

2024

Environmental, Social and Governance Report



Content

About this Report 02

Chairman's Statement 03

About JL MAG 04

Our ESG Management 09

Environmental

Fulfilling our "Dual Carbon" Mission to Advance Low-Carbon Transition 16

Deepening Environmental Management, Safeguarding Ecological Home 29

Social

Focusing on Technological Innovation Breakthroughs, Going Further on Intelligent Manufacturing 43

Sharing Responsibilities with Supply Chain, Controlling Product Quality 50

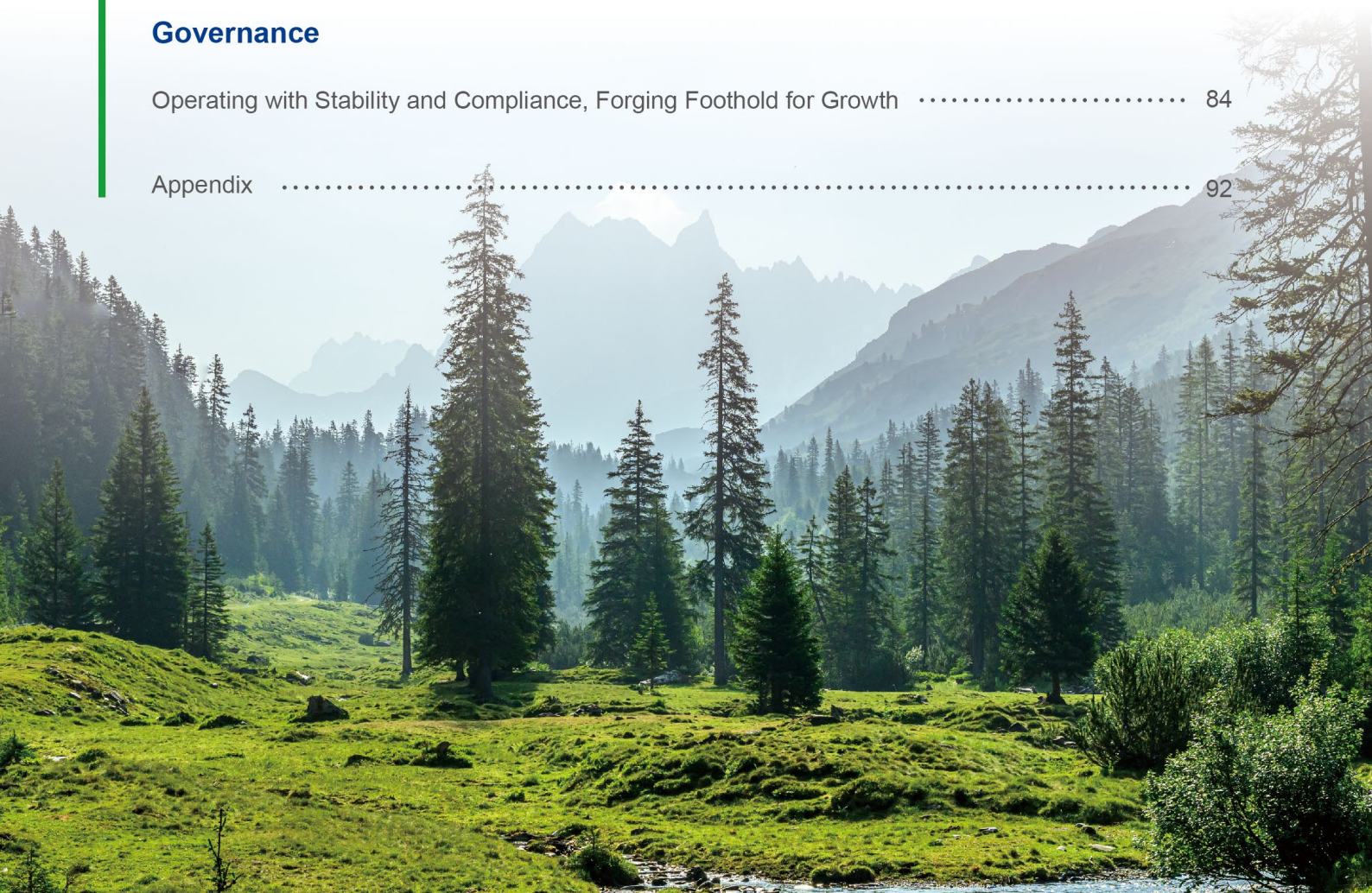
Upholding People-Oriented Philosophy, Co-Creating Future with Employees 61

Concerning Rural Revitalization, Fulfilling Social Responsibilities 80

Governance

Operating with Stability and Compliance, Forging Foothold for Growth 84

Appendix 92



About this Report

Overview

This is the fourth environmental, social and governance (hereinafter referred to as “ESG”) report released by JL MAG Rare-Earth Co., Ltd. (hereinafter referred to as “JL MAG”, “the Company” or “We”). This report provides a comprehensive overview of our ESG concepts, practices and effectiveness in the process of corporate development and operation, aiming to strengthen communication and connection with related company stakeholders.

Reporting Period

This report covers the period from January 1, 2024 to December 31, 2024, and some contents may be beyond this period to keep the information continuous.

Reporting Scope

Unless otherwise stated, the report covers the same entities as reported in the consolidated financial statements of JL MAG RARE-EARTH CO., LTD. Details are determined based on Materiality Assessment, Stakeholder Engagement and other relevant disclosure guidelines. Details of the Company’s business development and consolidated financial statements can be found in our *2024 Annual Report*.

Reporting Principles

In preparing this report, the principles of “Materiality”, “Quantitative”, “Balance” and “Consistency” are applied to define the content of the report and how the information is presented.

Materiality: During the preparation of this report, the Company has identified main stakeholders and key ESG issues of their concern, and made targeted disclosure according to their relative materiality. For more information on materiality assessment, please refer to the section “Materiality Assessment” below.

Quantitative: This report adopts quantitative information to disclose the key performance indicators (“KPI”) in the environmental and social aspects. The measurement standards, methods, hypothesis and/or calculation tools, and the source of conversion coefficient used for the KPIs are explained in their respective paragraphs.

Balance: The purpose of this report is to present a balanced view of the Company’s efforts in all aspects of ESG, including compliance operations, low-carbon development, environmental management, innovation driven, quality guarantee, talent management and social clarity.

Consistency: The data disclosed in this report adopts the statistical method consistent with previous years, with individual changes explained to ensure consistency.

Reporting Standards

The report is prepared in accordance with the *Environmental, Social and Governance Reporting Code* set out in Appendix C2 to the *Main Board Listing Rules* on the Stock Exchange of Hong Kong Limited, the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)*, the *Self-Regulatory Guidelines No.2 for Listed Companies in the ChiNext Stock Market on Shenzhen Stock Exchange—Standardized Operation of Listed Companies on the ChiNext Market (revised in December 2023)* with reference to the *Self-Regulatory Guidelines No.3 for Listed Companies in the ChiNext Stock Market on Shenzhen Stock Exchange—Preparation of Sustainability Report*, the Appendix I: *Disclosure Requirements for the Social Responsibility Report of Listed Companies* of the *Self-Regulatory Guidelines No. 1 for Listed Companies in the ChiNext Stock Market on Shenzhen Stock Exchange—Business Handling (Revised in 2024)* the United Nations Sustainable Development Goals (UN SDGs) and the Global Reporting Initiative Standards (GRI Standards).

Data Sources

The information, data and cases cited in this report are obtained from the Company’s official documents, statistical and financial reports or public documents, as well as ESG practices collected and summarized by various functional departments of the Company. This report is published in both Chinese (simplified and traditional) and English. In case of any discrepancy, the Chinese version shall prevail.

Confirmation and Approval

This report has been reviewed and approved by the Board. The Company’s Board guarantees that there is no false or misleading record or statement in this report and that this report is actual, accurate and complete.

Access to this Report and Feedback Channel

Please call or write to us if you have any suggestions or comments on the content of this report. Our contact information is as follows:

JL MAG RARE-EARTH CO., LTD.

Address: No. 81, Jinling West Road, Economic and Technological Development Zone, Ganzhou City, Jiangxi Province, China

Post code: 341000

Tel: 0797-8068059

Email: ESG@jlmag.com.cn

Website: <http://www.jlmag.com.cn>

ESG column: <https://www.jlmag.com.cn/esg.php>

Chairman's Statement



Looking back at 2024, the global economic environment remained highly volatile and unpredictable. Fluctuating raw material prices, frequent exchange rate volatility, shifting international situations, and energy market turbulence posed unprecedented challenges to all industries. Against this backdrop of uncertainty, JL MAG has steadfastly pursued a high-quality development path anchored in our core values of “customer orientation and value co-creation”. We deeply recognize that the harmonious coexistence between humanity and nature is not only a corporate social responsibility but also the cornerstone for sustainable business growth. As we expand our business, we remain committed to driving sustainability initiatives that benefit both the industry and society.

In ESG governance, we have achieved significant progress. We have refined our ESG governance framework by establishing an ESG Committee, clarifying our ESG roadmap, and continuously improving our ESG rating performance. Through cross-functional collaboration across the organization, we have built a strong force for sustainable development,

earning recognition from domestic and international institutions. In 2024, our S&P ESG score reached a new high of 56, placing us among the global industry leaders. We got Management B for CDP Climate Change Questionnaire, and Leadership A- for both Water Security Questionnaire and Forests Questionnaire. We also received several honors, including the “2024 Best Practice Case for Sustainable Development” from the China Association for Public Companies, the “ESG Golden Bull Award” from the China Securities Journal, and the “Outstanding ESG Practice” from the Chinese Securities Journal. Additionally, we were included in the *Sustainability Yearbook China 2024* issued by S&P Global.

On the journey toward low-carbon development, we remain at the cutting edge, leading the way forward. We are convinced that green development is crucial for creating social value. We have built a “green philosophy framework” with focus on green supply chain, green production and green life, and made significant progress in low-carbon products, green packaging materials, green power, and rare earth recycling. In 2024, we obtained once again the ISO14064 greenhouse gas certification. The sales volume of magnetic steel products in the fields of new energy vehicles (NEVs), automotive parts, energy-saving variable-frequency air-conditioners (VFACs), and wind power generation helped reduce carbon emissions by 62.06 million tonnes and protect our planet. The Company leads its strategy with a green transformation approach, establishing a carbon reduction system through a three-pronged model: “green rare earth recycling + green electricity usage + green factory construction.” For rare earth recycling, it has achieved the application of 2,575 tonnes of recycled materials, with green electricity usage accounting for 26%. Additionally, leveraging distributed photovoltaic power stations in Ganzhou, Baotou, and Ningbo, the Company has formed a clean energy matrix that reduces emissions by over 4,000 tonnes annually. At the same time, it has driven the use of environmentally friendly packaging to over 52%. Through systematic innovation, the Company has paved the way for low-carbon development, setting an example for green transformation in the industry.

In intelligent manufacturing, we continuously drive technological innovation to improve the Company’s core competitiveness. In recent years, we have made substantial investments in informatization and digitalization with a further increase in automation investment in 2024. As a result, we have gradually built an automated, digital and intelligent production system.

At JL MAG, we continue to enrich our independent core technologies and patent system with Grain Boundary Diffusion (GBD) technology as the core, and we have applied for a number of invention patents both at domestic and international markets. Furthermore, the Company is actively partnering with leading global tech firms to research and develop magnetic components for humanoid robots. We also strategically invest in emerging sectors such as low-altitude aircraft, rail transit, and other new fields of new energy and energy-efficient technologies. In 2024, our R&D investment reached RMB 321 million, representing 4.74% of our revenue, thus fueling our sustainable development.

In talent management, we uphold a people-centric approach to provide employees with ample growth opportunities. The Company has effectively protected the rights and interests of the employees while ensuring equitable access to the Company’s advancement. In 2024, the Company spent a total of RMB 746 million on employee compensation, benefits, and other related aspects. The Company shares the benefits of enterprise development with society through constant efforts to promote community development, education development and rural revitalization, actively fulfilling our social responsibilities. As of 2024, the Company had issued 1,300 college scholarships to students.

Over the past 17 years, the Company has continued to pursue the mission of “creating a better life with rare earths”. We have been providing high-performance Rare Earth Permanent Magnets (REPMs) for NEVs, energy-saving VFACs, wind power generation and other environmental protection and energy-saving industries, and fully using the energy-saving property of our products to reduce the power consumption of various motors. Looking ahead, we will continue to adhere to the green development philosophy and consolidate the common understanding of sustainable development. Moreover, the Company will also enhance win-win cooperation at home and abroad and promote low-carbon technological innovation. With these efforts, we dedicate our expertise and resources to protecting the planet and creating a more brilliant future together with all employees, customers, shareholders, suppliers and partners.

Co-founder, Chairman and CEO

Mr. Cai Baogui

March 2025

About JL MAG

Company Profile

JL MAG RARE-EARTH CO., LTD., a high-tech enterprise integrating R&D, production and sales of high-performance NdFeB PMs, magnetic components and the recycling and comprehensive utilization of REPMs, and a leading supplier of high-performance REPMs in the fields of new energy and energy-saving and environmental protection, was incorporated in August 2008. The Company was listed on the ChiNext Market of Shenzhen Stock Exchange (stock code: 300748.SZ) in September 2018 and the Main Board of the Hong Kong Stock Exchange (the “HKEx”) (stock code: 06680.HK) in January 2022. In 2024, the annual production capacity of our high-performance NdFeB permanent magnetic materials blanks has reached 38,000 tonnes. Our capacity utilization rate throughout the year of 2024 reached over 90%. By 2027, the Company will have the capacity of producing 60,000 tonnes of high-performance REPMs, and advanced production lines of magnetic components for humanoid robots.

The Company is a world-leading manufacturer of high-performance REPMs. With strengths in production and R&D as well as proprietary technologies and product delivery, the Company has held a key position in the segmented market of the following sectors: in the field of NEVs, the Company's products have been adopted by the world's top ten new NEVs manufacturers for motor production; in the field of energy-saving VFACs, eight of the world's top ten VFAC compressor manufacturers are our customers; in the field of wind power, five of the world's top ten wind turbine manufacturers are our customers; we also actively collaborates with globally renowned clients in the robots and industrial servo motor sectors on the development of magnetic components for humanoid robots. With small-scale batch deliveries made, it is securing an early entry advantage for mass production. Additionally, the Company makes strategic move into markets such as 3C, low-altitude aircraft, and rail transit, establishing a strong competitive position.

Ganzhou Headquarter Factory (Ganzhou City, Jiangxi Province)



JL MAG Baotou Technology Factory (Baotou City, Inner Mongolia Autonomous Region)



JL MAG Ningbo Technology Factory (Ningbo City, Zhejiang Province)



Jincheng Permanent Magnet Factory (Ganzhou City, Jiangxi Province)



ESG Highlight Performance

Environmental

The Company's production of high-performance NdFeB permanent magnetic products can assemble about

5.50 million
passenger NEVs

82 million
VFACs compressors

12 GW installed capacity
of wind turbine generators



facilitating to reduce carbon
emissions by about

62.06 million tonnes/year

In 2024, the Company used accounting for

2,575 tonnes
of recycled rare earth raw
materials

30.4% of the
annual use of rare
earth raw materials

The Company's consumption
of green power totaled

100.57 million
kWh¹

accounted for
26% of the
annual electricity
consumption

For Baotou Factory, the
consumption of green
electricity reached
49%

The "2.61 MW Rooftop Distributed
Photovoltaic Power Station Project at
Ganzhou Factory" generated

2.40 million kWh of rooftop
photovoltaic power

reducing carbon emissions by
1,404 tonnes annually

The "China Resources New Energy
JL MAG Baotou 3.2 MW Distributed
Photovoltaic Power Generation
Project" generated

2.40 million kWh of electricity
annually

reducing carbon emissions by
1,408 tonnes

The "China Resources New Energy
JL MAG Ningbo 1.92 MW Distributed
Photovoltaic Power Generation Project"
was completed and connected to the
grid in March 2025. This project is
expected to generate

2 million kWh of electricity annually

reducing carbon emissions by
1,200 tonnes per year



The Company's consumption
of environmentally friendly
packaging materials totaled

1,359 tonnes



accounting for
52.14% of
the total usage



The Company's total
investment in environmental
protection is

RMB **16.84** million

The Ganzhou and Baotou factories obtained

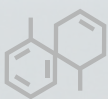
ISO14064 Certification

Yinhai New Materials obtains

SCS Recycled System Certification



Social



Grain Boundary Diffusion (GBD) technology is
utilized to produce

90% of the Company's products



The total R&D investment of
the Company reached

RMB **321** million

accounted for
4.74%
of the revenue

¹ The consumption of the Company's green power in 2024 mainly includes green power used in factories in Ganzhou, Baotou and Ningbo.



The Company invested
RMB **75.86**
million in automation

up
43.50%
year-on-year



The Company has invested
RMB **10.60** million in
informationization and digitalization

with a year-on-
year increase of
11.23%



The Company invested
RMB **14.51** million
in health and safety projects

with a year-on-
year increase of
21.35%



In March 2025, the Company intended
to introduce an A-share employee stock
ownership plan and an H-share restricted
share scheme



The Company's total
expenditure on employee
compensation, benefits,
and other related aspects
amounted to
RMB **746** million

representing a
year-on-year
increase of
25.23%



The Company had issued
1,300 college scholarships to students



The Company had recruited
2,652 employees from former national key
counties and urban areas for poverty alleviation and
development under the jurisdiction of Ganzhou

accounting for
60.27% of total
employees at Ganzhou Factory

Governance

In June 2024, the general election of the ESG Committee was completed. The ESG Committee is chaired by Mr. Cai Baogui, Chairman of the Board, and comprises Mrs. Cao Ying, an independent non-executive director with extensive financial experience and ESG professional background, and general managers of all subsidiaries to supervise ESG matters of the Company.

The Company has established and launched the *Environmental, Social, and Governance (ESG) Management Policy* to support the development and implementation of our long-term sustainable strategy.



