and agent teams assisting, covering North and South America, Asia, and Europe.

In response to customer feedback on after-sales issues, Lizhong Group has established a special team internally, and through the preparation of an 8D analysis report, identified the root cause of the problem, formulated targeted corrective measures, monitored the implementation of corrective measures, formed an experience and training library, and horizontally expanded the investigation of quality hazards in related products of the same category to prevent similar problems from happening again.

In terms of after-sales problem response and resolution mechanism, Lizhong Group solemnly promises to respond quickly to after-sales problems within 24 hours and urgently curb the worsening situation of problems. Develop improvement plans within 3-7 working days and submit detailed analysis reports in strict accordance with customer requirements. The after-sales service department establishes a customer complaint ledger, shares and transmits information internally, and conducts follow-up visits to customers through various methods such as phone, WeChat, email, and visits to ensure that problems are effectively resolved. At the same time, a dedicated person monitors the quality performance indicators on the customer’s website, identifies anomalies, responds quickly, and makes continuous improvements.



**During the reporting period**

there were no safety and quality liability accidents related to products and services, and no product recalls.

## Improve customer satisfaction

Lizhong Group conducts customer satisfaction surveys at the end of each year. For customers with monthly supplier evaluations (customer scorecards), the customer evaluation form shall prevail; other customers will distribute customer satisfaction surveys. Among them, strategic, A, and B level customers achieve 100% investigation and recycling, while C-level customers select stable and continuous cooperative customers for investigation to ensure coverage of all major customers and products of the company.

The content of the “Customer Satisfaction Survey Form” involves multiple aspects such as appearance packaging, product chemical composition control, product performance, timely delivery, accompanying materials, logistics transportation, problem communication and handling, cooperation attitude, personnel etiquette, after-sales service, and continuous improvement.

Lizhong Group uniformly formulates customer satisfaction survey standards, and its subsidiaries submit the survey and analysis results to the group as required. The group analyzes and evaluates overall customer satisfaction and common issues, prepares a “Customer Satisfaction Survey Analysis Report”, and transmits it to its subsidiaries. Subsidiaries will make corresponding improvements and track based on the analysis results, analyze the reasons for low scoring projects, develop measures, verify effectiveness, and track customer satisfaction/recognition in response to customer feedback and suggestions.



**Customer satisfaction rate of 97% in 2024**



# Data Security and Client Privacy Protection

## Data security

Lizhong Group attaches great importance to data information security management and has established an information security team in accordance with ISO27001:2022 and TISAX international standards to be responsible for the overall information security work of the company. The company has established a relatively complete information security system and has released a total of 22 relevant management process documents.

Based on establishing a document system and improving hardware facilities, an intranet terminal security management system has been deployed, and terminal security control strategies have been issued. Employees are required to undergo strict approval before releasing all confidential documents and must sign an information security disclaimer when receiving office equipment.

In 2024, Lizhong Group strengthened its data security risk management and prevention measures. By optimizing network architecture, strengthening security defenses, deploying operation and maintenance security gateways, optimizing data backup strategies, and other measures, it has built an internal to external data security protection system, effectively improving the level of data security management. During the reporting period, the company organized multiple information security training sessions, released monthly information security reports, organized information security activities, and conducted information security awareness tests to strengthen the defense line of employees' information security awareness.

Data security management certification status: As of December 31, 2024, Tianjin, Dong' an, and Xintai companies have obtained TISAX information security certification, and Mexico company is currently undergoing TISAX certification process; Tianjin and Baoding companies have passed the AEO customs audit; The Baoding data center has passed the third level security evaluation.



During the reporting period

there were no data security incidents at Lizhong Group.



## Customer privacy protection

Lizhong Group has formulated the "Sales System Information Confidentiality Management Regulations" and the "Customer File Management Regulations", which clearly define the protection system and system operation control methods for customer related information. When employees need to access customer information for work purposes, they must strictly follow established regulations and sign confidentiality agreements. In daily operations, the company strictly follows the prescribed requirements and regularly conducts comprehensive reviews and timely updates of the system. As of now, the system has been running stably and in good condition. In 2024, the company continued to strengthen customer privacy management, reviewed and updated customer confidentiality-related systems, effectively improving the level of customer privacy protection.



During the reporting period

there were no incidents of customer privacy breaches at Lizhong Group.

# Rural Revitalization and Social Contribution

Lizhong Group has always regarded rural revitalization and social contribution as important components of fulfilling corporate social responsibility. Since the establishment of the group, Lizhong Group has considered the importance of factory location selection, which drives the employment rate of residents in the factory area and is committed to injecting vitality into rural economic development, helping to achieve common prosperity, with a localization employment ratio of over 50%. Lizhong Group regularly organizes public welfare and charity donations through its subsidiary management department and actively participates in volunteer activities organized by local trade unions and volunteer associations.



During the reporting period  
Lizhong Group

721 people

Total number of employees participating in rural revitalization and social contributions

1583 hours

Total hours of employee participation in rural revitalization and social contribution services





Case of Rural Revitalization and Social Contribution



Case

Thai company cares about local communities

To fulfill social responsibility and be a respected enterprise by the local people. In October 2024, Thailand's Xintai Wheel Manufacturing Co., Ltd., together with the Resident Management Committee, visited and comforted local bedridden elderly and disabled people, delivering essential daily necessities such as rice, oil, and drinking water to them. This public welfare activity not only provided practical assistance to disadvantaged groups but also demonstrated the care and support of Lizhong Group for the local community. The event received high praise from the local government, and Xintai Wheel Company was also praised for actively participating in public welfare and solving residents' living difficulties, fully reflecting the friendly concept of "China Thailand One Family".



