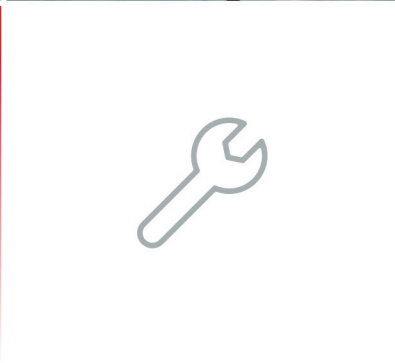
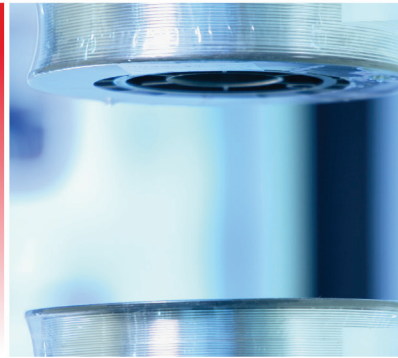
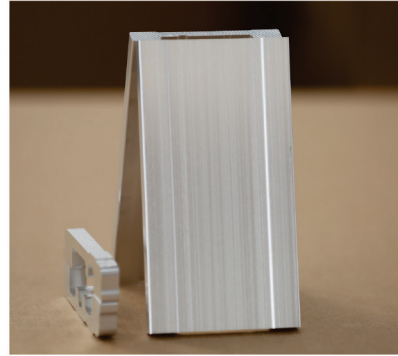




Innovation New Material
Technology Co., Ltd.

2023

Environmental, Social and Governance Report



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About the Report

Introduction

The Report is the first Environmental, Social and Governance report prepared and issued by Innovation New Material Technology Co., Ltd. (hereinafter "Innovation New Material", "the Company" or "We"). The Report focus on material ESG topics of concern to stakeholders, and is intended to disclose the Company's strategies, practices and performance in Environmental, Social and Governance (hereinafter "ESG") in an objective, just and transparent manner to promote stakeholders to gain a more comprehensive understanding of Innovation New Material.

Reporting Scope

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

Reporting Period




The information and data contained in the Report covers the period from 1 January 2023 to 31 December 2023 (hereinafter "2023" or "this year"). For the comparability and completeness of the Report, the period has been extended forward and backward as appropriate.

Basis of Preparation

The Report is prepared based on the *Global Reporting Initiative Reporting Standards (GRI Standards)*, the *Self-discipline Regulation of Listed Companies No. 1 - Standardized Operation* by the Shanghai Stock Exchange and the United Nations Sustainable Development Goals (UN SDGs).

Feedback on the Report

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

	Email: zqb@innovationmetal.com
	Tel: 010-66536198
	Address: No. 1808, Floor 18, Excel Centre, Wudinghou Street, Xicheng District, Beijing

Index of Abbreviations for Company Members

Company abbreviation	Full name of company
Innovation New Material, the Company, we	Innovation New Material Technology Co., Ltd.
Innovation Metal	Shandong Innovation Metal Technology Co., Ltd.
Innovation Precision	Shandong Innovation Precision Technology Co., Ltd.
Suzhou Chuangtai	Suzhou Chuangtai Alloy Material Co., Ltd.
Shandong Sheet Materials	Shandong InnovationCreative Sheet Materials Co., Ltd.
Yuanwang Electrical Technology	Shandong Yuanwang Electrical Technology Co., Ltd.
Shandong Chuang Yuan Renewable Resources	Shandong Chuang Yuan Renewable Resources Co., Ltd.
Chuanghui New Material	Shandong Chuanghui New Material Technology Co., Ltd.
Chuangfeng New Material	Shandong Chuangfeng New Material Technology Co., Ltd.
Innovation Beihai	Shandong Innovation Beihai Co., Ltd.
Yunnan Innovation	Yunnan Innovation Alloy Co., Ltd.
QingDao Li Wang	QingDao Li Wang Precision Technology Co., Ltd.
Inner Mongolia Innovation	Inner Mongolia Innovation New Materials Co., Ltd.
Inner Mongolia Lightweight	Inner Mongolia Innovation Lightweight New Materials Co., Ltd.

Message from the Chairman



As time passes, opportunities are also constantly emerging and evolving. The year 2023 witnessed the rapid progress of Innovation New Material following its listing on the capital market, and a year when the results of our development are realized. Over the past year, we have adhered to the principles of sharing future with our employees, growing together with our customers, developing alongside our partners, and progressing in sync with society. We have achieved remarkable successes in low-carbon development, product manufacturing, technological innovation, and market expansion, which laid a solid foundation for the Company's long-term development.

Mr. Cui Lixin

Chairman of Innovation New Material

► **A year of deepening commitment to green development and leading the low-carbon era.**

Facing the severe challenges of the global climate change, we have been firmly committed to the path of green development by building a comprehensive development system of green energy, green production, green emissions, green products, and green recycling, integrating the philosophy of green development throughout the entire lifecycle of our products. We have made significant progress in the construction of our industrial chain of green aluminum during the year. Leveraging the unique advantages in resources of Yunnan and Inner Mongolia, we have made full use of hydroelectric, wind and solar power aluminum to continue to expand our presence in the field of secondary aluminum. Additionally, we have boosted energy conservation and emission reduction in the production process while increasing the proportion of renewable energy, which significantly reduced carbon emissions throughout the product lifecycle. By doing so, we have provided lightweight and environmentally friendly aluminum alloy products to numerous industries domestically and abroad, contributing innovative strength to the sustainable, green, and healthy development of the aluminum industry.

► **A year of accelerating technological innovation and refining quality management.**

We firmly believe that innovation is the persistent driver for the Company's development, and that quality is the solid foundation of brand reputation. Centering around the core principles of technological innovation and high-quality development, we have continuously improved our innovative capabilities and production efficiency. To maintain a leading position in the fierce market competition, we have introduced and cultivated technical talents while increasing investment in technological innovation and enhancing the level of intelligence in the production process. We have been continuously strengthening our customer-centered philosophy and improving our quality management system to ensure that every product and service meets or even exceeds customer expectations, by which we have established a good brand image in the market. Our commitment to innovation-driven and quality-first principles has injected strong momentum into the sustainable and healthy development of the Company and the entire industry, which manifest our well-founded confidence and enduring pursuit for the future development of the industry.

► **A year of strengthening corporate governance and forging an excellent brand.**

We have a profound understanding that standardization is the cornerstone of the Company's steady development and have invested substantial effort in it. We have always adhered to the principle of honest operation by continuously strengthening internal control and risk management to ensure the rationality and compliance of corporate decisions. We firmly uphold a fair and competitive market order with a focus to respect and protect intellectual property rights, creating long-term value for shareholders and customers. We have established long-term and stable cooperative relationships with our suppliers to jointly build a sustainable ecosystem along the industrial chain, promoting the healthy development of the industry. In a complex and evolving market, we have adhered to our original aspirations, operated with integrity, and pressed forward steadily, continuously creating sustainable value for society.

► **A year of fulfilling social responsibilities and building a harmonious community.**

As a company full of warmth, we have assimilated social responsibilities into our corporate culture. We recognize the hard work of every employee and safeguard their workplace rights and interests while enabling their growth and development, to create a working environment characterized by happiness and a sense of belonging. Furthermore, we actively participate in social welfare undertakings to give back to society through public welfare aid, charity donations, and other means. In doing so, we have promoted positive energy and brought warmth and hope to society. We hold the firm belief that fulfilling corporate social responsibilities is our inescapable duty, which not only benefits employees but also serves as a sincere contribution to society, driving our sustained development.

We will unswervingly advance ESG practices in our future development, with greater determination and investment in promoting green development, fulfilling social responsibilities, and strengthening corporate governance to capture the development trends of the new era and accurately seize strategic opportunities. We will continue to collaborate with global partners, with a more open mindset for change and more solid advances for the future, to jointly explore new paths for the Company's sustainable development. In this process, we will work closely with all sectors of society to anchor our goals and unite our efforts. We will stride forward on the journey of "becoming an industry leader and building a century-old enterprise" to create maximum value for shareholders, customers, employees, society, and other stakeholders, ushering in a more brilliant and glorious future!

01

About Innovation New Material



Company Profile

Innovation New Material is a large-scale, modern and comprehensive enterprise mainly engaged in the production and operation of aluminum profiles for 3C consumer electronics, aluminum profiles for vehicle lightweighting, sheets and foils, aluminum rods and cables, aluminum alloy rods, structural components, etc. Positioned as one of the world's largest production and research and development bases for aluminum alloy materials, the Company has maintained a leading global market share in aluminum alloy rods for multiple consecutive years. The Company specialises in the research, development, production, and processing of aluminum alloys and their products, offering comprehensive solutions for the aluminum alloy processing industry. Its products are widely used in various fields such as 3C consumer electronics, vehicle lightweighting, construction, and new energy.

Innovation New Material has established 14 industrial parks across 4 provinces (autonomous regions) in China, including Shandong, Jiangsu, Inner Mongolia, and Yunnan, as well as overseas locations in Vietnam and Mexico. With a total of 10,724 employees, the Company achieved a total production output of 4.7196 million tons in 2023, which involving 3.4093 million tons of rods, 87,800 tons of profiles, 551,500 tons of sheets and foils, 671,000 tons of aluminum rods and cables, and 23.1262 million structural components.

2023

Ranked 335th in the List of Top 500 Chinese Enterprises

2023

Ranked 169th in the List of Top 500 Chinese Manufacturing Enterprises

2023

Ranked 98th in the List of Top 500 Chinese Private Manufacturing Enterprises

2023

Ranked 149th in the List of Top 500 Chinese Private Enterprises

2023

Ranked 16th in the List of Top 100 Shandong Private Enterprises

2023

Ranked No. 1 globally in round aluminum alloy ingot market share

2023

According to statistics provided by the China Nonferrous Metals Fabrication Industry Association, innovation metal's products stand at the forefront of the industry in various aspects, such as energy consumption per unit product, emissions of pollutants per unit product, raw material consumption per unit product, solid waste utilization, and carbon emissions per unit product. This comprehensive commitment to green development places us within the top 10% of the industry.

2022

Ranked No. 3 globally and No. 1 nationally in 3C electronic aluminum profiles market share

2022

Awarded among the Eighth Batch of Manufacturing Individual Champions (Aluminum-Magnesium-Silicon Alloy)

Milestones

2007 - A momentous year of establishment, opening a new chapter, as we solidified foundations for a century-old enterprise

Founded in 2007, Innovation Metal is a technology-based enterprise focusing on research, development, production, and processing, while providing comprehensive solutions to the aluminum alloy processing sector. We pioneered a unique procurement model that ensures liquid aluminum remains untouched by the ground. This innovative approach forged a strategic partnership with Weiqiao Pioneering Group, the world's largest privately-owned electrolytic aluminum enterprise. This collaboration marked a significant milestone in our journey, as it was the first time we formally set the development goal of "building a century-old enterprise."



2013 - Fortifying diversified growth, we surpassed industry benchmarks

In 2013, we successfully tackled difficulties related to high-strength superconductivity in aluminum alloy cables. As such, during the 13th Five-Year Plan period, our products were chosen by over 70% of the bidding winners for the national west-to-east power transmission program.

2018 - Navigating the rapids and raising the sails, we established a global presence with vibrant industrial growth

In 2018, we developed as one of the core suppliers to the world's largest 3C consumer electronics research, development, and manufacturing enterprises. Assuming a pivotal role, we took on the responsibility of developing, prototyping, and industrializing aluminum alloy materials for various innovative products. This endeavor was widely acknowledged by our high-quality customers in the 3C consumer electronics sector and beyond.



2021 - Unveiling a new chapter in vehicle lightweighting, we set global benchmarks in technical excellence

Since 2021, we have embarked on a journey to supply aluminum alloy materials in bulk to the world's leading manufacturers of new energy vehicles, remaining vigilant and responsive to the demands of the high-end market. Throughout this journey, we have consistently positioned ourselves at the forefront of industry technology.

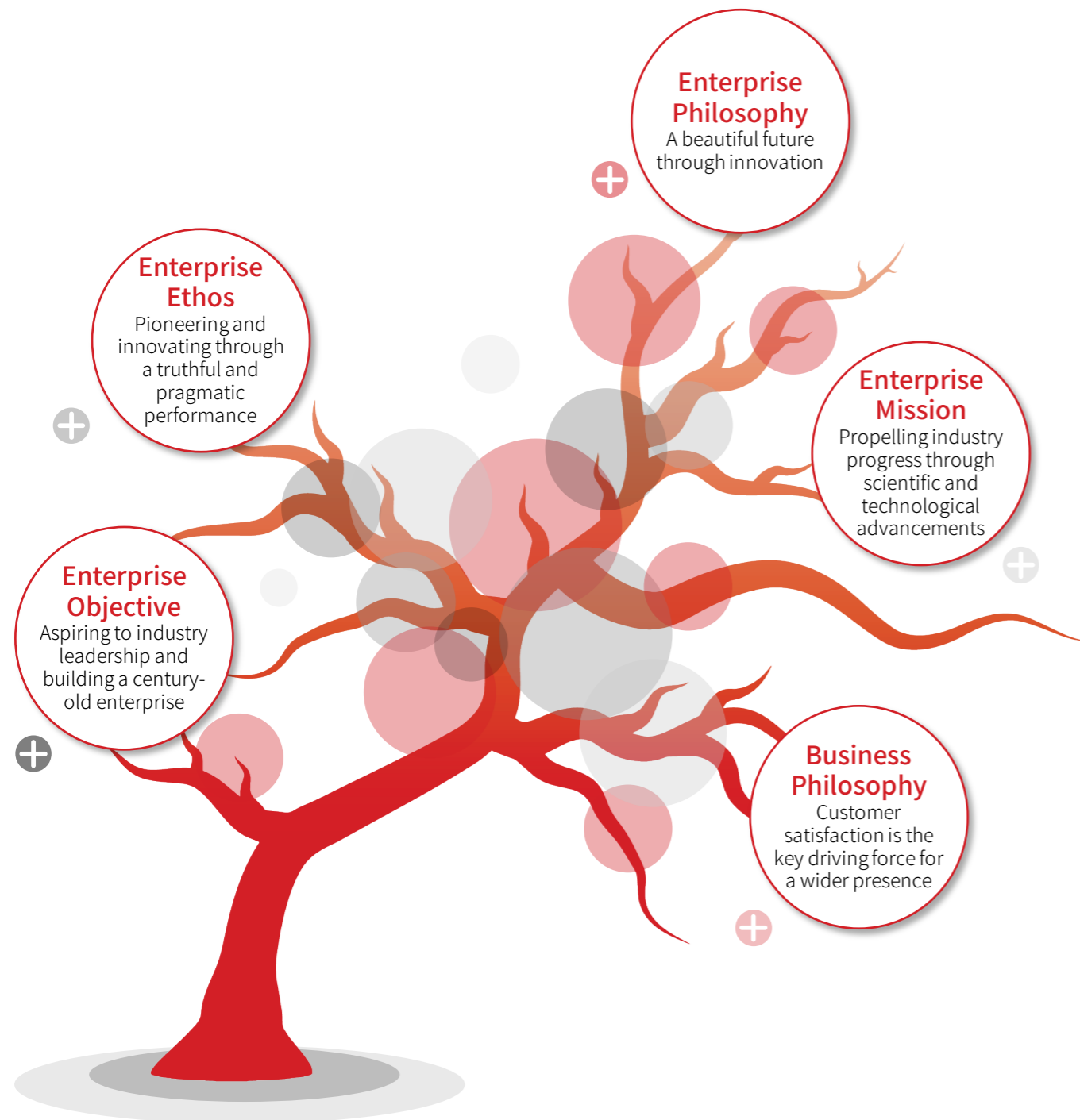


2022 - "Dream-Pursuing Plan" remained unwavering, as we shaped the future through innovation

The Company's significant asset restructuring was approved by the China Securities Regulatory Commission on 13 October 2022. Subsequently, in December 2022, we successfully listed on the main board of the Shanghai Stock Exchange, with the stock abbreviation "Innovation New Material" and stock code "600361". By leveraging the capital market, we have achieved continuous optimization of our capital structure and sustained enhancement of our development momentum.



Company Culture



Honors & Awards

Innovation New Material has always practiced the sustainable development strategy and is recognized by government and institutions in various aspects. In 2023, the Company and its subsidiaries received a number of honors & awards, including but not limited to:

Date	Name of Honors & Awards
In December 2023	Innovation New Material joined the Aluminum Stewardship Initiative (ASI).
In December 2023	Innovation New Material was nominated for the Shandong Provincial Governor Quality Award.
In December 2023	<p>Yunnan Innovation Alloy Co., Ltd.</p> <ul style="list-style-type: none"> was shortlisted as No. 29th in the "2023 Top 100 Yunnan Enterprises" list, rising by 34 positions from the previous year; was ranked 15th in the "2023 Top 100 Yunnan Manufacturing Enterprises" list, rising by 18 positions from the previous year; was shortlisted 8th in the "2023 Top 100 Yunnan Private Enterprises" list, rising by 23 positions from the previous year.
In November 2023	<p>The <i>Code for Control of Wastewater, Waste Gas and Scrap Waste from Aluminum and Aluminum Alloy Melting and Casting</i> led and prepared by Innovation Metal and Suzhou Chuangtai Alloy Materials Co., Ltd. won the first prize of the Excellence Award for Technical Standards awarded by the National Nonferrous Metals Standardization Technical Committee.</p> <p>Innovation Metal participated in preparing the <i>Aluminum Alloy Ingots for Aviation Products</i>, which won the second prize of the Excellence Award for Technical Standards awarded by the National Nonferrous Metals Standardization Technical Committee.</p>
In November 2023	Innovation Metal was awarded the title of "National Green Factory".
In October 2023	Innovation Metal was funded by 2023 Shandong Provincial Key Research and Development Programme (Major Scientific and Technological Innovation Project).
In September 2023	<p>Innovation Metal</p> <ul style="list-style-type: none"> ranked 149th in the List of Top 500 Chinese Private Enterprises for 2023, rising by 23 positions compared to the previous year. ranked 98th in the "List of Top 500 Chinese Private Manufacturing Enterprises in 2023", rising by 7 positions compared to the previous year.
In September 2023	Innovation Metal was successfully selected into the "Provincial Quality Benchmarking".

Honors & Awards

Date	Name of Honors & Awards
In September 2023	Innovation Precision's project - "lightweight alloy material application in rail transit with an annual output of 100 thousand tons" was shortlisted for Shandong New Material Innovation and Application Demonstration Projects.
In September 2023	Yunnan Innovation Alloy Co., Ltd. was ranked as the 19th of the Top 100 Non-Public Enterprises in Yunnan Province in 2023 and 16th of the Top 20 Non-Public Manufacturing Enterprises in Yunnan Province in 2023.
In August 2023	our Company ranked 23rd in the List of China's top 50 nonferrous firms in 2022, advancing by two positions.
In August 2023	Innovation Metal was shortlisted in the "Top 100 Shandong Private Enterprises" list for the 11th consecutive year, ranking 16th, advancing by one position from the previous year.
In August 2023	Innovation Precision and Yuanwang Electric Power were awarded the Shandong provincial-level "Green Factory" title for 2023.
In August 2023	the national standard GB/T 13586-2021 secondary aluminum prepared by the Company was approved as Shandong Original Technical Standard Project.
In June 2023	Innovation Metal and Innovation Precision were selected into the "Cultivation List of Shandong New Material Leading Enterprises".
In June 2023	Innovation Precision was accredited in the cultivation list of first batch of "Morning Star Factories" for the digital economy in Shandong Province.
In June 2023	Innovation Metal was awarded as the "Outstanding Unit for Blood Donation Organisation" in Shandong Province.
In June 2023	Innovation Precision was certified as Shandong "One Enterprise, One Technology" R&D Centre, and Binzhou Industrial Design Centre.
In February 2023	Innovation Metal was awarded the title of "National Advanced Private Enterprise in Employment and Social Security".
In February 2023	The "Shandong Engineering Research Centre for New Aluminum Alloy Materials with Ultra-strength and High Toughness" was approved the optimization and integration by the Shandong Development and Reform Commission.
In January 2023	Innovation Metal was honored as "The Most Innovative Enterprise in 2022".



02

Sustainable Development Management



Innovation Pioneering the Green Aluminum Journey



As global climate change becomes increasingly prominent and the national "Carbon Peaking and Carbon Neutrality" goals make steady progress, the aluminum industry is facing unprecedented challenges in green transformation for its massive energy consumption and high carbon emissions. This transformation serves as an inevitable trend for industry development as well as a profound response to environmental protection and sustainable development. Enterprises in the industry are being driven by the era with an urgent need to accelerate technological innovation to promote industrial upgrading and facilitate profound transformation.

In this transformation, secondary aluminum, as a representative of green and circular economy, is receiving increasing attention. The comprehensive energy consumption of secondary aluminum is only 5% of that of primary aluminum. Besides, the carbon footprint of primary aluminum is 8.6 tons of CO₂ per ton of aluminum, with that of secondary aluminum being only 0.5, which represents a mere 5.8% of the greenhouse gas emissions of primary aluminum. This means that for every additional ton of secondary aluminum utilized, one ton of primary aluminum production can be avoided, thereby reducing 94.2% of carbon emissions and yielding significant social benefits. The tremendous potential and advantages of the secondary aluminum industry in energy conservation and environmental protection are crucial for the healthy, stable, and long-term development of the aluminum market.

As a leading enterprise in the aluminum alloy sector, Innovation New Material has always adhered to the philosophy of green development. The Company is fully committed to building a green lifecycle for its products and leading the industry in embarking on a green aluminum journey through developing high-end flagship green products, boosting investment in carbon reduction, and establishing close industry-wide cooperation.

Developing high-end flagship green products is the essential core of green development. Innovation New Material perceives innovation as the key to green transformation. The Company engages in deep "industry-academia-research" cooperation, initiating collaborative efforts to tackle technical challenges in the industry with renowned universities and research institutions both domestically and internationally. As a result, the Company has successfully developed a series of high-performance aluminum alloy products with low energy consumption and emissions. These products have not only met the market demand for high-quality aluminum alloys but also effectively reduced the energy consumption and carbon emissions during production. The launch of these high-end flagship green products have enhanced the Company's market competitiveness while providing strong support for the industry's transformation.

Boosting investment in carbon reduction is an important means to achieve green development. The Company has entered the secondary aluminum market and made proactive investments leveraging upstream high-quality and green raw materials to expedite the entry of various downstream casting and extrusion aluminum alloy products into the fields of green and clean energy, thereby building a green lifecycle for its products. On this basis, the Company continues to expand its investment and construction in secondary aluminum alloy projects, sparing no effort to promote the green development of the aluminum industry chain.