The percentage of female employees in the Board
of Directors and the Board of Supervisors is
17%



The business ethics audit covers more than
95% of the Company's business
operations



The Company conducted
316 business ethics training sessions

with a
100% coverage percentage

an accumulated duration of
25,861 hours



100% suppliers had signed the *Commitment
Letter on Anti-Bribery of Suppliers* and the *Good
Faith Procurement Agreement*



We conducted a themed training on *JL MAG
Information Security* for all employees, with a
100% passing rate achieved

Annual Honors and Awards in 2024

January

- JL MAG Baotou Technology was honored to be listed on the "Top Foreign Trade Enterprises" in Inner Mongolia Autonomous Region in 2024.

February

- The Company has awarded the title of "Top Taxpayer" for the 12th consecutive year

April

- JL MAG Baotou Technology was awarded the recognition of "Industrial Design Center" in Inner Mongolia Autonomous Region in 2024.

May

- JL MAG Ningbo Technology was included in the list of "Specialised, refined, differential and innovative" small and medium-sized enterprises in Ningbo.
- JL MAG Ningbo Technology was included in the list of innovative small and medium-sized enterprises in Ningbo.

October

- JL MAG achieved an A (Excellent) rating in the information disclosure assessment by the Shenzhen Stock Exchange for five consecutive years.

September

- JL MAG was honored with the award for "Best Shareholder Return among Hong Kong-listed Companies".

July

- JL MAG was recognized as one of the "Excellent Culture Construction Practice Cases of Listed Companies in 2024" issued by the China Association for Public Companies.
- JL MAG Baotou Technology was included in the list of the "Hurun China Most Valuable New Material Companies 2024".

June

- JL MAG Baotou Technology was awarded as one of the Top 30 Innovative Sci-Tech Enterprises in Inner Mongolia Autonomous Region in 2024.

November

- JL MAG was recognized as one of the "Excellent Board of Directors Practice Cases of Listed Companies in 2024" issued by the China Association for Public Companies.
- JL MAG had been shortlisted for the Top 50 Strategic Emerging Industry Enterprises in Jiangxi Province, Top 100 Enterprises in Jiangxi Province, Top 100 Private Enterprises in Jiangxi Province, and Top 100 Private Manufacturing Enterprises in Jiangxi Province in 2024.
- JL MAG Baotou Technology was honored to be listed on the "2024 List of Single Champions in Manufacturing in Inner Mongolia Autonomous Region".
- JL MAG Baotou Technology was awarded the recognition of "Enterprise Technology Center" in Inner Mongolia Autonomous Region in 2024.
- JL MAG Baotou Technology won the "Science and Technology Progress Award" in Inner Mongolia Autonomous Region in 2024.

December

- JL MAG had received multiple honors, including the "Best Board of Directors Award for Listed Companies", and "Best IR Team Award", in recognition of its performance in corporate governance, ESG and investor relations.
- JL MAG was honored to be listed on the "2024 List of Single Champions in Manufacturing in Jiangxi Province".
- JL MAG Ningbo Technology was selected into the List of National High-tech Enterprises.
- JL MAG Ningbo Technology was selected into the list of Science and Technology Small and Medium-sized Enterprises in Zhejiang Province.

ESG Honors and Awards

S&P Global

56

Standard & Poor's Corporate Sustainability
Assessment (CSA) score

CDP

Climate Change

Water Security

Forests



CDP Questionnaire



AAA

CNI ESG Rating



AA

Sino-Securities Index ESG Rating



AAA

China Securities Index ESG Rating

Wind ESG

A

Wind ESG Rating

January 2024

JL MAG won the
“2023 Best ESG
Practice Award for
Listed Companies”
issued by Value Online



June 2024

JL MAG Ningbo
Technology was included
in the
list of 3-star Green
Factories in Jiangbei
District, Ningbo, in 2024



July 2024

JL MAG was included in
the
2024 Sustainability
Yearbook (China)
issued by S&P Global



November 2024

JL MAG was recognized
as one of the
“2024 Best Practice
Cases for Sustainable
Development of Listed
Companies” issued by
the China Association
for Public Companies



December 2024

JL MAG was included
in the
“Top 100 ESG
Golden Bull Award”
by the China
Securities Journal



Our ESG Management

Statement of Board

The Company attaches great importance to the ESG work, continues to improve our ESG governance capacity, and is committed to environmental, social and corporate sustainability. The Company has established an ESG governance structure consisting of the Board, ESG Committee and ESG Workforce to improve the Company's ESG management and promote the sustainable high-quality development.



Regulation of ESG matters

The Environmental, Social and Governance (ESG) Committee of the Board ("ESG Committee") oversees the ESG matters of the Company and is chaired by Mr. Cai Baogui, the Chairman of the Board. The ESG Committee monitors and conducts in-depth research on regulatory and policy developments in ESG and climate-related domains. It reviews and monitors the Company's strategic plans, management frameworks, policies, and implementation rules in this regard. Additionally, the Committee identifies and oversees ESG and climate-related risks and opportunities that have a significant impact on the Company's business, guiding the management to take appropriate response measures. It also supervises and reviews the implementation of the Company's environmental and climate-related matters, social responsibilities, and corporate governance work, evaluates the Company's overall ESG and climate-related performance, and provides recommendations for improvement. Finally, the Committee reviews ESG-related reports issued by the Company and other significant matters related to ESG and climate.



ESG management policy and strategy

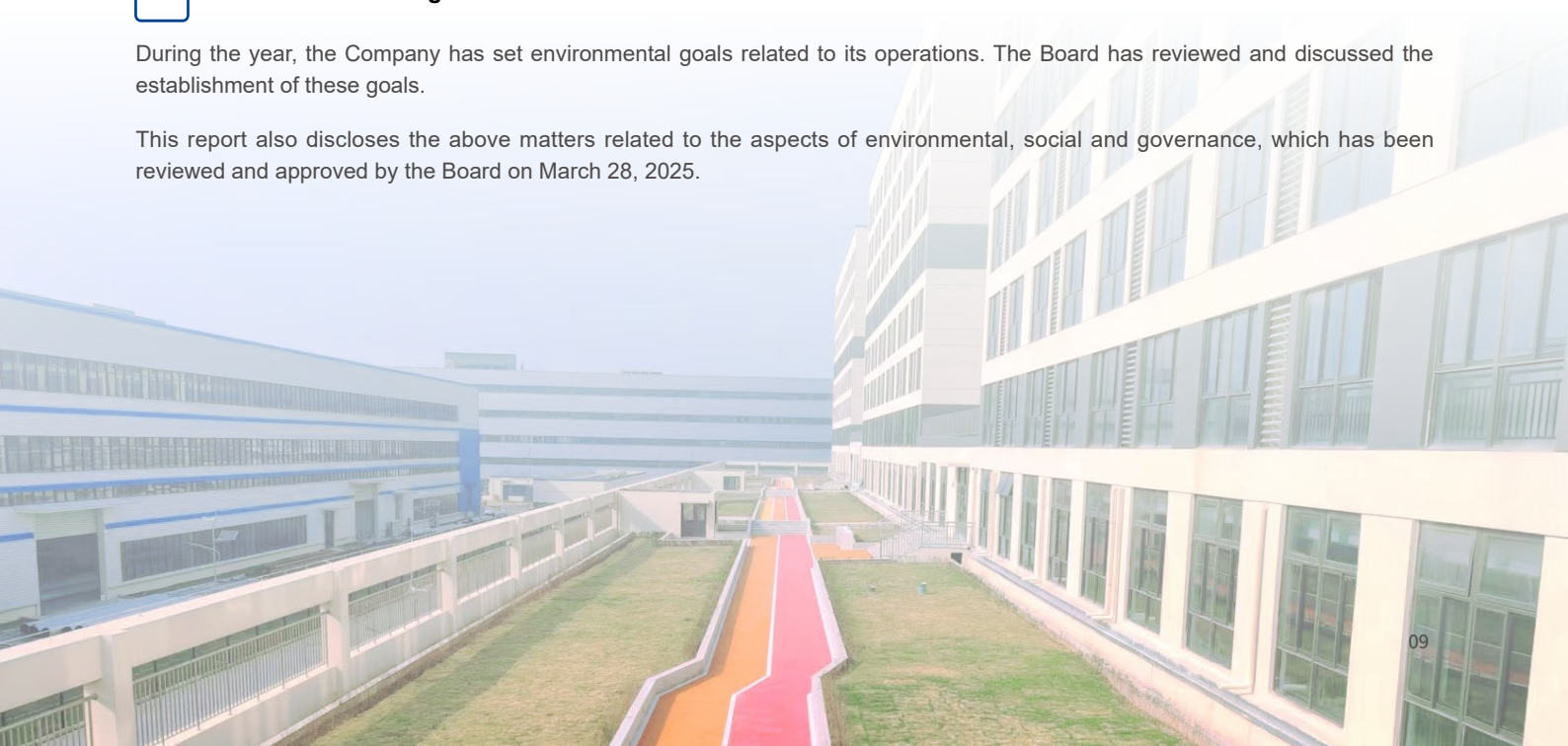
The Company regularly assesses the importance of environmental, social and governance issues and submits these issues to the Board for review. The process and results of the assessment are detailed in the "Materiality Assessment" of this report. The Company has fully identified the significant ESG risks related to our own operations, including climate change response, innovation-driven development, safety and quality of products & services, employees, anti-commercial bribery and anti-corruption, and has made relevant measures which shall be implemented by relevant departments in their operational management according to the requirements of the Company.



Review of ESG targets

During the year, the Company has set environmental goals related to its operations. The Board has reviewed and discussed the establishment of these goals.

This report also discloses the above matters related to the aspects of environmental, social and governance, which has been reviewed and approved by the Board on March 28, 2025.



ESG Governance Structure

To support the development and implementation of our long-term sustainable strategy, JL MAG has established the *Environmental, Social, and Governance (ESG) Management Policy* based on its development goals and actual conditions. The Company has established a top-down multi-level management structure, with the ESG Committee as the leading and supervising body and the ESG Workforce as the primary executor. For more detailed responsibilities, please refer to the *Working Rules for ESG Committee of JL MAG*.

ESG Governance Structure of JL MAG



In March 2024, ESG Committee held a meeting to review the Company's 2023 ESG Report and heard a report on the progress of key ESG work for the year. The meeting also outlined plans for the key ESG initiatives and improvements for the following year.



ESG Strategy

The Company has been improving our ESG strategy by integrating ESG factors such as compliance operation, low-carbon development, environmental management, innovation driven, quality guarantee, talent management and social charity into our operations and day-to-day management. The Board of the Company regularly reviews the ESG strategy of the Company to review and ensure that it is in line with the Company's development strategy. Based on the characteristics of its own business, the Company has identified the priorities of the United Nations Sustainable Development Goals (UN SDGs) and integrated them with the ESG strategy of the Company to guide the ESG work.

Operating with Stability and Compliance, Forging Foothold for Growth

Robust corporate governance is essential for sustainable and stable business growth. The Company has always prioritized lawful and compliant operations, and is committed to continuously enhancing its governance structure. The Company is committed to enhancing the governance efficiency and business ethics management, so as to ensure the Company's compliant operation, stable growth and sustainable development and create long-term value for all stakeholders. Additionally, the Company places great emphasis on information security management and is committed to establishing a robust information security defense system to ensure the confidentiality, integrity, and availability of company information.



Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition

Amid the urgent challenges posed by global climate change, JL MAG, a frontrunner in the industry, is acutely aware of the critical role and responsibility the Company holds in addressing climate change and driving the low-carbon transition. We actively embrace the national “Dual Carbon” strategy by advancing climate governance, refining our climate strategy, proactively mitigating climate-related risks, and setting goals and pathways for carbon peaking and neutrality. Through innovation-driven green industrial upgrades, we are dedicated to advancing the low-carbon transition. Collaborating with partners across industries, we are determined to contribute JL MAG's unwavering efforts to the global pursuit of carbon neutrality.



Deepening Environmental Management, Safeguarding Ecological Home

The Company actively embraces the philosophy of green development and unwaveringly pursues sustainable development, thereby contributing to the vision of a beautiful China. This year, we continued to refine our pollution control measures, protected biodiversity, enhanced the efficient use of energy and resources, and fostered a circular economy. By embedding environmental protection into our corporate strategy and governance, and integrating it throughout our operations, we are actively supporting the comprehensive green transition of economic and social development.



Focusing on Technological Innovation Breakthroughs, Going Further on Intelligent Manufacturing

JL MAG regards R&D innovation as the core driving force for the Company's sustainability development. The Company is committed to building a robust R&D management system to ensure the orderly conduct of R&D management, IP protection, and technological innovation activities. The Company continues to refine the IP management system, consolidates the achievements of technological innovations, and consistently launches cutting-edge innovative products. These efforts are aimed at leading industry progress and promoting the development of new-quality productive forces.



Sharing Responsibilities with Supply Chain, Controlling Product Quality

JL MAG firmly believes that exceptional product quality is the cornerstone of sustainable growth and long-term success. The Company has established rigorous quality control protocols throughout its entire business chain, from procurement and manufacturing to customer service, to ensure the consistent stability and reliability of its products and services. Moreover, the Company prioritizes the optimization and management of its supply chain, partnering with suppliers to build sustainable relationships and strengthen the resilience of the entire supply chain.



Upholding People-Oriented Philosophy, Co-Creating Future with Employees

Guided by the core principle of "people-oriented", we are dedicated to building a win-win future with our employees. We respect every employee and are committed to creating an equal, diverse, and healthy work environment. To foster employee growth, we have implemented transparent and fair promotion systems and offer comprehensive training programs that cover both personal and professional development. We also prioritize employee safety by taking robust workplace safety measures to protect their well-being. In addition, we implement the employee welfare system and truly care for employees' lives, aiming to enhance employees' sense of belonging and achieving win-win development.



Concerning Rural Revitalization, Fulfilling Social Responsibilities

The Company is deeply committed to social responsibility, actively fulfilling its promises to drive social progress and enhance its social impact. We have consistently launched public welfare initiatives in areas such as education, healthcare, and nature conservation, all of which have had a positive impact on community development. Additionally, through concrete actions, we are supporting rural revitalization and contributing to the early realization of the goal of common prosperity.



Materiality Assessment

Materiality Analysis

Under the supervision of the ESG Committee, the Company has taken measures, such as internal and external interview and communication, peer benchmarking and specialist research, to identify material ESG issues closely related to its business by reviewing national policies, regulatory focuses, industry trends and the Company's development plans, and has built a matrix of materiality analysis, which has been confirmed by the Board.

Analysis Process for ESG Material Topics of JL MAG

Identification of material issues

Identify ESG-related issues of the Company based on regulatory ESG disclosure guidelines and standards, ESG issues with industry and capital market concerns, internal and external expert recommendations, and due diligence practices.



Stakeholder engagement

Engage with both internal and external stakeholders through various communication channels and methods, to collect and analyze their feedback on the Company's ESG management.



Development of materiality matrix

Derive the 2024 Materiality Matrix and prioritize the material issues based on the dual materiality assessment principle, taking into account the materiality of each ESG issue and in light of the results from stakeholder engagement.



Review and confirmation of material issues

Submit the materiality matrix to the Board for review and confirmation, and disclose it in the report



Due Diligence and Stakeholder Engagement

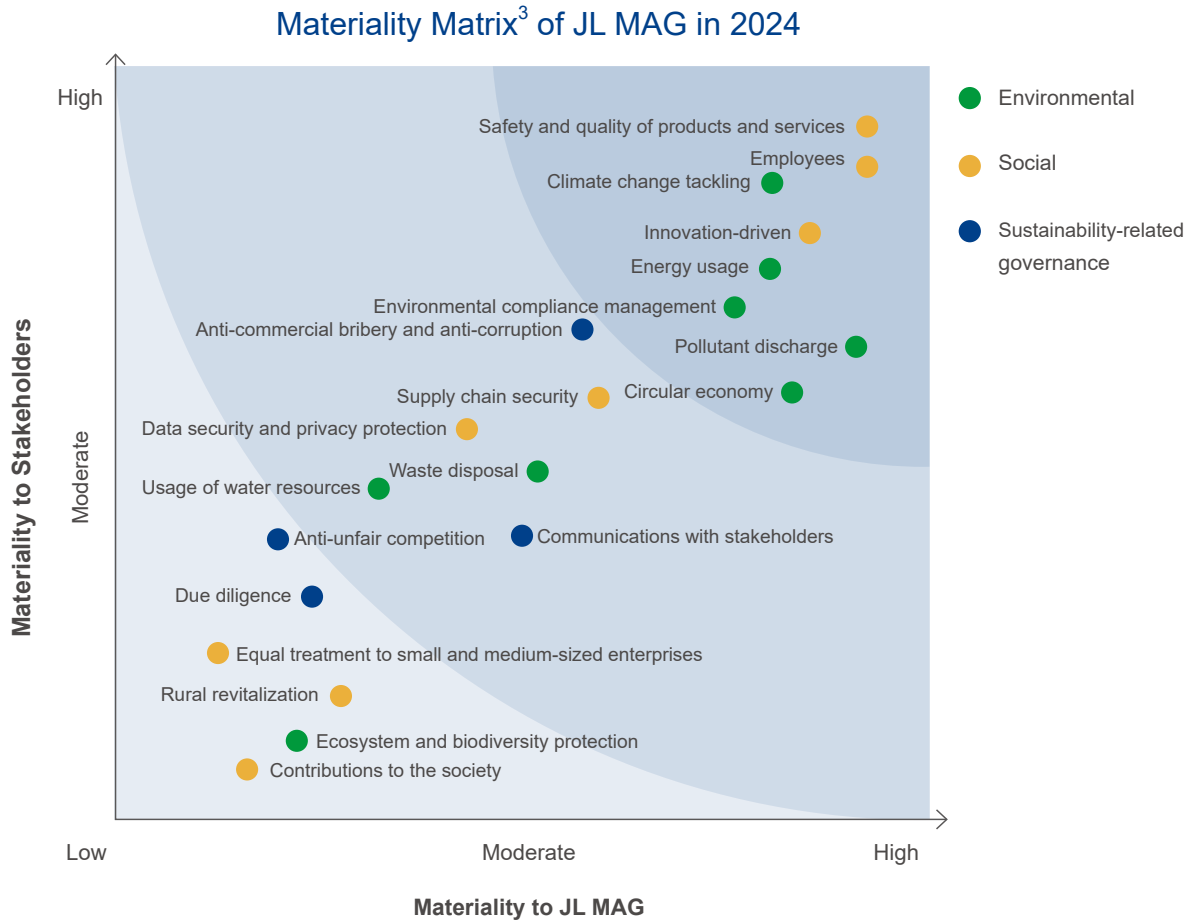
JL MAG places a high priority on sustainable development. During the reporting period, our ESG Workforce, in collaboration with external consulting firms, conducted a thorough due diligence on potential negative impacts or risks related to sustainability such as environmental protection, social responsibility and formulated proactive response. Through regular self-assessments, internal feedback, and engagement with external stakeholders such as non-governmental organizations, the Company systematically identified potential risk points and developed detailed mitigation measures and response plans to address the identified risks.