Case

The company supports rural revitalization

Lizhong Jinshan (Yingde) Alloy Co., Ltd. actively responds to the national rural revitalization strategy and supports local rural development with practical actions. In June 2024, it donated 20000 yuan to the Yingde Charity Association for rural revitalization to help towns and villages, injecting strong momentum into local rural revitalization.

# Employees

Lizhong Group has always been committed to the sustainable development of society and actively undertakes social responsibilities. Adhere to the development concept of "people-oriented", attach importance to talent cultivation and development, open multiple channels for the promotion of professional and management talents, integrate enterprise development with employee development, and continuously promote the healthy development of enterprises and employees.

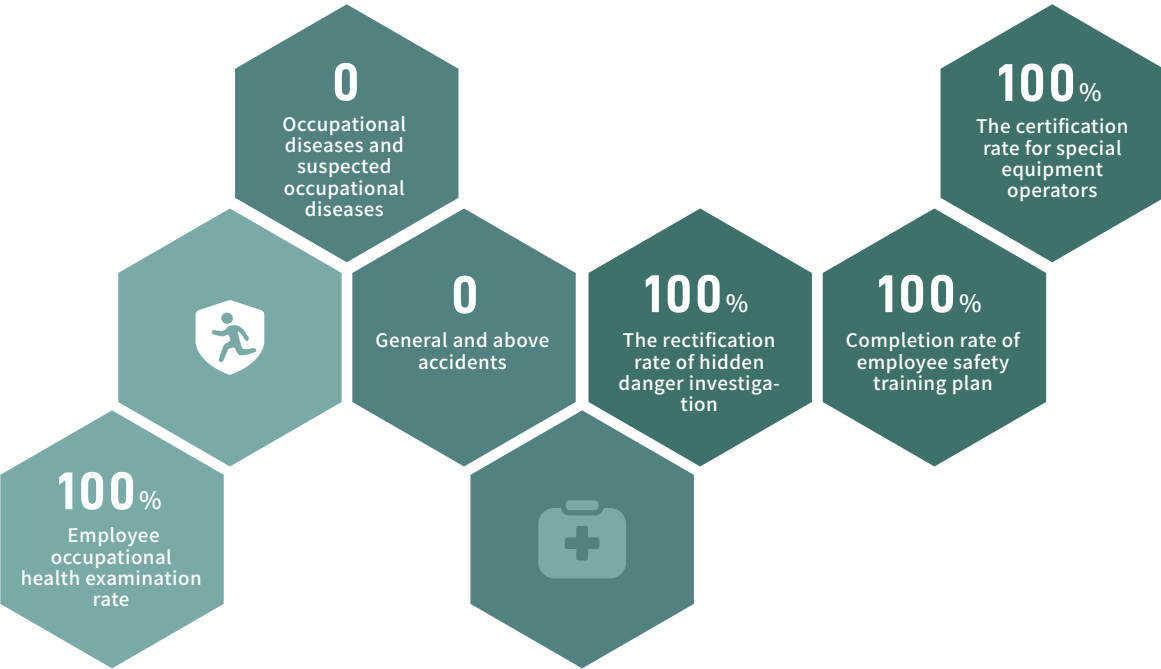
## Occupational Health and Safety

### Governance

Lizhong Group strictly abides by occupational health and safety related laws and regulations such as the "Safety Production Law of the People's Republic of China", the "Occupational Disease Prevention and Control Law of the People's Republic of China", and the "Fire Protection Law of the People's Republic of China". Guided by the principle of "safety first, prevention oriented, and comprehensive management", it has established and improved an occupational health and safety management system, which is uniformly managed by the Lizhong Group Sustainable Development Management Committee. It has formulated institutional documents such as the "Safety Production Responsibility System", "Safety Production Rules and Regulations", and "Occupational Health and Safety Management System", and equipped full-time safety management personnel and registered safety engineers as required. All companies have passed the ISO 45001 occupational health and safety management system, and the main companies have obtained management system certifications such as RBA audits from the Responsible Business Alliance.

### Occupational Health and Safety Management Objectives

Lizhong Group has established the safety management concept of "safety comes from design, safety comes from management, and safety comes from responsibility", adhered to the safety management principles of "people-oriented" and "three management and three musts", and formulated six safety management objectives.





Occupational safety risk assessment and protection

**Occupational Health and Safety Emergency Plan:**Lizhong Group has developed the “Emergency Rescue Plan for Safety Production Accidents”, established a part-time emergency rescue team, and regularly organized emergency drills for all staff. The drill content includes fire emergency drills, aluminum liquid leakage emergency drills, heatstroke emergency drills, confined space poisoning accident drills, etc.



**Occupational health examination and health monitoring:** Lizhong Group conducts occupational hazard testing and current situation evaluation in the workplace in accordance with regulations, strictly implements the “three inspection system” for occupational health of personnel engaged in occupational hazard operations (pre-employment, on-the-job, and post-employment occupational health examinations), and establishes and improves employee occupational health monitoring records.

**Occupational protection and safety technology improvement:**Lizhong Group prioritizes the occupational health of its employees and has continuously improved its processes, technology, production environment, and other aspects over the years. Through measures such as replacing manual labor with robotic arms, reducing equipment noise and operating environment temperature, the on-site safety factor has been improved.

**Fire safety management:** To reduce fire risks and prevent fire accidents, Lizhong Group has increased safety investment, replaced dust removal equipment with higher safety performance, installed automatic fire extinguishing devices in areas with fire risks, and established micro fire stations.