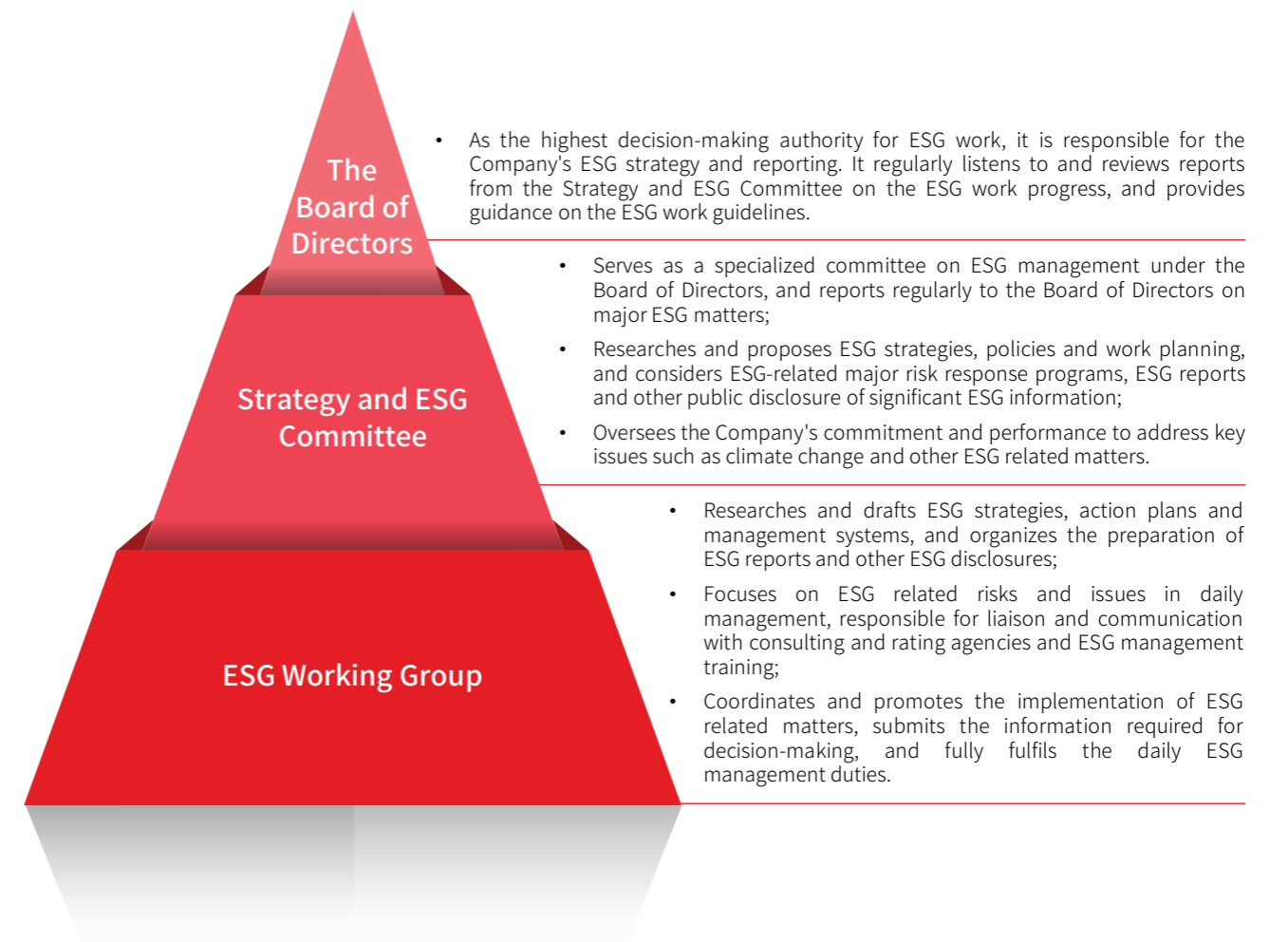
Establishing close industry-wide cooperation is a crucial approach to drive green development. The Company leverages its advantages to establish close partnerships with upstream and downstream enterprises. Through deep cooperation with upstream suppliers, the Company ensures the stable supply of high-quality, green raw materials, providing powerful assurances for green production. The Company also actively collaborates with downstream customers to jointly develop and promote new products that meet the market's demand for green aluminum materials. Simultaneously, the Company engages in vigorous exchanges and cooperation with peer enterprises to jointly promote the green transformation and industrial upgrading of the aluminum industry.

ESG governance

Innovation New Material values ESG governance highly. With the goal of realizing high-quality sustainable development of the Company, we comprehensively integrate ESG concepts into the daily management system of the enterprise, respond to the concerns of customers, employees, investors and other stakeholders about the ESG performance of the enterprise, and continuously create value for all stakeholders.




ESG governance structure





In order to better promote ESG governance, Innovation New Material has established an ESG management system with the Board of Directors as the supreme governing authority, the Strategy and ESG Committee under the Board of Directors as the specialized committee, the ESG Working Group as the coordinating authority for organizing the ESG work of its subsidiaries, and its subsidiaries as the main executing agencies, thus laying the foundation for the management of ESG related matters of the Company.



Communications with Stakeholders

Innovation New Material actively carries out stakeholder communications and responds to the expectations of different stakeholders. Considering the characteristics of the Company's daily operations and business scope, we have fully identified stakeholders and established a variety of communication mechanisms to respond to the expectations and demands of stakeholders, to jointly build a good cooperative relationship, and to strive to achieve win-win cooperation and maximize value.

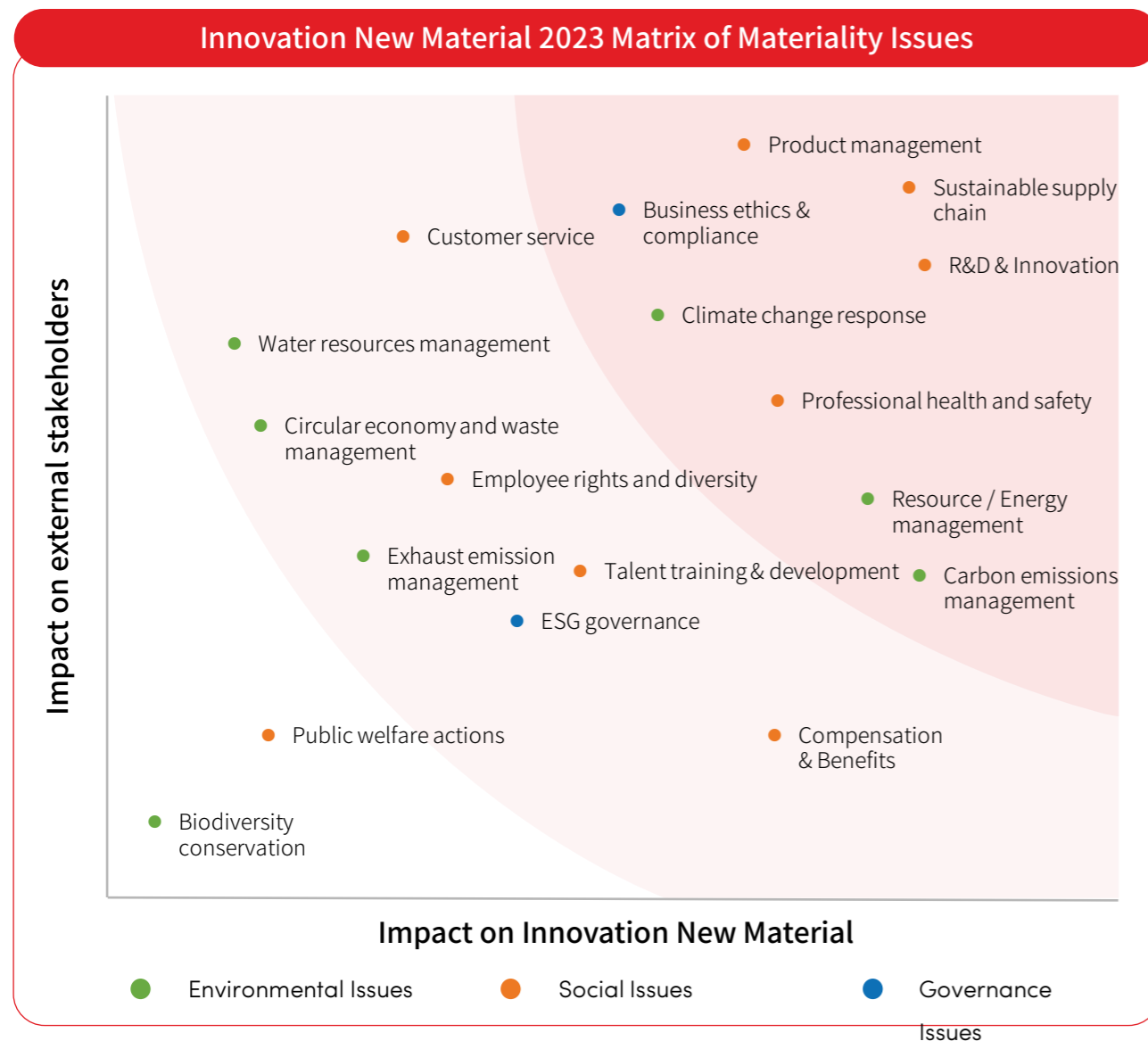
Stakeholders	Communication channels	Expectations and demands
 Shareholder and investors	Shareholders' meeting, Annual/Interim reports, Corporate announcements/Press releases, Field trips, Research and questionnaire	R&D & Innovation, Product management, Customer service, Responding to climate change, Carbon emission management
 Government and regulators	Regular meetings of regulatory authorities, Seminars, Regular information reporting, Site visits, High-level meetings, Policy advisory	Business ethics and compliance, Water resource management, Occupational health and safety, Public interest initiatives, Biodiversity conservation
 The Board of Directors and Corporate Management	Reporting, High-level meeting, Site visit, The Board of Directors, Regular questioning	ESG governance, Product management, R&D & Innovation, Business ethics & compliance, Sustainable supply chain, Energy management

Stakeholders	Communication channels	Expectations and demands
 Employees	Staff council, Symposium, Employee feedback mailbox, Internal office software, Employee satisfaction survey, Training, Internal publication	Employee rights and diversity, Professional health and safety, Talent training and development, Compensation and benefits
 Clients	Business communication, Client feedback, Client satisfaction survey, Social media	Product management, Customer service, Circular economy and waste management, Carbon emissions management, Responding to climate change, Energy management
 Partners	Bidding and procurement, Access and evaluation, Field trips, Seminars and forums	Sustainable supply chain, Product management, Occupational health and safety manufacturing
 Community and the public	Public welfare activities, Community activities, Press releases, Social media, Seminars	Actions for the public good, R&D & Innovation, Responding to climate change, Carbon emissions management

Materiality issue analysis

During the year, Innovation New Material analyzed the Company's internal and external sustainable development background based on the Company's core business and future development plans, combined with factors such as industry ESG related policies and standards, and capital market focus. Based on the results of the analysis, the Company identified a total of 18 material ESG issues.

In order to fully understand the feedback from internal and external stakeholders on the materiality of the Company's ESG issues, Innovation New Material conducted a survey on the materiality of the issues to each stakeholder using a combination of online questionnaires and offline interviews. In response to the feedback from each stakeholder, the Company conducted in-depth analyses and formed the following matrix of materiality issue, in order to better respond to the needs of the stakeholders.



Innovation New Material in Figures

● ● ●
Green Development
● ● ●

Low Carbon Materials Use

- ◆ The total amount of electrolytic liquid aluminum purchased by the Company reached **3.42 million tons**, accounting for **76%** of the total raw electrolytic aluminum materials.
- ◆ The Company purchased **1.4406 million tons** of green-power aluminum and secondary aluminum, accounting for **32%** of the total raw electrolytic aluminum materials, with **426,700 tons** of green-power aluminum purchased.

Secondary Aluminum Use and Development

- ◆ The Company comprehensively recycled **1.0139 million tons** of secondary aluminum, consisting of **698,900 tons** recovered from external sources and **315,000 tons** reused from the Company's own production lines.
- ◆ The Company launched **7** projects for secondary aluminum, with plans to increase the annual production capacity of secondary aluminum to **2.05 million tons**.
- ◆ The Company has achieved **100%** maintenance of quality level for the use of secondary aluminum.
- ◆ The Company has participated in the formulation of **5** national and industry standards for secondary aluminum.

Carbon Footprint and Environmental System Certification

- ◆ The Company has obtained carbon footprint certifications for **19** products.
- ◆ **2** subsidiaries have obtained national-level green factory certification, with another **2** obtaining provincial-level green factory certification. On the municipal level, there are **2** subsidiaries with green factory certification. Besides, **1** subsidiary has obtained municipal-level green supply chain enterprise certification.
- ◆ The proportion of the Company's subsidiaries having obtained **ISO 14001** environmental management system certification reaches **100%**.
- ◆ **9** subsidiaries have obtained **ISO 14064** greenhouse gas emissions accounting certification.
- ◆ **9** subsidiaries have obtained **ISO 14067** carbon footprint of products certification.
- ◆ **4** subsidiaries have obtained **ISO 50001** energy management system certification.

Innovation New Material in Figures

Green Development

Environmental Technology Transformation

- ◆ The Company has invested **58.9298** million yuan in environmental protection.
- ◆ Through waste heat recovery technology, the Company has generated **35.64** million kWh of electricity, saving **10,800** tons of standard coal annually, equivalent to reducing carbon dioxide emissions by approximately **28,000** tons per year.
- ◆ Through clean technology upgrades, the Company can save **1.73** million cubic meters of natural gas annually, reducing carbon emissions by approximately **3,700** tons.

Low Emission of Waste Gases

- ◆ The emissions of particulate matter, sulfur dioxide, and nitrogen oxides at the Company's operation sites in Binzhou are far below the Shandong provincial standards and national standards. The emission concentration of particulate matter and sulfur dioxide are both lower than the **10%** of the national standard, while nitrogen oxide emissions are **50%** lower than the national standard.
- ◆ The effective collection rate of waste gas reaches **99.5%**,
Dust removal efficiency exceeded **99.7%**,
Purification efficiency of oil mist and flue gas exceeds **95%**.

Product Quality

- ◆ The Company has obtained **445** patents, including **44** invention patents and **401** utility model patents.
- ◆ In 2023, the Company obtained **110** newly authorized patents, among which **18** are invention patents and **92** are utility model patents.
- ◆ **100%** of the Company 's subsidiaries having obtained **ISO 9001** Quality Management System certification.
- ◆ **8** of the Company's subsidiaries have obtained the **IATF 16949** Automotive Industry Quality Management System certification.

People-centered Philosophy

Employment

- ◆ The total number of employees is **10,724**, the proportion of female employees accounts for **31.4%**.
- ◆ The employee satisfaction survey covers 92% of employees, with a satisfaction rate of 90%.

Employee Safety

- ◆ **8** of the Company's subsidiaries have obtained **ISO 45001** Occupational Health and Safety Management System certification, with the number of employees holding certified safety engineer qualifications exceeding **40**.
- ◆ The participation rate for employee safety training is **100%**, with **100%** of participants completing the safety education and training. Besides, the completion rate for emergency drills is **100%**.
- ◆ There have been **no** cases of work-related fatal accidents, severe injuries, or occurrences of occupational diseases.

Employee Development and Care

- ◆ In 2023, the Company organized more than **50** employee activities and **40** employee skill competitions.
- ◆ In 2023, **98** vehicles were issued to "loyal teams".
- ◆ At present, the Company has a total of **2,598** dormitories in various parks, of which **344** dormitories will be newly built and put into use in 2023.

Responsible Operations

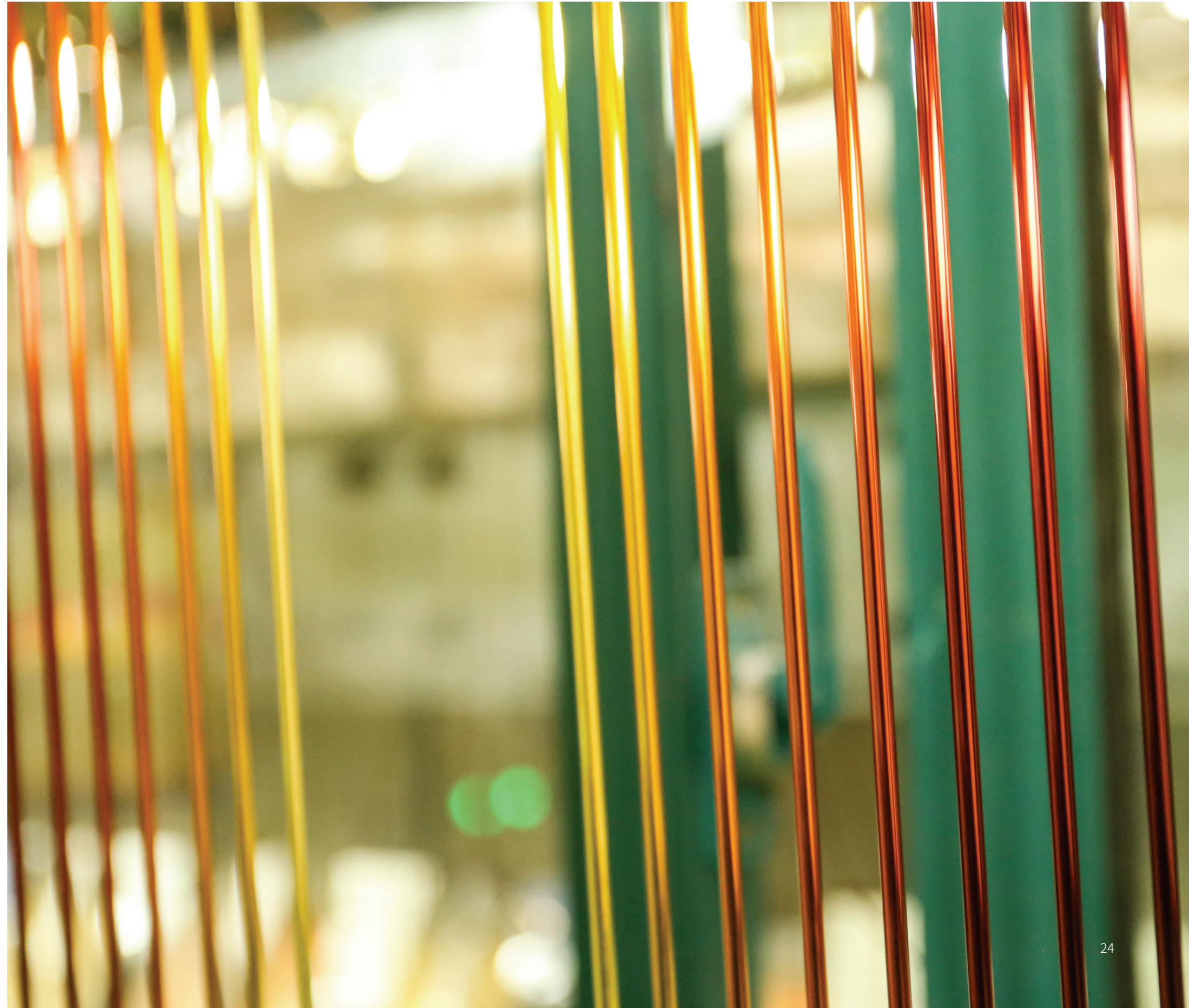
- ◆ There was **no** incident of violation against laws and regulations in 2023.
- ◆ In 2023, the Company conducted **18** sessions of training in laws and regulations, with a total of **1,454** attendances.
- ◆ The customer satisfaction rate exceeded **90%**.
- ◆ In 2023, the Company held **3** supplier symposiums, inviting a total of **35** suppliers.

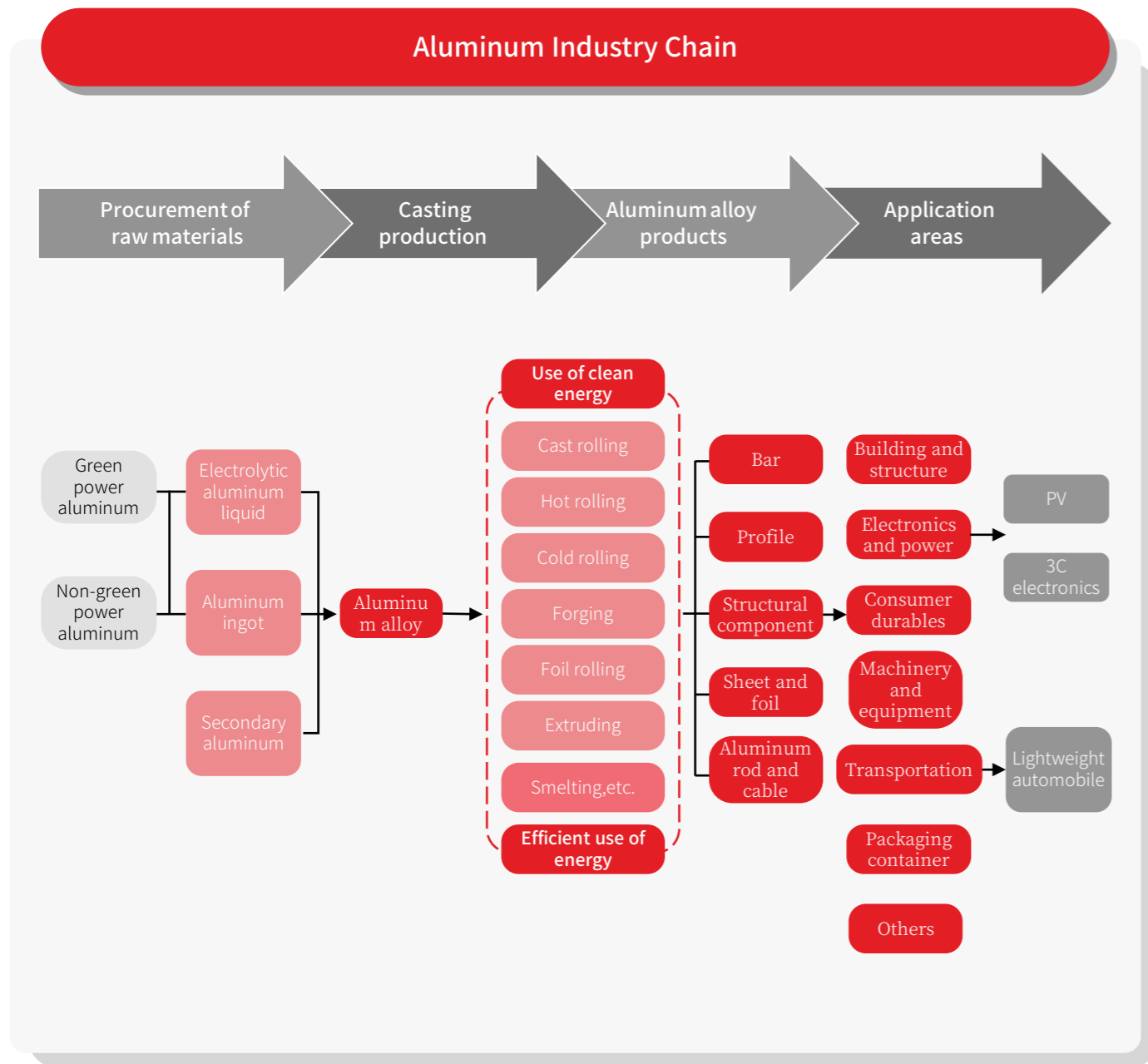
03

Pursuing Green Cycle to Promote Green Development

As one of the largest global aluminum alloy material suppliers, Innovation New Material is well aware that we bear a greater responsibility in the current era of global climate change and sustainable development. Practically implementing the green development philosophy, the Company is committed to building an industry-leading green aluminum industry chain. We vigorously develop green-power aluminum, liquid aluminum and secondary aluminum industries from the raw material side. We also make full and efficient use of hydroelectric, wind, photovoltaic power and other clean energy sources during production. By doing so, we continuously provide lightweight, low-carbon and environment-friendly aluminum alloy products to domestic and overseas sectors such as photovoltaics, 3C electronics and auto manufacturing, thus contributing to the sustainable development of the aluminum industry and a low-carbon society.