Based on the principle of “Mutual Benefit and Common Development”, the Company has been communicating with the stakeholders in different ways to timely learn about and respond to their needs and use their opinions and demands as the motivation to continuously improve the ESG management of the Company. During the year, the Company has identified important stakeholders that may significantly influence our operations, and the specific communication matters and channels are shown in the following table:

Major stakeholder	Communication matter	Communication channel
 Customer	<ul style="list-style-type: none"> • Product quality • Quality service • Protection of customer's rights 	<ul style="list-style-type: none"> • On-site visit • Telephone/E-mail communication • Customer satisfaction survey
 Employee	<ul style="list-style-type: none"> • Compliance employment • Compensation and benefits • Occupational health and safety • Training and development 	<ul style="list-style-type: none"> • Employee contract • Employee representative meeting • Employee training • Employee satisfaction survey
 Shareholders/investors	<ul style="list-style-type: none"> • Results of operation • Compliance governance • Risk prevention • Business ethics 	<ul style="list-style-type: none"> • Shareholders' meeting • Information disclosure • On-site survey • Online communication
 Supplier	<ul style="list-style-type: none"> • Fair procurement • Trading integrity • Supplier training and empowerment 	<ul style="list-style-type: none"> • Supplier meeting • Supplier contract • Telephone/E-mail communication
 Government	<ul style="list-style-type: none"> • Driving employment • Compliance operation • Green production 	<ul style="list-style-type: none"> • Visit reception • Information disclosure • Document submission
 Industry partners/Industry association	<ul style="list-style-type: none"> • Product responsibilities • Mutual benefits 	<ul style="list-style-type: none"> • Participation in standard development • Industry exchange meeting • School-enterprise partnership
 Community	<ul style="list-style-type: none"> • Social welfare • Volunteer service 	<ul style="list-style-type: none"> • Volunteer activities • Charitable donations

Materiality Analysis Conclusion

JL MAG analyzes the materiality assessment results and presents the overall priority of each topic in materiality matrix. A total of 20² material topics were identified, and the specific assessment results are as follows:



Materiality Assessment Results of ESG Topics

ESG Issues with High Materiality	ESG Issues with Moderate Materiality	ESG Issues with General Material issues
Safety and quality of products and services	Anti-commercial bribery and anti-corruption	Anti-unfair competition
Employees	Supply chain security	Due diligence
Climate change tackling	Waste disposal	Rural revitalization
Innovation-driven	Data security and privacy protection	Ecosystem and biodiversity protection
Energy usage	Communications with stakeholders	Equal treatment to small and medium-sized enterprises
Environmental compliance management	Usage of water resources	Contributions to the society
Pollutant discharge		
Circular economy		

² JL MAG is a high-tech enterprise integrating R&D, production and sales of high-performance NdFeB PMs, magnetic components and the recycling and comprehensive utilization of REPM. Currently, the Company has not ventured into scientific research, technological development, or other activities in sensitive technology ethics fields such as life sciences and artificial intelligence, and thus does not concern itself with the topic of "ethics of science and technology".

³ JL MAG is actively sorting through and exploring methodologies for assessing and analyzing the financial materiality of ESG issues, with the aim of better guiding sustainability-related management and information disclosure endeavors.

Environmental

Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition

Amid the urgent challenges posed by global climate change, JL MAG, a frontrunner in the industry, is acutely aware of the critical role and responsibility the Company holds in addressing climate change and driving the low-carbon transition. We actively embrace the national “Dual Carbon” strategy by advancing climate governance, refining our climate strategy, proactively mitigating climate-related risks, and setting goals and pathways for carbon peaking and neutrality. Through innovation-driven green industrial upgrades, we are dedicated to advancing the low-carbon transition. Collaborating with partners across industries, we are determined to contribute JL MAG’s unwavering efforts to the global pursuit of carbon neutrality.



Addressing Climate Change

Climate change is a challenge for all mankind. As a responsible corporate, the Company takes climate change as an important driving force for ecological environment protection and high-quality development. By continuously identifying and evaluating the risks and opportunities brought about by climate change, the Company actively responds to the corresponding challenges and improves the climate change management structure, striving to minimize the adverse impacts of its business activities on the environment.

JL MAG Carbon Reduction Roadmap

High-performance REPMs offer benefits such as energy efficiency, compactness, light weight, and precise control, significantly boosting motor power density and operational efficiency. Compared to traditional motors, rare-earth permanent magnet motors can reduce energy consumption by 15%-20% and are key parts for NEVs and automotive parts, energy-saving VFACs, wind power generation, robots and industrial servo motors, low-altitude aircraft, 3C, energy-saving elevators, rail transit and other fields.

By the end of 2024, the sales volume of the Company's magnetic steel products for NEV drive motors can assemble approximately 5.50 million passenger NEVs, facilitating to reduce carbon emissions by approximately 11.43 million tonnes/year. The sales volume of the Company's magnetic steel products for energy-saving VFACs can assemble approximately 82 million VFAC compressors, facilitating to reduce carbon emissions by approximately 29.87 million tonnes/year. The sales volume of the Company's magnetic steel products for wind power sector can equip wind turbine generators with an approximate aggregate installed capacity of 12 GW, facilitating to reduce carbon emissions by approximately 20.76 million tonnes/year. This year, the Company's products contributed to carbon emissions reduction by a total of approximately 62.06 million tonnes/year.

The Company leads its strategy with a green transformation approach, establishing a carbon reduction system through a three-pronged model: "green rare earth recycling + green electricity usage + green factory construction." For rare earth recycling, it has achieved the application of 2,575 tonnes of recycled materials, with green electricity usage accounting for 26%. Additionally, leveraging distributed photovoltaic power stations in Ganzhou, Baotou, and Ningbo, the Company has formed a clean energy matrix that reduces emissions by over 4,000 tonnes annually. At the same time, it has driven the use of environmentally friendly packaging to over 52%. Through systematic innovation, the Company has paved the way for low-carbon development, setting an example for green transformation in the industry.

JL MAG is committed to supporting the national "Dual Carbon" strategy, making continuous progress toward the 2030 target of achieving full lifecycle carbon neutrality for selected products. Besides, the Company continues to refine the "three-step" roadmap that focuses on both "speed" and "intensity" to achieve the carbon reduction objectives. The specific action plan is as follows:

JL MAG Carbon Reduction Roadmap

Phase One (2022-2024):

The Company's Ganzhou and Baotou factories obtained the ISO 14064 certifications in 2024.

Phase Three (2031-2032):

The Company's target of achieving full lifecycle carbon neutrality for selected products will be fully achieved and certified.



Phase Two (2025-2030):

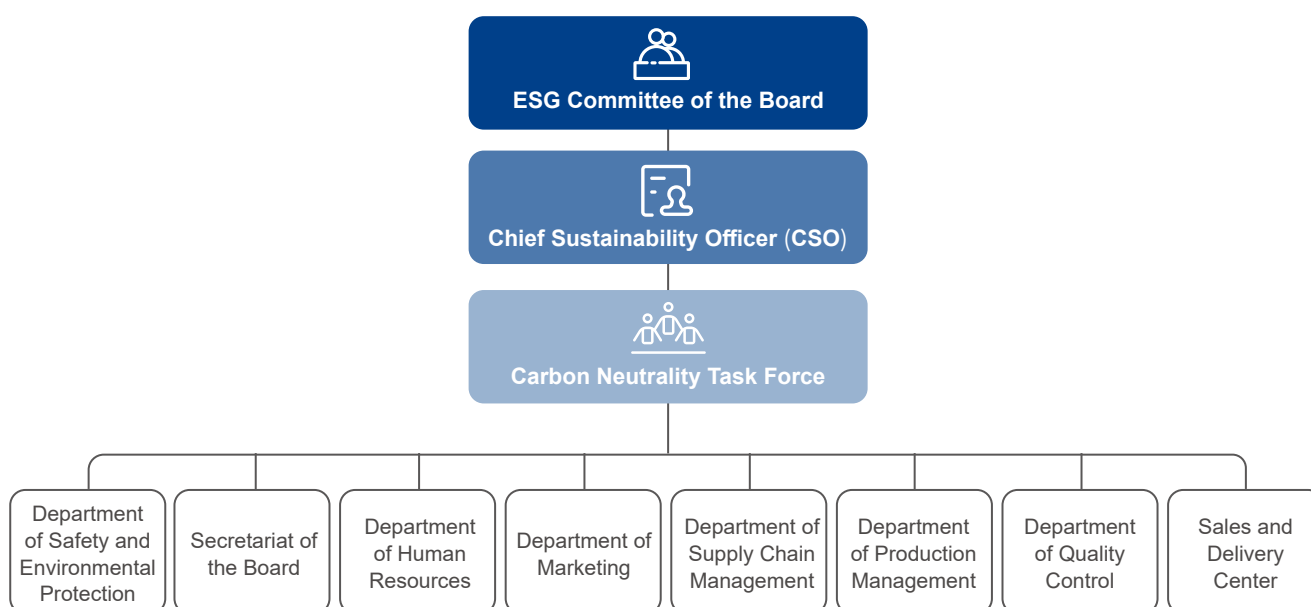
The Company plans to achieve the target of achieving full lifecycle carbon neutrality for selected products by 2030 through investment in renewable energy projects such as photovoltaic and wind power, forestry carbon sequestration schemes such as afforestation, and the purchase of a certain amount of green electricity.

Promoting Climate Governance

Governance Structure

In 2024, JL MAG established and launched the *Environmental, Social, and Governance (ESG) Management Policy* and completed the election of a new ESG Committee to support the Board of Directors for effective supervision of matters related to climate change. Chief Sustainability Officer and the Carbon Neutrality Task Force are established under the ESG Committee to effectively facilitate the implementation of climate change initiatives and specific metrics.

Climate Change Management Structure



Responsibilities of the Board of Director

The ESG Committee serves as the ultimate governing body at JL MAG for climate change-related issues. The ESG Committee holds meeting on an annual basis to discuss and make decisions on ESG-related matters. During the reporting period, each of the Company's governance bodies carried out management decisions and operational supervision in strict accordance with the normative operating rules and internal systems, and performed their corresponding duties.

JL MAG has developed the [Climate Change and Energy Utilization Policy](#), subject to periodic review and ongoing refinement by the ESG Committee, ensuring robust management of climate risks and relevant emergency response mechanism. The Company convenes ESG Committee meetings at least semi-annually to review and deliberate on climate change-related issues, such as target and risk management performance.

The ESG Committee members possess substantial expertise in addressing ESG and climate-related issues. Mrs. Cao Ying, an ESG Committee member, has a PhD in Accounting from Texas A&M University and is a Certified Public Accountant (CPA) in China. She has extensive industry experience and ESG professional background. Since 2014, she has been an associate professor at the School of Accountancy of The Chinese University of Hong Kong. Her research covers CSR/ESG analysis in the context of the capital market, ESG disclosure in accordance with international standards, ESG rating, ESG investment as well as the role of accounting in CSR/ESG strategies and reporting.

JL MAG offers Board members periodic training and workshops focused on ESG and climate change issues. These initiatives are designed to keep Board members updated on new developments and regulatory changes in ESG and climate change issues, as well as to enhance their expertise and competence in supervising climate-related matters.

Management Responsibilities

The Company has assigned a Chief Sustainability Officer (CSO) dedicated to comprehensively implementing a green business practice model in all aspects from product development to operation management. The Vice President of the Company acts as the Chief Sustainability Officer, who is responsible for planning the overall work related to carbon neutrality, promoting and monitoring the important carbon reduction projects of the Company, selecting carbon neutrality projects for investment.

The Chief Sustainability Officer evaluates progress and reports findings to the ESG Committee members on a regular basis. Based on the issues reported, the Board and management then identify and assess risks, applying objective and scientific evaluation methods to prioritize these issues. Climate-related factors are incorporated into the Company's overall risk management, aligned with key operational activities. This process results in a climate-related risk checklist and key control directions, providing input and a basis for the development and adjustment of climate-related strategies, as well as for setting goals and indicators for action plans.

The Company has established a Carbon Neutrality Task Force, with the Safety and Environmental Protection Department, the Production Management Department, the Quality Control Department, and the Supply Chain Management Department as the main promotion and support business units. The task force fully manages the Company's strategic planning, policies, resource, target-setting and monitoring project's implementation and execution on climate change issues, and reports to the Chief Sustainability Officer monthly.

Climate-Related Performance Incentives

The Company has developed the *Management Procedure for Objectives and Achievement Planning*. The ESG Committee formulates climate change management requirements on an annual basis, and the Chief Sustainability Officer leads the Carbon Neutrality Task Force in developing climate change-related targets and indicators aligned with these requirements. These targets are then broken down to relevant business units. The Carbon Neutrality Task Force collects, evaluates, analyzes, and reports the progress of these targets to the Chief Sustainability Officer.

To drive the full implementation of climate change governance and ensure the achievement of climate-related goals, the Company ties the performance-based variable pay of employees in key business units to the annual performance on climate-related metrics. This financial incentive approach aims to boost employee participation and commitment to the Company's climate change efforts.



Climate Change Response Strategy


Assessing Climate-Related Risks and Opportunities


JL MAG remains committed to monitoring the potential impact of climate-related risks on the business and financial performance of the Company. These risks include physical risks arising from extreme weather and climate change, as well as transition risks associated with carbon reduction policies, such as the national “Dual Carbon” goals. Besides, we are aware of the opportunities that climate change presents for the Company.

This year, we conducted a comprehensive identification, analysis, and assessment of climate-related risks and opportunities. The evaluation covered the Company's core operations as well as key aspects of the upstream and downstream value chain, mainly including raw materials and transportation on the upstream side and evolving customer demands on the downstream side.

Physical Risks


Physical risks are categorized into acute and chronic risks. The former includes an increase in the frequency and intensity of extreme weather events such as tropical cyclones, storms, floods, and droughts, while the latter involves gradual changes such as rising temperatures and sea levels. These physical risks may pose a risk to operating costs and asset values. JL MAG identifies, analyzes, and assesses acute and chronic risks based on the locations where the business operates. The key findings are summarized in the table below.

Risk Type	Risk Factor	Impacts of the Risk on Business Models and Value Chains	Our Response
 Acute Risk	Typhoon/ Rainstorm	Impacts on Business Operations <ul style="list-style-type: none"> Our Ganzhou factory and Ningbo factory face potential risks from typhoons and rainstorms, which may cause damage to production facilities, raw materials, and finished products, as well as disruptions to the supply chain and logistics. 	<ul style="list-style-type: none"> We have enhanced our wind and rain resistance measures, established emergency response plans, obtained property insurance, optimized our supply chain and logistics routes, and secured backup power and essential supplies. The Ningbo factory has adopted a sponge design, featuring a rainwater collection and reuse system within the factory. This system integrates with the traditional rainwater network and connects to rivers and lakes, creating a resilient rainwater management infrastructure. Besides, a green roof design is applied to alleviate rainwater overflow.
	Heatwave/ Extreme Heat	Impacts on Business Operations <ul style="list-style-type: none"> Heat may lead to overheating of production equipment, reduced employee productivity, and increased energy costs. 	<ul style="list-style-type: none"> We have enhanced cooling capabilities in facilities and optimized energy efficiency. Reasonable work schedules have been implemented with heat prevention measures provided for employees.
	Flood	Impacts on Business Operations <ul style="list-style-type: none"> Our Ganzhou factory and Ningbo factory may suffer from flooding which can lead to submergence of production facilities and damage to raw materials and finished products. 	<ul style="list-style-type: none"> We have built flood prevention infrastructure, enhanced the drainage system, and ensured proper storage of raw materials and finished products.

Risk Type	Risk Factor	Impacts of the Risk on Business Models and Value Chains	Our Response
 Chronic Risk	Rise in Average Temperature	<p>Impacts on Business Operations</p> <ul style="list-style-type: none"> The Company needs to consume more energy to maintain appropriate temperatures in workplaces and production facilities. <p>Impacts across the Value Chain, Upstream and Downstream</p> <ul style="list-style-type: none"> Rising temperatures may exacerbate the challenges of rare earth mining and processing, leading to supply instability, a decline in raw material quality and performance, and heightened carbon reduction requirements from downstream customers. This, in turn, increases production costs and market pressure. 	<ul style="list-style-type: none"> We have established high-temperature management policies and upgraded air conditioning and cooling facilities in factories. Besides, we provide employees with heat allowances and protective measures. We have signed long-term procurement agreements with upstream rare earth suppliers and intensified collaboration to ensure a stable raw material supply. Furthermore, we have developed low-carbon products and technologies to meet carbon reduction requirements from downstream customers.
	Changes in Rainfall Patterns	<p>Impacts on Business Operations</p> <ul style="list-style-type: none"> Changes in rainfall patterns may cause fluctuations in warehouses humidity. Rare earth raw materials, such as neodymium, iron, and boron, are extremely sensitive to humidity. Excessive humidity may lead to dampness or oxidation of these raw materials, affecting their performance. Magnetic steel products similarly require strict humidity control to ensure their high performance and stability. 	<ul style="list-style-type: none"> We have enhanced humidity control in warehouses and invested in advanced humidity monitoring and regulation equipment to maintain strict storage standards for rare earth raw materials and magnetic steel products. Besides, regular maintenance and inspections of warehouses are conducted to improve their airtightness and waterproofing capabilities, and prevent rainwater infiltration.


Transition Risks

Transition risks refer to those associated with the global shift toward a low-carbon economy, involving aspects such as policy, law, technology, and market dynamics. Key transition risks identified by JL MAG are summarized in the table below.