**Employee Health Management:** In order to ensure the physical and mental health of employees, all departments of Lizhong Group have signed consulting service agreements with nearby hospitals, and regularly provide employees with health checkups, psychological counseling, etc. At the same time, Lizhong Group has set up medical kits, equipped with sufficient first aid drugs, organized some personnel to undergo professional training as “first aid personnel”, and obtained “first aid personnel certificates”. Each workshop and team are equipped with professional first aid personnel.



**Safety culture construction:**Lizhong Group focuses on standardized safety management, continuously improving warning signs, safety passages, equipment protection, and other aspects to form standardized templates that can be quickly replicated. At the same time, measures such as visual safety management, video displays, daily safety officer activities, and excellent team building are taken to strengthen the safety awareness of all employees and ensure safe production.



Occupational Health and Safety Production Training

Each department of Lizhong Group develops an annual occupational health and safety training plan, compiles textbooks and question banks, organizes training for personnel at all levels, and incorporates safety assessments into the qualifications for cadre positions, strengthening the responsibility system for safety production. The company attaches great importance to the three-level safety education for new employees, hires professional lecturers to teach, and only those who pass the assessment can take up their posts. Every June, during the “Safety Production Activity Month”, the company conducts occupational disease prevention, heatstroke prevention and cooling knowledge training, as well as online quizzes, knowledge competitions and other activities. At the same time, regular review and improvement of training materials will be conducted, and diversified methods such as information platforms, bulletin boards, multimedia, WeChat groups, etc. will be used to promote and enrich the training format.



During the reporting period

100 %

the coverage rate of occupational safety training was

4.71 million yuan

the investment amount of work-related injury insurance was

100 %

the personnel coverage rate was







Employee Rights and Benefits

Employee compensation

Lizhong Group strictly abides by relevant laws and regulations such as the “Labor Law of the People’s Republic of China”, adheres to the principle of equal emphasis on material and non-material incentives, and is committed to enhancing employees’ sense of happiness and belonging. The company has established a comprehensive salary management system, which includes not only basic salary, but also diversified compensation items such as position salary, performance-based salary, piece rate salary, skill salary, expatriate allowance, seniority salary, and year-end bonus. In addition, Lizhong Group has implemented equity incentive policies for some employees to strengthen their sense of ownership. In April 2024, the 17th meeting of the 5th Board of Directors of the company approved the “Proposal on the Achievement of The Second Attribution Period Attribution Conditions for the First Grant of the Company’s 2022 Restricted Stock Incentive Plan”, providing equity incentives for middle and senior management personnel. In the same year, the company released the “Performance Management System of Lizhong Wheel Group (2024 Trial Edition)” to further improve the performance evaluation system.

Lizhong Group attaches great importance to the protection of employee rights and the fairness of performance evaluation and has established a comprehensive performance appeal process. If employees have objections to the performance evaluation results, they can submit appeal materials through written or online systems. The human resources department will collaborate with relevant departments to complete the review within the specified time and provide timely feedback on the results and handling suggestions.

In terms of overseas company management, Lizhong Group also attaches great importance to the formulation and optimization of salary and welfare policies. In December 2024, the company revised the salary system for expatriates of New Thai Wheel and Lizhong Mexico and completed the reform of the salary and benefits system for Thai employees of New Thai Wheel through a third party.

Employee care and welfare

Lizhong Group adheres to the corporate culture concept of “people-oriented”, advocates for a balance between employees’ lives and work, and establishes a management model of “system+emotion”. By carrying out rich cultural and outdoor activities, we aim to create a corporate culture atmosphere of unity, harmony, friendship, happiness, and warmth.

Lizhong Group provides employees with birthday benefits, holiday benefits, meal allowances, transportation subsidies, accommodation subsidies, free physical examinations, high temperature subsidies, parental leave and other employee welfare measures. It has established and improved leave and attendance management regulations, continuously improved the office environment and accommodation conditions, and created a happy and harmonious working atmosphere for employees.



墨西哥公司员工活动



美铝合金公司妇女节活动



During the reporting period

employees at all levels of Lizhong Group received competitive salaries

100 %  
with a social security coverage rate of

0  
no labor dispute incidents

16.5 %  
an employee turnover rate of

100 %  
a retirement pension coverage rate of 100% for retired employees

148  
employees in need were assisted

Democratic management and communication

Lizhong Group actively builds an open, transparent, and democratic communication mechanism, striving to provide employees with a diversified and democratic communication platform.

Lizhong Group has a trade union and respects the willingness of employees to participate in the union. The company holds an annual employee representative assembly, and employee representatives are elected by all employees through anonymous voting, with a term of two years. The company has established communication modes that are shared and shared through various methods such as OA work groups, WeChat work groups, email, phone, work meetings, video conferences, and telephone conferences.

In 2024, Lizhong Group revised the “Employee Satisfaction Management Process” to understand employees’ production and living conditions, psychological status, and satisfaction with various aspects of the group and the company, to maximize employee satisfaction and provide information support for humanized management of the group and the company. Subsidiary companies organize two employee satisfaction surveys every year, with survey personnel accounting for over 80% of all employees. Based on the satisfaction survey results, an employee satisfaction survey report is formed, and a rectification plan is formulated to continuously improve employee satisfaction. In addition, subsidiary companies regularly hold employee symposiums in accordance with the “Employee Satisfaction Survey Management Regulations” to understand the voices of employees and listen to their opinions and suggestions.



During the reporting period



the satisfaction rate of group employees was 86.5%

Lizhong Group has been awarded the Best Employer of the Year by Zhilian Recruitment Website for several consecutive years.