This chapter responds to the UN SDGs





Case Building the full-process "green aluminum industry chain" for "Carbon Peaking and Carbon Neutrality" goals

While strictly adhering to the green development philosophy, Suzhou Chuangtai Alloy Materials Co., Ltd. ("Suzhou Chuangtai") puts efforts in high-quality and green development and upholds the philosophy of green, low-carbon and circular development throughout the product life cycle. In 2023, Suzhou Chuangtai took several measures for energy conservation and emission reduction, advancing the rational allocation and comprehensive utilisation of energy and resources in the plant. The Company intends to build the "green aluminum" industry chain throughout the processes covering aluminum recycling, casting, extruding and CNC finishing to facilitate the national "Carbon Peaking and Carbon Neutrality" strategies. This year, Suzhou Chuangtai was successfully admitted to the national green manufacturing list.



Designing Green and Low-carbon Products

Innovation New Material is committed to the green and low-carbon development philosophy, and strives to develop a systematic aluminum alloy industry that centers on circular economy, enabling the green and circular development of the whole industry chain. Based on the actual processes, the Company actively seeks and has realized the large-scale use of green aluminum materials, the low-carbon and clean production and the systematic recycling of aluminum alloy products, driving the development of the secondary aluminum industry.

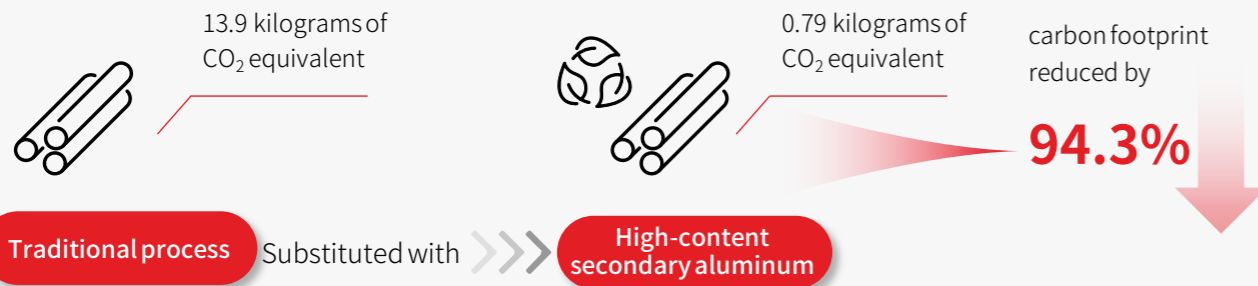
Innovation New Material makes concrete efforts to promote the accounting and certification of product carbon footprint, continuously promoting the "cradle-to-gate" carbon footprint certification, in an effort to track the carbon footprint in the whole product life cycle. By the end of 2023, the Company has obtained the carbon emissions certificate issued by the China Quality Certification Centre (CQC). We have obtained carbon footprint certification for 19 products, including 2 cylindrical ingots of secondary aluminum.

By adopting advanced production technology and energy-saving and consumption reduction control measures, combining the high-quality green power aluminum provided by the upstream of the supply chain and the innovative industrial cooperation model, as well as strict carbon emission management, the Company effectively reduces the carbon footprint of its products and provides more low-carbon products for the industrial chain.

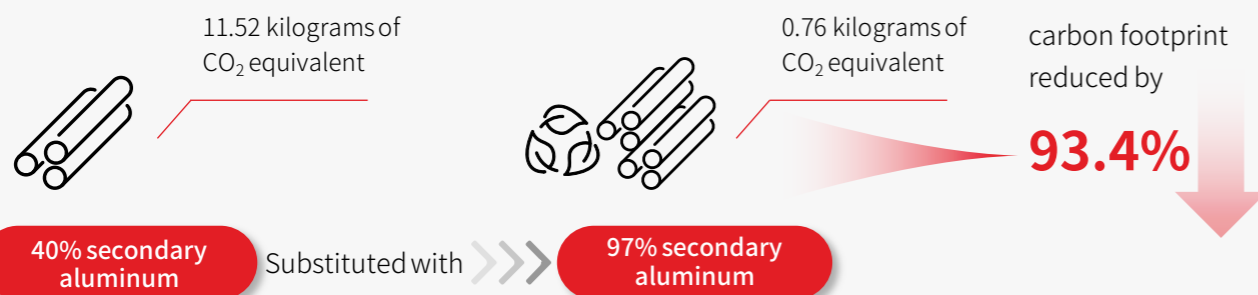


We have obtained carbon footprint certification for **19** products, including **2** cylindrical ingots of secondary aluminum.

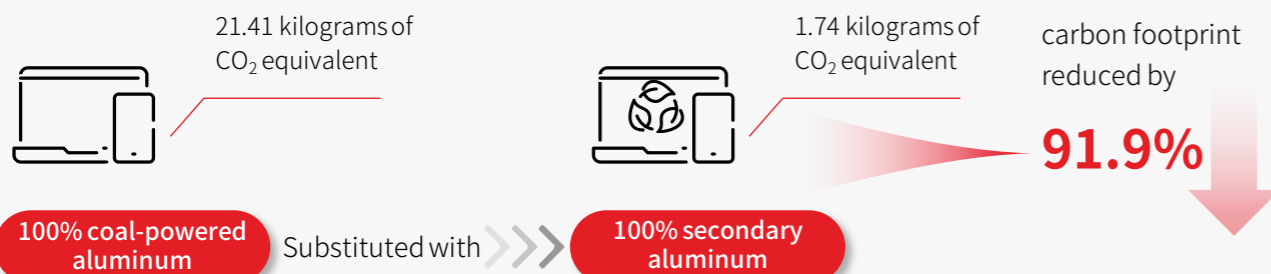
Innovation Metal — Cylindrical aluminum alloy ingot



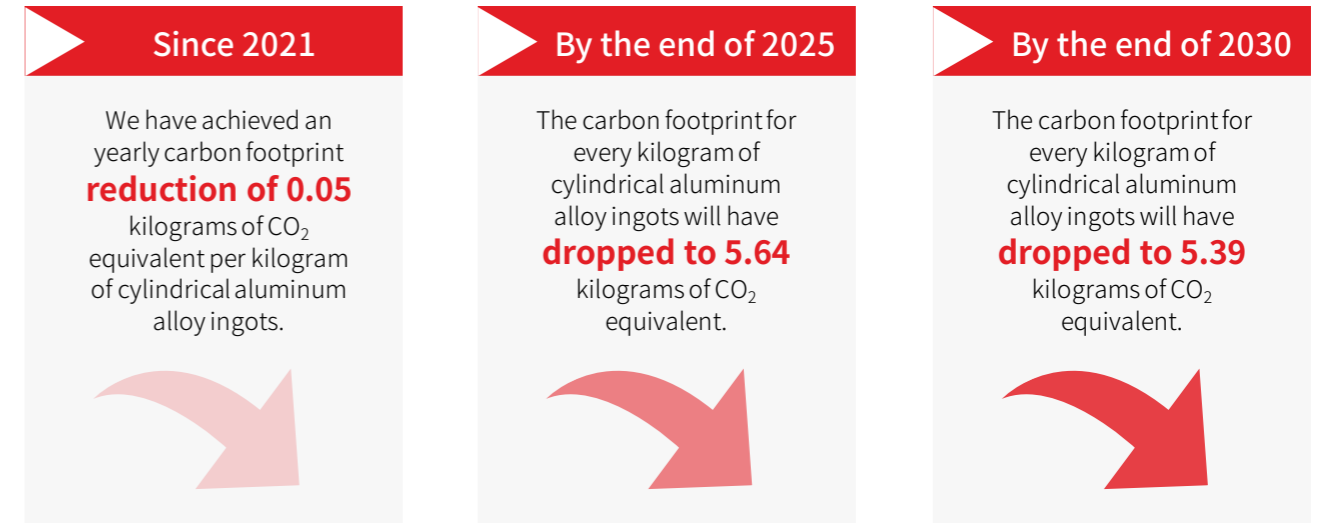
Suzhou Chuangtai — Cylindrical aluminum alloy ingot



Innovation Precision — Profile for 3C electronics

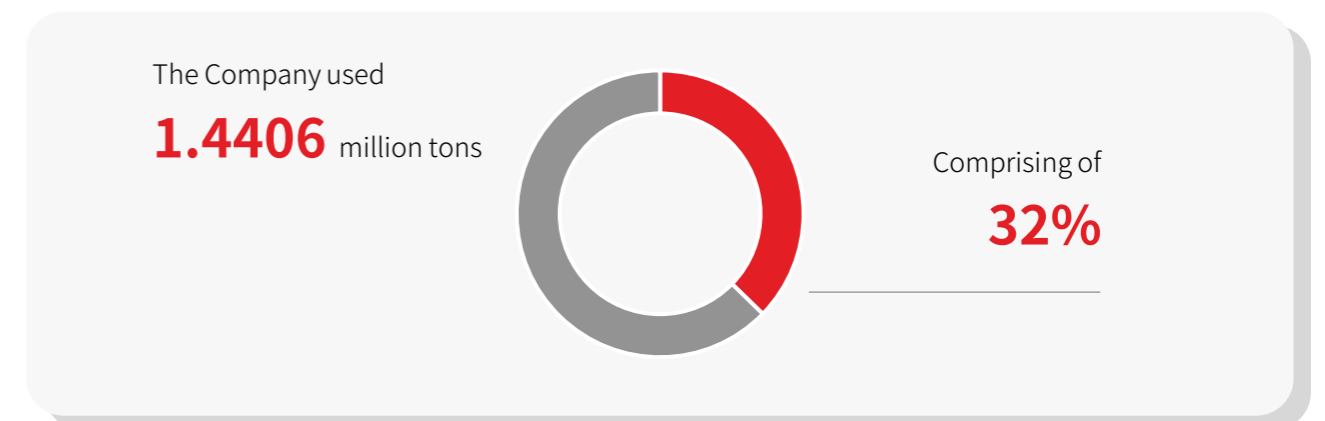


Meanwhile, to further promote and reduce product carbon footprints, the Company leverages renewable energy to launch high-end flagship green products. Innovation Yunnan has capitalized on the ample local hydropower aluminum resources and set carbon footprint objectives for cylindrical aluminum alloy ingots:



Optimization of raw materials structure

The main upstream raw materials of Innovation New Material's products are electrolytic liquid aluminum, aluminum ingot and secondary aluminum. By developing green-power aluminum, optimizing the industrial pattern and encouraging the use of secondary aluminum, and increasing the proportions of green power aluminum and secondary aluminum in raw materials, the Company has avoided the increase in carbon footprint within the product life cycle while raw materials increase, and provided more low-carbon products to downstream customers to boost the transformation of the industry chain. This year, the Company used 1.4406 million tons of green-power aluminum and secondary aluminum, comprising 32% of the total raw electrolytic aluminum materials.



Developing green-power aluminum presence

Innovation New Material has made preliminary efforts in areas such as Inner Mongolia and Yunnan to make full use of local hydroelectric, wind and photovoltaic power for aluminum production. In addition, the Company has established in-depth cooperation with electrolytic aluminum suppliers using clean energy to jointly reduce the carbon emissions throughout the product life cycle. By utilizing the high-quality green-power aluminum resources of Shandong Innovation Group Co., Ltd. (hereinafter referred to as "Innovation Group") in Inner Mongolia, the Company continuously increases the proportion of green-power aluminum in its raw materials, which will reach 50% by the end of 2026. The Company also leverages hydropower aluminum resources to actively develop the hydropower aluminum industry and set relevant production capacity goals. Innovation Yunnan plans to boost the production capacity of cylindrical aluminum alloy bars using hydropower aluminum to 600,000 tons and 900,000 tons by the end of 2025 and 2030 respectively. This year, the Company purchased 425,200 tons of green-power aluminum.

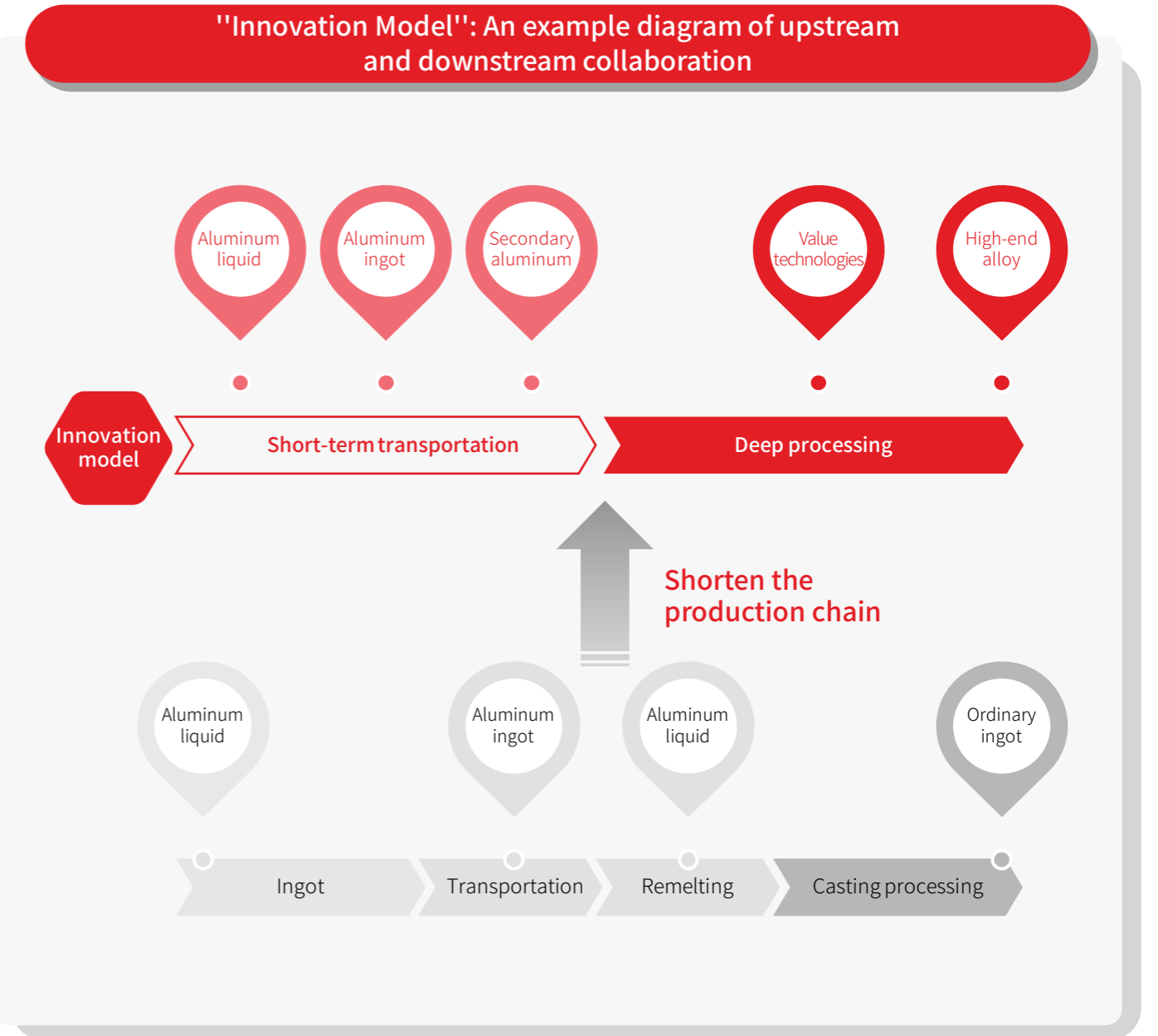
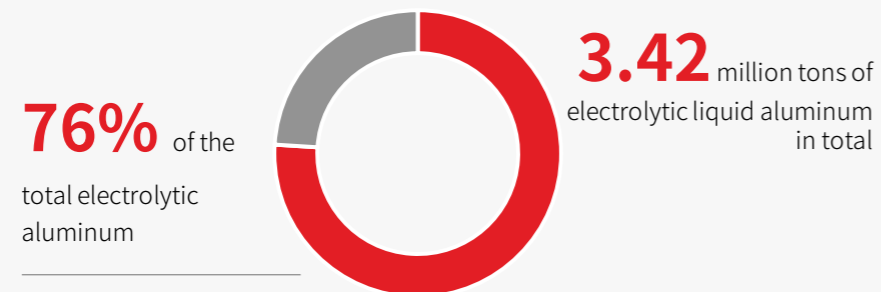


Intending it to reach **50%** by the end of 2026.
 Innovation Yunnan plans to boost the production capacity of cylindrical aluminum alloy bars using hydropower aluminum to **600,000** tons and **900,000** tons by the end of 2025 and 2030 respectively.
 This year, the Company purchased **425.2** thousand tons of green-power aluminum.

Optimizing the industrial cooperation model

Innovation New Material actively promotes the green transformation and takes full advantage of the aluminum industry cluster, establishing an "Innovation Model" based on short-distance transportation and deep processing in virtue of co-location with electrolytic aluminum enterprises. Additionally, with aluminum ingots having been replaced with electrolytic liquid aluminum during production, the coagulation and casting process of electrolytic liquid aluminum is avoided, reducing carbon emissions in raw material selection. Meanwhile, the short-distance transportation has substantially cut the carbon emissions from the transport of electrolytic aluminum and reduced the carbon footprint of the products. This year, the Company purchased 3.42 million tons of electrolytic liquid aluminum in total, accounting for 76% of the total electrolytic aluminum.

Innovation New Material also develops the aluminum industry in Yunnan and maintains the cooperation with Shandong Weiqiao Pioneering Group Co., Ltd. By giving full play to advantages of upstream and downstream industry clusters, the Company has expanded production capacity and reduced the carbon emissions in production and operation to drive green development of the industry.



Expanding the application of secondary aluminum

As a leader in secondary aluminum, Innovation New Material recovers secondary aluminum through industrial leftover materials from downstream customers and waste from external markets. The Company has maintained and advanced the quality level of the secondary aluminum using advanced industrial production technologies and equipment. In addition, through the persistent R&D and application of technologies, we have been able to manufacture rods, profiles and structural components in processes such as casting, extruding and finishing with recovered secondary aluminum, enabling the wide use of secondary aluminum in 3C electronics, lightweight automobiles, new energy industry, etc. to accelerate the circulation of secondary aluminum and boost its economic value. This year, the Company comprehensively recycled 1.0139 million tons of secondary aluminum, of which 698,900 tons were recovered from external sources, with the rest of 315,000 tons reused from its own production lines. Additionally, secondary aluminum accounted for 60% of the total raw materials at Suzhou Chuangtai.

The Company comprehensively recycled **1.0139** million tons of secondary aluminum, with the rest of:

315,000 tons reused from its own production lines



By the end of 2023, Innovation New Material has also obtained the SCS Global Services and Underwriters Laboratories (UL) Certification for some product types.



Recycling industrial leftover materials

As the upstream enterprise of the value chain, Innovation New Material has signed strategic cooperation agreements with downstream customers to define the roles of the parties involved in aluminum product recovery and promote resource recycling. This year, in the procurement contract with downstream customers, Inner Mongolia Lightweight specified the proportion of secondary aluminum used in the raw materials as well as the requirements for the recycling of industrial leftover materials, in an effort to jointly create and expand secondary aluminum channels.

Recycling market waste

The Company has ample sources of market waste and actively promotes its recycling to efficiently use limited natural resources. We seek to recycle market waste from downstream customers and other third parties to replace electrolytic aluminum as raw materials for casting. In addition, we constantly increase our recycling efforts.

The Company also strives to maximise the utilization of waste and has established stable market-based recycling channels by accelerating the layout and building of domestic recycling stations. We have formed a recycling team for secondary aluminum, implementing a point-to-point recycling model in major raw material bases such as Shanghai, Suzhou, Guangdong and Chongqing, in an effort to enable the accurate recycling of market waste.

Case Suzhou Chuangtai actively purchases market waste to design secondary aluminum products

To promote sustainable development, Suzhou Chuangtai actively purchased waste aluminum profiles and scraps to ensure that more than 60% of raw materials were industrial leftover materials from downstream customers, while specifying that the proportion of secondary aluminum used in some product types must be 100%. In the meantime, the Company plans to make recycled materials account for 70% of raw materials across all lines by 2025, with the percentage being 100% for secondary aluminum lines.

Reusing aluminum from the Company's production lines

Innovation New Materials continues to promote circular economy and actively carry out the recycling of waste aluminum from its own products. For waste materials such as rod heads, rod tails, scraps, and trimmed edges generated during the production process, the Company has established a scientific and efficient recycling process. Through continuous technological innovation and process optimization, the Company ensures that they are reused to the maximum extent, mitigating environmental pollution. This year, the Company reused 315,000 tons of aluminum from its own production lines.


Carbon reduction throughout production processes

Innovation New Material promotes the green and low-carbon transformation through various measures. Resource efficiency has been enhanced by actively developing secondary aluminum alloy lines, continuously improving the energy management system, increasing the proportion of clean energy and vigorously upgrading energy-conserving technologies. This year, 9 subsidiaries obtained the ISO 14064 greenhouse gas accounting certification.

 **9** subsidiaries obtained the **ISO 14064** greenhouse gas accounting certification and **ISO 14067** carbon footprint of products certification.

Secondary aluminum alloy projects

Innovation New Material vigorously develops the secondary aluminum industry and continues to promote the green development of the aluminum industry chain with a strong sense of social responsibility. The Company has launched 7 secondary aluminum projects in total and plans to boost the annual secondary aluminum production capacity to 2.05 million tons. At present, we have put 2 high-quality secondary aluminum alloy projects into operation with annual production reaching 600,000 tons.

 The Company has launched **7** secondary aluminum projects in total and plans to boost the annual secondary aluminum production capacity to **2.05** million tons.

Case Promoting the production of high-quality secondary aluminum for circular development of the value chain

This year, Shandong Chuang Yuan Renewable Resources Co., Ltd. successfully put its first product line of the 500,000-ton high-quality secondary aluminum project into operation. Relying on imported production equipment with high efficiency and low energy consumption as well as other advanced energy-saving technologies, the project can realize the minimum consumption of energy and lowest carbon emissions during production. The production process of cylindrical aluminum alloy ingots is further optimized to maximize resource utilization and production efficiency. Advanced imported equipment such as paint removing furnaces run automatically and enable ultra-low or even zero emissions. Waste gas generated during operation can be used for waste heat recovery and reused for power generation. Every effort is made to minimize resource waste and environmental pollution. The success of the project has advanced the green development of the aluminum alloy industry chain, promoting sustainable development of the whole industry chain and boosting the development of the "hub of global high-end aluminum bases".



Secondary aluminum alloy production line

Quality level maintenance of secondary aluminum

The Company focuses on maintaining the quality level of secondary aluminum and works with downstream customers to ensure the stability and reliability of the feedstock. In addition, we convert the secondary aluminum containing various impurities into the alloyed product with composition and performance within specifications through strict control processes. By introducing state-of-the-art production equipment and processes to the production line, the Company actively makes proactive efforts to recover secondary aluminum and achieve 100% maintenance of quality level for reuse. With our superior expertise in front-end processes as well as core technologies to purify high-quality aluminum melt and remove impurities in secondary aluminum, the Company can upgrade the quality of secondary aluminum by effectively controlling its chemical composition.

Case Working with a renowned technology company on the quality level maintenance of 3C electronics for recycling

The Company has been working with a renowned technology company since 2017 to recover and reuse the secondary aluminum in a closed loop, leading the maintenance and upgrade of the quality level of secondary aluminum. The Company has formed a mature technology system in terms of secondary aluminum screening, decontamination, impurity removal and purification, and alloying, which has been applied to all products. This system can maintain and even upgrade the quality of secondary aluminum by keeping consistent product performance, maximizing alloy properties, effectively removing impurities and ensuring the purity and uniformity among secondary aluminum products. Currently, the Company has achieved 100% quality level maintenance of secondary aluminum for use and become a domestic leader in manufacturing and utilizing secondary aluminum.




Currently, the Company has achieved **100%** quality maintenance of secondary aluminum for use.