Risk Type	Risk Factor	Impacts of the Risk on Business Models and Value Chains	Our Response
 Transition Risk	Policy and Legal Risk	Impacts on Business Operations <ul style="list-style-type: none"> Governments may introduce stricter environmental regulations and disclosure policies, posing challenges for the Company in terms of increased compliance and disclosure requirements and heightened carbon reduction pressure. 	<ul style="list-style-type: none"> The Company has established a Carbon Neutrality Task Force, assigned the Chief Sustainability Officer, actively paid attention to the changes in climate change-related policies and set practical carbon neutrality targets and implementation route, including promoting comprehensive energy solutions and using more clean energy such as photovoltaic and wind power. The Company has engaged external ESG consulting and carbon management agencies to assist the Company in establishing a sound ESG disclosure management system and optimizing tools for ESG and carbon emission data collection, so as to ensure continuous improvement in disclosure quality.
	Technical Risk	Impacts on Business Operations <ul style="list-style-type: none"> Uncertainty exists as to whether the Company is able to upgrade and apply low-carbon technologies. Failure to embrace changes in the industry and upgrade energy-saving technologies and equipment in a timely manner may lead to low energy efficiency and high emissions, thereby negatively impacting the Company's production and operations. 	<ul style="list-style-type: none"> The Company remains committed to advancing green production and promoting energy efficiency by improving energy-saving processes. Besides, the Company actively builds green factories to advance resource reuse and the use of renewable energy, thus improving energy efficiency. The Company has clarified the organizational structure and responsibilities for energy management and standardized the management and statistics for the consumption of energy resources. We also conduct energy-saving performance assessments, and have established consumption records to regularly review and improve the implementation of green production.
	Market Risk	Impacts across the Value Chain, Upstream and Downstream <ul style="list-style-type: none"> Upstream suppliers of rare earth raw materials are subject to multiple factors, including global climate policies and changes in market demand, which may lead to supply instability, rising costs, or declining quality. Downstream customers' high expectations for value chain emission reductions and sustainable development may result in stricter environmental performance and carbon emission requirements for the Company's products. 	<ul style="list-style-type: none"> We have established long-term and stable partnerships with upstream suppliers to ensure a consistent supply of raw materials. We have been actively engaged in the R&D and application of low-carbon and environmentally friendly production technologies and have developed high-grade magnetic steel products to improve environmental performance and energy efficiency. We have enhanced communication and cooperation with downstream customers to understand and meet their specific requirements for environmental protection and sustainability.

Climate-Related Opportunities

JL MAG is aware that mitigating and adapting to climate change also presents opportunities for the Company. The key climate-related opportunities are summarized in the table below.

Opportunity Type	Opportunity Factor	Impacts of the Opportunity on Business Models and Value Chains	Our Actions
 Climate-Related Opportunity	Resource Efficiency	Impacts on Business Operations <ul style="list-style-type: none"> The Company enhances resource efficiency and reduces production costs by exploring the recycling and reuse of resources. 	<ul style="list-style-type: none"> The Company has incorporated the philosophy of green circularity throughout the entire lifecycle of product production and packaging, actively promoting the reduction and recycling of packaging materials. The Company has developed a recycling industrial system for waste magnetic steel featuring the “recycling-dismantling-regeneration-remanufacturing” mode to recycle the rare earth waste.
	Energy Source	Impacts on Business Operations <ul style="list-style-type: none"> By investing in renewable energy, the Company gradually increases the use of renewable energy while reducing reliance on fossil fuels. This contributes to the optimization of the Company's energy mix and the reduction of greenhouse gas emissions. 	<ul style="list-style-type: none"> We have been actively expanding our renewable energy efforts by promoting the use of green electricity, enhancing partnerships in green power, and increasing investments in photovoltaic systems. With these efforts, we aim to drive our transition towards a greener, low-carbon future.
	Products and Services	Impacts on Downstream Value Chain <ul style="list-style-type: none"> Governments worldwide are actively promoting new energy initiatives, creating opportunities for REPM. Compared to traditional motors, REPM motors can save 15% to 20% in energy, and contribute to the lightweighting of home appliances, new energy vehicles, and other products, aligning with consumer trends. Besides, the global consumption of high-performance REPMs is experiencing rapid growth, presenting business development opportunities for the Company. In response to downstream customers' growing demand for emissions reductions along the value chain, JL MAG is able to continuously research and develop low-carbon, high-performance REPM products. These efforts will help meet the market's demand for environment-friendly and energy-efficient products, thereby expanding market share of the Company and potentially achieving higher product premiums. 	<ul style="list-style-type: none"> The Company has been driving technological innovation by applying GBD technology in the R&D of high-grade products. This has significantly reduced the consumption of medium and heavy rare earth and lowered carbon emissions in the production, while still maintaining the high performance of magnetic materials. In 2024, GBD technology was utilized to produce 90% of the Company's products.

Climate-Related Current and Anticipated Financial Impacts

For the key climate-related risks analyzed by the Company this year, we have conducted a comprehensive assessment and analysis using scenario-based tools to evaluate their frequency, impact, and likelihood. Overall, the risks are within a manageable range.

Current Financial Impacts

Analysis on Critical Physical Risks				
Risk	Impact Period	Financial Impact on	Potential Financial Risks	Current Financial Impacts
Changes in Rainfall Patterns	Medium term Long term	Assets and operating costs	The instability of rainfall patterns may lead to fluctuations in warehouse humidity, increasing the risk of damage to raw materials and products. This could result in the provision for inventory impairment or the recognition of inventory losses, thereby affecting the Company's total assets. In addition, the Company may need to invest in humidity control and monitoring equipment, which could increase operating costs.	To address the medium- to long-term changes in rainfall patterns, the Company has invested in advanced new humidity control and monitoring equipment at the factories in Ganzhou, Baotou, and Ningbo during the year, while also maintaining existing plant equipment, with a total procurement cost of approximately RMB 19 million. During the Reporting Period, no asset loss incurred due to changes in rainfall patterns.

Analysis on Critical Transition Risks				
Risk	Impact Period	Financial Impact on	Potential Financial Risks	Current Financial Impacts
Policy and Legal Risks	Medium term	Operating costs	As global climate change policies tighten, the Company will face increased compliance costs. At the same time, to achieve the carbon reduction targets, the Company will need to invest in energy-saving and emission-reduction technologies and optimize production processes, and this will directly increase production costs. Furthermore, failure to comply with environmental regulations may expose the Company to legal risks, such as fines and compensation costs.	This year, the Company has engaged professional ESG consulting and carbon data management agencies to ensure the smooth achievement of the Company's carbon reduction routes and improve the quality of disclosures related to sustainability and carbon-related data. Related costs were approximately RMB 400,000.

Anticipated Financial Impacts

In response to climate-related physical risks, we will, on the basis of the steady investment in energy-saving and low-carbon equipment, regularly assess and review the actual impacts and adjust our response measures as necessary. Under the premise of meeting the Company's defined threshold for acceptable risk, we plan to invest around tens of millions of RMB over the next three years in equipment maintenance and temperature and humidity control to ensure optimal storage conditions for raw materials and products. Moving forward, we will regularly assess the need for additional resources to mitigate the potential impacts of long-term changes in rainfall patterns. For climate-related transition risks, particularly those related to policy and legal requirements on carbon reduction, we will steadily improve our energy-saving and carbon reduction performance, actively adapting to external policy changes. We have incorporated the renewable energy project investment, carbon sequestration schemes, purchase of green certificates and other measures in the Company's carbon reduction roadmap into the overall low-carbon development strategy.

Besides, in the context of the national "Dual Carbon" policy and the *14th Five-Year Plan for a Modern Energy System*, the Company is fully aware of the market opportunities for low-carbon products and services. REPMs highlights the inherent advantages in reducing carbon emissions and contributes to the lightweighting of home appliances, 3C intelligent electronic products, new energy vehicles, and automotive parts. Besides, the global consumption of high-performance REPMs is experiencing rapid growth, presenting business development opportunities for the Company⁴.

⁴ For the specific financial impacts of climate-related opportunities, considering the sensitive business plans and strategic initiatives involved, we adhere to the provisions of exemption from providing commercially sensitive information about sustainability-related opportunities.



Analysis on Climate Resilience

Taking into account the long-term nature of the Company's business strategy, the specific implementation steps of the carbon reduction roadmap, and the overall timeline of social low-carbon development goals, we have conducted an in-depth analysis of the potential impacts of climate-related risks and opportunities on the Company across different time horizons. Besides, we closely monitor and assess the effectiveness of the response measures and resources allocated to address such risks and opportunities. As a result, the Company has defined the impact periods and time frames of climate change as outlined in the table below.



Climate Scenario Analysis

JL MAG refers to the Shared Socioeconomic Pathways (SSP) from the Intergovernmental Panel on Climate Change (IPCC) and climate change scenarios publicly released by the International Energy Agency (IEA). In combination with the Company's carbon reduction roadmap, we have selected two applicable scenarios: a low-emission scenario and a high-emission scenario, to analyze the impacts of critical climate-related physical and transition risks on our operations. We have applied the IPCC SSP1-2.6 and SSP5-8.5 scenario models to assess potential physical risks, and the Net Zero Emissions by 2050 Scenario (NZE Scenario) and the Stated Policies Scenario (STEPS) models to assess potential transition risks.

Scenario Type	Type of Climate Risks	Scenario Selected	Scenario Description
 High-emission scenario	Physical risks	SSP5-8.5	The SSP5-8.5 scenario is a high-emission scenario under the Shared Socioeconomic Pathways (SSPs). It represents a fossil-fueled development pathway characterized by rapid global economic growth driven by the extraction of fossil fuels and an energy-intensive lifestyle. Greenhouse gas emissions under this scenario are projected to double by 2050 compared to current levels, with global average temperature to rise by 4.4 °C by 2100.
	Transition risks	Stated Policies Scenario (STEPS)	STEPS projects future developments based on the current policy landscape and those policies that are under development. It forecasts that global energy demand will continue to grow but at a slower pace, fossil fuels will remain dominant, and renewable energy and nuclear power will gradually reshape the energy structure.
 Low-emission scenario	Physical risks	SSP1-2.6	The SSP1-2.6 scenario is a low-emission scenario under the Shared Socioeconomic Pathways (SSPs). It represents a global societal transition toward a more sustainable pathway, characterized by low-carbon development, rapid technological advancement, and low population growth. Under this scenario, global CO ₂ emissions will be reduced according to stringent standards, achieving net-zero emissions after 2050. By 2100, the global average temperature is projected to stabilize at approximately 1.8 °C above pre-industrial levels.
	Transition risks	2050 Net-Zero Emissions (NZE) Scenario	The 2050 NZE Scenario aims to achieve global net-zero CO ₂ emissions by 2050. This requires deep decarbonization of the global energy system, stringent policy implementation by nations, and the dominance of clean energy, with the projected temperature rise limited to within 1.5°C.

Under the selected high-emission and low-emission scenarios, the Company analyzed and identified the most critical physical risk (changes in rainfall patterns) and transition risk (policy and legal risk). The potential impacts of these risks on business and operational processes are detailed in the aforementioned section "Climate-Related Risk and Opportunity Assessment". With our existing and planned measures to address climate-related risks, overall risks are deemed controllable.

Risk Management

Risk Management Organization Framework

JL MAG has formulated and implemented internal control and risk management systems. The Board of Directors, as the decision-making body for internal control and risk management, is responsible for reviewing the effectiveness of these systems. Both the Board and the Audit Committee regularly receive updates from management on internal control and risk management at least once a year. Significant internal control and risk matters are reported to the Board and the Audit Committee. The Company has also established dedicated departments for internal control and risk management, as well as internal audit, staffed with appropriate professionals. These departments report to the Audit Committee at least once a year.

Risk Management System

JL MAG has established a risk management system and framework in line with its *Articles of Association*, current management system, and domestic and overseas regulatory rules, while considering the Company's production, operation and management practices. The Company conducts annual risk assessments to identify significant and key risks, assigns risk management responsibilities, and develops mitigation strategies and measures in collaboration with internal control departments. Besides, the Company regularly follows up on the implementation progress to ensure that significant risks receive comprehensive attention, continuous monitoring and timely response. The Company has fully identified significant ESG risks, including climate change risks, related to our operations. We have incorporated climate risk management into our comprehensive risk management system, formulated relevant countermeasures, and required relevant departments to implement such countermeasures in their operational management.



Climate-related Risk Management Procedures

In 2024, JL MAG effectively managed climate-related risk using a “five-step method”: risk identification, risk assessment, risk response, risk monitoring and risk evaluation. This approach enabled closed-loop management characterized by “initial risk identification, independent business management, and ongoing audit supervision”.



Indicators and Targets

Targets

In 2024, responding to changes in market demand and considering production and operational models, the Company revised and updated the climate change-related targets and other environment-related targets.

Category	Environment-related targets
Emission reduction	<ul style="list-style-type: none"> The Company will continue to promote its long-term target of reducing carbon emissions per unit of magnetic steel products⁵ by 5%-10% annually.
Energy saving	<ul style="list-style-type: none"> By the end of 2028, the Company plan to reduce electricity consumption per unit of product⁶ by 4% compared with 2023.
Waste reduction	<ul style="list-style-type: none"> The Company is committed to upholding its target of achieving 100% compliance in solid waste disposal. By the end of 2025, the Company aims to reduce its emissions of particulate matter, sulphur dioxide, nitrogen oxides and wastewater per unit of product by 1%, respectively.
Water saving	<ul style="list-style-type: none"> By the end of 2028, the Company plans to reduce water consumption per unit of product by 3% compared with 2022.

Indicators

This year, the Company's GHG emissions are as follows:



Total GHG emissions⁷

175,552 tCO₂e

Direct GHG emissions (Scope 1)

6,437 tCO₂e

Indirect GHG emissions (Scope 2)

169,116 tCO₂e

GHG emission intensity per RMB 1,000 of revenue⁸

0.026 tCO₂e/RMB'000 of revenue

⁵ Carbon emissions per magnetic steel products refer to the carbon emissions generated from the production of each qualified product unit (or from the processing of each raw material or service unit) by the enterprise (facility).

⁶ A unit of product refers to the Company's rough product output. The relevant environmental objectives are the targets for energy and resource consumption, as well as emissions generated in the billet production process.

⁷ During the reporting period, total GHG emissions included Scope 1 and 2 emissions. The Company applies the operation control method to calculate GHG emissions. Direct GHG emissions (Scope 1) come mainly from fossil fuel combustion, while indirect GHG emissions (Scope 2) come mainly from purchased electricity. GHG emissions data are presented in terms of CO₂ equivalent, with direct GHG emissions (Scope 1) calculated by multiplying fossil fuel consumption by emission factors, and indirect GHG emissions (Scope 2) calculated by multiplying electricity purchases by emission factors. According to the GHG Protocol Scope 2 Guidance issued by the World Resources Institute Scope 2 GHG emissions are calculated using a "market-based" approach. Emission factors are based on the 2022 Provincial Average Carbon Dioxide Emission Factors for Electricity published by the Ministry of Ecology and Environment of the People's Republic of China.

⁸ The GHG emission intensity per RMB 1,000 of revenue is calculated by dividing emissions by annual product sales revenue.

Environmental

Deepening Environmental Management, Safeguarding Ecological Home

The Company actively embraces the philosophy of green development and unwaveringly pursues sustainable development, thereby contributing to the vision of a beautiful China. This year, we continued to refine our pollution control measures, protected biodiversity, enhanced the efficient use of energy and resources, and fostered a circular economy. By embedding environmental protection into our corporate strategy and governance, and integrating it throughout our operations, we are actively supporting the comprehensive green transition of economic and social development.



Pollution Prevention and Ecosystem Protection

The Company strictly complies with the laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, the *Regulations on Environmental Protection Management of Construction Projects*, and the *Interim Measures for Environmental Protection Acceptance of Construction Project Completion*. Based on the requirements of ISO 14001: 2015 environmental management system, the Company has improved internal management systems for solid, liquid, and hazardous wastes, covering various aspects of the Company's operations and supply chain. These systems aim to reduce the Company's operational impact on the surrounding environment. In addition, the Company strictly complies with national and regional laws and regulations during the production process and takes multiple measures such as assessing biodiversity risks, advancing scientific research on biodiversity, rigorously implementing forest conservation measures, and conducting biodiversity promotion and education to ensure the protection, maintenance, and restoration of ecosystem.

We strive to minimize the adverse impacts of emissions, wastewater, solid waste and noise generated from our production process on local community residents. In the final emission stage, we ensure the following: (1) The waste gases are discharged after meeting treatment standards; (2) The wastewater is transported to the treatment station through dedicated pipelines, where it undergoes appropriate treatment based on the water quality, and is discharged to the sewage network through the main outlet after meeting treatment standards; (3) The solid wastes are stored in designated waste silos for classification, and are treated by qualified institutions to ensure compliance with regulations. Besides, we take sound insulation and noise reduction measures for noisy equipment, and regularly monitor daytime and nighttime noise levels in the factory area to prevent noise pollution.

During the reporting period, the Company experienced no major environmental incidents, and was subject to no major administrative penalties or criminal liabilities from relevant ecology and environment authorities. No critical defects were found in the Company's environment monitoring plan and risk management measures.

Waste Gas Management

The Company complies with relevant laws and regulations, including the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, and strictly implements the *Action Plan for Prevention and Control of Atmospheric Pollution* and the *Action Plan for Continuous Improvement of Air Quality*. Additionally, the Company has formulated the *Ozone-Depleting Substances Management Policy*. These measures are part of our efforts to combat against air pollution. The waste gas produced by the Company during the production process mainly include sulfur dioxide, nitrogen oxides, volatile organic compounds (VOC) and particulate matter. The Company ensures that the production emissions can 100% meet the standard by strictly enforcing systems and control procedures related to waste gas management, increasing investment in waste gas treatment facilities, and standardizing the waste gas treatment process for each production stage.