Diversity and equal opportunities

Equal opportunities

Lizhong Group strictly abides by various labor laws and regulations and has formulated internal management systems such as the “Recruitment and Configuration Management Measures” in accordance with relevant provisions such as the “Labor Law”, “Labor Contract Law”, and “Prohibition of Child Labor Regulations”. It has standardized the process management of demand release, interview, and employment for its subsidiaries. During the recruitment process, the company strictly adheres to the regulations and procedures of the “Employee Recruitment Management Process” to ensure that interviewees are not affected by factors such as gender, race, religion, etc., and have equal employment opportunities and treatment.



the Disabled Fitness Week activity

Lizhong Group actively identifies and provides suitable positions for people with disabilities, providing a total of 239 related positions during the reporting period. The company provides necessary labor protection equipment and job knowledge training for people with disabilities, ensuring that they enjoy equal rights, salaries, and benefits with other employees.



During the reporting period

239 ↑  
为残疾人共提供相关岗位

Lizhong Group did not engage in any violations such as employing child labor or forced labor.



Diversified management

Lizhong Group has enterprises in multiple parts of the world, covering 12 provinces, autonomous regions, and municipalities in China, as well as countries such as Thailand, South Korea, the United States, the United Kingdom, Mexico, and Brazil. The company recruits talents from various fields around the world, actively implements a talent diversification strategy, adheres to equal pay for equal work for male and female employees, promotes gender equality, and always embraces employee diversity, regardless of religion, nationality, marital status, gender, and disability status. It does not discriminate, cares more, and strives to establish a fair, just, and open working and development environment for employees.



**Employee diversity**

Emphasizing the participation of talents from different backgrounds in the recruitment, promotion, and training processes of enterprises

**Cultural inclusivity**

Creating a work environment that respects different cultural backgrounds and promotes cross-cultural communication

**Decision diversity**

The board of directors and management include members of different genders, races, and professional backgrounds

098-275-2928 kumchoostadium@gmail.com

Talent development

Employee training

Lizhong Group attaches great importance to talent cultivation and adheres to the human resources policy of “selecting excellent talents, cultivating expert employees, and promoting loyal and outstanding cadres”, providing diversified training for employees at different levels. The company relies on a comprehensive training curriculum system and develops personalized training courses based on job skill enhancement needs. The training courses cover multiple fields such as production technology, information security, technology research and development, business management, quality system, equipment management, safety environment, human resources, as well as training for special operators. During the reporting period, the company’s training expenditure was 3.77 million yuan, and the employee training coverage rate reached 100%. In addition, in order to reserve and cultivate middle-level management cadres, the group selected more than 40 outstanding employees to participate in the “Middle Level Management Cadre Promotion Class (Phase II)” in July 2024.

During the reporting period

**3.77** million yuan  
the company's training expenditure was

**100 %**  
the employee training coverage rate reached



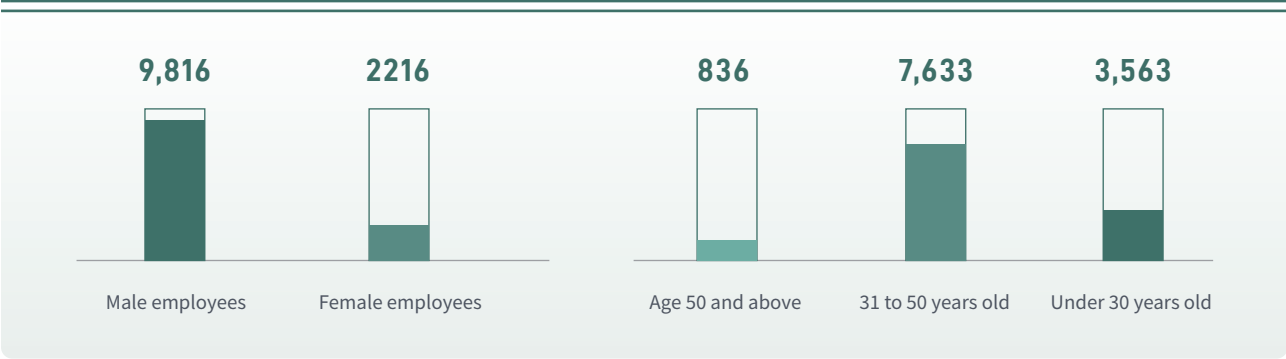
Lizhong Group has formulated the “Regulations on the Management of Internal Trainers”, actively promoting the selection and teaching of internal trainers, improving their theoretical and teaching level, and providing a way for the effective transmission of internal intellectual resources. The company has also established an online learning platform that provides a variety of courses, allowing employees to learn anytime and anywhere through their mobile devices, further expanding the flexibility and coverage of training.

Employee promotion

Lizhong Group is committed to providing employees with smooth career development paths, following the principle of hierarchical promotion, and has established three career development channels of management, technology, and skills to meet the growth needs of different employees. Among them, the management sequence has six levels, namely department head, section chief, department head, etc.; the technical sequence has six levels, namely assistant engineer, senior engineer, expert level engineer, etc.; the skill sequence has four levels, namely technician, senior technician, senior technician, etc. Every time an employee is promoted to a higher level, their salary and benefits will be adjusted accordingly. This is not only a recognition of employee growth and ability improvement, but also in line with the company's corporate philosophy of rewarding talents and creating a positive and enterprising work environment.

In 2024, Lizhong Wheel Group completed internal professional title evaluation in multiple fields such as production, equipment, technology, sales, and functions, further improving talent evaluation and incentive mechanisms to ensure that the value of every employee can be fully realized.