Green energy transformation

Innovation New Material contributes to the national "Carbon Peaking and Carbon Neutrality" strategies by vigorously promoting the green transformation and striding towards green and high-quality development. We strive to reduce the consumption of traditional energy in production and operation on all fronts to gradually increase the usage of clean energy and further enhance our production and operation efficiency.


Energy management system

To carry out energy management systematically and efficiently, the Company has comprehensively planned, implemented, inspected and improved energy management. The Company scientifically monitors the whole process of energy management to effectively control energy consumption and improve energy utilization efficiency. According to laws and standards such as the *Energy Conservation Law of the People's Republic of China*, ISO 50001 Energy Management System and RB/T 117-2014 Energy Management Systems Certification Requirements for Nonferrous Industry, the Company has taken into account the actual daily operation of the Company to establish a three-level management system including the Company, departments and teams.




At the Company level

An energy management leadership group and office have been established, with the deputy general manager as the team leader. They are responsible for formulating energy policies and operating guidelines to clearly define and communicate the scope of responsibility and authority related to energy management within the Company. Meanwhile, they will develop guidelines and methods to ensure effective control and operation of the energy management system and regularly report the work progress to the top management.



At the departmental level

An energy management team has been established with members from numerous departments to carry out energy management policies. The team is also asked to establish, implement, maintain, and continuously improve the energy management system in accordance with standards and requirements to plan effective energy management activities. In addition, the team is in charge of monitoring energy performance and evaluating compliance issues to help all employees enhance their awareness of energy policies and goals and regularly report to the Company level;



At the team level

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



This year, **4** subsidiaries of the Company have obtained the **ISO 50001** Energy Management System certification.

Optimising the energy structure

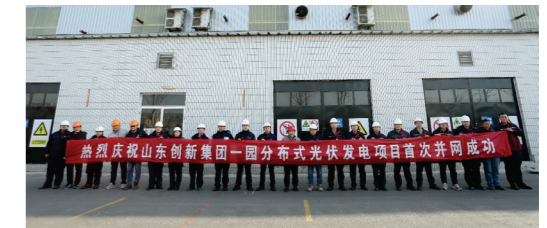
The Company continues to optimize its energy structure to promote the construction of new energy projects and practice the "dual carbon" philosophy. The Company vigorously develops photovoltaic power projects to save energy and reduce emissions. Consequently, we have reduced production costs and boosted the use of green energy, achieving economic, ecological, and social benefits. This year, the Company has completed the installation and grid-connected power generation of 22.58 MW of photovoltaic equipment in Shandong Province, which is expected to reduce approximately 13,521 tons of carbon dioxide emissions annually.



This year, the Company has completed the installation and grid-connected power generation of **22.58** MW of photovoltaic equipment in Shandong Province, which is expected to reduce approximately **13,521** tons of carbon dioxide emissions annually.

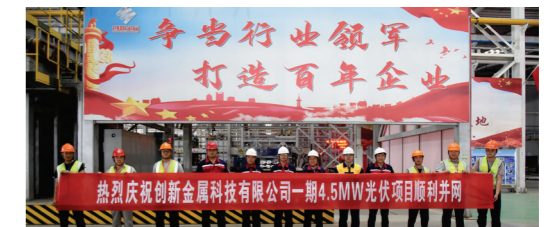
► Innovation First Industrial Park's distributed photovoltaic power generation project has been successfully connected to the grid.

The Company has signed a cooperation agreement with a third party for the rooftop distributed photovoltaic power station project and successfully connected the photovoltaic power station to the grid in 2023. All the electricity generated by the project will be supplied to the Company for energy conservation and emission reduction.



► Innovation Metal's distributed photovoltaic power generation project has been successfully connected to the grid.

This year, the Fourth Park of Innovation Metal, the First Park of Innovation Board Material, the Park of Chuanghui New Material, and the Park of Yuanwang Electrotechnics have been integrated into the grid, with a total installed capacity of 22.58 MW.



► Suzhou Chuangtai's photovoltaic power generation project has been successfully connected to the grid.

Suzhou Chuangtai plans to use the 120,000-square-metre roof in the factory to construct a 12 MW photovoltaic power generation facility with an annual capacity of 12 million kWh, which can supply about 70% of the factory's demand for electricity.



Case Carrying out the construction of the photovoltaic factory to create a low-carbon supplier image

In order to effectively promote the Company's low-carbon development, Inner Mongolia Lightweight has added rooftop photovoltaic power generation to the new factory's design and invested heavily in the construction of waste aluminum recycling production lines. While improving its green and low-carbon development, it also contributes to the green transformation of the value chain.



Photovoltaic factory

Case Using regenerative heating combustion furnaces to reduce natural gas consumption

In order to improve the efficiency of clean energy use, Innovation Metal has carried out successive upgrades of combustion furnaces, replacing conventional melting equipment with regenerative heating combustion furnaces to accelerate the internal heating and improve the recovery and utilization rate of waste heat. Compared with traditional furnaces, natural gas consumption has been reduced by about 42%, with the energy efficiency of equipment improved. By the end of 2023, the Company has saved 1.73 million m³ of natural gas annually through clean technology upgrades, reducing carbon emissions by about 3,700 tons.



Natural gas consumption has been reduced by about **42%**, saved **1.73** million m³ of natural gas, reducing carbon emissions by about **3,700** tons.



Regenerative heating combustion furnace

Energy Efficiency Upgrading

The Company continues to make energy-conserving technological improvements and upgrade the technology of existing production equipment. We are also reducing energy consumption to improve energy efficiency by adopting waste heat recovery technology. After the upgrade is completed, the Company will be able to generate 35.64 million kWh of electricity by recovering and utilizing the heat of flue gas and steam, saving 10,800 tons of standard coal annually, which is equivalent to reducing approximately 28,000 tons of CO₂ emissions annually.



Saving **10,800** tons of standard coal annually, which is equivalent to reducing approximately **28,000** tons of CO₂ emissions annually.

Case Recovering waste heat to generate electricity and reduce energy consumption

Innovation Metal channels the flue gas generated in the production process into the waste heat recovery boiler for steam production. After stabilizing the pressure and the fluid, the flue gas is fed into a turbine generator for high-quality power output, enabling the cascade utilization of energy. The project fully utilizes the medium and low-level waste heat resources and the heat of high-temperature flue gas discharged from the original production line. With a total installed capacity of 5 MW, the annual power generation reaches 35.64 million kWh, saving up 10,781 tons of standard coal annually.



Reaches **35.64** million kWh, saving up **10,781** tons of standard coal annually.



Waste heat turbine generator

Deepening green application domains

Innovation New Material provides high-performance aluminum alloy products for downstream industries and actively supports low-carbon development in the industrial chain. With the advantages of aluminum alloy being light-weight and high-quality, the Company's products are widely used in high-end domains such as photovoltaics, light-weight automobiles and 3C electronics. To a great extent, the Company has met the environmental and low-carbon requirements of downstream customers for green products and a green industry. Meanwhile, the Company is working closely with customers in the downstream supply chain to explore possibilities of carbon reduction. We are committed to cooperating with customers to carry out green and low-carbon production throughout the entire industrial chain to continuously strengthen the green attributes of the industry.



Photovoltaics

The Company's aluminum alloy products are used in key parts such as solar panel frames, photovoltaic modules, and photovoltaic pillars due to their high durability, light weight, corrosion resistance and recyclability. Aluminum alloy is capable of improving the overall performance and reliability of photovoltaic equipment and enhancing its ability to withstand wind and snow loads. Meanwhile, it effectively reduces the risks of load bearing, thereby expanding the application scenarios of rooftop distributed photovoltaics while increasing the installed capacity of photovoltaics. In addition, aluminum alloy can significantly reduce carbon emissions during the product lifecycle compared to steel during transportation. The excellent corrosion resistance of aluminum alloy can extend the service life of photovoltaic equipment. Moreover, due to the convenience of recycling, the recovery rate of aluminum alloy in photovoltaic equipment remains high after years of use, with the energy consumption for recycling being only a small portion of that of steel. These advantages of aluminum alloy have promised a vast array of its potential applications in the photovoltaics industry.



Lightweight automobiles

The aluminum alloy materials produced by the Company are widely used in automotive trim parts, sunroof guide rails, automobile seats, battery trays, etc. Their strength and other indicators meet the requirements for automotive rigidity and performance. Additionally, the use of aluminum alloy has replaced that of steel to reduce the weight of automobiles.







3C electronics

The aluminum alloy products produced by the Company are mainly used for decorative parts, support parts, shell cases, frame materials, and structural components for various categories of electronic products such as laptops, tablets, mobile phones, and wearable devices. They have been supplied to many well-known 3C electronic brands. The light-weight and high-strength aluminum alloy is highly compatible with the trend of portability and thinness in the development of 3C electronics. The application of secondary aluminum alloy also helps to reduce carbon emissions in the life cycle of consumer products. Currently, the Company has gained recognition from global leading customers in 3C electronics for its advanced manufacturing technology and excellent performance of green and low-carbon aluminum products.

Actively Responding to Climate Change

This year, in order to systematically analyze the impact and opportunities of climate change on the Company's operations, the Company referred to the *Recommendations of the Task Force on Climate-related Financial Disclosures* (TCFD) to proactively identify the risks of climate change and analyze the ability of our measures to cope with the risks.

Risks and potential impacts	Coping strategies
Transition risks	
 <p>Policy and Legal</p> <p>China has launched a national carbon market, with the requirements for controlling carbon emissions becoming increasingly strict, which may create an impact on the Company's operations, e.g., higher operating costs due to the need to invest more in technology improvement.</p> <p>Internationally, barriers to carbon-related trade, such as the EU Carbon Border Adjustment Mechanism (CBAM), continue to increase. This will not only impact the Company's future exports to overseas markets, but also affect the cross-border transactions in the downstream value chain.</p>	<p>The Company will actively respond to national policies and industry development trends by accelerating the green transformation and increasing the use of clean energy and green aluminum to reduce carbon emissions.</p>
 <p>Technology</p> <p>With China's "carbon peaking by 2030 and carbon neutrality by 2060" goals, the country's carbon emission policies will be gradually tightened, putting pressure on the Company to reduce carbon emissions. In the short and medium term, the Company may have to resort to clean technologies due to carbon reduction needs, resulting in increased operating costs.</p>	<p>The Company will continue to optimise energy conservation and emission reduction management, promoting the research and application of aluminum recycling technology.</p> <p>The Company will continue to conduct research in clean technologies and vigorously optimise the energy structure, such as increasing the usage of clean energy, including photovoltaic and wind energy. Moreover, the Company will accelerate the energy structure adjustment of its subsidiaries .</p>
 <p>Market</p> <p>The Company's downstream enterprises are placing greater emphasis on the low-carbon attributes of their products and services, thus elevating the low-carbon requirements for upstream aluminum alloy manufacturers. The shift in market demand is accompanied by the emergence of new opportunities, while products not compliant with the green attributes face the risk of obsolescence.</p>	<p>The Company already has a production line for secondary aluminum alloy. In the future, the Company will gradually increase the use of secondary aluminum in other production lines as well to enhance the green attributes of products and expand the market share of the Company's green products.</p>
 <p>Reputation</p> <p>Inconsistency between the Company's business behaviour and its green and low-carbon philosophy may affect its reputation and image, jeopardizing its market performance.</p>	<p>The Company will establish special communication channels with stakeholders. When problems arise, the Company will quickly develop and implement remedial solutions while providing timely feedback to stakeholders.</p>

Risks and potential impacts	Coping strategies
Physical risks	
 <p>Acute</p> <p>Climate change has led to an increase in the frequency of extreme weather events such as floods and typhoons, which may result in power outages, water supply interruptions , and damage to logistical routes, potentially disrupting the Company's normal operations and causing financial losses.</p>	<p>The Company will develop contingency plans related to supply chain protection to respond to unexpected natural weather events and meet the transportation needs.</p>
 <p>Chronic</p> <p>Climate change is causing a sustained rise in global temperatures, which may lead to chronic risks such as the melting of sea ice, rising sea levels, and changes in water resource distribution. It may also affect the Company's operating costs through increasing the frequency of equipment maintenance and refrigerating equipment purchases.</p>	<p>Besides, the Company will carry out equipment replacement to improve resilience against natural disasters.</p>

Climate change as an opportunity

Innovation New Material is actively responding to the demand for green development in the value chain. By reducing our operational carbon emissions and increasing the use of green energy in production and operations, we are driving the green and low-carbon development of the entire value chain. Referring to the TCFD framework, the main climate opportunities we have identified include:

Opportunity type	Opportunities and potential financial impacts
Products and services	Innovation New Material is committed to helping the value chain achieve green and low-carbon development. We actively promote the use of green and clean energy while upgrading production processes to create low-carbon products. In addition, we vigorously promote the application of the philosophy of circular economy by signing strategic cooperation agreements on aluminum recycling with downstream customers to enable the production of greener and lighter aluminum alloy products and provide solutions that better meet low-carbon needs. Meanwhile, we contribute to the high-quality development of the new energy industry by providing high-quality aluminum alloys for industries such as wind power and photovoltaics, to boost the joint creation of economic and social value along the value chain.
Markets	To achieve low-carbon development goals, countries and regions worldwide have rendered strong support to green development in various industries to reduce the consumption of traditional energy. Therefore, the Company vigorously promotes low-carbon transformation by responding to market demands for green aluminum alloys and seizing new market opportunities to create new growth drivers for income.
Resource efficiency	The Company has carried out gradual energy-conserving technological upgrades to improve the energy efficiency of production, reduce the use of resources, and scaling down energy consumption. In the meantime, benefiting from the increase in production capacity, the Company can produce more finished goods within the same time frame to generate more profits.
Energy source	The Company is constructing green energy facilities such as photovoltaic and wind power stations in multiple operating locations, planning to gradually replace traditional energy uses in production activities. While reducing our carbon emissions, we also have also mitigated the compliance risks arising from stricter emission policies in the future. In addition, the Company continues to increase the usage of clean energy such as hydropower in Yunnan Province.
Resilience	The Company actively lays out the low-carbon development of the whole process of products, gives full play to the advantages of industrial cooperation, cooperates with upstream enterprises with a higher proportion of clean energy use, expands the proportion of green power aluminum raw materials at source, expands the channels of secondary aluminum, increases the proportion of secondary aluminum raw materials, and realizes the reduction of carbon at source; and continues to increase the investment in and construction of secondary aluminum alloy projects, expands the proportion of secondary aluminum alloy products, and produces more low-carbon products, so as to enhance the ability of the Company to grasp the new opportunities of low-carbon markets such as green aluminum alloys and other new opportunities in the low-carbon market, and enhance the Company's resilience to cope with the impact of climate change.

Practicing Environmental Protection

The Company always adheres to the environmental protection philosophy of "Lucid waters and lush mountains are invaluable assets" through continuous improvement of environmental protection management and persistent efforts to reduce the environmental impacts of production and operation, including formulating strict standards, adopting advanced emission reduction technologies, and cultivating employees' awareness of environment protection. In doing so, we have practiced the philosophy of green and sustainable development. This year, 2 subsidiaries have obtained national-level green factory certification, with another 2 obtaining provincial-level green factory certification. On the municipal level, there are 2 subsidiaries with green factory certification. 1 subsidiary has also obtained municipal-level green supply chain enterprise certification.



This year, **2** subsidiaries have obtained national-level green factory certification, with another **2** obtaining provincial-level green factory certification.

On the municipal level, there are **2** subsidiaries with green factory certification.

Besides, **1** subsidiary has obtained municipal-level green supply chain enterprise certification.

Strengthening environmental management

The Company strictly complies with laws and regulations including the *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, and the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*. In addition, the Company has formulated environmental management policies such as the *Environmental Protection Management Policy* and the *Management Policy for Legal Disclosure of Environmental Information*.

In order to carry out refined environmental management, the Company has established the Safety and Environment Supervision Department that is responsible for the overall environmental supervision, inspection and management, the handling of environmental protection procedures for construction projects, and the implementation of the "three simultaneousities"¹. Meanwhile, we dispatch full-time personnel to supervise and inspect the management progress of waste gas, wastewater and solid waste at each subsidiary according to the Company's environmental policies and management requirements to screen and rectify potential environmental risks. By the end of 2023, all subsidiaries of the Company have obtained the ISO 14001 environmental management system certification, and Suzhou Chuangtai is applying for the certification of ASI PS performance standard management system.



All subsidiaries of the Company have obtained the **ISO 14001** environmental management system certification

Suzhou Chuangtai is applying for the certification of **ASI PS** performance standard management system.

¹The facilities for pollution prevention and control in construction projects should be designed, constructed, and put into operation simultaneously with the main project.

Environmental risk management

To prevent and control sudden environmental incidents and risks, the Company has formulated the Contingency Plan for Sudden Environmental Incidents and filed it in accordance with legal requirements such as the Management Measures for the Filing of *Contingency Plans for Sudden Environmental Incidents in Enterprises and Institutions (Trial)*. Considering the Company's characteristics, the Company has identified factors relevant to environmental impact before screening risks to rectify hidden dangers. We require personnel responsible for environmental protection to regularly inspect the operations in workshops and conduct investigations into hidden dangers such as hazardous materials, fires, atmospheric impacts, soil environment, etc. For the exposed environmental risks, the Company has established strict control procedures for rectification of environmental issues, specifying deadlines for solutions while requiring all issues to be submitted to the Company's Safety and Environment Supervision Department in the form of rectification reports for review.



Implementing environmental protection measures

The Company persistently uses environmental protection equipment with higher efficiency and optimizes policies and management measures to continuously reduce pollutant emissions for scientific and effective waste disposal as well as reasonable use of water resources, in an effort to maintain ecological balance and protect the natural environment.

Waste gas treatment

The Company strictly implements the *Integrated Emission Standard for Air Pollutants, the Emission Standard for Air Pollutants from Industrial Kiln and Furnace*, and local emission standards for air pollutants. The Company has established a management system for waste gas treatment facilities and requires that emissions from all subsidiaries shall not exceed relevant national or local emission indicators. In 2023, all pollutant emissions from the Company's manufacturing bases met the national and local emission standards for air pollutants. At the Company's operational site in Binzhou, the emissions of particulate matter, sulfur dioxide, and nitrogen oxides were significantly lower than both the provincial standards of Shandong and the national standards. Specifically, the emissions of particulate matter and sulfur dioxide were both lower than 10% of the national standard, while nitrogen oxide emissions were lower than 50% of the national standard.



The emissions of particulate matter and sulfur dioxide were both lower than **10%** of the national standard, while nitrogen oxide emissions were lower than **50%** of the national standard. This year, the Company has invested **58.9298** million yuan in environmental protection.

The Company also continues to upgrade and renovate environmental protection facilities to improve the operating efficiency of environmental protection equipment. This year, the Company has invested 58.9298 million yuan in environmental project renovation. Our main measures include:

Installing and renovating equipment for waste gas treatment

The Company has introduced a regenerative low-nitrogen burner system to reduce nitrogen oxide generation by adjusting the air combustion ratio, which can reduce nitrogen oxide emissions by about 10 tons annually. The Company has upgraded 32 smelting furnaces with regenerative low-nitrogen burners, reducing the concentration of nitrogen oxide emissions by about 20%.



Conducting fuel replacement and collecting waste gas

The Company opted for natural gas as the only fuel in the smelting process to generate less waste gas. The efficiency of fugitive waste gas collection has been improved to 99.5% by using larger gas hood on the furnace door, enlarging the diameter of the main flue and increasing the air volume of the fan.



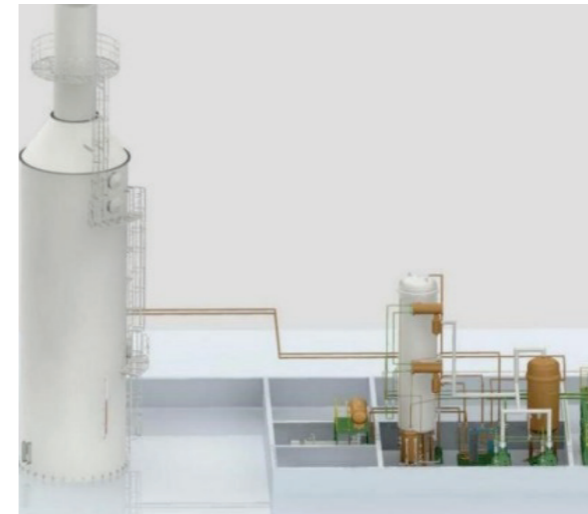
Optimizing processes of end-stage treatment

For waste gas treatment, high-efficiency cyclone dust collector and bag filters are used for dust removal, with the treatment efficiency exceeding 99.7%. The new full-oil recovery and purification system is adopted in the rolling process, achieving an over 95% purification efficiency of oil mist and smoke.



Case Adopting the full-oil reclamation and purification system to make full use of waste gas

Innovation Board Material uses a full-oil reclamation and purification system to purify oil mist in waste gas for utilization. This system purifies the oily flue gas in the purification tower, which uses the purified oil as fuel. In this way, the emission concentration of oily flue gas is reduced, with the resources recycled. With this system, around 540 tons of rolling oil can be reclaimed every year, which promotes the Company's energy conservation and emission reduction as well as the sustainable development of circular economy.



Full-oil reclamation and purification system

Wastewater governance

The Company strictly complies with the *Law of the People's Republic of China on Water Pollution Prevention and Control* and other laws and regulations as well as local discharge standards of wastewater. According to the features of production processes, the Company has taken various measures for compliant treatment and recycling of wastewater to discharge less wastewater and promote circular economy.

For aluminum profile surface treatment

The Company reuses all of its nickel-containing wastewater after nickel recovery for zero discharge during production.

In dyeing process

The Company subjects the wastewater generated in this process and from other sources to high-salt wastewater treatment before recycling, achieving a 90% recycling rate.

In machining process

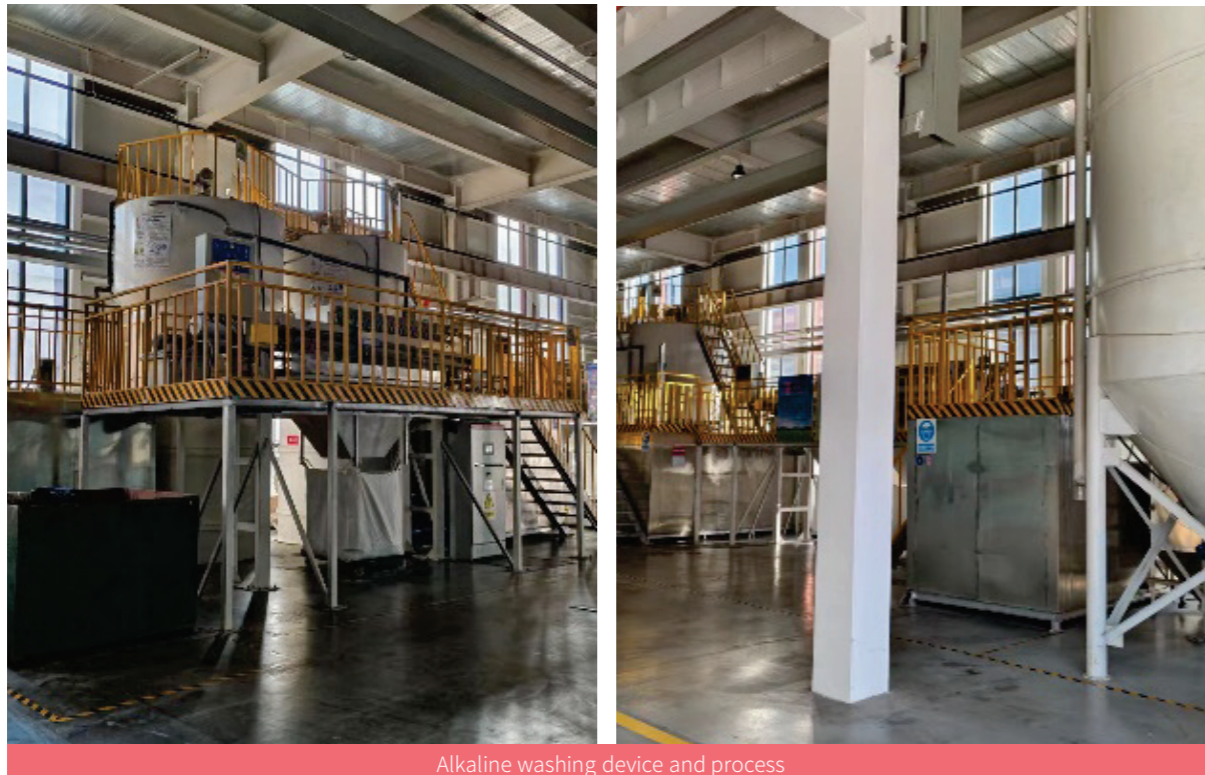
The reuse rate of wastewater reaches 80% after treatment, with the remaining 20% of concentrated wastewater and wastewater of other types will be discharged in the sewage network of the Park after compliance with treatment standards.