● In terms of waste gas monitoring

The Company has formulated an air pollutant monitoring plan and entrusted qualified institutions to regularly monitor the pollutants in the air. According to the national requirements of self-monitoring on pollutant discharge, to monitor fugitive emissions (particulate matter, sulfur dioxide, nitrogen oxides, hydrogen chloride, methylbenzene, acetone, dimethylbenzene, non-methane hydrocarbons), the Company has set up 1 monitoring point in the upwind direction of the factory boundary and 3 monitoring points in the downwind direction, with the monitoring frequency of once a year. In the monitoring of controlled emissions (particulate matter, sulfur dioxide, nitrogen oxides, smoke opacity, hydrogen chloride, non-methane hydrocarbons), the Company has set up monitoring points at the outlets of the exhaust pipes for regular monitoring.

● In terms of waste gas treatment

The Company actively explores the application of new technologies and the replacement of old equipment in Ganzhou and Baotou factories. Additionally, the Company has constructed and put into use pollution prevention facilities in Ningbo factory, which effectively improves the air quality around the factory.

Ganzhou factory

- Ultrafine powder treatment technology: The factory has utilized ultrafine powder waste gas treatment facilities, achieving an annual average reduction of particulate matter emissions by 0.813 tonne.

Baotou factory

- Laser cutting technology: The factory uses laser cutting machines to process emitted dust, resulting in an annual average reduction of particulate matter emissions by 0.011 tonne.
- Water-source heat pump unit: The factory uses waste heat from smelting and sintering circulating water for winter heating. This results in an annual average reduction of sulfur dioxide emissions by 0.0372 tonne and nitrogen oxide emissions by 0.028 tonne.

Ningbo factory

- The factory has introduced odor treatment facilities at the wastewater treatment station.
- The factory has introduced laser cutting waste gas treatment facilities, organic waste gas treatment facilities, smelting and sintering waste gas treatment facilities, and surface treatment waste gas treatment facilities, to improve the waste gas treatment ability

In 2024, the emission indicators of particulate matter, nitrogen oxides, sulfur dioxide, non-methane hydrocarbons, sulfuric acid mist, and other pollutants generated during the production process, as well as the concentration of fugitive emission within the factory boundary all met the relevant standards and requirements. In particular, particulate matter emissions, sulfur dioxide emissions and nitrogen oxide emissions were reduced by 49.5%, 59.9% and 13.2%, respectively compared with the previous year.

Particulate matter emissions were reduced by

49.5 %

respectively compared with the previous year

Sulfur dioxide emissions were reduced by

59.9 %

Nitrogen oxide emissions were reduced by

13.2 %



Wastewater Management

The Company strictly abides by the *Water Pollution Prevention and Control Law of the People's Republic of China*, in an effort to improve the efficiency of wastewater treatment and ensure that the wastewater is discharged in compliance with the standards. The wastewater discharged from the production process of the Company is collected, treated and recycled by our own wastewater treatment facility, with a treatment rate of 100%. To strengthen water resources management, the Company applies differentiated collection and pre-treatment method tailored to the varying quality of wastewater to reduce the wastewater, and actively promoted wastewater recycling and reuse, to achieve the recycling of wastewater.

- For wastewater monitoring**

The Company attaches great importance to the wastewater discharge and actively monitors the quality of wastewater in each wastewater generation process. For industrial wastewater generated during the production process, the Company conducts rigorous tests to the pollutants such as COD (Chemical Oxygen Demand), suspended solids, and ammonia nitrogen to ensure that the wastewater meets the discharge standards.
- For wastewater treatment and reuse**

The Company has built and upgraded the wastewater treatment system. Besides, the Company entrusts third-party organizations to test the wastewater every six months, with all test results meeting the standards.

Ganzhou and Baotou factories

- Implement the RO Concentrated Water Reuse Project for pure water machines, which collects RO concentrated water generated by pure water machines for greening and domestic water use in the Company's park, saving 45,206 cubic meters of water resources per year.
- Optimize the biochemical system for wastewater to improve its biodegradability⁹ and treatment efficiency, maintaining the annual average COD concentration within the range of 60 - 80 mg/L.
- Reuse the wastewater from production for cleaning the workshop floor, with the reuse amount up to 6 tonnes/day. Utilize treated wastewater from the wastewater station as make-up water for the diversion pipe, with the reuse amount up to 0.6 tonne/day.

Ningbo factory

- Develop the water treatment process of filtration and reverse osmosis, to collect wastewater from production, achieving a reuse rate of 50%.
- The filter press wastewater from the production process has been tested multiple times, with all results showing no abnormalities. We will proceed with large-scale reuse in the next phase.

Wastewater treated



Total volume of wastewater treated

47 ten thousand tonnes

Volume of wastewater treated per unit of product

0.016 thousand tonnes/ tonne output

⁹ Biodegradability, also known as the biological degradability of wastewater, refers to the ease with which organic pollutants within wastewater can be decomposed by biological organisms.

Waste Management

The waste generated in the production process can be mainly divided into hazardous waste and non-hazardous waste. Hazardous waste mainly includes activated carbon, organic solvents, wasted oil, spraying wasted liquid, wasted glue and resin, packaging materials, surface treatment tank sludge and wastewater treatment sludge. Non-hazardous waste mainly includes general industrial solid waste¹⁰, domestic waste and kitchen waste.

Hazardous Waste Management

The Company has established a sound hazardous waste management system. With reference to the laws and regulations including the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Measures for Management of Joint Transfer Bills for Hazardous Waste*, the *Standard for Pollution Control on Hazardous Waste Storage*, and the *Measures for the Administration of Permit for the Operation of Dangerous Wastes*, we have formulated the [Pollutant Emission Management Policy](#) and the *Declaration of Non-Intentional Use of Substances*, committing to reducing the use of harmful substances such as arsenic compounds and beryllium compounds during the production process and constructing hazardous waste storage facilities that comply with national requirements.

To strengthen the management of hazardous waste, the Company has arranged special personnel to properly record the information about the storage and transfer of hazardous waste, and signed transfer contracts with organizations with professional recycling qualifications. The Company has conducted phased analysis on wastes generated during the production process and performed repeated tests for raw materials, production processes, facilities and equipment, warehousing and transportation, pollution prevention and control, and emergency response. Hazardous waste is included in the management plan of the Company, and standardized ledgers are established to accurately record information about the generation, storage, utilization, and treatment of hazardous waste. These efforts further enhanced the level of hazardous waste management. This year, the Company arranged 5 emergency drills for hazardous waste leakage incidents, which enhanced employees' emergency response and handling capabilities.

This year, factories increased investment in technological improvements to enhance hazardous waste disposal capacity and efficiency:

Ganzhou factory and Ningbo factory

- The two factories put into use intelligent terminal devices for hazardous waste management, which electronically track and store hazardous waste, thereby enhancing the efficiency of the hazardous waste handling process.
- Ganzhou and Ningbo factories introduced the sludge drying devices to reduce the moisture content of wastewater treatment sludge from 75% to 35%, thereby decreasing the overall generation of wastewater treatment sludge.

As at the end of 2024



The Company is committed to upholding its target of achieving

100% compliance in solid waste disposal

Baotou factory

- The waste oil is recycled and used in the certain production process and the lubrication and maintenance of machines, which reduces the generation of waste oil by 2,132 kg per year on average.
- The factory entrusts a waste oil recycling and utilization institution to recycle and dispose its waste machine oil, achieving recycling and utilization of hazardous wastes.

Hazardous waste classification and treatment

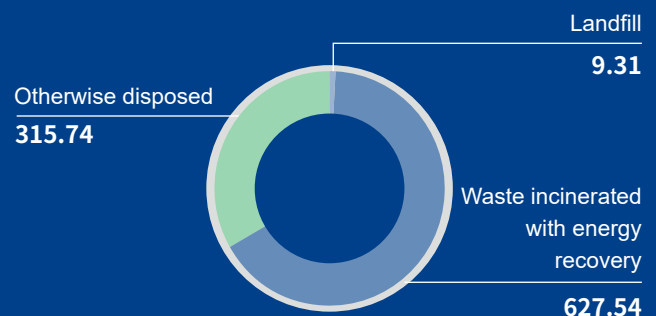
Total volume of hazardous waste treated

953 tonnes

Volume of hazardous waste treated per unit of product

0.032 tonnes/ tonne output

Volume of hazardous waste treated by treatment method in 2024 (tonne)



¹⁰ General industrial solid waste mainly includes magnetic mud, waste iron, waste plastics, waste powder, wood and recycled materials produced in the production process.

Non-hazardous Waste Management

The Company has classified and managed non-hazardous waste and set up corresponding disposal measures based on different categories. This year, the Company promoted the classified collection of solid wastes, and continued to advance the process of resource recycling in the production and operation with the aim to build a comprehensive management system for the utilization of general solid waste and achieve the legal, compliant and green recycling of solid waste with maximum profits.



Recognition and Appraisal

According to the Company's *Application Form for Sale of Waste Materials*, each department specifies the reusable or renewable wastes generated from production and operation. Such wastes are then categorized and stored in the warehouse for further identification and appraisal by relevant departments.



Recycling and Processing

The Company prioritizes suppliers of raw materials or packaging materials with recycling qualification to collect and treat the reusable and renewable resources such as raw materials, products, and packaging materials. Waste packaging materials in the production area, such as cardboard, scaleboard, pallets, and wooden boards, are processed and then classified and stored by relevant departments for recycling.



Statistics and Analysis

The Company conducts an annual tally of the total amount of recyclable waste and sets recycling targets for the second half of the year or the following year.

This year, the total amount of non-hazardous waste disposed of by the Company was 16,024 tonnes, with the recycling percentage of general industrial solid waste reaching 99%.

Total volume of non-hazardous waste classification and treatment

General industrial solid waste

12,471 tonnes

Domestic waste

1,198 tonnes

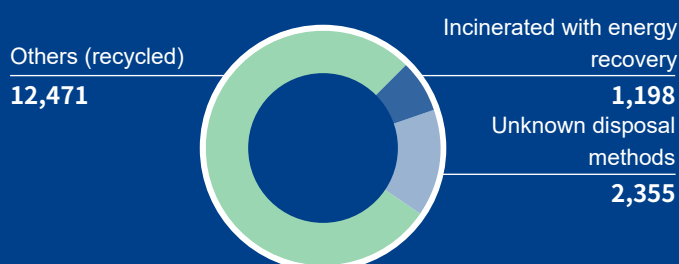
Kitchen waste

2,355 tonnes

Total

16,024 tonnes

Volume of non-hazardous waste treated by treatment method¹¹ in 2024 (tonne)



Volume of non-hazardous waste treated per unit of product

0.55 tonnes/ tonne output

¹¹ In this year, the non-hazardous waste generated by the Company is handled in full compliance with laws and regulations. A portion of the waste is incinerated for heat recovery, primarily used for waste-to-energy power generation. The disposal method for the remaining waste, whose treatment is unknown, is entrusted to a qualified third party for further handling, with specific treatment methods yet to be obtained.

Protecting Biodiversity

The Company is deeply aware of the importance of biodiversity to the Earth's ecological balance and recognizes our responsibility to contribute to the protection of the Earth's ecological environment. The Company strictly complies with national and regional laws and regulations, prohibits all production and operational activities within ecological protection red line zones, and implements targeted protective measures for ecologically functional areas, and environmentally sensitive, and fragile areas. Furthermore, we actively undergo on-site inspections and ongoing regulatory oversight by environmental authorities to ensure compliance with environmental standards.

During the year, we further studied the *United Nations Convention on Biological Diversity*, fully understood and gradually applied the Mitigation Hierarchy¹² measures to reduce the impact of our value chain on biodiversity. We also improved our [Biodiversity Conservation Commitment](#), refined the *Management Procedures of Identifying and Assessing Internal and External Environmental Issues*, the *Management Procedures of Stakeholders Environmental and Occupational Health and Safety*, along with other risk assessment procedures. We clarified that the ESG Committee of the Board of Directors is the highest decision-making and leading body on matters relating to the conservation of biodiversity, and is responsible for continuously promoting and supervising the work and progress in this area. In addition, the Company further clarified the responsibilities, processes and requirements related to biodiversity conservation during project development and construction to ensure that no ecosystem pollution incidents occur.

To continuously monitor, assess and mitigate the ecological impact of our production and operation on surrounding areas, the Company has specified management measures for biodiversity risk identification, impact assessment, monitoring and offset, aiming to reduce biodiversity risks at the source. At the production stage, the Company comprehensively considers the impact of its decisions and activities on the ecosystem. This includes strengthening the prevention and control of hidden dangers and environmental protection throughout production processes. The Company also increases investment in energy conservation, emission reduction and technological transformation, phases out outdated production equipment and processes, and carries out cleaner production. These measures ensure minimal disruption to the ecosystem and biodiversity.

In addition, the Company strictly complies with all laws and regulations on forest protection to ensure that our operations do not lead to deforestation whether directly or indirectly. To minimize the impact of timber, a raw material, on the ecosystem at the procurement stage, the Company pursues a strict sustainable procurement policy to ensure that the timbers are not sourced from illegal logging or forest destruction. Moreover, the Company continues to enhance supply chain management by screening suppliers for operations within biodiversity conservation areas, and assessing their impact on biodiversity. This ensures all partners in the supply chain comply with the *Biodiversity Protection Commitment* and encourages them to adopt similar conservation measures.

¹² The Mitigation Hierarchy is a strategy and tool for identifying and managing biodiversity impacts caused by projects. It is widely used in development and construction projects and sequentially includes four tiers: Avoid, Minimize, Restore, and Offset.



Resource Utilization and Circular Economy

The Company continues to optimize the allocation of water, electricity, gas and raw materials, strengthen conservation management, and promote the reduction, reuse and recycling in the production process, in an effort to lay a solid foundation for the construction of a resource-saving and environmentally friendly society.

Green Production and Green Office

Advancing Green Production

The Company continues to strengthen green production and encourages to promote energy efficiency through improving energy-saving processes and building green factories. The Company has formulated and optimized the *Regulations on Energy Consumption Management*, and *Greenhouse Gas Management Policy* which clarify the organizational structure and responsibilities for energy management, standardize the management and statistics for the consumption of water, electricity, gas, and other energy resources. We also conduct energy-saving performance assessments, establish consumption records, monitor real-time energy consumption to reduce energy costs, and regularly review and improve the implementation of green production.

This year, to integrate energy conservation and environmental protection into our production processes, we carried out water resource management, electricity management and natural gas consumption reduction in line with our energy and water conservation goals¹³. These efforts are aimed at further reducing resource and energy consumption.

● Water Resource Management

The Company has formulated the [Water Resources Policy](#), and adopts comprehensive water resources management strategies. The Company's main water-consuming production processes include cooling, chamfering, boiler, wastewater treatment chemical preparation and surface treatment. The main water source is municipal water, and there are no issues in accessing suitable water sources. We not only implement innovative measures in water management to improve water efficiency, but also continuously optimize technologies to ensure sustainable use of water resources.

Optimization of the phosphating cleaning line: By transforming the overflow water from the cleaning line into batch tank changes, Ganzhou factory achieves an annual water saving of 82,350 cubic meters.

Accurate measurement: Water meters are installed at every water usage point within the production area and data is collected monthly. Water consumption per unit of output is calculated based on production volume. Monthly meetings are held to conduct comparative analyses and strictly control water usage.

● Power and Gas Consumption Management

To achieve more efficient energy consumption and reduce energy costs, the Company has formulated the [Climate Change and Energy Utilization Policy](#), optimized resource allocation, and strengthened the management of electricity and gas consumption, to reduce energy consumption in the production process.

Process optimization: the Company has refined the high temperature sintering process, reducing equipment running time, and saving electricity by 6.45 million kWh.

Technical improvement of equipment: The steam equipment in the production process will be upgraded to be more intelligent with automated regulation, reducing the steam usage by 228 tonnes, and saving the natural gas consumption by 20,000 m³.

¹³ For details about the energy and water conservation targets, please refer to "Indicators and Targets".

Green Office

Adopting a green office approach is a crucial measure for conserving resources and enhancing work efficiency. In active response to the call for energy conservation and emission reduction, the Company promotes a green office model, integrating into the corporate culture and daily management. This initiative aims to raise employees' awareness of resource-saving in all aspects, create a green and energy-efficient office environment, and contribute to the Company's sustainable development.



Water and electricity saving:

The Company has installed energy-saving lighting facilities in office areas and adopted timer and voice-activated systems to turn off lights in areas where always-on lighting is not necessary. Air conditioning is operated according to a set schedule, with temperatures maintained at no lower than 26°C in summer and no higher than 20°C in winter. Freon is replaced with environment-friendly refrigerants. Office equipment is powered off when not in use to eliminate unnecessary energy consumption. Moreover, the Company actively advocates water conservation, establishes the awareness of water conservation among all employees, and prohibits the wasteful practice of leaving taps running unnecessarily.



Promoting digital office:

The Company advocates paperless office and prioritizes the use of recycled paper or paper from fast-growing woods for printing. During the year, the Company optimized and upgraded the exiting digital office system, enabling online management of business-specific modules to improve business processing efficiency and lay a foundation for business data analysis. The ERP system has been restructured to integrate the existing approval process with the digital office system. By doing so, the Company standardized business scenario applications, and enhanced the speed and transparency of information circulation. This online office integration reduced resource waste.



Low-carbon travel:

During the year, the Company prioritized electric vehicles for business travel. To this end, the Company purchased new electric vehicles and installed charging piles in the factory. Employees are encouraged to travel by public transportation. As at the end of the reporting period, new energy vehicles make up 59.1% of the Company's total vehicles.



Green procurement:

The Company encourages to purchase large office equipment of the same brand and model such as printers and scanners to reduce the waste of supplies and facilitate maintenance and reuse. The Company prefers low-consumption, high-efficiency, environment-friendly, and high-quality office supplies and minimizes the use of disposable office supplies. Stringent purchase audits are conducted to avoid purchasing unnecessary and inefficient supplies.

We conduct regular environmental training using a comprehensive approach of "new employee orientation training on environmental protection + online learning platform push + centralized training for section heads + on-site training for each production process". Training covers topics such as ecological and environmental protection trends, low-carbon energy management, eco-friendly awareness, and waste sorting management to enhance employees' awareness of environmental protection. During the year, we held a total of 405 sessions of environmental protection training, reaching 100% of employees.