As of December 31, 2024, Number of employees





# Ending

## Key Performance Indicators

Economic Performance			
Topics	Index	Unit	2024
Corporate governance	Operating revenue	Ten thousand yuan	2724636.7
	Total Assets	Ten thousand yuan	2142608.3
	Net Profit Attributable to Shareholders of the Listed Company, excluding for Share-Based Compensation Expenses	Ten thousand yuan	74722.8
Environmental Performance			
Topics	Index	Unit	2024
Addressing climate change	Total greenhouse gas emissions	Metric tons of carbon dioxide equivalent	756000
	Greenhouse gas range 1 emissions	Metric tons of carbon dioxide equivalent	445000
	Greenhouse gas range 2 emissions	Metric tons of carbon dioxide equivalent	311000
	Total greenhouse gas emissions per million revenue (Scope 1 and Scope 2)	Metric ton of carbon dioxide equivalent/ million yuan	27.8
	Scale of carbon quota trading	Ten thousand tons	0
	CCER trading volume	Ten thousand tons	0
	CCER transaction amount	Ten thousand yuan	0
Pollution	Environmental investment	Ten thousand yuan	6828
	Chemical Oxygen Demand Emissions	Ton	22.8
	Ammonia nitrogen emissions	Ton	1.5
	Nitrogen oxide emissions	Ton	243.1
	Sulfur Dioxide Emissions	Ton	57.5
	Particulate matter emissions	Ton	78.5

Topics	Index	Unit	2024
Pollution	Volatile Organic Compounds (VOCs) emissions	Ton	34.7
	Number of environmental administrative penalties	Time	0
	Environmental administrative penalty amount	Ten thousand yuan	0
Waste Disposal	Total amount of hazardous waste	Ton	60098
	Unit revenue of hazardous waste generation	Ton/million yuan	2.2
	Total amount of general solid waste	Ton	23624
Energy utilization	Total direct energy consumption	Tons of standard coal	267499.6
	Total indirect energy consumption	Tons of standard coal	63290.6
	Total energy consumption	Tons of standard coal	330790.2
	Natural gas	Ten thousand cubic meters	17724
	Gasoline	Liter	7017
	Diesel oil	Liter	2229325
	Power Consumption	Ten thousand kilowatt hours	56402
	Total energy consumption intensity	Ton of standard coal/million yuan	121.4
	Clean energy usage (photovoltaic power generation)	Ten thousand kilowatt hours	909
Water resources utilization	Proportion of clean energy usage (photovoltaic power generation)	%	1.61
	Total water consumption	Ten thousand cubic meters	170
Circular economy	Water resource utilization intensity	Cubic meter/million yuan	62
	The recycling and utilization of scrap aluminum	Ten thousand tons	75
	Usage of recycled water	Cubic meter	514594



Social performance			
Topics	Index	Unit	2024
Rural revitalization and social contribution	Total amount of investment in rural revitalization and social contribution	Ten thousand yuan	44
	Total number of employees participating in rural revitalization and social contributions	Person-time	721
	Total hours of employee participation in rural revitalization and social contribution services	Hour	1583
Innovation driven	Accumulated number of authorized patents	Term	964
	Number of invention patents	Term	170
	Number of software copyrights	Piece	22
	Number of intellectual property infringement incidents	Piece	0
	Research and development funding investment in 2024	Ten thousand yuan	93756.3
	Proportion of R&D investment to operating revenue in 2024	%	3.44
	Number of R&D team members in 2024	people	2393
	The proportion of R&D team members to the total number of employees in 2024	%	20
Supply chain security	Total number of cooperative suppliers	Family	3448
	Number of Chinese suppliers	Family	2935
	Number of overseas suppliers	Family	513
	Total number of suppliers who have signed contracts that include environmental and labor terms	family	1634
	Proportion of suppliers who have signed integrity agreements	%	100
Product and service safety and quality	Customer complaint handling rate	%	100
	Customer satisfaction	%	97
	Major product and service safety and quality liability accidents occur	Piece	0
Data security and customer privacy protection	Number of complaints received from customers regarding data and privacy security	Piece	0
	Number of customer data leakage incidents	Piece	0
	A data security incident has occurred	Piece	0

Topics	Index	Unit	2024
Staff	Number of employed individuals absorbed during the reporting period	People	3671
	Number of flexible employment positions	Individual	286
	Total number of employees	People	12032
	Number of male employees at the end of the period	People	9816
	Number of female employees at the end of the period	People	2216
	Master degree or above	People	151
	College and undergraduate programs	People	4299
	Technical secondary school, high school and below	People	7582
	Number of employees under the age of 30 at the end of the period	People	3563
	Number of employees aged 31-50 at the end of the period	People	7633
	Number of employees aged 50 and above at the end of the period	People	836
	Social insurance coverage rate	%	100
	Number of employee turnover/resignations	People	2375
	Employee turnover rate/turnover rate	%	16.5
	Number of labor disputes that occurred during the reporting period	Piece	0
	Number of trainees during the reporting period	Time	28176
	Training coverage rate during the reporting period	%	100
	Number of deaths due to work-related reasons	People	0
	Death rate due to work-related reasons	%	0
	The investment amount of employee work-related injury insurance	Ten thousand yuan	471
	Coverage rate of employee work-related injury insurance	%	100
	Coverage rate of employee health check ups	%	100
	Number of employees in need of assistance	People	148