For wastewater in daily operations

Domestic sewage is treated by the septic tank in the factory and then discharged into the sewage network of the Park.

Case Optimising the alkaline washing process to reduce wastewater discharge

To improve wastewater utilization, Innovation Precision uses advanced alkali recovery technology to recycle alkali in the wastewater generated from mold cleaning. By adopting multi-process chemical and physical processes, Innovation Precision recycles 90% of alkali-containing wastewater from the cleaning process. These processes also reduce the use of approximately 200 tons of alkali tablets and 90% of sodium hydroxide, thereby achieving the reuse and conservation of water and other resources.



Alkaline washing device and process

Water resource management

Strictly abiding by the *Water Law of the People's Republic of China, the Law of the People's Republic of China on Water Pollution Prevention and Control* and other laws and regulations, the Company continues to practice refined management of water resources. The water used by the Company mainly comes from the municipal tap water network, of which the main purposes are designated for office operations, canteen's catering and production. The Company attaches great importance to the rational use of water and pays close attention to the management of water conservation. To enhance employees' awareness of water conservation, the Company has posted signs such as "Please save water" near water-consuming facilities to emphasize the importance, calling for joint efforts to protect the environment.

The Company takes sustained actions to manage water resources. For example, all recirculated cooling water used in producing aluminum alloy materials is reused rather than discharged, with fresh water regularly replenished. Innovation Precision has recollected the water used in anodising production for toilet flushing, saving about 1,100 tons of water annually.

Waste management

The Company strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Standard for Pollution Control on Hazardous Waste Storage* and other laws, regulations as well as national standards, and reduces the amount of waste generated at source and at the end through the improvement of the production equipment and processes, and the resourcefulness and minimization management of the solid waste generated.

For hazardous waste, we strictly abide by the *Standard for Pollution Control on Hazardous Waste Storage* to build standardized storage warehouses for hazardous waste. Besides, we have made detailed plans and established a standardized system as well as ledger for hazardous waste management, regulating the overall management of hazardous waste. Striving to achieve "zero landfill" of waste, we have legally entrusted external qualified third parties for hazardous waste disposal, adhering to the principle of "organizations capable of comprehensive utilization and disposal come first".

Leftover materials in production are also recycled in a comprehensive way. The Company adopts advanced technologies to screen and recycle aluminum ash. After the screening process, the up-to-standard aluminum ash is processed again, with the remaining scrap waste recycled by qualified third parties for the production of high-value-added products, in an effort to promote the development of circular economy along the value chain. Meanwhile, we continue to upgrade equipment to reduce hazardous waste generation. The replacement of aluminum ash separators has reduced the aluminum content in the secondary aluminum ash to below 5%, reducing the generation of both secondary aluminum ash and hazardous waste.

Case Accelerating technology upgrades to improve recycling efficiency

Innovation Board Material uses aluminum ash separators before using ball milling screeners for aluminum ash extraction, improving the recycling efficiency of aluminum ash. This year, Innovation Board Material recycled more than 8,000 tons of aluminum blocks (including granular), reducing the generation of solid waste while promoting waste recycling.

The Company collects the general solid waste and domestic waste at fixed sites as required. Waste with recovery value will undergo the comprehensive recycling process, with the rest handed over to a qualified third party for regular disposal. In 2023, Innovation Board Material recycled around 3,000 waste wooden pallets throughout the year.

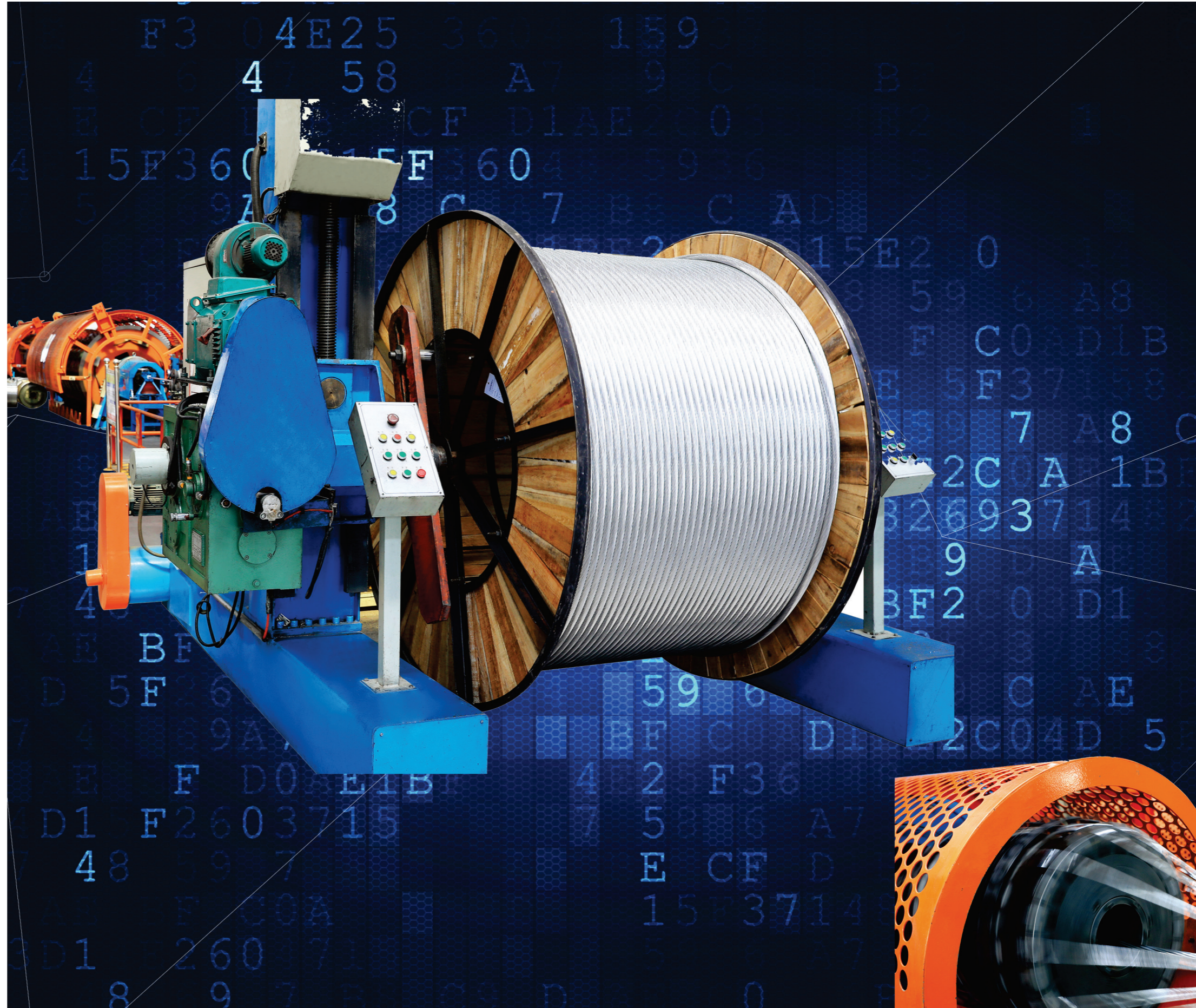


04

Green-driven Innovation and Product-led Development

In today's ever-changing and challenging era, Innovation New Material adheres to the spirit of ingenuity, and stays committed to development driven by both technological innovation and quality management. We spare no efforts to accelerate the construction of R&D platforms, overcome difficulties in process technologies, and actively participate in the formulation of industry standards, to shape a healthier and more sustainable industry ecosystem. Besides cultivating technical elites and promoting smart transition of production to enhance our own technical strengths, we also contribute to the sustainable development of the entire industry. Furthermore, due to strict control of product quality and constant optimization of customer service, we have won the trust of our customers, and laid a solid foundation for common development of the industry.

This chapter responds to the UN SDGs



Diving Deep into Technological Innovation

Pursuing the mission of "innovation makes the future", the Company has formulated supporting policies and built innovation platforms to boost independent innovation development. We also promote patent R&D, participate in the standard formulation, and foster innovative talents, to enhance our abilities to innovate production technologies and transform results, which strongly bolsters the development of the Company and the industrial chain.

Key aspects of Innovation New Material's technology R&D



In 2023, the Company had 110 newly authorized patents, including 18 invention patents, and 92 utility model patents. By the end of 2023, we had obtained 445 patents in total, including 44 invention patents, and 401 utility model patents. Innovation Metal's invention patent - "a process for producing electronic aluminum alloys by using secondary aluminum" won the first prize of 2023 Binzhou Patent Award. Innovation Precision's invention patent - "a method for testing coarse crystal layer of aluminum alloy" won the second prize of 2023 Binzhou Patent Award.



The Company has **110** newly authorized patents, including **18** invention patents, and **92** utility model patents. We have obtained **445** patents in total, including **44** invention patents, and **401** utility model patents.

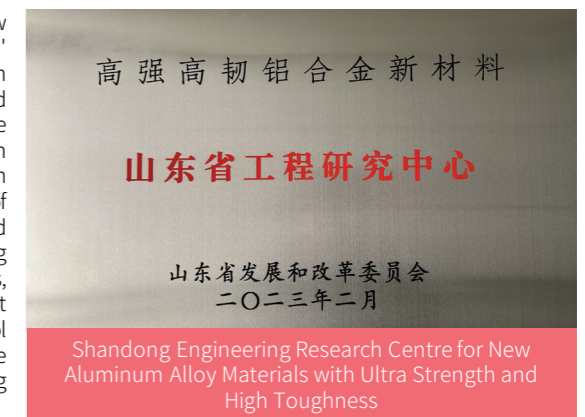
Accelerating the construction of R&D platforms

The Company recognizes the importance of building a solid scientific research foundation. In this regard, the Company strives to promote close "industry-university-research" cooperation by constructing research institutes, studios, practice bases, etc., so as to enhance the R&D strengths of the Company and the industry. By the end of 2023, we had established various platforms such as the "Innovation Alloy Research Institute", the "Academician Workstation of Shandong Province", New-type R&D Institution of Shandong Province, the "Postdoctoral Research Practice Base of Shandong Province", the "Enterprise Technology Centre of Shandong Province", the "Shandong Engineering Research Centre for New Aluminum Alloy Materials with Ultra Strength and High Toughness" and the "Model Worker Innovation Studio". In doing so, we exert ourselves in R&D, to promote the transformation of R&D achievements.



Case Promoting industry-university-research cooperation to tackle difficulties of the industry technologies

This year, the "Shandong Engineering Research Centre for New Aluminum Alloy Materials with Ultra Strength and High Toughness" jointly built and operated by the Company and Central South University was approved by the Shandong Development and Reform Commission. Focusing on the major strategic needs of the country, the Research Centre is devoted to overcoming the common technical problems that need to be addressed in the aluminum processing industry, considering the technological development of the industry. These problems include producing high-end aluminum alloy products with secondary aluminum, removing damaging elements in the melt, controlling impurity elements, casting with homogenized structure, and the heat treatment technology with multi-scale and microstructure coordinated control of comprehensive performance. By tackling these difficulties, the Centre aims to boost green and circular economy in recycling aluminum.



Focusing on key R&D projects

The Company constantly works on the high-end technology R&D, and participates in the research of local and national key science and technology projects, receiving high recognition from the industry peers. In 2023, Innovation Metal and Innovation Precision were selected into the "Cultivation List of Shandong New Material Leading Enterprises". To be specific, Innovation Metal was honored as "The Most Innovative Enterprise in 2022" by All-China Federation of Industry and Commerce, and its "R&D and application management team of the key technology in high-end aluminum" won the honor of "2023 Binzhou Most Beautiful Science and Technology Innovation Team". Innovation Precision was certified as Shandong "One Enterprise, One Technology" R&D Centre, and Binzhou Industrial Design Centre. Its project - "lightweight alloy material application in rail transit with an annual output of 100 thousand tons" was selected as the Shandong New Material Innovation and Application Demonstration Project.

Case Supporting the R&D of key projects to foster industry leader

In 2023, Innovation Metal led academic institutions and third-party professional companies in carrying out the project "R&D of complete set of technology for manufacturing high-quality secondary aluminum alloy". The project was funded by 2023 Shandong Provincial Key Research and Development Program (Major Scientific and Technological Innovation Project). To effectively help the industry to achieve the goal of carbon peak and carbon neutrality, the project focuses on solving key needs in the development and engineering application of the secondary aluminum industry. The project covers the efficient separation of secondary aluminum, impurity removal, melt treatment, refinement and toughening of anti-poisoning seed, smelting and casting, intelligent production and typical application demonstration. Meanwhile, based on the "industry-university-research" cooperation model, the project is committed to building a sound development and industrial application system of complete set of technology for high-quality secondary aluminum alloy manufacturing.

Case Demonstration projects for common development of the industry

This year, Innovation Precision's project - "lightweight alloy material application in rail transit with an annual output of 100 thousand tons" was shortlisted for Shandong New Material Innovation and Application Demonstration Projects. As a "Shandong New Material Leading Enterprise", Innovation Precision will take the opportunity of being shortlisted for Shandong New Material Innovation and Application Demonstration Projects to further replace old growth drivers with new ones. By deepening "industry-university-research" cooperation, Innovation Precision enhances the R&D strength, and makes greater contributions to the new material industry of Shandong Province.



lightweight alloy material application in rail transit

Participating in industry standards formulation

The Company plays an active role in the formulation of industry technical standards, tapping into the standardized development in key and hot areas, such as high-end alloy manufacturing, secondary aluminum manufacturing, and green manufacturing. So, we actively participate in the formulation and revision of a number of national, industry and group standards, to promote the high-quality development of industry technologies. In 2023, the Company participated in the formulation and revision of standards related to secondary aluminum, aluminum scrap, environmental indicators and energy consumption indicators for the aluminum industry, quality measurement and other aspects. The Company participated in the revision of 2 national standards, namely, the *Recycling Material for Cast Aluminum Alloys and the Aluminum and Aluminum Alloy Terms and Definitions—Part 4: Aluminum Scrap*, the latter of which was approved as Shandong Original Technical Standard Project. We also participated in the revision of 3 group standards; the standard that the Company led in the compilation won the first prize of the Excellence Award for Technical Standards awarded by the National Nonferrous Metals Standardization Technical Committee, and the standard that the Company participated in the compilation won the second prize of the Excellence Award for Technical Standards.



The Company participated in the revision of **2** national standards,
We also participated in the revision of **3** group standards.

Case Participating in preparing technical standards to lead the high-end development of the industry

In 2023, the *Code for Control of Wastewater, Waste Gas and Scrap Waste from Aluminum and Aluminum Alloy Melting and Casting* led and prepared by Innovation Metal and Suzhou Chuangtai Alloy Materials Co., Ltd. won the first prize of the Excellence Award for Technical Standards awarded by the National Nonferrous Metals Standardization Technical Committee. Innovation Metal participated in preparing the *Aluminum Alloy Ingots for Aviation Products*, which won the second prize of the Excellence Award for Technical Standards awarded by the National Nonferrous Metals Standardization Technical Committee. The awards not only demonstrate the Company's crucial contributions to the national nonferrous metal standardization, but also show full recognition of the Company's efforts in promoting high-quality development of the industry.



The first and second prize of the Excellence Award for Technical Standards awarded by the National Nonferrous Metals Standardisation Technical Committee

Fostering industry technical talents

Pursuing "a beautiful future through innovation", the Company puts emphasis on cultivating technological innovation talents that can contribute to the progress of the Company and the industry. To further strengthen the training of innovative talents, the Company has formulated the *Enterprise Administrative Policy for All Staff Innovation*. We also carry out multi-dimensional talent training programs, and hold labor competition for excellence, to stimulate employees to bring out their innovation abilities. Additionally, diversified innovation activities are organized to advocate innovation culture among all employees.

Case Holding a recognition meeting for "outstanding workers" to mobilise innovation enthusiasm

In July 2023, Shandong Chuanghui New Material Technology Co., Ltd. held a recognition meeting for "outstanding workers" in cable workshop, at which 6 awards were presented by the general manager. In this activity, the Company's Cable Department learnt from benchmarking enterprises, and adopted a series of reform measures such as "fixed staff, fixed post, and fixed value" for the wire drawing equipment of the workshop, which greatly improved the workshop capacity. From the study activity, employees were inspired to fully implement the production concept of "reducing cost and increasing efficiency with outstanding quality", to promote innovation and make breakthroughs.



Recognition meeting for "outstanding workers"

Case Collecting "innovation and breakthrough" proposals to foster an innovation atmosphere

This year, to encourage all employees to innovate, Innovation Precision held the "Innovation and Breakthrough" improvement proposal collection activity, with 1,325 participants, and 698 proposals obtained. At the recognition meeting, 812 employees of 425 cases were rewarded with RMB 61.1 thousand of incentive money in total. Besides, the management of Innovation Precision encouraged employees to actively participate in the "innovation and breakthrough" activity, and put the improvement suggestions and programs into practice to improve work efficiency. In addition, the general manager of Innovation Precision called on employees to "review" the proposed improvement cases, so as to achieve persistence, continuous promotion and maximum benefit. Employees were also encouraged to continue to put forward more excellent improvement suggestions.



Recognition meeting for the "innovation and breakthrough" proposal collection activity

Promoting smart transition of production

To create a first-class "excellent operation + intelligent manufacturing" benchmark factory, the Company is committed to integrating science and technology application into production and operation, to improve the production and operation efficiency, and lay the foundation for rapid and high-quality development. In 2023, we carried out digital reform of production processes. Specifically, we have launched the real-time tracking system of secondary aluminum and the QR code management system to ensure the traceability of products, which realized the visualization, standardization and datafication in production. In addition, we developed a production management system with a third-party developer, the Manufacturing Operation Management (MOM) platform. We also introduced an online energy consumption data collection system, to apply the digital concept into the entire process of our production and operation.

In 2023, thanks to the potential of industrial data resources and the new data-driven manufacturing model, Innovation Precision was accredited in the first batch of "Morning Star Factories" for the digital economy in Shandong Province. Meanwhile, Innovation Precision was included in the second batch of pilot enterprises certificated by Data Management Capability Maturity Assessment Model (DCMM) in Shandong Province in 2023. This honor provides a reference for Innovation Precision to enhance its data management capabilities in terms of data standards, data governance and data quality, thereby promoting its digital, networking and intelligent transformation and upgrading.

Case The MOM system was adopted for a refined operation management

This year, Innovation Precision introduced the MOM system to realize standardized operational processes, transparent management and real-time data analytics. The system contains five modules, namely, planning and scheduling, production management, intelligent equipment, intelligent energy management and intelligent carbon management. By linking and combining the information, the system enables each management unit to identify and solve problems in a timely manner on the same platform and in the same dimension, effectively improving the efficiency of problem solving. The adoption of the MOM system will steadily promote Innovation Precision's digital transformation and upgrading, realizing paperless and automated office, as well as real-time monitoring and refined management of production and operations, and effectively supports its scale development.

Case Automated casting systems were introduced to create a refined production process

To ensure continuous quality improvement, the Company introduced the world-leading automated casting system. Additionally, the most advanced hardware was equipped to optimize the special software used in direct chill casting, creating a "one-stop" solution for intelligent manufacturing. This system provided necessary tools and historical data for the production and manufacture of some products, and helped to improve product quality. Moreover, the Company introduced a new electromagnetic multi-layer filtration system to filter the liquid aluminum by electromagnetic force, performs real-time summary and analysis of measurement data through automated sample loading and automated sample measurement, to achieve comprehensive monitoring and precise control of product quality.

Striving for Excellent Quality


The Company firmly believes that quality products are the key factor to win customers' trust and competitiveness in the market. Adhering to the quality management concept of "customer orientation, full participation, and continuous improvement", we adopt the quality approach of putting quality first, seeking continuous improvement, complying with the law and serving customers. In this way, we aim to optimize the quality management system on a continuous basis. In addition, we have formulated strict product quality requirements that are integrated into the entire production process to provide high-quality products. In 2023, the Company won the Shandong Provincial Quality Benchmarking Award and was nominated for the Shandong Provincial Governor Quality Award.

Quality management system

To continuously strengthen quality management, the Company has formulated internal procedures for quality management and established a two-tier management structure with a Quality Management Centre and Quality Management Department of subsidiaries to effectively report and present quality management requirements. Meanwhile, the Company has clarified the quality management requirements for each position, to implement quality management measures.



By the end of 2023, the Company and its subsidiaries have obtained the ISO 9001 Quality Management System Certification. Specifically, 8 subsidiaries have obtained the IATF 16949 Automotive Industry Quality Management System Certification.



The Company and its subsidiaries had each obtained **ISO 9001** Quality Management System Certification. **8** of the Company's subsidiaries have obtained the **IATF 16949** Automotive Industry Quality Management System certification.

Full-process quality control

The Company focuses on the whole process of quality management, from raw materials procurement to supplier classification management, from product quality planning to the quality control of the manufacturing process, from the quality inspection and delivery and the post-delivery service quality, each stage of the process is fully integrated with the concept of the PDCA² quality management cycle to achieve a comprehensive process of fine quality control.

In order to promote standardized management, we have formulated a series of operation standards, including incoming inspection operation standards, process inspection operation standards and shipping inspection operation standards, aiming to ensure that there are clear quality control standards and operation norms for each stage of the process from raw material warehousing to product shipment, avoiding the generation and outflow of substandard products, and improving the stability and reliability of product quality.