During the year,



We held a total of

405 sessions of
environmental protection training,
reaching

100% of employees

In 2024,



Measures for improving energy consumption

80 measures



Electricity saved after optimizing energy utilization, processes and facilities

26.45 million kWh



Total investment in environmental protection

RMB **16.84** million



Energy and resource consumption saved

26.66 million kWh

In 2024, the Company's energy and resource consumptions are as follows:



Total energy consumption

416,544 MWh

Energy consumption density per unit of product

0.014 MWh/ kg output



Water consumption

1,486,491 tonnes

Water consumption per unit of product

0.051 thousand tonnes/ tonne output



Green Rare Earth Recycling

With the rising global demands for rare earth permanent magnet materials, and the increasing amount of waste magnetic steel reaching the end of its life cycle at abroad, the recycling and reuse of waste magnetic steel are crucial for the sustainable application of rare earth resources. The Company has actively developed a recycling industrial system for waste magnetic steel featuring the “recycling - dismantling - regeneration - remanufacturing” mode to recycle the rare earth waste.

The Company's rare earth procurement strategy adheres to the priority of green recycled rare earth. We use the advantages of self-supporting traceability owned by Yinhai New Materials¹⁴, which is the JL MAG's own recycling rare earth company, to promote supply diversification and decarbonization of rare earth raw materials. In order to achieve the goals of saving resources, stabilizing the supply chain, and “dual carbon”, the Company actively develops the rare earth recycling industry. In 2024, the Company used 2,575 tonnes of recycled rare earth raw materials (including waste magnetic steel recycling), accounting for 30.4% of the annual use of rare earth raw materials.

To conserve rare earth resources and meet customer demand for recycled rare earth raw materials, the Company acquired Yinhai New Materials located in Bayannur City, enhancing the vertical integration of the green industrial chain. Yinhai Company passed rigorous audits by SCS Global Service, a global authoritative recycled content certification organization, and obtained the 100% pre-consumer recycled content certification for neodymium-praseodymium oxide, dysprosium oxide, terbium oxide, cerium oxide, and gadolinium oxide.



SCS Recycled System Certification obtained by Yinhai New Materials

In 2024,

The Company used

2,575 tonnes of recycled rare earth raw materials
(including waste magnetic steel recycling)

Accounting for

30.4% of the annual use of rare earth raw materials

¹⁴ The full name of Yinhai New Materials is Yinhai New Materials Co., Ltd. Located in located in Bayannur City.



Green Power Utilization

Developing renewable energy and promoting green power usage have become a global consensus in tackling climate change and driving green and low-carbon transformation. Adhering to “Green Power Empowerment”, JL MAG continuously improves the green power usage system. In 2024, the Company’s total green power consumption reached 100.57 million kWh, accounting for 26% of total electricity consumption. Among which, JL MAG Baotou Technology’s green power usage totaled 60.62 million kWh, accounting for 49% of total electricity usage. Moreover, to deepen green power cooperation, the Company has expanded the deployment of photovoltaic systems across factories, moving faster towards green and low-carbon development.

In 2024, the Company’s total green power consumption reached

100.57 million kWh

Accounting for

26% of total electricity consumption

For Baotou Factory, the consumption of green electricity reached

49%

In 2024

Ganzhou Factory “2.61 MW Rooftop Distributed Photovoltaic Power Station Project” :



Covering a photovoltaic area of approximately

16,000 square meters

Generated

2.40 million kWh of electricity within the year

Reduced carbon emissions

1,404 tonnes within the year

“China Resources New Energy JL Mag Baotou 3.2 MW Distributed Photovoltaic Power Generation Project”



Covering a photovoltaic area of approximately

18,500 square meters

Generated

2.40 million kWh of electricity within the year

Reduced carbon emissions

1,408 tonnes within the year

“China Resources New Energy JL Mag Ningbo 1.92 MW Distributed Photovoltaic Power Generation Project”



Covering a photovoltaic area of approximately

8,500 square meters

Expects to generate

2 million kWh of electricity annually

Reducing carbon emissions by an average of

1,200 tonnes annually



Green Factory Construction

JL MAG adheres to the *Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China*, the *14th Five-Year Plan for Industrial Green Development*, and the *Implementation Plan for Carbon Peaking in the Industrial Sector*. The Company is committed to environmental protection and sustainable development. With this regard, we actively engage in the construction of green projects, and actively respond to the national initiative to build sponge cities. The Company continuously optimizes the production process, strictly controls the amount of waste generated, and improves the recyclability of waste to strengthen resource utilization and reduce energy consumption. The Company is dedicated to realizing intensive land use in factories, harmless processing of raw materials, clean production, waste recycling, and low-carbon energy utilization. With these efforts, we aim to work out a new model of green manufacturing.

The construction of sponge cities¹⁵ represents an important part of the green growth strategy in China. Promoting the construction of sponge cities is conducive to increasing the climate resilience. For example, embracing the national initiative to build sponge cities, JL MAG Ningbo Technology strictly adheres to the requirements of the *Ningbo Urban Planning & Design Guideline for Sponge City*, ensuring that the total annual runoff control rate is not less than 55%. While ensuring the functionality and quality of products, the Company collaboratively advances the construction of a sponge factory in Ningbo, keeping in step with the green development of the city.

The Ningbo factory has actively conducted assessments of soil and water conservation and environmental impact, gained approval from the relevant authorities for the design and installation of a rainwater collection and reuse system. The system embraces a philosophy of “grey-green connection”, which means connecting the system with the traditional stormwater pipe network and with rivers and lakes to build flexible rainwater infrastructure. For rooftop rainwater, the factory gives priority to the technique of “downspout disconnection” to redirect the rooftop rainwater to bioretention facilities such as rain gardens and ecological ditches for absorption and purification. For the rainwater in hardened areas including driveways and squares, the factory diverts it to the rain gardens, sunken green spaces and other sponge facilities for purification before it is used for greening and road irrigation. With these efforts, we strive to achieve the recycling of rainwater resources.

The Ningbo factory makes full use of its rooftop space. By rooftop greening, the factory achieves efficient resource recycling and energy utilization. The total green area of the Ningbo factory is 13,277 square meters, with rooftop greening covering an area of 2,817 square meters. Green roofs are designed to alleviate rooftop rainwater overflow and are an integral part of sponge factory construction.

In recognition of exceptional performance in energy conservation, emission reduction, and environmental protection, JL MAG Ningbo Technology has received numerous accolades. These include Zhejiang Science and Technology SME, National High-Tech Enterprise, Enterprise Engineering Technology Center of Jiangbei District of Ningbo, Three-Star Green Factory in Jiangbei District of Ningbo, “Zero-Waste Factory” in Zhejiang Province, Ningbo Innovative SME, and Ningbo “Specialized, Sophisticated, Distinctive, and Innovative” SME.

The total green area of the Ningbo factory is

13,277 square meters,

with rooftop greening covering an area of

2,817 square meters

¹⁵ Sponge city is a new concept in urban stormwater management, where cities absorb, store, infiltrate and purify rainwater like a sponge and, if necessary, release the stored rainwater for reuse, realizing the recycling of rainwater in the city.



Optimizing Packaging Material Use

Optimizing the use of packaging materials is a crucial component of our efforts to establish a circular economy system. We are committed to integrating the concept of greening and recycling into the lifecycle of production and packaging. Currently, the Company uses packaging materials including wood, cardboard, plastic, iron sheet, foam, pearl cotton, and PE bags in packaging and transportation processes. Through an optimization strategy for the use of packaging materials that integrates material reduction, reuse, and environmental design, we have established a recycling system for packaging materials to achieve efficient utilization of materials and continuous recycling of resources, striving to minimize our environmental impact. By the end of 2024, the Company had reduced packaging material usage by 968 tonnes through lightweight design and packaging recycling compared with 2023. Moreover, in 2025, the Company plans to reduce packaging material usage by 1,200 tonnes through design and packaging recycling compared with 2024.

● Material reduction

The Company sets unified specifications for materials such as blister packs, rustproof bags, vacuum bags, foam boxes, and cardboard boxes. We have reduced packaging material use and carbon emissions through material reduction and standardized use. At the same time, we optimize the product transportation process by reducing the use of hard-to-degrade PE bags while ensuring product protection. This year, the Company reduced the use of PE bags by 14.39 tonnes.

● Material reuse

The Company attaches importance to the reuse of packaging materials. We use a series of reusable packaging systems, including recycled injection-molded plastic pallets, turnover boxes, and plastic pallet trays, to replace the disposable packaging systems of blister packs, foam boxes, and cardboard boxes. The move can continuously facilitate the sharing of packaging materials and minimize the variety of packaging materials used, thereby reducing resource consumption and waste. We use turnover boxes with self-locking lids to eliminate the need for taping and reduce the use of packaging materials such as plastic, foam boxes, and corrugated paper. This not only saves costs but also improves packaging efficiency and meets green environmental requirements.

As of the end of 2024,

The Company's accumulated use of recycled packaging materials reached

420 thousand units

Up by

133% compared with 2023

The total weight of recycled plastic (including plastic turnover boxes), pearl cotton and wood (wooden boxes) reached

764 tonnes

Up by

8.72% compared with 2023

The Company's products packaged with recycled materials for transportation weighed up to

3,819 tonnes

Up by

59.62% compared with 2023

● Environmental packaging design

The Company continuously improves existing packaging plans. Under the premise of ensuring product safety, we consider material properties in design to optimize and replace packaging materials, improve packaging structures and refine partial designs, aiming to use the least amount of material and simpler structures for packaging to reduce resource consumption and avoid environmental impact.

As of the end of 2024,

The total amount of packaging materials used for the Company's products was

2,607 tonnes

in which environmentally friendly packaging materials totaled

1,359 tonnes

and the amount of traditional packaging materials used was reduced by

305 tonnes compared with 2023

The use of environmentally friendly packaging materials accounted for

52.14% of the total



Social

Focusing on Technological Innovation Breakthroughs, Going Further on Intelligent Manufacturing

JL MAG regards R&D innovation as the core driving force for the Company's sustainable development. The Company is committed to building a robust R&D management system to ensure the orderly conduct of R&D management, IP protection, and technological innovation activities. The Company continues to refine the IP management system, consolidates the achievements of technological innovations, and consistently launches cutting-edge innovative products. These efforts are aimed at leading industry progress and promoting the development of new-quality productive forces.

Focusing on R&D Innovation

With the vision of “growing into the leading enterprise in the global REPM industry”, the Company is dedicated to establishing a comprehensive R&D innovation system. The Company regards technological innovation as a core driver underpinning the development of intelligent manufacturing. Therefore, the Company consistently enhances the industry-academia-research cooperation in innovation efforts and makes breakthroughs in key technologies, to improve the core competitiveness of the Company.

Stimulating Innovation Enthusiasm

JL MAG is dedicated to driving high-quality development of the Company through technological innovation. To this end, we have formulated internal management documents such as the *JL MAG Technological Innovation Management System* and the *Patent Application and Incentive Policy*. These documents are designed to nurture innovative talents, promote innovative achievements, and standardize and accelerate our R&D and innovation efforts. During the year, our R&D team was composed of 921 members, comprising 5 persons with doctoral degree, 62 persons with master’s degree, and 569 persons with bachelor’s degree. They contribute their valuable practical experience and technical support to the team. Moreover, the R&D investment in this year totaled RMB 321 million, accounting for 4.74% of revenue.

The Company’s technological innovation rewards are categorized into innovation projects and process improvement projects. According to the evaluation results of technological innovation achievements by a judge panel, we reward the projects with high technology, significant economic benefits, and the potential for widespread application. During the year, upon evaluation, we offered 53 technological innovation awards covering materials, process, equipment, and automation innovation, rewarded 488 persons, and distributed RMB 3.14 million as bonus in total.

During the year,



Our R&D team was composed of

921 members



The R&D investment in this year totaled

RMB **321** million



Accounting for

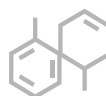
4.74% of revenue

Scientific Research and Innovation Achievements

As a non-renewable and key strategic resource, rare earth plays a core role in a variety of functional materials used in the high-tech field. How to efficiently utilize rare earth and reduce the consumption of medium and heavy rare earth has always been a key area of technological R&D. For this purpose, the Company has taken social responsibilities and focused on technological innovation to handle the industry-leading GBD technology. We have continuously used the technology to develop high-grade products, aiming to significantly reduce the consumption of medium and heavy rare earth while ensuring the high performance of magnetic materials.

The Company is an industrial leader for GBD technology. By optimizing formulations, the Company reduces or even eliminates the use of medium and heavy rare earth in the production of high-performance NdFeB permanent magnets, helping wind power industry customers cut production costs. In addition, in sectors like NEVs and energy-saving VFACs, the Company leverages GBD technology to develop high-grade products, meeting customer demands with large-scale production and delivery. This approach significantly reduces the use of medium and heavy rare earth elements while maintaining the high performance of the magnetic materials. In 2024, more than 90% of the Company’s products were produced using GBD technology.

In 2024,



More than

90% of the Company’s products were produced using GBD technology

Key R&D Achievements for the Year



● Research on key technology and green preparation of high-reliability magnetic steel and precision components

The project aims to cater for clients' needs for high-reliability products. Key technologies for high-reliability magnetic steel and precision components are developed to manufacture green products with stronger coating adhesion and higher salt spray durability. The project has entered the mass production phase, aiming to establish advanced automated production lines for precision components that can meet diverse clients' requirements.



● Development and industrialization of permanent magnet materials with a high temperature-resistant system

The project focuses on optimizing the high temperature-resistant formulation system to enhance product's performance, meeting customer needs under high-temperature conditions. The project has now entered the mass production stage and is expected to bring significant economic benefits to the Company.



● Development of key materials and application technology for high-performance, low-eddy-current-loss magnetic steel

This project aims to address the issue of excessive eddy current heating in magnets by reducing the eddy current effect during motor operation, preventing temperature rise, and optimizing performance. The new technology is designed to retain the benefits of segmented adhesive magnetic steel in minimizing eddy currents, while overcoming the process and cost limitations associated with adhesive bonding. Currently, the project is in pilot production but has already demonstrated significant potential for future use.



● Development and industrialization of high-efficiency diffusion substrate

This project aims to enhance substrate penetration efficiency, optimizing diffusion source utilization and reducing the reliance on heavy rare earth. With mass production achieved, the Company obtains a competitive edge in the market.



● Development and industrialization of automated equipment

This project focuses on the in-house development of automated equipment to reduce repetitive handling and lower employee workload, thus enhancing product quality and boosting production efficiency. This innovation aims to elevate the Company's automation level and strengthen the competitiveness. The automated equipment has now entered mass production, injecting fresh momentum into the Company's growth.



Technological Innovation Projects in 2024

JL MAG Participated in the National Key Technologies R&D Program of China

In 2024, the Company undertook a project under the National Key Technologies R&D Program. The project was titled Detection Technology for Magnetic Properties and Defects in Key REPMs Industry Processes, tasked with “Research on the Detection Technology in Key Processes of Quality Assurance in RPEMs Production”. During the project, we conducted research on the detection technology for multi-dimensional physical defects and multi-scale magnet property inspection across multiple processes of sintered NdFeB. Additionally, we are developing intelligent physical defect detection equipment and automated high-repeatability magnetic properties detection equipment. These efforts aim to increase the qualification rate of REPMs products through advanced detection technology.

Research on High-performance REPMs Products through Industry-Academia-Research Cooperation

In 2024, the Company continued research cooperation with higher education institutions such as South China University of Technology, Hunan University, and Jiangxi University of Science and Technology. The primary focus of cooperation was on “systematic research on high-performance REPMs products”. Leveraging the advanced analytical capabilities of these universities, we conducted systematic verification and simulation of the microstructure and organization of high-performance REPMs products. By doing so, we aim to enhance technological innovation and further improve our product qualification rate and competitiveness in the industry.

JL MAG Baotou Technology Cooperated with the University in the Development of Heavy Rare Earth Reduction Technology for High-performance REPMs

In May 2024, JL MAG Baotou Technology successfully completed the acceptance of the 2021 Science and Technology Project of the Inner Mongolia Autonomous Region titled *Research on Key Technology and Intelligent Application Demonstration of High-Coercivity, Low-Heavy-Rare-Earth and High-Performance NdFeB*, through cooperation with the Headquarter and Nanchang Hangkong University. The project aimed to develop heavy rare earth reduction technology for high-performance REPMs. The outcome was recognized with the “China Good Technology” award and included in the first batch of new materials in Inner Mongolia.

JL MAG Baotou Technology Cooperated with the University in the Development of High-performance REPMs for the Application Scenarios of Energy-Saving VFACs

In 2024, JL MAG Baotou Technology partnered with the Headquarter and Northeastern University to develop a project under the Inner Mongolia Science and Technology Program titled *R&D and Application Demonstration of High-Performance and Low-Heavy-Rare-Earth REPMs for Energy-Saving VFACs*. This project focused on developing high-performance REPMs tailored for the application scenarios of energy-saving VFACs, with the goal of reducing motor production cost. To date, the project has completed the preliminary development of NdFeB substrate and is proceeding with the research on high-efficiency GBD technology.



Protecting Intelligent Properties

JL MAG is committed to building a robust R&D management system to ensure the orderly progress of R&D management, IP protection, and technological innovation activities. The Company strictly abides by the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other laws and regulations. We have developed the *JL MAG Intellectual Property Management System* and the *China NdFeB Invention Patent Summary*, built the Intellectual Property Center, and set up the patent database of "rare earth permanent magnet technologies". By these means, we have enhanced IP protection in all aspects to prevent patent infringement risks, thereby enhancing our effectiveness of IP protection in the global marketplace. During the year, the Company formulated the *Patent Acceptance Priority and Authorization Reward Measures* to further refine the IP management system and stimulate the innovation vitality of employees.

The Company pays attention to IP protection management. We have established sound confidentiality management rules and regulations for core technologies and important information. Besides, pursuant to policy requirements, we enter into written contracts with employees and business partners, requiring them to maintain strict confidentiality on our core technologies and important information. Meanwhile, we actively apply for patents so as to convert our scientific research achievements into intellectual properties in time for legal protection. Once an infringement is identified, we will take resolute measures to protect our legitimate rights and interests.