Governance Performance Related to Sustainable Development			
Topics	Index	Unit	2024
Anti commercial bribery and anti-corruption	Number of corruption lawsuits filed against companies and employees	Piece	0
	The total number of directors who have received anti commercial bribery and anti-corruption training	People	7
	The proportion of directors who have received anti commercial bribery and anti-corruption training	%	100
	The total number of management personnel who have received anti commercial bribery and anti-corruption training	People	754
	Proportion of management personnel who have received anti commercial bribery and anti-corruption training	%	100
	The total number of employees who received anti commercial bribery and anti-corruption training	People	12032
	The proportion of employees who have received anti commercial bribery and anti-corruption training	%	100
Corporate governance	Number of members of directors, supervisors, and senior management personnel	People	15

Index table

Index Table of GRI Standards for Sustainable Development Reporting

Instructions	Lizhong Sitong Light Alloy Group Co., Ltd. reported the information cited in this GRI content index in accordance with GRI standards from January 1, 2024 to December 31, 2024
GRI 1 used	Basic 2021

Disclosure item	Corresponding data
GRI 2: General Disclosure 2021	
Organizational profile	
2-1 Organizational details	Regarding this report
2-2 Entities included in the organization’ s sustainability report	Regarding this report
2-3 Reporting period, frequency and contact point	Regarding this report
2-4 Restatements of information	Not involved
2-5 External assurance	Declaration of Independent Verification
Activities and workers	
2-6 Activities, value chain and other business relationships	Entering Lizhong Group
2-7 Employees	Staff
2-8 Workers who are not employees	Rural Revitalization and Social Contribution
Governance	
2-9 Governance structure and composition	Corporate Governance
2-10 Nomination and selection of the highest governance body	Corporate Governance
2-11 Chair of the highest governance body	Corporate Governance
2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance
2-13 Delegation of responsibility for managing impacts	Corporate Governance
2-14 Role of the highest governance body in sustainability reporting	Corporate Governance
2-15 Conflicts of interest	/



Disclosure item	Corresponding data
2-16 Communication of critical concerns	Stakeholder Communication
2-17 Collective knowledge of the highest governance body	Sustainable Development Governance
2-18 Evaluation of the performance of the highest governance body	/
2-19 Remuneration policies	Staff
2-20 Process to determine remuneration	Staff
2-21 Annual total compensation ratio	/
Strategy, policies and practices	
2-22 Statement on sustainable development strategy	Chairman’ s Speech
2-23 Policy commitments	Refer To Each Chapter
2-24 Embedding policy commitments	Refer To Each Chapter
2-25 Processes to remediate negative impacts	Sustainable Development Governance
2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Communication
2-27 Compliance with laws and regulations	Corporate Governance
2-28 Membership associations	Sustainable Development Governance
Stakeholder engagement	
2-29 Approach to stakeholder engagement	Stakeholder Communication
2-30 Collective bargaining agreements	/
GRI 3: Material Topics 2021	
3-1 Process to determine material topics	Sustainable Development Governance
3-2 List of material topics	Sustainable Development Governance
3-3 Management of material topics	Sustainable Development Governance
GRI 201: Economic Performance 2016	
201-1 Direct economic value generated and distributed	Entering Lizhong Group
201-2 Financial implications and other risks and opportunities due to climate change	Addressing Climate Change
201-3 Defined benefit plan obligations and other retirement plans	Staff
201-4 Financial assistance received from government	/

Disclosure item	Corresponding data
GRI 202: Market Presence 2016	
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 2016	
203-1 Infrastructure investments and services supported	Innovation Driven
203-2 Significant indirect economic impacts	Innovation Driven
GRI 204: Procurement Practices 2016	
204-1 Proportion of spending on local suppliers	/
GRI 205: Anti-corruption 2016	
205-1 Operations assessed for risks related to corruption	Anti Commercial Bribery and Anti-Corruption
205-2 Communication and training about anti-corruption policies and procedures	Anti Commercial Bribery and Anti-Corruption
205-3 Confirmed incidents of corruption and actions taken	Anti Commercial Bribery and Anti-Corruption
GRI 206: Anti-competitive Behavior 2016	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti Unfair Competition
GRI 207: Tax 2019	
207-1 Approach to tax	Corporate Governance, Risk Management, and Internal Control
207-2 Tax governance, control and risk management	Corporate Governance, Risk Management, and Internal Control
207-3 Stakeholder engagement and management concerns related to tax	/
207-4 Country-by-country reporting	Not Involved
GRI 301: Materials 2016	
301-1 Materials used by weight or volume	/
301-2 Recycled input materials used	Sustainable Resource Utilization
301-3 Reclaimed products and their packaging materials	Sustainable Resource Utilization
GRI 302: Energy 2016	
302-1 Energy consumption within the organization	Sustainable Resource Utilization



Disclosure item	Corresponding data
302-2 Energy consumption outside of the organization	/
302-3 Energy intensity	Sustainable Resource Utilization
302-4 Reduction of energy consumption	Sustainable Resource Utilization
302-5 Reductions in energy requirements of products and services	Sustainable Resource Utilization
GRI 303: Water and Effluents 2018	
303-1 Interactions with water as a shared resource	Sustainable Resource Utilization
303-2 Management of water discharge-related impacts	Sustainable Resource Utilization
303-3 Water withdrawal	Sustainable Resource Utilization
303-4 Water discharge	Pollution Prevention and Control and Ecosystem Protection
303-5 Water consumption	Sustainable Resource Utilization
GRI 304: Biodiversity 2016	
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Involved
304-2 Significant impacts of activities, products, and services on biodiversity	Not Involved
304-3 Habitats protected or restored	Not Involved
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not Involved
GRI 305: Emissions 2016	
305-1 Direct (Scope 1) GHG emissions	Response to Climate Change, Key Indicator Performance Table
305-2 Indirect (Scope 2) GHG emissions	Response to Climate Change, Key Indicator Performance Table
305-3 Other indirect (Scope 3) GHG emissions	/
305-4 GHG emissions intensity	Response to Climate Change, Key Indicator Performance Table
305-5 Reduction of GHG emissions	Response to Climate Change, Key Indicator Performance Table
305-6 Emissions of ozone-depleting substances (ODS)	Not Involved
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pollution Prevention and Control and Ecosystem Protection