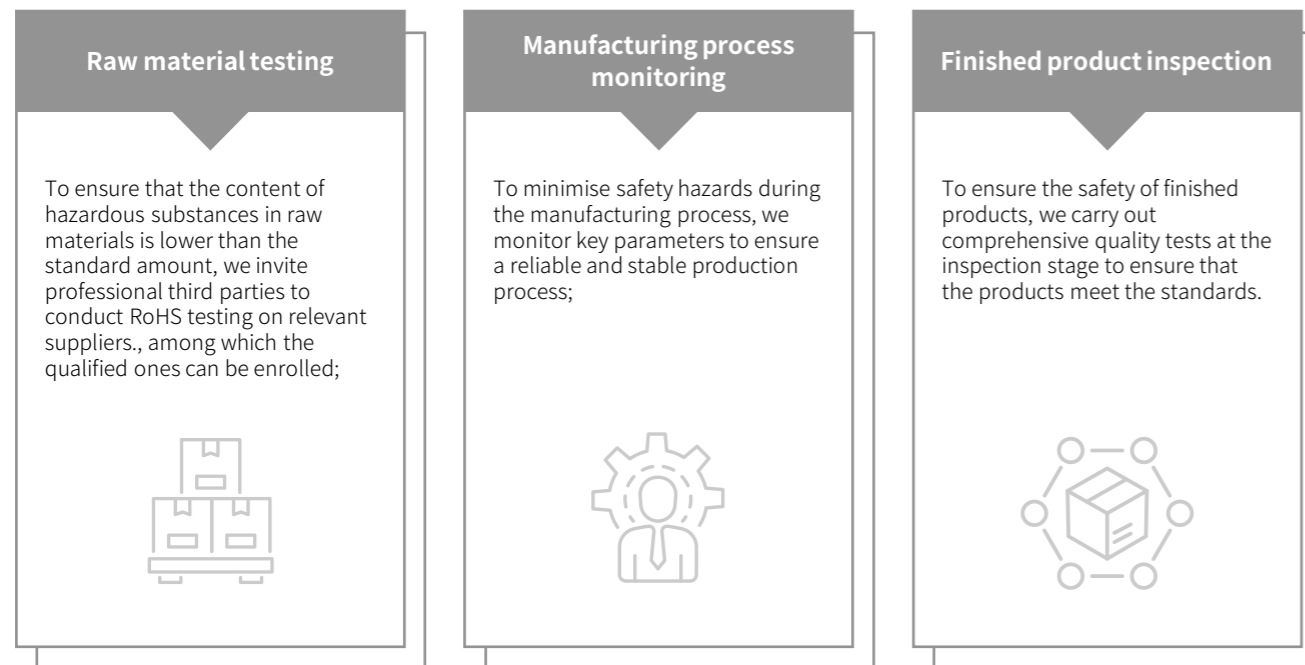
In order to deepen the lean management of quality, we continue to introduce advanced quality management methods, including the creation of a "lean" quality culture, the establishment of a technical research group, the development of quality control team activities, digital system analysis, etc., to continuously improve the quality management process, and provide customers with high-quality products.

In addition, we have established a highly efficient quality issue handling process to ensure a quick response and effectively prevent recurrence of similar issues. Once we receive a quality complaint, we immediately identify the cause and specify the responsible department to deal with the customer's problem in a timely manner. Subsequently, through the establishment of a quality feedback communication group and the release of monthly quality reports, we work with all departments to improve and prevent the recurrence of problems, so as to realize a virtuous cycle of quality management.

² The PDCA cycle is a four-step model for quality management, namely Plan, Do, Check and Act.

Hazardous substance control

To provide high quality products, we continuously assess potential health and safety risks during production and use of our products in accordance with legal and regulatory requirements as well as the requirements of our customers. The scope of assessment covers raw material inspection, in-process quality inspection, finished product inspection, and by-product inspection during the production. 5 subsidiaries of the Company have passed the QC080000 Hazardous Substance Process Management System Certification.



Quality culture construction

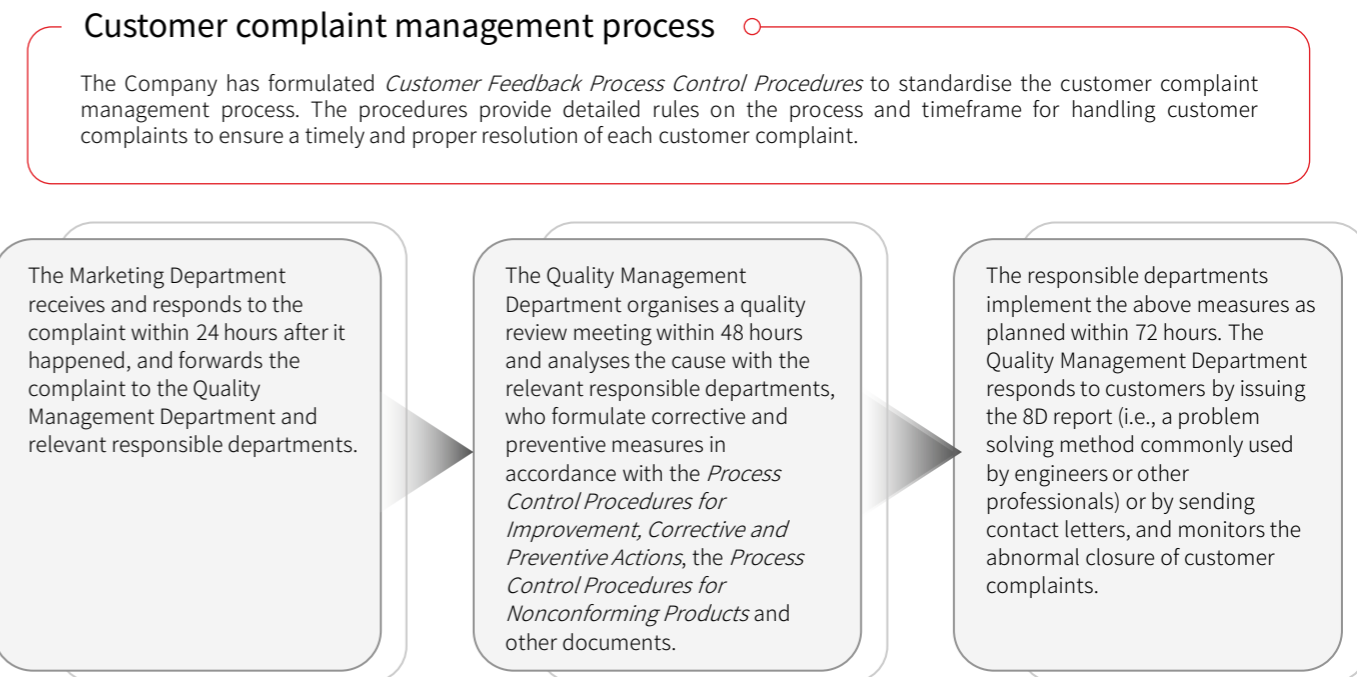
The Company continues to strengthen the construction of quality culture, and organises a variety of activities to raise employees' quality awareness. In 2023, we actively carried out activities such as "Quality Month" and "Quality Champion Competition" to enhance employees' understanding of quality management throughout the product life cycle.

📄
Case
Strengthening quality improvement and promoting technological innovation

The Company holds monthly or quarterly quality analysis meetings to summarise the quality performance and optimise the quality and cost structure, and formulates quality targets and improvement plans. Specifically, the Company had set up a technical research group dedicated to solving technical problems in production, inspection and internal and external defects. In addition, the Company encourages the QC group to make technical innovations in procedures, energy consumption and process, and actively calls for all employees to put forward valuable suggestions to improve design quality. With these measures, we not only significantly improved the quality of our products, but also effectively reduced production costs.

Providing Quality Services

Adhering to the business philosophy that "customer satisfaction is the key driving force for a wider presence", the Company continuously improves the service quality and actively responds to customer needs, thereby continuously increasing customer satisfaction. We have developed a customer relationship management framework in modules according to business characteristics and processes, covering four areas of sales assistant, field sales assistant, on-site operations and secondary aluminum recovery, to provide comprehensive quality services. Meanwhile, the Company provides customers with a variety of feedback and complaint channels, including e-mail, WeChat, fax, telephone and on-site meetings. These channels enable the Company to listen to customers' demands and provide excellent services to customers.



Customer Satisfaction Survey

Meanwhile, the Company listens to the customers. At least once a year, the Company conducts satisfaction surveys for all customers through online questionnaires and offline visits. These surveys cover four aspects of product quality, service, delivery and hazardous material control, as well as product appearance, service attitude, packaging and labelling. The Company then collects, collates and analyses the feedback data to produce product and service improvement suggestions and results reports, which are presented to management as a basis for management improvement. In 2023, the Company conducted several customer satisfaction surveys, and received a satisfaction rate of more than 90%.

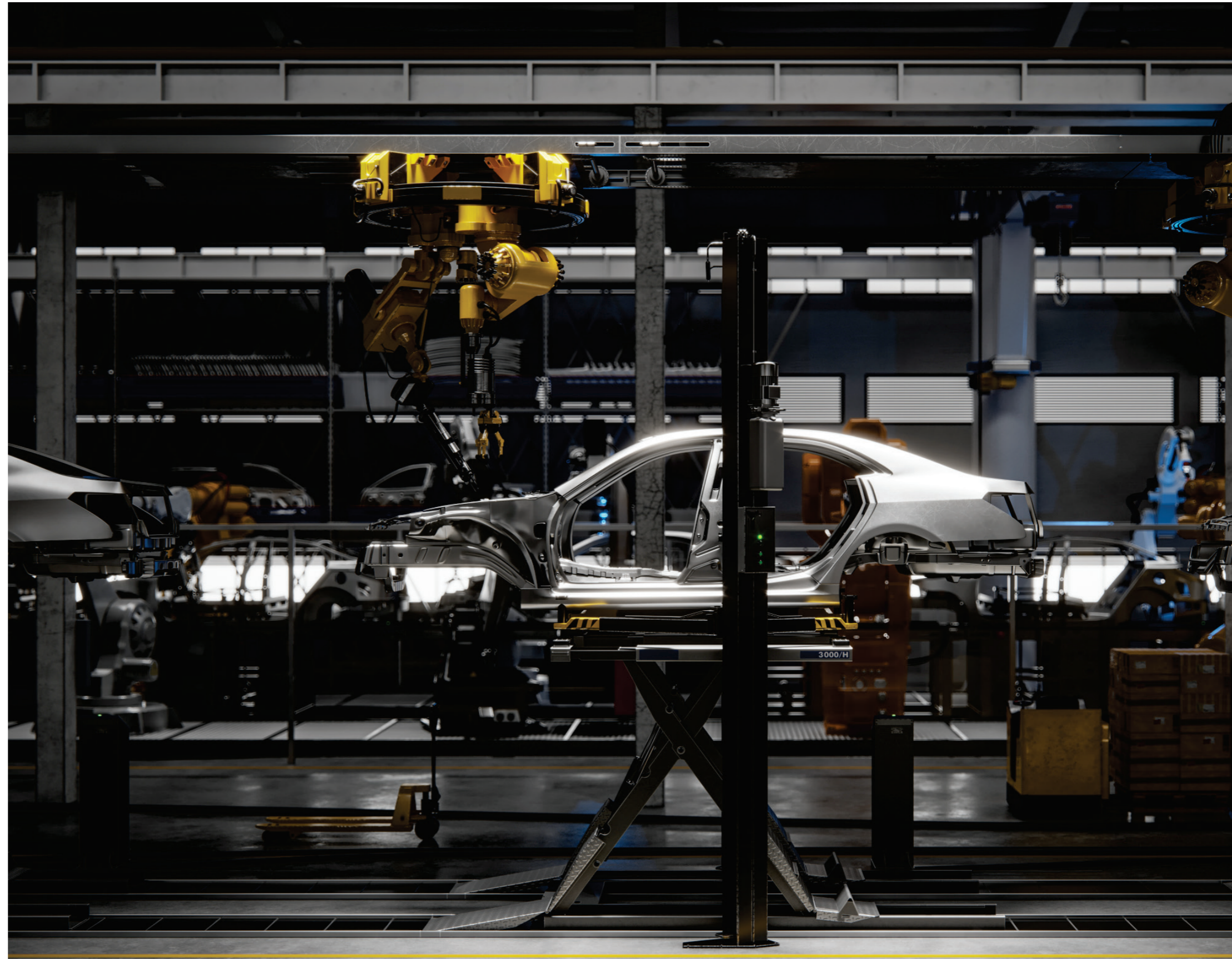
The Company conducted several customer satisfaction surveys, and received a satisfaction rate of more than **90%**.

05

Practicing Sound Management to Promote Responsibility-Driven Development

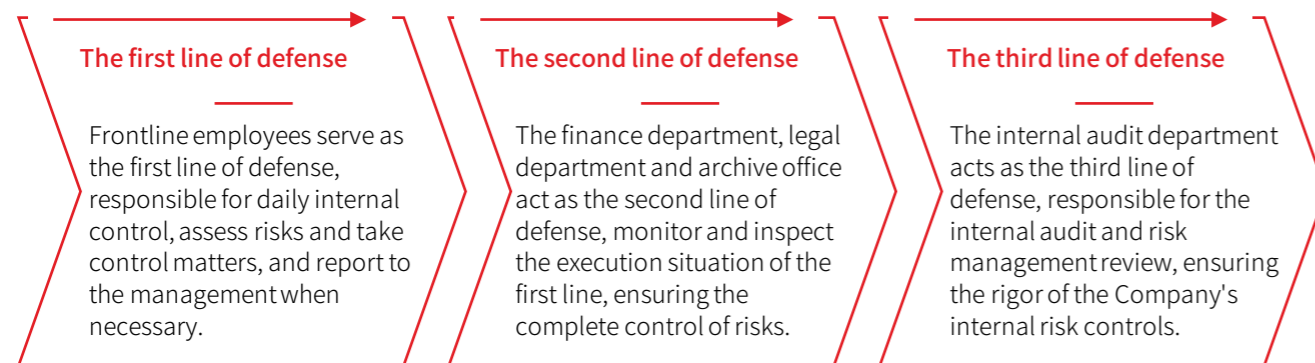
Faced with an increasingly complex business environment, Innovation New Material continues to strengthen its risk prevention and control capabilities to ensure sound business operations. Meanwhile, the Company abides by business ethics, strengthens patent and brand protection and enhances information security and privacy management, to build a responsible corporate image in a continuous manner. The Company also makes sustained efforts to promote the common development of the industry. By strengthening supplier management, the Company strives to create a sustainable ecosystem with suppliers.

This chapter responds to the UN SDGs



Improving Risk Prevention and Control Capabilities

The Company actively strengthens risk management, and keeps strict compliance with relevant laws and regulations. In addition, we have formulated internal risk management policies to prevent and control potential risks and safeguard the sound operation of the Company. To this end, the Company has established three lines of defence:



Meanwhile, to ensure effective risk management, the Company has established a risk management system coordinated by the Company's head office to monitor and evaluate the risk management performance of all internal organisations and subsidiaries. After the risk assessment, the Audit Department at the head office will summarize the assessment results and rectification suggestions in a timely manner and report to the Audit Committee. Meanwhile, outstanding issues and corresponding actions will be followed up and implemented in a timely manner, forming a closed-loop risk management system.

Strengthening Business Ethics Construction

The Company firmly believes that business ethics are the cornerstone of sound business operations and sustainable development. We strictly comply with the *Company Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China* and other relevant national laws and regulations. In doing so, we have formulated policies such as the *Code of Business Conduct*, the *Management Control Procedures for Anti-Foreign Bribery* and *Anti-Corruption*, the *Management Control Procedures for Prohibition of Accepting Bribes or Using Other Means to Obtain Improper Advantages* and the *Control Procedures for the Regulation of Ethical Standards* to effectively regulate the operations of the Company and the employees' code of conduct. In 2023, the Company had no violations of corruption, money laundering, unfair competition, bribery, extortion, and fraud that would have a significant impact.

The Company attaches great importance to corporate anti-corruption and integrity. We have established a comprehensive review system for violations of laws and regulations, sets up the Economic Oversight and Inspection Department to take responsibilities in investigating illegal and disciplinary incidents, analyzing the results of investigations and proposing countermeasures to prevent risks of business ethics. To ensure fair oversight, we provide employees, suppliers and other stakeholders with open reporting channels such as email and telephone.

Email address (sdcxjt@sdcxjt.com)

Hotline (0543-6981801、0543-6981777)

Meanwhile, the Company has established strict requirements to protect the whistleblower privacy and manage the reporting information to ensure that whistleblowers can effectively exercise their legitimate rights. To strengthen the integrity construction of suppliers, the Company attaches the Integrity Agreement to the commercial contracts signed with suppliers and conducts integrity related audits on suppliers, to increase transparency and credibility in the supply chain.

The Company is actively involved in the development of business ethics and organizes regular training on laws and regulations to continuously raise employees' awareness of legal compliance. This year, the Company carried out 18 training sessions on laws and regulations, which were attended by 1,454 middle and senior management personnel, project managers and related personnel. The training covered legal awareness, typical cases, and general knowledge. In addition, we conduct special legal and regulatory training for key departments. The training includes explanation of laws, regulations or rules, analysis of company cases and summary of lessons learned, to raise the legal awareness of manager personnel and relevant employees.

Additionally, the Company gives considerable weight to the protection of trade secrets of its partners. We have a dedicated trade secret protection office that formulates the trade secret confidentiality system and the competition agreement system for our employees to ensure proper management of customer information. This year, the Company updated the *Bidding and Business Integrity Agreement* to further strengthen anti-corruption management at source. Meanwhile, the Company adopts technical measures such as data encryption and two-factor authentication to protect customer privacy, and sets access rights to enhance the confidentiality of customer information.

Strengthening Patent and Brand Protection

We are committed to protecting our own IP rights and respecting those of others to promote the common and harmonious progress of the industry. In strict compliance with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and other laws and regulations, we have actively improved the IP management system, set up the IP management leading group and established the internal management system for patents, trademarks and software copyrights to protect the IP rights in an all-round way. Moreover, we include restrictive clauses in business contracts with our partners to clarify the allocation of IP rights and interests and the information confidentiality obligations of each party, so as to avoid infringing on the legitimate rights and interests of both parties. To avoid infringing IP rights of others, during the R&D of new products, the Company's technology center strictly reviews and evaluates new product projects before they are launched. At the same time, the IP output and protection are continuously monitored to ensure that the IP risks are controlled. Additionally, the Company has a dedicated department that provides legal advice on IP-related issues involved in operations and assists other departments with their IP management.

The Company incorporates training on intellectual property rights management and protection into the annual training for employees, organizes them to participate in intellectual property rights management training offered by relevant departments, and invites experts to give special lectures. The Company also carries out special training on the creation, application, and protection of intellectual property rights among the employees to enhance their awareness of intellectual property rights management and protection.

Stepping Up Information Security Efforts

The Company attaches great importance to information security and privacy protection and strictly observes laws and regulations including the *Cybersecurity Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China*. The Company has formulated the Information Security Strategy and Management Policy, the Information Security Education and Training Policy, the Password Management Policy and other regulations, in order to enhance employees' cybersecurity awareness and ability to protect information.

The Company continue to improve information security management and operation systems to avoid the negative impact of cybersecurity incidents on the Company's operations and customer privacy protection. The Company has an Information Security Working Team, which is headed by the General Manager, who is also the ultimate responsible person for information security. The Team consists of cybersecurity experts, application security experts, data security experts, and compliance and legal experts to manage information security-related matters separately. In the event of a network security incident, the Company strictly follows the *Incident Response Emergency Plan* to take action, shuts down the failed line or server, remove the viruses and vulnerabilities from the attacked equipment, and makes every effort to ensure the security of the Company's information system and important data. At the same time, the Company uses firewalls, IPS, IDS and other facilities to make information more secure, and sets up strict access permissions, which are managed by the Information Centre. We have established a complete data backup system through the cloud platform to strengthen data backup capabilities. In addition, the Company regularly conducts information security and data security training among all employees of the Information Centre to improve employees' cybersecurity awareness and risk prevention and mitigation capabilities. This year's training included phishing websites, email identification, and password security protection.

Building a Sustainable Value Chain

The Company is committed to establishing good communication channels and close partnership and building a smooth cooperation model to promote the common development of the value chain by formulating management standards, carrying out business cooperation and exchanges, and promoting sustainable development projects. In this regard, the Company has formulated management policies such as the *Procurement Process Control Procedures*, the *Supplier Control Procedures*, the *Supplier Evaluation Management Control Procedures* and the *Qualified Supplier Evaluation Standards* to clarify supplier management requirements and standardize the supply chain management process.

Supplier management and coordinated development

In accordance with the *Supplier Control Procedures*, we collect information and conduct qualification audits on suppliers before they are admitted, and form audit reports. Upon approval, we conduct comprehensive reviews of suppliers before formal cooperation and require them to sign the *Supplier Social Responsibility Commitment*, the *Prohibited Substance Assurance Declaration* and *HSF Notice* and other documents that guide them to improve their ESG performance. During the cooperation, we establish supplier audit plans with reference to relevant policies and documents, and continuously monitor suppliers' performance through on-site evaluation, supplier self-evaluation and second-party evaluation.

We also communicate well with our suppliers, sharing our sustainable development concept and listening patiently to their demands. This year, we communicated with our suppliers on the integrity and bidding requirements, and common procurement issues by organizing supplier assistance, industry exhibitions, in-person meetings and exchange seminars, etc., to help both sides maintain close and friendly long-term cooperation. By the end of 2023, the Company had successfully organized 3 symposiums, inviting 35 suppliers to discuss cooperation and development issues, with about 70 participants.



The Company successfully organized **3** symposiums, inviting **35** suppliers to discuss cooperation and development issues, with about **70** participants.

Sustainable value chain collaboration

Innovation New Material actively engages with professional third parties and downstream customers in collaborative sustainable development projects to achieve synergies in sustainable development with our customers and other parties across the whole value chain. During the year, the Company developed a digital carbon emission calculation tool with a third-party professional organization to accurately calculate and monitor the carbon footprint of products and further meet the requirements of downstream customers. At the same time, as a supplier to many industry leaders, the Company receives social responsibility audits from downstream customers every year, covering environmental protection, resource management, human rights, etc., and strives to become a responsible supplier.

06

Unite Efforts and Join Hands to Forge Development Together

Adhering to the principle of "Integrity and Talent, Person-to-post Matching", Innovation New Material protects the legitimate rights and interests of employees, empowers employees' growth in an all-round way and shape the corporate culture of "joint construction, joint creation, shared prosperity, shared benefits". These efforts enable us to create a happy workplace and achieve win-win results with employees. In addition, we shoulder our social responsibilities and participate in public welfare activities such as charitable donations, social care and environmental protection. We also encourage employees to take part in volunteer activities to build an image of a responsible enterprise.

This chapter responds to the UN SDGs



Empowering Employees' Growth

The Company effectively protects the legitimate rights and interests of employees by providing a fair, just and open working atmosphere as well as an inclusive and diversified workplace, and locally competitive remuneration packages. To enhance employees' sense of belonging, we do our best to ensure that they "work well, eat well, live well, learn well and grow well". We care for our employees in all aspects of work and life, creating a healthy, safe, beautiful and happy working environment.

Safeguarding employees' rights and interests

Strictly abiding by the *International Labor Standard*, the *Labor Law of the People's Republic of China* and other standards, laws and regulations at home and abroad, the Company has formulated the *Employee Handbook*, the *Corporate Culture Handbook* and other rules and regulations which clarify the code of conduct for employees, emphasizing the management principle of "policies and procedures go first". We respect our employees' social backgrounds, nationalities, physical conditions, gender orientations, religious beliefs, etc., and treat all of our employees equally in terms of compensation, recruitment, promotion, and training. By the end of 2023, some subsidiaries were certified to the SA8000:2014 Social Accountability International standard.

We strictly enforce standard working hours and arrange holidays for our employees based on statutory holidays and business conditions. We also pay social security and housing contributions for our employees in accordance with the relevant standards, and purchase additional commercial insurance to provide our employees with comprehensive occupational and social security.

In addition, we fully respect and protect employees' freedom of association, their right to collective bargaining, beliefs, freedom to form and join labor unions and right to peaceful assembly, based on the labor Union Management Policy and other rules.

Recruitment and dismissal

The Company has formulated the *Recruitment Management Policy*, the *Separation of Employment Policy* and other documents that clarify the process and implementation standards for managing the entry and exit of employees. We require recruiters to work in strict accordance with the *Recruitment Management Policy*. We have set up monitoring and reporting mailboxes and a telephone line to accept the monitoring of candidates and the community. Employee separation is handled in strict accordance with the relevant systems and processes to protect the rights and interests of employees.