The Company strives to identify and prevent patent infringement risks. We assess risks of technological patent infringement in the industry in different countries and regions, to prevent our products and technologies from infringing on others' patents. Our Intellectual Property Technology Center regularly searches and arranges technological patents in the industry. Based on the infringement risk level, we classify patents into "normal", "alert" and "critical", and take targeted measures to avoid infringement risks. As of the end of 2024, we had conducted risk assessment for relevant patents in China, North America, Europe, Japan, South Korea, Southeast Asia, India and other countries and regions, so as to effectively strengthen our capability to protect intellectual properties worldwide.

To enhance employees' awareness of protecting intellectual properties, the Company provides intellectual property training and evaluation twice a year, with courses covering the *Basic Knowledge of Intellectual Properties*, the *Training on the Basics of Enterprise Patent Exploration and Application Process*, the *Training on Patent Technical Explanation Letter*, the *Patent Basics and Drafting Requirements*, the *Patent Retrieval* and the *Intellectual Property Management System*. In 2024, the training coverage of the Company's technical staff, R&D personnel and IP-related business personnel reached 100%, and all trainees passed the evaluation.

For the high-quality development of the Company, we actively apply for patents in new technologies. As of the end of 2024, in overseas regions such as Europe, the United States and Japan, the Company owned 127 authorized and pending invention and utility model patents, including 85 that had been authorized and 42 that were under review.

In 2024,



The training coverage of the Company's technical staff, R&D personnel and IP-related business personnel reached

100%



The Company owned

127 authorized and pending invention and utility model patents




Deepening Intelligent Manufacturing

By upholding the business philosophy of “leading technology, reliable quality, on-time delivery, management upgrade, capital support and leapfrog development”, the Company is dedicated to accelerating intelligent and digital construction and constantly developing lean talents. We strive to enhance our core competitiveness in all aspects based on excellent product quality and high product delivery efficiency.


Digitization Capacity Building

The Company endeavors to build a digital platform that integrates production, supply, and sales, and facilitates resource sharing. We make all-round efforts to upgrade our information systems across all divisions of R&D, sales, planning, procurement, production, quality, inventory, human resources, and smart parks. Furthermore, we continue to reinforce our management capabilities with digital technology as core, so as to establish a robust foundation for our long-term development. In 2024, the Company has invested RMB 10.60 million in informatization and digitalization.


The Company advances digitization construction by:



Practicing the concept of environment-friendly office. We reduce resource consumption and waste during operation by establishing a digital office system to effectively reduce the use of paper and other resources.



Actively implementing the environment-friendly office policy. Leveraging the digital office system, we effectively reduce paper and other resource use, thereby decreasing resource consumption and waste generation during our operations.




Continuously improving work efficiency to reduce employees' workload. By increasing the application of collaborative business scenarios among the JLQS, HR and OA platforms, we normalize and standardize the business management process, and achieve management effects such as inter-organizational business collaboration, automation of business data collection, and integration of cost accounting.



Enhancing internal management. We specify management standards by optimizing the business process of ERP system. We expand the application of MES terminals to realize equipment Internet of Things, and utilize digital technology to visualize business data, thereby effectively improving management process transparency. We also strengthen risk identification, management and internal control.


Automation equipment R&D and application is one of the core competencies of the Company. The Company applies automation equipment to provide better working conditions for employees, and prevent potential harm to their health during production. In the meantime, we reduce the discharge of hazardous substances and energy consumption, significantly reducing the environmental impact. According to the requirements for product and production processes, we are gradually setting up the trinity production system of “automation, digitalization and intelligence”. Through technological innovation, we are committed to advancing the transformation and upgrading of production process, and creating more environmental and social benefits.

Production System of “Automation, Digitalization and Intelligence”




Automation

- Independent design and manufacturing of customized equipment for the entire production line;
- Integrated application of machine vision and robotics;
- Independent research and development of precision equipment and specialized devices.



Digitalization

- Establishment of a production information system that implements materials barcoding throughout the process, enabling real-time access to production data, reducing management coordination and enhancing management efficiency.



Intelligence

- Application of Internet of Things technology to monitor the operational efficiency of production equipment;
- Coordination with the production workshop to control AGV for materials distribution, realizing intelligent manufacturing.

R&D of Automation Equipment

In 2024, JL MAG continued to develop and iterate automation equipment. This move not only improved production efficiency and product quality but also effectively reduced production costs and energy consumption, generating significant economic and environmental benefits to the Company. During the year, the Company further increased investment in automation. The Company established a team composed of 286 engineers and technicians, and invested RMB 75.86 million in automation, successfully delivering a total of 745 sets of new and upgraded equipment.

In 2024,



The Company's total investment in informatization and digitalization

RMB **10.60** million



The Company's total investment in automation

RMB **75.86** million



Number of new and upgraded equipment delivered

745 sets

Automation Work Highlights in 2024



Self-developed drying equipment

The equipment has replaced the outsourced drying channel, not only saving the area for production, but also increasing overall response speed. Meanwhile, through technological improvement, the new equipment reduces energy consumption by 78% compared with the old equipment.



Automated detection equipment

The equipment has realized automatic online detection after we upgraded the machine vision system and introduced new technologies such as single-arm manipulators. The equipment can replace manual detection, greatly reducing labor intensity. Meanwhile, it can provide timely feedback on production quality, effectively enhancing our quality control capabilities.



Multi-station adhesive machine

Through continuous automation upgrades for the machine, we have further improved adhesive accuracy. These upgrades have resulted in a 2.5-time increase in productivity and a 35% reduction in adhesive consumption. The machine is expected to reduce power consumption by 100 kWh per day and carbon dioxide emissions by 78.5 kg.



Whole-process logistics handling automation

By implementing this project the Company has standardized carriers, avoiding redundant investment. Meanwhile, it helps reducing handling operations. It is expected to reduce direct handling volume by 100 tonnes/day, energy consumption by 495 kWh, and carbon dioxide emissions by 388 kg.



Automated stacking equipment

The Company's self-developed chuck makes the equipment more versatile by enhancing its gripping ability. The equipment stability is 30% higher compared with 2023.

Social

Sharing Responsibilities with Supply Chain, Controlling Product Quality

JL MAG firmly believes that exceptional product quality is the cornerstone of sustainable growth and long-term success. The Company has established rigorous quality control protocols throughout its entire business chain, from procurement and manufacturing to customer service, to ensure the consistent stability and reliability of its products and services. We always serve customers and consumers with integrity. Moreover, the Company prioritizes the optimization and management of its supply chain, partnering with suppliers to build sustainable relationships and strengthen the resilience of the entire supply chain.



Responsible Value Chain

The Company integrates the “green philosophy framework” into the supply chain lifecycle management. The Company has formulated and issued the regulations such as the *Procurement Management Control Procedures* and the *Code of Conduct for Sustainable Supplier Development* covering all suppliers. We require all plants to strictly adhere to these regulations to standardize supply chain management. During the year, the Company revised the *Supplier Management Procedures* in order to identify quality risks in all aspects and effectively improve the quality of purchased materials. Meanwhile, the Company uplifted the management level of some materials based on the results of material quality risk assessment and set more stringent standards for the introduction of new materials.

Building a Green Industrial Chain

Actively pursuing the industry chain expansion strategy, the Company continuously consolidates the risk management of the supply chain, so as to ensure the safe and stable supply chain. Through vertical integration of the value chain, the Company has successfully built a green industrial chain that covers rare earth recycling, high-performance magnetic material manufacturing and magnetic components manufacturing, establishing a closed-loop supply chain management system. By doing so, we have enhanced the Company's overall competitiveness, enabling the Company to meet customers' needs more efficiently.

In addition, with a commitment to the responsible purchase of rare earth materials, the Company ensures zero involvement in illegal mining and trading practices. Additionally, we refrain from purchasing raw materials from high-risk and conflict-affected areas. Moreover, the Company actively collaborates with suppliers to build a green industrial chain of fully recycled and traceable REPM. Leveraging its supply of medium and heavy rare earth metals recycled from rare earth waste, the Company mass-produces and supplies high-performance REPMs products to global customers.



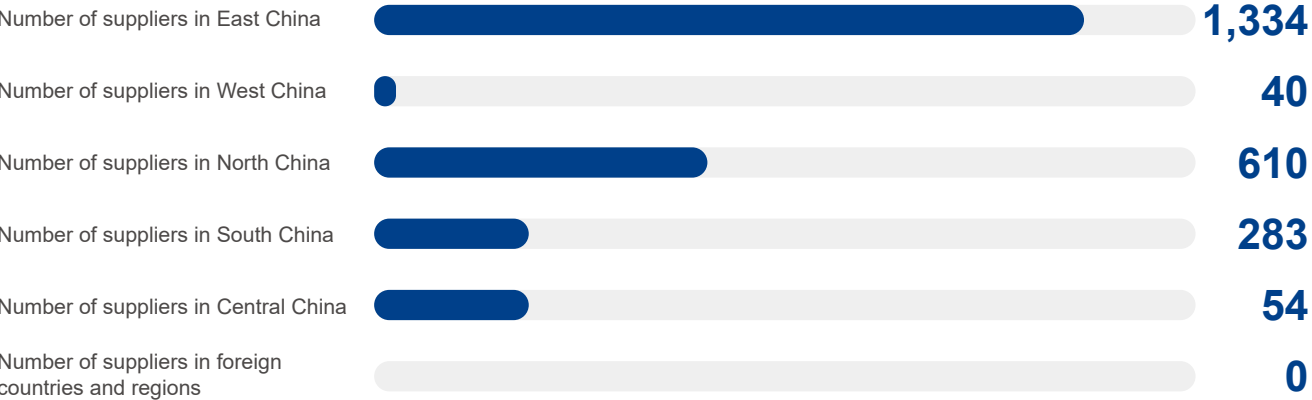
Supplier Lifecycle Management

Being dedicated to guaranteeing the stable and sustainable supply chain, the Company has incorporated ESG management requirements for labor, health and safety, environmental protection, business ethics and management systems into the supplier lifecycle management. We have set up a Supply Chain Management Department and a quality improvement team to clarify ESG-related requirements in supplier sourcing, development, auditing and cooperation. Through the review, audit and evaluation of supplier qualification, we accurately identify, scientifically assess and effectively control the environmental and social risks in all aspects of the supply chain, effectively reducing the impact of potential risks. During the year, the Supply Chain Management Department added 2 new SQEs (Supplier Quality Engineers), playing an important role in driving supplier quality enhancement and improvement.

Supplier Lifecycle Management



In 2024



Number of suppliers¹⁶

2,321



Percentage of local suppliers¹⁷

57.8 %



Percentage of timely procurement delivery

98.1 %



Investment amount of local procurement of products and services from other raw materials suppliers

RMB 350 million

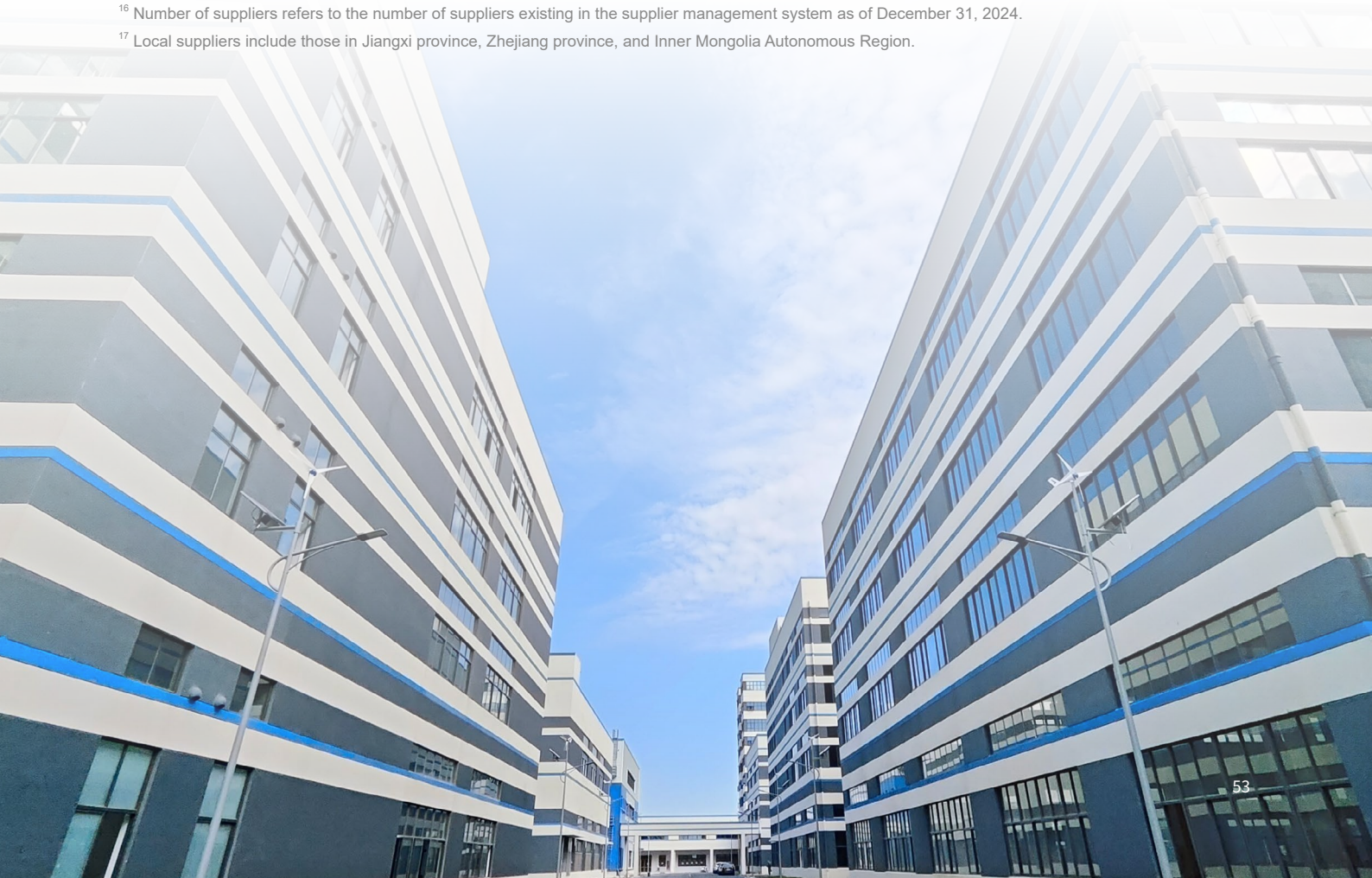


Investment percentage of local procurement of products and services from other raw materials suppliers

24.5 %

¹⁶ Number of suppliers refers to the number of suppliers existing in the supplier management system as of December 31, 2024.

¹⁷ Local suppliers include those in Jiangxi province, Zhejiang province, and Inner Mongolia Autonomous Region.



Supplier ESG Due Diligence

The Company has formulated the *Code of Conduct for Sustainable Supplier Development* based on the Responsible Business Alliance (RBA) Code of Conduct¹⁸. This code clearly outlines the specific management requirements for suppliers in environmental protection, labor, health and safety, business ethics and management systems. The Company conducts sustainability due diligence on suppliers in line with this code to ensure their compliance with relevant standards.

Management Requirements of the *Code of Conduct for Sustainable Supplier Development*



Environmental Protection

Suppliers are required to develop plans and initiatives to reduce their negative impact on the environment. This involves pollution prevention, resource conservation, waste management, water management, and reduction in energy consumption and greenhouse gas emissions.



Labor

Suppliers are required to implement measures to safeguard the legitimate rights and interests of employees within their supply chains. This involves respecting freedom of association, prohibiting child and forced labor, preventing discrimination and harassment, regulating work hours and ensuring fair wages and benefits for employees.



Health and Safety

Suppliers are required to take measures related to occupational health and safety and create clean and healthy workplaces for employees. This involves establishing clear safety management processes, making emergency plans, regulating occupational injury management, controlling hazardous materials and optimizing work environments.



Business Ethics

Clear guidelines are outlined for suppliers to uphold business ethics and comply with regulations. This involves requirements around business integrity, anti-corruption, conflict of interest, regular information disclosure, intellectual property rights, fair competition, whistleblower protection, responsible mineral sourcing and privacy protection.



Management Systems

Suppliers are required to establish and implement ESG management systems and procedures based on the aspects mentioned above. This involves defining roles and responsibilities, conducting regular risk assessment and management, and enhancing overall ESG management awareness through training and other initiatives.

The Company conducts due diligence on suppliers based on the requirements for the five key areas. Through quarterly online assessments, annual on-site audits and other methods, a thorough evaluation of supplier sustainability performance is regularly conducted. The process entails establishing assessment and audit standards, conducting supply chain due diligence, categorizing investigation findings, analyzing significant violations and applying the findings.

¹⁸ The Responsible Business Alliance (RBA) Code of Conduct aims to establish standards to ensure a safe working environment in the electronics industry or industries reliant on electronic products and their supply chains. It also strives to uphold the respect and dignity of employees and ensure that business operations adhere to environmental and ethical standards.

Sustainability Due Diligence Process

Establishing assessment and audit standards	Conducting supplier due diligence	Categorizing investigation findings	Analyzing significant violations	Applying investigation findings
<ul style="list-style-type: none"> Environmental protection Labor Health and safety Business ethics Management systems 	<ul style="list-style-type: none"> Quarterly assessment Annual on-site audit 	<ul style="list-style-type: none"> Highly excellent Excellent Average 	<ul style="list-style-type: none"> Appointment of responsible individuals Development of short-term and long-term solutions Mandating suppliers for timely correction 	<ul style="list-style-type: none"> Assessment of supplier qualifications Allocation of procurement quotas Continuous improvement of supplier performance

To systematically evaluate suppliers' comprehensive performance in sustainable development and ensure the accurate and comprehensive audits, the Company has developed the *Supplier Sustainability Due Diligence Form*. This form establishes clear audit criteria for the five key areas specified in the *Code of Conduct for Sustainable Supplier Development*. It also assigns different weights to each area and details 43 specific indicators. The Company issues due diligence reports on suppliers' sustainability based on their performance. These reports include scores for each indicator, descriptions of potential risks, analysis of violations, overall evaluation and radar charts of suppliers' comprehensive capability evaluation. This visualization provides a clear display of each supplier's comprehensive performance in sustainable development, helping the Company quickly identify the strengths and weaknesses of suppliers in this area.