Disclosure item	Corresponding data
GRI 306: Waste 2020	
306-1 Waste generation and significant waste-related impacts	Pollution Prevention and Control and Ecosystem Protection
306-2 Management of significant waste-related impacts	/
306-3 Waste generated	Pollution Prevention and Control and Ecosystem Protection
306-4 Waste diverted from disposal	Pollution Prevention and Control and Ecosystem Protection
306-5 Waste directed to disposal	Pollution Prevention and Control and Ecosystem Protection
GRI 308: Supplier Environmental Assessment 2016	
308-1 New suppliers that were screened using environmental criteria	Stable Supply Chain
308-2 Negative environmental impacts in the supply chain and actions taken	Stable Supply Chain
GRI 401: Employment 2016	
401-1 New employee hires and employee turnover	Staff
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Staff
401-3 Parental leave	Staff
GRI 402: Labour/Management Relations 2016	
402-1 Minimum notice periods regarding operational changes	/
GRI 403: Occupational Health and Safety 2018	
403-1 Occupational health and safety management system	Staff
403-2 Hazard identification, risk assessment, and incident investigation	Sustainable Development Governance, Employees
403-3 Occupational health services	Staff
403-4 Worker participation, consultation, and communication on occupational health and safety	Staff
403-5 Worker training on occupational health and safety	Staff
403-6 P Promotion of worker health	Staff
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Staff
403-8 Workers covered by an occupational health and safety management system	Staff

Disclosure item	Corresponding data
403-9 Work-related injuries	Staff
403-10 Work-related ill health	Staff
GRI 404: Training and Education 2016	
404-1 Average hours of training per year per employee	Key Indicator Performance Table
404-2 Programs for upgrading employee skills and transition assistance programs	Staff
404-3 Percentage of employees receiving regular performance and career development reviews	/
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees	Corporate Governance, Employees
405-2 Ratio of basic salary and remuneration of women to men	/
GRI 406: Nondiscrimination 2016	
406-1 Incidents of discrimination and corrective actions taken	Staff
GRI 407: Freedom of Association and Collective Bargaining 2016	
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Staff
GRI 408: Child Labour 2016	
408-1 Operations and suppliers at significant risk for incidents of child labor	Staff
GRI 409: Forced or Compulsory Labour 2016	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Staff
GRI 410: Security Practices 2016	
410-1 Security personnel trained in human rights policies or procedures	Not Involved
GRI 411: Rights of Indigenous Peoples 2016	
411-1 Incidents of violations involving rights of indigenous peoples	Not Involved
GRI 413: Local Communities 2016	
413-1 Operations with local community engagement, impact assessments, and development programs	Sustainable Resource Utilization, Rural Revitalization and Social Contribution, Employees
413-2 Operations with significant actual and potential negative impacts on local communities	Not Involved

Disclosure item	Corresponding data
GRI 414: Supplier Social Assessment 2016	
414-1 New suppliers that were screened using social criteria	Stable Supply Chain
414-2 Negative social impacts in the supply chain and actions taken	Stable Supply Chain
GRI 415: Public Policy 2016	
415-1 Political contributions	Not Involved
GRI 416: Customer Health and Safety 2016	
416-1 Assessment of the health and safety impacts of product and service categories	Product and Service Safety and Quality
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product and Service Safety and Quality
GRI 417: Marketing and Branding 2016	
417-1 Requirements for product and service information and labeling	Product and Service Safety and Quality
417-2 Incidents of non-compliance concerning product and service information and labeling	Not Involved
417-3 Incidents of non-compliance concerning marketing communication	Not Involved
GRI 418: Customer Privacy 2016	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Security and Customer Privacy Protection



Independent Verification Statement

Independent Assurance Statement

To the management and stakeholders of Lizhong Group,

Lianhe Equator Environmental Impact Assessment Co., Ltd. (hereinafter referred to as “Lianhe Equator” or “We”) has been engaged by Lizhong Sitong Light Alloys Group Co., Ltd.(hereinafter referred to as “Lizhong Group” or “the Company”) to conduct an independent limited assurance on the *Lizhong Sitong Light Alloys Group Co., Ltd. 2024 Sustainability Report*(hereinafter referred to as “the Report”).

The responsibility of Lizhong Group is to undergo due diligence by Lianhe Equator’s assurance team, provide the necessary information, data, and institutional documents for this assurance process, and ensure the authenticity and effectiveness of the information, data, and institutional documents provided. The responsibility of Lianhe Equator is to assess the Report within the terms of reference agreed upon with the Company and to issue an Assurance Statement accordingly.

1. Criteria

This assurance process is conducted in accordance with the *AA1000 Assurance Standard* v3 (“AA1000AS v3”).

2. Scope

- The time frame of this assurance is from Jan 1, 2024 to Dec 31, 2024.
- The scope of information for this assurance is limited to the sustainability-related information covered in the Report. It excludes information related to suppliers, partners, and other third parties, as well as the organization’s positions, viewpoints, forward-looking statements, and predictive information.
- The on-site assurance was conducted at Lizhong Building, No. 948 Dongqi Road, Baoding City, Hebei Province, China.
- The assurance was conducted in accordance with *AA1000AS* v3, with a Type 1 engagement and Moderate assurance.