Remuneration and benefits

In order to better serve employees, we practice equal pay for equal work, and advocates for a performance-based salary incentive policy with various bonuses and allowances. This fair pay system can stimulate the enthusiasm and creativity of employees. We continue to improve the employee benefits based on the national statutory standards to make our compensation system more competitive.



Statutory benefits

Insurance and Housing Fund, marriage leave, maternity leave, et cetera.



Additional benefits

Commercial insurance, holiday gifts, private car allowance, free working meals and accommodations, shuttle buses, health check-ups, team building fund, association, etc.

Diversity promotion

The Company values the diversity of employees in terms of age, gender, and background, and has built a senior management team consisting of promising young talents, experienced middle-aged talents, professional managers who master management, and senior technologists who are experts in R&D. The workforce is a combination of innovation, experience and wisdom that can improve the operation efficiency. The Company cares for female employees, supporting their career development and providing support roles based on the principle of equal pay for equal work. In addition, the Company has formulated a comprehensive and flexible leave policy that provides statutory maternity leave and breastfeeding leave for female employees and their families, and protects employee benefits during special periods.

Employee communication channels

The Company smooths communication channels for employees and convenes staff congresses regularly to communicate with employee representatives about policies, guidelines, corporate culture, rules and regulations. To continuously collect opinions and suggestions of employees and fully listen to their voices, the Company has set up staff suggestion boxes in the canteen, the staff activity center and production workshop, as well as a direct telephone line where employees can communicate with the President. In addition, the Company conducts an employee satisfaction survey every year, in which employees write down their opinions and suggestions on the questionnaires. The Enterprise Management Department summarizes and analyses the questionnaire and submits it to the management. After discussion, the management determines the improvement, preventive and corrective measures, and the counterparts ensure that the relevant improvements are put into effect. In 2023, the employee satisfaction survey covered 92% of employees, and 90% of the surveyed employees were satisfied with the Company.



In 2023, the employee satisfaction survey covered **92%** of employees, and **90%** of the surveyed employees were satisfied with the Company.

Case Democratic appraisal for all to promote the participation of all employees in management

In order to improve the "everyone advises" mechanism and promote employee participation in corporate development, we have conducted a democratic appraisal among all employees, inviting them to evaluate the cadres on duty in an anonymous way, and to express their opinions and suggestions on the Company's management, safe production, technological innovation, etc. Employees' suggestions were summarized and analyzed by the relevant department, and then submitted to the President for review and determination of rectification plans. In 2023, we made adjustments based on employees' suggestions, including increasing the frequency of shuttle buses, improving the standard of employees' meals, and improving accommodation, and building high-standard employee activity center. These efforts were widely praised by employees and motivated them to become more involved in the Company's development decisions.

Prioritising employee development

The Company ensures that employees "learn well" and "grow well". Adhering to the principle of "learn to use and use what has been learned", we are committed to providing employees with a smooth promotion path and a sound training system to improve their work skills and professionalism, stimulate their potential, and lay a solid foundation for the long-term development of the Company and employees.

Smooth employee development paths

The Company is committed to building a fair, just and transparent promotion system. In order to ensure the fairness of the promotion process, we have introduced an all-employee democratic assessment mechanism, which combines multiple factors to make a comprehensive assessment of the employee's performance, including job requirements, performance, and departmental evaluations. In addition, we fully investigate the employees to be promoted and have established a promotion publicity system to publicize promotion information as well as the handling of objections within the Company to ensure that the promotion process is fair and transparent.

The Company continues to improve diversified paths, including the four channels under the "dual sequences"³, internal recruitment and independent evaluation platform for skilled personnel, in order to achieve person-to-post matching. To boost employee development, the Company has established an internal recruitment method where internal recruitment information is regularly released and employees are encouraged to apply for positions, thus providing employees with more development opportunities. The Company has obtained Shandong Enterprise Skills Self-evaluation Qualification, which provides more opportunities for skilled personnel to learn, evaluate and develop. By the end of 2023, more than 300 skilled personnel had passed through independent evaluation, further promoting internal development.



By the end of 2023, more than **300** skilled personnel have passed through independent evaluation, further promoting internal development.

³ "Four channels" under the "Dual sequences": "Dual sequences" refer to functional sequence and production sequence. The functional sequence includes professional channel and management channel while the production sequence includes skill channel and management channel.

Improving the employee training system

The Company fosters a love of learning among all employees, and is committed to building the Company into a more dynamic and innovative learning organization, providing employees with more opportunities for growth and development. We have formulated the Training Management Policy and offer employees learning resources and platforms. In this way, employees are encouraged to improve themselves and adapt themselves to the need of the Company's globalization strategy.

In order to involve all employee into the training program, we have carried out systematic training programs for employees in different positions and grades, including:

For middle and senior management

We adopt a "input and output" training method. They are required to participate in the "condensed EMBA" training, and transfer the learning results to the whole staff. In this way, we try to promote consistency between the thinking of the management and that of the working level.

For new employees

We hold seminars, symposiums and team building activities to listen to their voices. We continue to update the training PPT and enrich the training courses so that new employees have an in-depth understanding of the Company. We also adopt an "instructor" approach to help them integrate into the Company more quickly after joining.

For technical management personnel

We carry out the "team leader training" and "furnace program" training session for reserve talents, and cultivate reserve talents in the production management system through the "independent evaluation of skilled talents" platform.

To improve the training efficiency and enrich the content, the Company has built online training platforms such as the "Magic School" and "Dechuang Business School" to continuously explore training resources and methods and improve employees' satisfaction. Moreover, in order to motivate our employees to learn, we have set up the Academic Upgrading Incentive Policy, which standardizes study subsidies, including subsidies for titles, certificates of certified safety engineers, and other skills of other corresponding occupational grades.

Case A symposium on innovative reserve talents to strengthen talent team development

This year, Innovation Sheet Material organized a symposium for reserve talents to help them fully understand the training requirements, adapt to the new working environment as soon as possible and develop a high-quality talent pool. At the symposium, the General Manager emphasized the requirements for the reserve talents in terms of working conditions, mind expansion, working habits, etc. The leaders of each department clarified the training objectives and habits for the reserve talents in their departments and encouraged them to develop with a positive and peaceful mindset, demonstrating the Company's focus on talent.



Symposium for reserve talents

Case The "Furnace Program" reserve talent training session

This year, Innovation Metal successfully held the second training session of the "Furnace Program" for reserve talents and selected 41 trainees through competitive examination and departmental recommendation. This training session is based on the vision of "building passionate team, creating core value" and includes a curriculum designed to help trainees pursue "exercise, practice, breakthrough, innovation, value" with the core objective of "lower costs, higher efficiency, and more benefits". The training program aims to enable employees to benefit from what they learn, and to build a solid talent base for the Company's scientific and technological innovation.



Opening ceremony of the second training session of the "Furnace Programme" for reserve talents

Case A training course on "Lean Management Enhancement" to strengthen management's knowledge and skills

This year, Innovation Precision successfully held the third "Lean Management Enhancement" training, with a total of 66 participants. The training included the *Quality Management - Six Sigma System, Lean Production Management Practice, Four Steps to Project Management and Lean Production Technique*, which conveyed the basic knowledge and skills of lean management to the participants in the form of work-based lectures. This course provided knowledge and technical support for systematic lean management, and laid a solid foundation for lean management.



"Lean Management Enhancement" training completion ceremony



Caring for employees

The Company always adheres to the principle of "people-oriented" and places great importance on the well-being of employees. To this end, the Company ensures that employees "work well, eat well, play well", creating a better working and living environment for employees.

Work well

We create a garden-style factory and office environment for employees and provide them with a favorable working environment.



Garden-style factory

Eat well

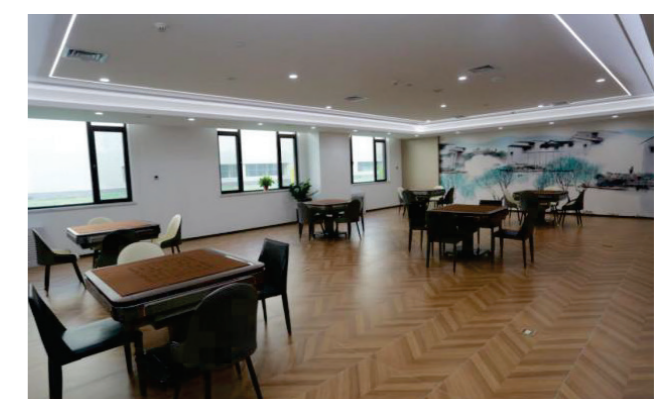
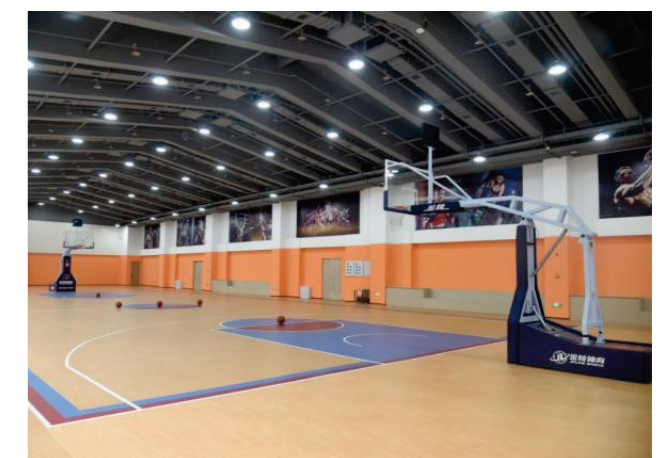
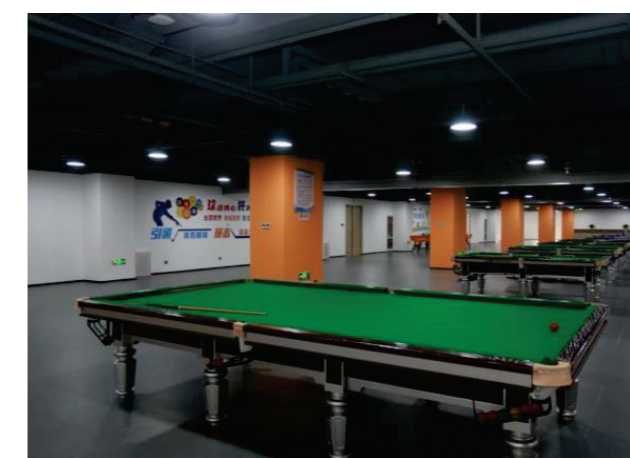
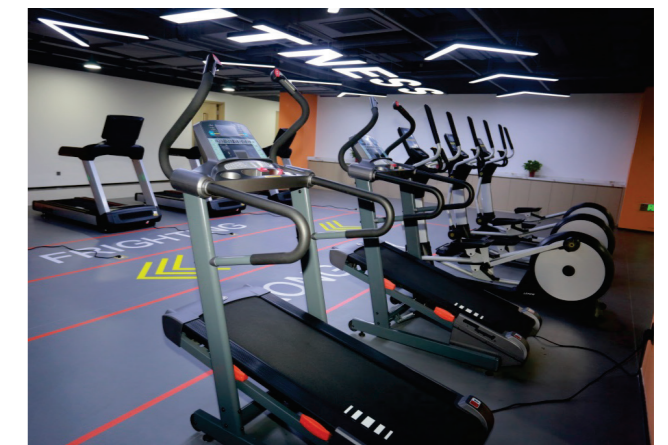
We provide employees with high-standard and free working meals, so that they can eat well.



Daily meals for employees

Play well

We provide employees with high-standard apartments as well as well-equipped recreational facilities, including gymnasiums, indoor basketball courts, badminton courts, billiard court, Table tennis court, audio-visual room, reading room, yoga room, laundry room, etc., of which the gym is equipped with multifunctional treadmill, elliptical machine, mountaineering machine, waist and back multi-functional abdominal muscle trainer, shoulder press bench, barbell bench and other equipment, letting employees fully enjoy leisure times besides work.



Employee Activity Center



We provide high-standard apartments to employees. At present, the Company has a total of 2,598 dormitories in various parks. To continuously improve employee living conditions and meet the accommodation needs of new employees, the Company has built and put into use 344 dormitories this year.



At present, the Company has a total of **2,598** dormitories in various parks.
The Company has built and put into use **344** dormitories this year.



Employee Apartments

The Company attaches great importance to employees' workplace happiness and sense of belonging, and organizes a variety of cultural and sports activities, so that employees work in innovation, happiness in innovation. In 2023, we have carefully organized more than 50 various types of employee activities, more than 40 employee skills competitions, including the annual summary of the General Assembly, the Company's annual meeting, the 8th of March Women's Day activities, the May Day Workers' Sports Day, Mid-autumn Festival activities, Thanksgiving Day activities, Christmas activities, New Year's Day Tea Party, reward activities for employees' children's advancement to higher education, seminars for graduates, knowledge competition activities, etc., aiming at enriching the life of employees, promoting the friendship of colleagues, conveying the Company culture, and further enhancing the sense of identity and reputation of employees to the Company. This year, we also rewarded a total of 98 vehicles for the Company's loyal team role models, recognizing their consistent hard works.



In 2023, we have carefully organized more than **50** various types of employee activities
More than **40** employee skills competitions
We also rewarded a total of **98** vehicles for the Company's loyal team role models



Case Enrolment celebration activities for employee's children to show humanistic care

In 2023, a total of 108 employees and their children visited the high-strength and high-toughness aluminum alloy rod production workshop in Innovation Metal, the No. 1 and No. 2 aluminum extrusion workshops in Innovation Precision, and the cold rolling production workshop and product display zone in Innovation Sheet Material. During the activity, representatives of employees' children delivered rousing speeches, sharing their learning experiences, expressing their gratitude to their parents and wishing the Company a prosperous future. This activity has further strengthened the cohesion and centripetal force of the Company, stimulated the staff's sense of identity and belongingness, and delivered the Company's humanistic care for employees.



Enrolment celebration activity for employees' children



Case Holding campaigns of "Health Education on Traditional Chinese Medicine for the International Women's Day" to advocate right idea on health

In March 2023, the Company joined hand with Zouping Hospital of Traditional Chinese Medicine to hold two campaigns of "Health Education on Traditional Chinese Medicine for the International Women's Day", involving more than 140 female employee participants. Doctors from the hospital educated female employees on the prevention and treatment of common female diseases and shared daily self-care programs to promote a healthy life for them. In addition, doctors interpreted in detail the commands and movements of the "Baduanjin Qigong" to help employees cultivate good living habits to achieve physical and mental health and family harmony.



Campaigns of "health education on traditional Chinese medicine for the International Women's Day"

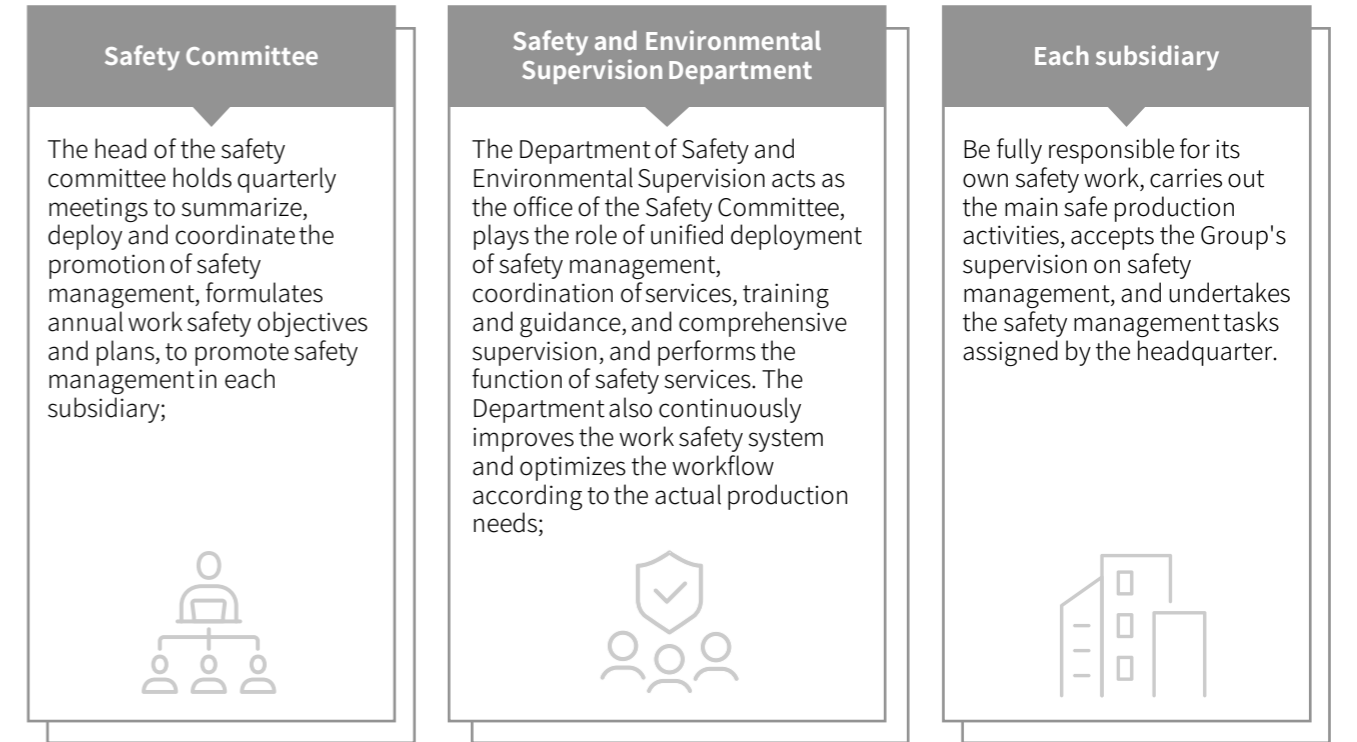
Protecting Work Safety

Attaching great importance to production safety and employee health, the Company adheres to the health and safety management policy of "safety first, prevention at the core, comprehensive management, continuous improvement, people centricity, and safe development". We adhere to the safety management concept of "all risks can be controlled and all accidents can be prevented", and continuously optimize the safety risk identification and control process. Besides, we implement the work safety responsibility system, improve the work safety protection and management capacity, and strengthen the monitoring of occupational health, to provide employees with a safe and healthy working environment. By the end of 2023, the Company's head office and 9 subsidiaries had completed the acceptance of safety standardization (level III) and actively submitted the application for acceptance of safety standardization (Level II) to the respective provincial departments of emergency management. Due to the existing reconstruction and expansion projects, the respective emergency management departments did not arrange acceptance for the rest subsidiaries. However, the safety standardization system had been established, improved and effectively operated in such subsidiaries. At present, 9 of the Company's subsidiaries have obtained ISO 45001 occupational health and safety management system certification.

By the end of 2023, the Company's headquarter and **9** subsidiaries had completed the acceptance of safety standardization (level III). **8** subsidiaries of the Company have achieved **ISO 45001** Occupational Health and Safety Management System certification.

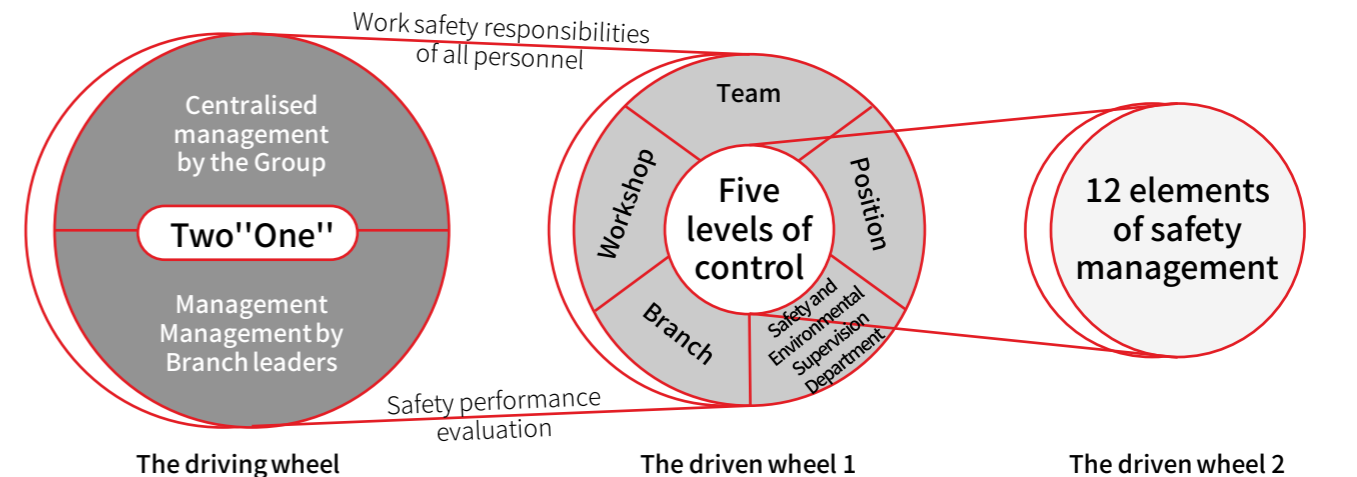
The Company continues to improve its safety management rules and regulations and has formulated a series of policies with respect to work safety responsibility, risk assessment and control management, special operation personnel management, operation safety management, occupational health management, work safety assessment management, emergency management, and safety performance evaluation management. In order to effectively implement health and safety management, the Company has established a top-down management model with unified leadership and formulation of work safety objectives and plans by the Safety Committee, unified supervision and management by the Safety and Environmental Supervision Department, and independent management by each subsidiary.

In addition, the Company emphasizes the core concept of "whoever manages production must manage safety" and "whoever manages safety must understand safety", and continuously strengthens the construction of the safety management team. The Company implements the title subsidy system for Certified Safety Engineers (CSE) and provides subsidies for examination and training costs to encourage full-time safety management personnel to take the CSE examination. In recent years, a total of 57 safety management personnel and production management cadres have participated in CSE studies, trainings and examinations, and more than 40 employees are certified safety engineers.



"Double-wheel driving" structure of production management for all employees

The Company builds a "double-wheel driving" system for safety management, with the unified management of the Group and managers of subsidiaries as the active wheel, and the hierarchical management of subsidiaries and the 12 elements of safety management as the passive wheel. Under the joint effect of the work safety responsibility system for all employees and the performance evaluation, the Company creates a progressive production safety management mode to effectively conduct work safety management measures.



To efficiently implement the work safety responsibility system for all employees, the Company adheres to the positive incentive concept of "reward first, penalty second", and has established a safety performance assessment system and formulated the *Measures for Safety Performance Assessment* to clarify the requirements on safety responsibility, zero tolerance of accidents, and the target reward and punishment mode, so as to drive all employees to fulfil their duties in work safety independently. The Company organizes quarterly comprehensive inspections for safety management personnel and technicians of each subsidiary and implements daily management safety performance appraisal. Based on indicators such as work injuries, performance of safety responsibilities, training, controlled sources of danger, and rectification for hazards, the Company evaluates on-site safety management, performance of safety responsibilities, and achievement of goals. Based on the year-end comprehensive assessment, the Company rewards middle and senior management (including general managers of subsidiaries) and grass-roots cadres in accordance with the rules and regulations.

Key Performance Indicators for Health and Safety


	Evaluation indicators	Control objectives
Safety responsibility system	Qualified rate of compliance with the work safety responsibility system	100%
	Pass rate of safety education and training	100%
	Percentage of special operation personnel licensed to work	100%
	Rate of controlled sources of danger	100%
	Pass rate of one-time review of hazards (including deferred rectification)	95%
	Completeness rate of complete devices, safety signs and emergency facilities	100%
Management of work injuries	Completion rate of emergency drills	100%
	Work-related fatalities	0
	Occupational disease rate	0
	Serious accidents	0
	Minor injury rate per one thousand people	10%

Controlling safety risks

The Company continuously improves the identification, assessment, management and monitoring of occupational health and safety risks. We have formulated the *Graded Risk Management and Control List* to manage the safety risks hierarchically based on the industry practices on accidents and the hazards identified. For different risk sources, we have formulated the *Records of Identification, Evaluation and Analysis on Risks*, which clarifies the engineering and technical measures, management measures, training and education measures, individual protection measures and emergency response measures for preventing each risk, to ensure the rationality and operability of the control measures. In addition, to continuously enhance its risk identification and management capabilities, the Company establishes a pool of internal safety experts, and carries out monthly inspections, regular comprehensive inspections and special safety inspections. At the same time, the Company employs qualified external units to carry out inspections every six months to comprehensively identify safety risks.

For the subsidiaries, we emphasize that all levels attach great importance to the investigation and management of health and safety hazards. And we require our subsidiaries to organize safety inspection once every month, under the leadership of the main managers and the engagement of the heads of workshops. Workshops are required to organize safety inspection once every month, under the leadership of the workshop directors and the engagement of the team leaders. By the end of 2023, the Company had achieved 100% rectification for hazards, with over 95% of hazards rectified in first re-inspection. If an accident occurs, the Company requires all subsidiaries to seriously implement the principle of "No Forgiveness"⁴. While investigating accidents and tracing work safety loopholes, we strive to further promote safety training, preventive measures, and hazard detection and rectification, to resolutely avoid any "gap" in responsibility or any "blind spot" in management. This year, the Company had no work fatalities or serious injuries.

In response to potential safety emergencies, the Company has established comprehensive emergency rescue, mitigation and remediation measures and requires each subsidiary to formulate an *Emergency Plan for Work Safety Accidents* based on their actual situation, and to set up emergency facilities, prepare emergency equipment and reserve emergency materials at the site.



The Company had achieved **100%** rectification for hazards, with over **95%** of hazards rectified in first re-inspection.

Intelligent safety management

Adhering to the principle of "replacing labor with mechanization, reducing labor with automation, and realizing unmanned operation with intelligence", the Company continuously carries out technological transformation and equipment upgrading, to promote intelligent and automatic equipment in part of the production process, so as to ensure the safety by mitigating work safety risk through labor intensity reduction.

This year, the Company vigorously promoted the construction of the intelligent monitoring information platform, integrating the safety detection alarm data and linkage data into the safety management platform to realize the daily centralized control and management of health and safety. At the same time, we have implemented intelligent surveillance violation detection and early warning, and used intelligent analysis technology to analyze and determine behavioral violations in the surveillance area. We have set up electronic fences to detect violations such as off-duty, overcrowding and lack of labor protection in real time. If relevant behaviors occur, the system will immediately send out on-site alarms to stop and correct the violations.

⁴Namely, no forgiveness for the following situations: the cause of the accident has not been investigated; no preventive measures have been taken; the person responsible for the accident has not been punished; and lessons have not been learned from the accident.

Improving safety awareness

The Company attaches great importance to the cultivation of employees' health and safety awareness, and regularly carries out a variety of occupational health and safety training for employees. We have formulated the Safety Education and Retraining Program for Practitioners, which includes monthly training for all employees, team activities, "three-level" safety education for new employees, as well as competence training for personnel in different positions. The Company requires subsidiaries to conduct monthly meetings on safety to share and learn the knowledge of safety management. As required by the Company, for companies involved in molten metal production, the total duration of training for all employees shall be no less than 20 hours per year; for companies in non-high-risk industries, the total duration of training for all employees shall be no less than 8 hours per year. During 2023, the Company's employee safety training participation rate was 100%.



During 2023, the Company's employee safety training participation rate was **100%**.

Innovation new material's highlight health and safety training courses

Professional Technical Safety Training

To enhance the professional competence of business personnel, the Company employs qualified external training agencies to provide training on safety management and safety technology review for full-time safety management personnel, production management cadres and special operation personnel.

Training for Front-line Employees

The Company requires team leaders of each shift to carry out safety education activities in the morning meeting, informing about the situation of on-site safety production and problems in the previous shift. The team leaders are required to declare the risk points, key preventive measures and emergency response measures of the team, check the working status of the participants, and conduct random checks on the key work of safety production for the team members.

Training for New Employees

The Company requires all new employees to receive systematic and comprehensive safety management education before work. Among these, the duration of pre-service training for employees involved in molten metal operations shall be no less than 72 hours; and the duration of pre-service training for employees of companies in non-high-risk industries shall be no less than 24 hours. New employees will be allowed to start work only after passing a training test.

We require production and operation units to organize comprehensive or special emergency drill at least once every year, as well as to organize full special drill at least once every three years. We require each production and operation unit to establish an emergency drill record after the drill and evaluate the drill effect, so as to identify deficiencies and make continuous improvements.



Case Organizing emergency management training to enhance safety awareness of employees

This year, Innovation Sheet Material organized offline training on emergency management for 1,300 workers in production line and those in charge of work safety. The training includes the general knowledge of emergency, emergency plans (emergency response duties, emergency response procedures and measures, etc.), self-rescue and mutual rescue and escape techniques. It also includes the correct use of protective facilities such as air respirators, fire extinguishers and safety belts, as well as analyses of typical accident cases.



Emergency management training

Safeguarding occupational health

With regard to occupational hazards, the Company adheres to the comprehensive principles of prevention, control, reduction and elimination to prevent occupational diseases. In order to effectively deal with the occupational hazards of different positions, the Company regularly issues standardized occupational protective equipment to employees and, through education, urges them to use and keep the equipment correctly. At the same time, the Company has standardized the management of pre-service, in-service and off-service occupational health check-ups, and established personal health file for every employee. This year, no one in the Company suffered from occupational diseases.

Case Occupational health management training

In September 2023, Innovation Sheet Material organized offline occupational health management training for all workers in production line and those in charge of work safety. The training comprehensively covers the basic knowledge of occupational disease prevention and control regulations, the rights and obligations of workers in occupational health protection, the main occupational disease hazards and preventive measures for jobs, as well as the use and maintenance of personal labor protective equipment. The purpose of the training is to raise employees' awareness of occupational health and to assist them in better understanding and fulfilling their responsibilities in occupational health.



Occupational health management training

Third-party safety management

The Company incorporates dispatched labors, third-party employees, external construction parties, and other externally hired personnel into the unified safety management system. The selection of cooperative constructors requires verification of their qualifications and personal injury insurance covering the construction personnel, and the licensing of special operators, to ensure that their employees gain the health and safety protection. The Company signs safety management agreements with external construction units and jointly formulates plans for dangerous operations, and requires them to carry out safety notification training and assessment before entering the production plant. In addition, the Company conducts daily and regular safety inspections for external construction units, and carries out on-site pre-operation hazard inspections monthly to ensure the safety for third-party construction personnel.



Facilitating Harmonious Social Development

The Company is deeply engaged in public welfare projects, and calls on employees to actively participate in voluntary activities to build an image of responsible corporate citizenship. This year, the Company organized and participated in various projects covering charitable donation, social care, environmental protection and others, in a bid to fulfil its social responsibility from all aspects and enhance its brand image and social influence.

Social care

The Company always pays attention to the needs of disadvantaged groups, and delivers social care in various public welfare activities, actively creating a fair and harmonious social atmosphere.

Case Visiting homes for the elderly and warming the hearts of the seniors

Caring about the seniors, the Company organized employees to the homes for the elderly in Gaixin Town, Xidong Town, Jiaoqiao Town and Weiqiao Town in Binzhou to visit seniors under centralized support and people in exceptional poverty. The Company's consolation team went with flour, cooking oil and consolation money, and gained in-depth understanding of the daily life of the seniors there, demonstrating our employees' exemplary role in dedicating to the society and helping the seniors.



Distribution of consolation money to the seniors

Case Holding the "Trinity of Sponsorship" to help poor students make dreams come true

Adhering to the concept of "no poor student dropping out of school", the Company actively carries out the "Trinity of Sponsorship" activity to provide more opportunities for good-performance students from disadvantaged families in poverty-stricken areas to study, so as to promote equality in education and fulfil its social responsibility.



Ceremony of "Trinity of Sponsorship"

Charitable donations

The Company has always insisted on giving back to the society and actively engaged in charitable donations. Based on our advantages in resources, we have set up "Lvxingren", a public welfare organization, to share our achievements with the society.

Case "Lvxingren" raised fund to help patients overcome difficulties

To help employee relatives suffering from cerebral haemorrhage, "Lvxingren" issued a fund-raising initiative, which was supported by the Company's cadres and employees with donations. In August 2023, "Lvxingren" handed over the raised fund to the beneficiaries, embodying the spirit of solidarity and fraternity.



Charitable donation ceremony

Environmental protection

The Company attaches great importance to environmental protection and encourages employees to protect the environment. We extend the concept of environmental protection to public welfare activities to promote the green and sustainable development of the society.

Case Enhancing environmental protection awareness to jointly build an innovative home

In November 2023, "Lvxingren" carried out activities themed on "Enhancing environmental protection awareness to jointly build an innovative home". A total of 81 employees participated in the activities. They picked up rubbish at designated places and cleaned up along the roads, contributing to the protection of urban ecology.



Public welfare activities for environmental protection

Key ESG Performances⁵

Environmental KPIs

Key Performance Indicators	Unit	2023
Greenhouse Gas (GHG) Emission		
Total GHG emission	Tons (CO ₂ equivalent)	865,967.35
• Direct GHG emission (Scope 1)	Tons (CO ₂ equivalent)	387,053.55
• Indirect GHG emission (Scope 2)	Tons (CO ₂ equivalent)	478,913.80
GHG Emission Intensity		
• Aluminum rods	Tons (CO ₂ equivalent)/tons	0.12
• Aluminum rods and cables	Tons (CO ₂ equivalent)/tons	0.13
• Aluminum profiles	Tons (CO ₂ equivalent)/tons	1.09
• Aluminum sheets and foils	Tons (CO ₂ equivalent)/tons	0.52
• Structural components	Tons (CO ₂ equivalent) /10,000 pieces	10.47
Energy		
Total energy consumption	Tons of standard coal	272,109.36
Total direct energy consumption ⁶	Tons of standard coal	203,646.04
• Gasoline	Tons	190.56
• Diesel	Tons	698.16
• Natural gas	Cubic meters	166,541,868.00
Total indirect energy consumption ⁷	kWh	576,592,451.99
• Solar power	kWh	19,527,164.00
• Purchased electricity ⁸	kWh	557,065,287.99

⁵The coverage of the following KPIs is the same as that of the consolidated statements. In case of any discrepancies between the total number and the sum of the data and ratios disclosed herein, it is due to rounding.

⁶Direct energy consumption covers gasoline, diesel and natural gas. The result is calculated in accordance with the General Rules for Calculation of the Comprehensive Energy Consumption(GB/T2589-2020).

⁷Indirect energy consumption covers solar power and electricity consumption. The result is calculated in accordance with the General Rules for Calculation of the Comprehensive Energy Consumption(GB/T2589-2020).

⁸Purchased electricity consists of electricity purchased from the national and non-national grid.

Key Performance Indicators	Unit	2023	
Water Resource Usage⁹			
Total water withdrawal	Tons	2,647,465.33	
Wastewater			
Total compliant industrial wastewater discharges	Tons	19,499.00	
By contents of substances in wastewater	Ammonia Nitrogen Discharge in Wastewater	Kg	69.05
	Chemical oxygen demand	Kg	1,851.89
Waste Gas			
Sulfur oxides (SOx) emission	Tons	20.72	
Nitrogen oxides (NOx) emission	Tons	208.86	
Particulate matter emission	Tons	43.78	
Volatile organic compound (VOC) emission	Tons	2.01	
Waste			
Total hazardous waste generated ¹⁰	Tons	61,141.56	
Total hazardous waste treated	Tons	61,676.64	
Total general industrial solid waste generated	Tons	637,436.18	
Total utilization of general industrial solid waste	Tons	562,552.41	
Secondary Aluminum Recycling¹¹			
Total recycling of secondary recycling	Tons	698,900.00	

⁹The Company's water withdrawals are from municipal water supplies, and there are no withdrawals from areas of high water pressure.

¹⁰Hazardous waste mainly includes aluminum ash, dust removal ash, oil-containing diatomaceous earth, waste oil, waste sludge, and waste rolling oil.

¹¹Secondary aluminum recycling consists of market scrap and industrial residuals.

Social KPIs

Key Performance Indicators		Unit	2023
Employment			
Total employees		Person	10,724
By gender	Male	Person	7,361
	Female	Person	3,363
By employment type	Full-time employees	Person	10,724
	Part-time employees	Person	0
Workers besides employees	Dispatched workers	Person	212
	Dispatched workers from contractors	Person	409
Management level employees number and proportion by gender	Male management level employees	Person	198
	Female management level employees	Person	24
	Proportion of male management level employees	%	89.19
	Proportion of female management level employees	%	10.81
By region	Chinese mainland employees	Person	10,671
	Overseas Territories employees	Person	53
Employee Health and Safety			
Lost work time due to work injuries		Days	5,710
Number of work injury incidents	Employee		53
	Contractor		0
Number of work-related fatalities	Number of deaths		0

Key Performance Indicators		Unit	2023
Employee Training			
Training coverage		%	100
Employee training total time		Hours	310,553
Total training time by gender	Male	Hours	207,967
	Female	Hours	102,586
Training time per capita by gender	Male	Hours	38.76
	Female	Hours	37.88
Training time per capita by employment type	Production personnel	Hours	49.91
	Sales personnel	Hours	60.47
	R&D personnel	Hours	69.99
	Finance personnel	Hours	35.95
	Procurement personnel	Hours	48.48
	Management personnel	Hours	71.46
	Other admin and logistics personnel	Hours	62.11
R&D Investment			
Total R&D investment		RMB 10,000	51,431.25
Total employees on R&D positions		Person	814

Key Performance Indicators		Unit	2023
Suppliers			
Total suppliers ¹²			2,233
By region	Chinese Mainland		2,221
	Overseas Territories		12
Total level 1 suppliers ¹³			2,233
Total key level 1 suppliers ¹⁴			91
By level	Proportion of procurement from key level 1 suppliers	%	74.02
	None-level 1 key suppliers		0
	Key suppliers (include level 1 and none-level 1)		91
	Suppliers that passed onsite evaluation		1,500
Number of suppliers participating in evaluation and training	Number of suppliers assessed to have significant actual/potential negative impacts		0
	Percentage of suppliers with significant actual or potential negative impacts that have taken corrective action or improvement plans	%	0
	Number of suppliers with significant actual/potential negative impacts terminated		0
	Total number of suppliers supported in corrective action plan implementation		35
By main operating region (Shandong province) of supplier, proportion of total transaction amount		%	43
Anti-corruption			
Number of corruption lawsuits filed and concluded against the Company or its employees during the reporting period			0
Number of discrimination or harassment lawsuits filed and concluded against the Company or its employees during the reporting period			0
Number of customer privacy data lawsuits filed and concluded against the Company or its employees during the reporting period.			0
Number of conflict of interest lawsuits filed and disposed of against the Company or its employees during the reporting period			0
Number of money laundering or insider trading cases filed and concluded against the Company or its employees during the reporting period			0

¹²The total number of suppliers that generated transactions with the Company during the reporting period.

¹³ Tier 1 suppliers refer to suppliers who have transactions directly with the Company.

¹⁴ Important suppliers are the sum of the Company's Class A and Class B suppliers.

GRI Standards Index

Statement of Use	For the 2023 reporting period, Innovation New Material prepared report with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

GRI Standards	Disclosure	Chapter(s) in the Report
GRI 2 The Organization and Its Reporting Practices		
2-1	Organizational details	About Innovation New Material
2-2	Entities included in the organization's sustainability reporting	About the Report
2-3	Reporting period, frequency and contact point	About the Report
2-4	Restatements of information	/
2-5	External assurance	/
GRI 2 Activities and Workers		
2-6	Activities, value chain and other business relationships	About Innovation New Material, Building a Sustainable Value Chain
2-7	Employees	Innovation New Materials in Figures Key ESG Performances
2-8	Workers who are not employees	Key ESG Performances
GRI 2 Governance		
2-9	Governance structure and composition	Sustainable Development Management, Innovation New Material 2023 Annual Report
2-10	Nomination and selection of the highest governance body	Innovation New Material 2023 Annual Report
2-11	Chair of the highest governance body	Innovation New Material 2023 Annual Report
2-12	Role of the highest governance body in overseeing the management of impacts	Innovation New Material 2023 Annual Report
2-13	Delegation of responsibility for managing impacts	Innovation New Material 2023 Annual Report
2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Management
2-15	Conflicts of interest	Sustainable Development Management
2-16	Communication of critical concerns	Sustainable Development Management
2-17	Collective knowledge of the highest governance body	/
2-18	Evaluation of the performance of the highest governance body	/

GRI Standards	Disclosure	Chapter(s) in the Report
2-19	Remuneration policies	Empowering Employees Growth
2-20	Process to determine remuneration	
2-21	Annual total compensation ratio	/
GRI 2 Strategy, Policies, and Practices		
2-22	Statement on sustainable development strategy	Message from the Chairman
2-23	Policy commitments	Strengthening Business Ethics Construction, Empowering Employees Growth
2-24	Embedding policy commitments	Strengthening Business Ethics Construction
2-25	Processes to remediate negative impacts	
2-26	Mechanisms for seeking advice and raising concerns	Strengthening Business Ethics Construction
2-27	Compliance with laws and regulations	No major incidents of violation
2-28	Membership associations	/
GRI 2 Stakeholder Engagement		
2-29	Approach to stakeholder engagement	Communications with stakeholders
2-30	Collective bargaining agreements	Empowering Employees Growth
GRI 3 Material Topics		
3-1	Process to determine material topics	Communications with stakeholders, Materiality issue analysis
3-2	List of material topics	Communications with stakeholders, Materiality issue analysis
3-3	Management of material topics	/
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	Innovation New Material 2023 Annual Report
201-2	Financial implications and other risks and opportunities due to climate change	Actively responding to climate change
201-3	Defined benefit plan obligations and other retirement plans	Empowering Employees Growth
201-4	Financial assistance received from government	/
GRI 202: Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	/

GRI Standards	Disclosure	Chapter(s) in the Report
202-2	Proportion of senior management hired from the local community	/
GRI 203: Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	Facilitating Harmonious Social Development
203-2	Significant indirect economic impacts	Facilitating Harmonious Social Development
GRI 204: Procurement Practices		
204-1	Proportion of spending on local suppliers	Key ESG Performances
GRI 205: Anti-Corruption		
205-1	Operations assessed for risks related to corruption	Strengthening Business Ethics Construction
205-2	Communication and training about anti-corruption policies and procedures	Strengthening Business Ethics Construction
205-3	Confirmed incidents of corruption and actions taken	Strengthening Business Ethics Construction
GRI 206: Anti-Competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Strengthening Business Ethics Construction
GRI 207: Tax		
207-1	Approach to tax	/
207-2	Tax governance, control, and risk management	/
207-3	Stakeholder engagement and management of concerns related to tax	/
207-4	Country-by-country reporting	/
GRI 301: Materials		
301-1	Materials used by weight or volume	Designing Green and Low-carbon products, Practicing Environmental Protection
301-2	Recycled input materials used	Designing Green and Low-carbon products, Practicing Environmental Protection
301-3	Reclaimed products and their packaging materials	Designing Green and Low-carbon products, Practicing Environmental Protection

GRI Standards	Disclosure	Chapter(s) in the Report
GRI 302: Energy		
302-1	Energy consumption within the organization	Key ESG Performances
302-2	Energy consumption outside of the organization	/
302-3	Energy intensity	Key ESG Performances
302-4	Reduction of energy consumption	Designing Green and Low-carbon products
302-5	Reductions in energy requirements of products and services	Designing Green and Low-carbon products
GRI 303: Water and Effluents		
303-1	Interactions with water as a shared resource	Practicing Environmental Protection
303-2	Management of water discharge-related impacts	Practicing Environmental Protection
303-3	Water withdrawal	Key ESG Performances
303-4	Water discharge	Key ESG Performances
303-5	Water consumption	Key ESG Performances
GRI 304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
304-2	Significant impacts of activities, products and services on biodiversity	Not applicable
304-3	Habitats protected or restored	Not applicable
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	Key ESG Performances
305-2	Energy indirect (Scope 2) GHG emissions	Key ESG Performances
305-3	Other indirect (Scope 3) GHG emissions	/
305-4	GHG emissions intensity	Key ESG Performances
305-5	Reduction of GHG emissions	Innovation New Materials in Figures, Designing Green and Low-carbon products
305-6	Emissions of ozone-depleting substances (ODS)	/
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Key ESG Performances

GRI Standards	Disclosure	Chapter(s) in the Report
GRI 306: Waste		
306-1	Waste generation and significant waste-related impacts	Practicing Environmental Protection
306-2	Management of significant waste-related impacts	Practicing Environmental Protection
306-3	Waste generated	Key ESG Performances
306-4	Waste diverted from disposal	Key ESG Performances
306-5	Waste directed to disposal	Key ESG Performances
GRI 308: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Building a Sustainable Value Chain
308-2	Negative environmental impacts in the supply chains and actions to be taken	Building a Sustainable Value Chain
GRI 401: Employment		
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	Empowering Employees' Growth
GRI 402: Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	/
GRI 403: Occupational Health and Safety		
403-1	Occupational health and safety management system	Protecting Work Safety
403-2	Hazard identification, risk assessment, and incident investigation	Protecting Work Safety
403-3	Occupational health services	Protecting Work Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Protecting Work Safety
403-5	Worker training on occupational health and safety	Protecting Work Safety
403-6	Promotion of worker health	Protecting Work Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Protecting Work Safety

GRI Standard	Disclosure	Chapter(s) in the Report
403-8	Workers covered by an occupational health and safety management system	Protecting Work Safety
403-9	Work-related injuries	Protecting Work Safety
403-10	Work-related ill health	Protecting Work Safety
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	/
404-2	Programs for upgrading employee skills and transition assistance programs	Empowering Employee Growth
404-3	Percentage of employees receiving regular performance and career development reviews	/
GRI 405: Diversity and Equal Opportunities		
405-1	Diversity of governance bodies and employees	Key ESG Performances
405-2	Ratio of basic salary and remuneration of women to men	/
GRI 406: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	Empowering Employee Growth
GRI 407: Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Empowering Employee Growth, Building a Sustainable Value Chain
GRI 408: Child labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	/
GRI 409: Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Empowering Employee Growth, Building a Sustainable Value Chain
GRI 410: Security Practices		
410-1	Security personnel trained in human rights policies or procedures	/

GRI Standard	Disclosure	Chapter(s) in the Report
GRI 411: Rights of Indigenous Peoples		
411-1	Incidents of violations involving rights of indigenous peoples	Not Applicable
GRI 413: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Facilitating Harmonious Social Development
413-2	Operations with significant actual and potential negative impacts on local communities	/
GRI 414: Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	Building a Sustainable Value Chain
414-2	Negative social impacts in the supply chain and actions taken	Building a Sustainable Value Chain
GRI 415: Public Policy		
415-1	Political contributions	Not Applicable
GRI 416: Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	/
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No occurrence of such incidents
GRI 417: Marketing and Labeling		
417-1	Requirements for product and service information and labeling	Striving for Excellent Quality
417-2	Incidents of non-compliance concerning product and service information and labeling	No occurrence of such incidents
417-3	Incidents of non-compliance concerning marketing communications	No occurrence of such incidents
GRI 418: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Providing Quality Services



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