3. Methodology

The assurance conducted by Lianhe Equator mainly includes the following aspects:

- Reviewing sustainability-related information disclosed in the Report.
- Conducting sampling interviews with Lizhong Group’s management and personnel responsible for the measurement and collection of performance data.
- Reviewing and inspecting Lizhong Group’s management practices, business processes, and evidence collection.
- Verifying the completeness and effectiveness of the sources, collection processes, processing methods, and review mechanisms of the performance data.
- Collecting and assessing evidence and management statements supporting the Company’s adherence to AA1000 principles.

4. Limitations

The assurance procedures are limited to sampling checks and calculations of selected information, and may not identify all potential deficiencies or irregularities.

5. Conclusions

Based on the results of the above procedures and considering the extent to which Lizhong Group adherence to the AA1000 standard, as well as the reliability and quality of its specific performance information, we have formulated the following conclusions:

**Inclusivity:** Lizhong Group has identified its key stakeholders, including shareholders and investors, government and regulatory authorities, customers and potential customers, employees, suppliers and business partners, as well as the public and society at large. The Group has established a multi-level communication mechanism tailored to different stakeholder groups. It collects feedback and opinions through various methods such as meetings, regular visits, surveys, satisfaction questionnaires, online performance briefings, on-site research,

roadshows, and responses on investor Q&A platforms. Based on stakeholder feedback, client sustainability requirements, and the Group’s own sustainability practices, Lizhong Group continuously adjusts its strategic objectives. We conclude that Lizhong Group adheres to the principle of inclusivity.

**Materiality:** Lizhong Group has established a materiality assessment process. By considering stakeholder concerns, benchmarking against industry-leading peers, and taking into account factors such as core business operations, operating environment, business strategies, and the company’s own value chain, the Group has identified 28 material topics. These topics were determined through expert consultation, internal research, and questionnaires, resulting in a materiality matrix that is disclosed in the Report. We conclude that Lizhong Group adheres to the principle of materiality.

**Responsiveness:** Lizhong Group has established multi-dimensional communication channels and engages in both regular and ad hoc communication with stakeholders, continuously responding to their concerns and expectations. In addition, the Group has provided key disclosures in the Report on topics of stakeholder interest, such as product and service safety and quality, climate change response, innovation-driven development, employee rights and benefits, clean technology opportunities, pollutant emissions, corporate governance, data security, and customer privacy protection. We conclude that Lizhong Group adheres to the principle of responsiveness.

**Impact:** Lizhong Group has established an ESG governance structure, conducted ESG risk identification and assessment, and integrated ESG matters into its development strategy and business activities to achieve effective decision-making and management within the company. Furthermore, the Group has made contributions to its customers, industries, employees, and society through its development, set strategic goals in key areas, and disclosed its practices and progress in each area within the Report. We conclude that Lizhong Group adheres to the principle of impact.

6. Independence and Competencies

Lianhe Equator, established in 2015, is a green bond verifier that has passed the market assessment of the China Green Bond Standard Committee, is accredited by AccountAbility AA1000 CIC as a sustainable development assurance provider, and possesses extensive experience in evaluation and certification.

The members of Lianhe Equator’s assurance team possess professional expertise and experience in conducting the assurance, adhere to the *AA1000AS* v3 *Code of Practice*, and standardize the specific assurance according to the *Working Procedures of Assurance of Sustainable Development Report of Lianhe Equator*. Except for the entrusting relationship between Lianhe Equator and Lizhong Group as a result of this assurance, there is no relationship between Lianhe Equator, its assurance team members, and Lizhong Group that affects the independence, objectivity and impartiality of the assurance.

李景元

Executive President

Lianhe Equator Environmental Impact Assessment Co., Ltd.

April 10, 2025, Tianjin, China

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*Note: In case of any inconsistency or discrepancy, the Chinese version of this assurance statement shall prevail, while the English version is used for reference only.*

# Feedback Form

Dear readers:

Thank you for reading the “*Lizhong Sitong Light Alloy Group Co., Ltd. 2024 Sustainable Development Report*”. In order to improve the content and format of our report and enhance the quality of information disclosure, we sincerely invite you to fill out the following feedback form. Your valuable opinions and suggestions will help us continuously optimize and improve our ESG responsibility management level.

1.What is your overall evaluation of this report

- ☐ Excellent   ☐ Good   ☐ Average   ☐ Not good   ☐ Poor

2.Do you think this report can reflect the significant impact of the company on the economy, society, and environment?

- ☐ Excellent   ☐ Good   ☐ Average   ☐ Not good   ☐ Poor

3.What do you think of the clarity, accuracy, and completeness of the information, data, and indicators disclosed in this report?

- ☐ Excellent   ☐ Good   ☐ Average   ☐ Not good   ☐ Poor

4.What do you think of the content structure arrangement of this report?

- ☐ Excellent   ☐ Good   ☐ Average   ☐ Not good   ☐ Poor

5.What do you think of the layout and presentation design of this report?

- ☐ Excellent   ☐ Good   ☐ Average   ☐ Not good   ☐ Poor

6.What other opinions and suggestions do you have regarding the sustainable development of Lizhong Sitong Light Alloy Group Co., Ltd.?

Please fill out this form and send an email to [info@stnm.com.cn](mailto:info@stnm.com.cn). Thank you again for your trust and support!

Advanced production processes and technologies have been used to achieve the recycling of renewable resources,to continuously pursue the goal of green development,and to contribute to achieving carbon peaking and carbonneutralization



# ***Appreciation Hard-working Concentration Innovation***

Released by Lizhong Sitong Light Alloys Group Co., Ltd.

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