Based on the evaluation results, the Company categorizes suppliers into three levels: "highly excellent", "excellent" and "average". Using these levels, the Company adjusts and optimizes the evaluation of supplier qualifications, allocation of procurement quota and ongoing improvement efforts for the upcoming period.

For suppliers engaging in severe violations such as employing child labor, falsifying records, bribing auditors or having significant environmental and safety issues, the Company will implement stricter control measures. After the audit, the Company conducts a detailed analysis of severe violations, and formulates targeted short-term and long-term solutions. These measures include correcting errors, standardizing documentation, establishing oversight mechanisms, enhancing risk prevention measures and appointing responsible individuals to oversee suppliers' correction progress. If non-compliant suppliers fail to make timely corrections, the Company will reduce cooperation with them. In cases where a supplier has two consecutive serious violations, the Company will terminate the cooperation. During the year, the Company conducted sustainability-related due diligence on all new suppliers in accordance with the *Code of Conduct for Sustainable Supplier Development*, with an annual rectification rate of 100%.



Supplier ESG Awareness Enhancement

The Company emphasizes cultivating suppliers' awareness of ESG management. We implement multiple measures, such as regularly conducting training sessions on the *Code of Conduct for Sustainable Supplier Development*, to regulate the ESG management across the supply chain. During the year, the Company conducted 12 ESG-related training sessions at suppliers' sites, with an average training duration of 2 hours for suppliers' management personnel. By doing so, we effectively promoted the supply chain ESG management system and relevant requirements, enhancing their understanding of ESG management.

The Company encourages suppliers to sign the *Code of Conduct for Sustainable Supplier Development*. As of the end of the reporting period, the signing percentage of all suppliers engaged in business with the Company reached 100%.



ESG-related Training at Suppliers' Sites

Strictly Controlling Product Quality

The Company adheres to the quality policy of "full participation, full control, prevention-oriented, constant improvement and customer satisfaction" as well as the spirit of craftsmanship. In strict accordance with the *Law on the Quality of Products of the People's Republic of China* and other laws and regulations, the Company has developed the *Production Process Monitoring and Quality Control Procedures* and other management policies. Leveraging a strict quality control process and advanced production technologies, the Company continuously refines the product quality standards. We are also committed to innovating and improving our technologies, resolutely progressing towards our overarching goal of "optimizing the quality management system and developing the competitiveness of high-performance NdFeB products".

Quality Management Structure

The Company complies with ISO 9001 Quality Management System and IATF 16949 Automotive Quality Management System. We have also established a quality management structure fully covering the decision-making level, management level and execution level, with responsibilities of all levels clearly defined, to ensure the orderly progress of quality management. Besides, we set annual quality objectives, and regularly review and monitor the achievement of such objectives.



Quality Management Structure



Quality Management Process

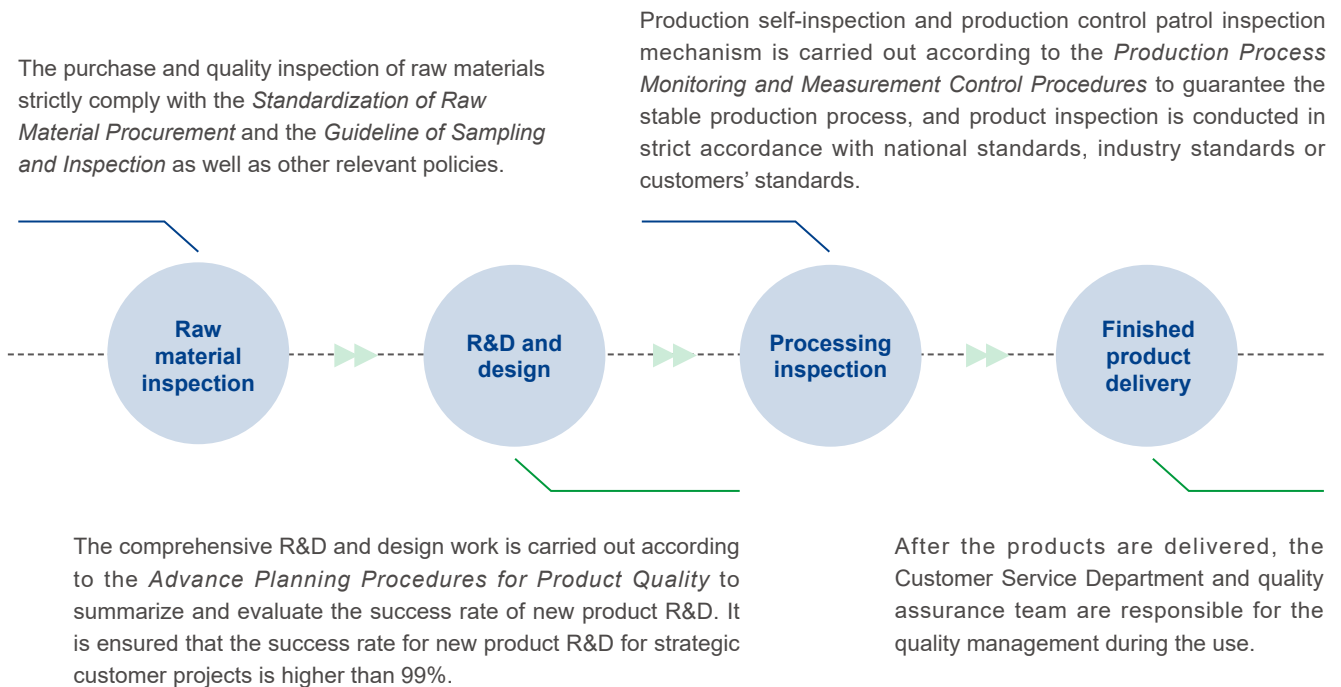
The Company constantly improves the quality management process throughout the product lifecycle. We have formulated standard documents including the *Technical Standard for Blank Production*, the *Technical Standard for Machining*, the *Technical Standard for Surface Treatment*, and the *Technical Standard for Packing*. These standards clarify the quality requirements for production processes in terms of production parameters, transportation tools and production processes, and ensure compliance with the Company's quality requirements for all products. In additions, we implement a multi-level product quality inspection mechanism covering first inspection, self-inspection, mutual inspection, special inspection, patrol inspection and shipment inspection to prevent defective products from entering the market. During the year, our quality inspection has covered all product categories, with the process inspection timeliness rate and correction rate both reaching 100%.

By developing the control chart¹⁹, the Department of Quality Control monitors and optimizes product quality, whiling enhancing the quality control of key production processes. In addition, the Company has formulated the *Non-Conforming Products Control Procedure* and the *Customer Complaint Management Procedure*. We regularly inspect the defective products, and organize relevant departments including Production and Technology R&D to review and thoroughly analyze the causes of defective products, map out relevant countermeasures, issue analysis and processing reports, and propose targeted solutions for improvement.

During the year, no products sold or shipped by the Company were subject to recall due to safety and health issues or quality reason, and there were no significant safety or quality accidents relating to products and services

¹⁹ We measure, record, assess and monitor product quality during production. Once abnormalities are identified, we will take necessary correction and remediation measures to ensure consistent product quality.

Product Lifecycle Quality Management Process



Quality Awareness Enhancement Training

To bolster the stability of product quality, the Company keeps improving the system and content of product quality training for employees. The training covers key areas such as quality management system knowledge, quality control methods, production site quality control practices, quality improvement and efficiency enhancement, and hierarchical quality audit. The Company conducts quality awareness survey among the employees at every production process prior to the training. Based on the identified weakness in quality management of each process and position, the Company deliberately tailors the training courses to precisely solve difficulties in quality management.

During the year, the Company held a total of 141 company-wide quality management training sessions, with a total of 16,601 participants. These training sessions covered key knowledge of engineering change management, hierarchical audit, and quality prevention capability. In addition, the Company assessed the employees' learning through online test or on-site quiz after the training.

Quality Improvement Actions

For the purpose of setting advanced role models, the Company adopts the *JL Mag Annual "Advanced Individuals" and "JL MAG Craftsmen" Selection Program*, and other internal policies and programs. We have established Quality Improvement Award, and recognize and commend individuals and collectives with outstanding contributions. From 2020 to 2024, the Company carried out a total of 410 improvement week training activities, covering process, quality, production process and other areas, and cultivated a total of 90 lean talents.



Competition-driven Learning to Raise Quality Awareness

From May to June 2024, the Company held the third “JL Cup” quality program with the theme of “Quality for First, Quality for Future”. The program consisted of public speaking event and knowledge competitions, attracting 3,751 participants. At the same time, the Company launched 279 sessions of “Daily Giveaway Quiz” through the learning platform. The quizzes encompassed topics such as quality awareness, job knowledge, production safety and other content, attracting a total of 127,132 participants. Employees could exchange their earned points for gifts, which effectively spurred their enthusiasm to participate. These events effectively improved employees’ quality awareness and enhanced their work skills, achieving the goal of competition-driven learning.



The Third “JL Cup” Quality Management Speech and Knowledge Contest

Optimizing Customer Services

The Company is committed to providing customers with a premium service experience. We have implemented management policies such as the *Customer Service Practice* to regulate customer service management, optimize service processes and continuously improve service quality. The Company listens attentively to customer feedback, safeguards customer information security in all aspects and consistently enhances customer satisfaction. We have established long-term, stable, cooperative and win-win business partnership with our customers to boost sustainable development.

Customer-Oriented Approach

Adhering to the service principle of “meeting the best satisfaction of our customers”, the Company has established relevant policies such as the *Customer Feedback Management Procedures* and the *Corrective and Preventive Measures Control Procedures* and continuously refines the customer complaint handling system. The Company provides customers with convenient and diverse channels for feedback, including the official website, hotline, WeChat official account, emails and letters. To ensure timely and effective response to customer complaints, the Company has established a robust complaint handling process. For complaints with significant impact, the Company will set up a special complaint response group within 8 hours after receiving the complaint, and organize relevant departments to deeply analyze the root cause, put forward solutions and rectification measures. This ensures that the complaints are solved thoroughly. During the year, the Company received a total of 21 customer complaints, achieving a 100% resolution rate.

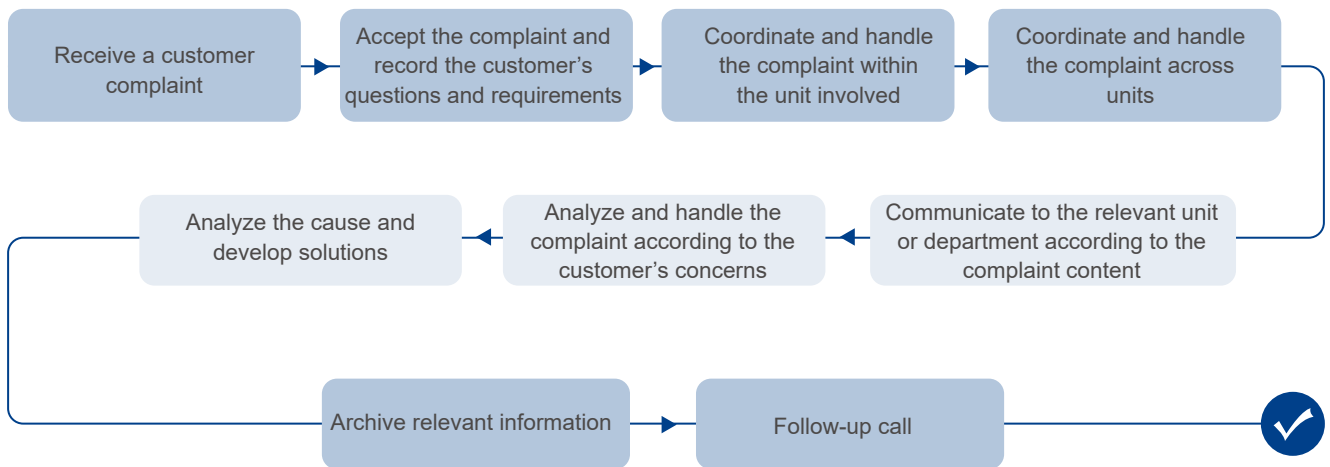
During the year,



Customer complaint resolution rate

100%

Customer Complaint Handling Process



Customer Satisfaction Survey

To ensure that the Company can always navigate the ever-changing market change and increase customer satisfaction and loyalty, the Company conducts customer satisfaction survey on a semi-annually basis through questionnaire. This survey covers product quality, R&D capability, timely complaint response rate, customer service and other aspects. Additionally, the Company regularly analyzes and sorts out the survey results, preparing a *Customer Satisfaction Evaluation Summary*, which is promptly communicated to the quality, production, R&D and other relevant departments. These departments then optimize and adjust the product R&D, service improvement, and marketing strategies based on the analysis results, so as to ensure that the Company's products and services can continue to meet and exceed the customer's expectations and needs. This year, the Company conducted satisfaction surveys targeting over 40% of strategic, significant and general customers, obtaining a customer satisfaction score of 98 points.

This year,



Customer satisfaction score of

98 points



Customer complaint resolution rate of

100%



On-time delivery rate of

98.1%



Social

Upholding People-Oriented Philosophy, Co-Creating Future with Employees

Guided by the core principle of “people-oriented”, we are dedicated to building a win-win future with our employees. We respect every employee and are committed to creating an equal, diverse, and healthy work environment. To foster employee growth, we have implemented transparent and fair promotion systems and offer comprehensive training programs that cover both personal and professional development. We also prioritize employee safety by taking robust workplace safety measures to protect their well-being. In addition, we implement the employee welfare system and truly care for employees' lives, aiming to enhance employees' sense of belonging and achieving win-win development.



Protecting the Rights and Interests of Employees

The Company respects and protects human rights in compliance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, and the *Law of the People's Republic of China, the Special Regulations on Labor Protection* and other laws and regulations. We effectively safeguard their legitimate rights and interests through our commitment to creating a fair and equal workplace, providing employees with competitive salaries, and continuously expanding the channels of communication among employees.

Respecting and Protecting Human Rights

In accordance with the internationally recognized human rights policies set forth in the *Universal Declaration of Human Rights*, the Company has formulated the *Control Procedures for the Prohibition of Discrimination, Harassment and Abuse of Employees*, the *Control and Protection Procedures for the Prohibition of Forced Labor*, and the *Control and Protection Procedures for the Relief of Child and Minor Workers*, etc. These procedures cover the entire Company's operations as well as upstream and downstream suppliers and partners. They also underscore our commitment to eliminating child labor and forced labor and other human rights violations, opposing discrimination, guaranteeing equal pay for work of equal value, ensuring employees' freedom of association and right to collective bargaining, respecting and upholding the dignity of each employee. Through these efforts, we are committed to creating a healthy, equal, and positive work environment.

We adopt a zero-tolerance attitude to non-sexual and sexual harassment, discrimination, abuse and other misconducts, and oppose any form of verbal abuse, harassment, and intimidation. In this way, we strive to ensure that all employees are treated fairly and equally. The Company regularly conducts anti-discrimination and anti-harassment training for employees to enhance their awareness and protection capabilities. Every year, the Company conducts internal audit on labor issues according to the SA8000 standard and other standards, to comprehensively assess the Company's performance in human rights. Based on this assessment, we have prepared the *Report on the Corrective and Preventive Measures*. Then the Company follows up the implementation of the corrective measures by the responsible departments in a timely manner after the completion of the auditing procedure. Company-wide employees who experience or witness violations of our human rights policies, such as discrimination, harassment, child labor, and forced labor, are encouraged to immediately report such violations to their immediate supervisors, or other management personnel. Once a violation is verified, we will take serious disciplinary action against the offender and provide appropriate remedies to the affected parties in a timely manner. If child labor is found, the Company will immediately stop the work of the employee, promptly report the information to the local government, and implement a child labor remediation plan for a minimum of six months. This plan will include providing funds for remediation, and cooperating with the government and other relevant organizations in the provision of welfare benefits for the employee.

In addition, the Company regularly provides education and training for employees on the prohibition of child labor and forced labor. We strictly prohibit any form of child labor and forced labor, ensuring that every employee engages in their work voluntarily. This commitment helps us foster a workplace that complies with laws and respects human rights.

During the year,



The number of incidents related to human rights violations such as discrimination, harassment, abuse, employment of child labor and forced labor was

0



Employee Recruitment and Retention

The Company adheres to the recruitment concept of “fair competition and equal employment”, and has established and put in force the *Recruitment, Employment and Post Shift Management System*. Moreover, the Company continuously expands recruitment channels and establishes core talent identification standards. The Company strictly prohibits any form of discrimination based on race, skin color, gender, nationality, ethnicity, age, religious beliefs, marital status, sexual orientation, pregnancy, disability and other factors in the recruitment and employment process. This policy ensures that all employees are treated equally and with respect for their diversified development.

The Company regularly reviews the recruitment process to ensure that it is fair and transparent. During the recruitment process, the Company clearly requires authenticity verification of new employees' information and conducts background investigations on individuals applying for key or management positions. This ensures that the recruitment process complies with the Company's system.

The Company recruits talents through various channels such as campus recruitment, social recruitment, and internal recommendation recruitment. In terms of campus recruitment, the Company adopts both online and offline recruitment modes. We release recruitment information on the websites of the target colleges and universities as well as external recruitment websites. Additionally, we actively hold offline campus recruitment fairs and roadshows to introduce the corporate culture and recruitment process to fresh graduates of colleges, attracting outstanding young talents. In terms of social recruitment, the Company adopts a variety of channels such as network recruitment, headhunting services, on-site recruitment, and government recommendations. We continuously recruit professional talents by strictly selecting candidates that meet the job requirements. In terms of internal recommendation, employees are encouraged to recommend suitable candidates or apply for vacancies through internal selection and self-recommendation.

Cooperating with Colleges on Campus Recruitment to Attract Outstanding Graduates

JL MAG continues to cooperate with key colleges and universities across the country to recruit outstanding graduates through various recruitment events, such as offline recruitment fairs, campus recruitment roadshows and special recruitment fairs. The Company cooperated with Central South University, University of Science and Technology Beijing, Hunan University and other colleges and universities on offline recruitment fairs. Additionally, we released recruitment information on the websites of more than 30 target colleges and universities, and successfully held 5 online roadshow events and 22 offline recruitment fairs and roadshow events. These efforts aimed to promote the talent introduction policies of local governments and actively attract outstanding talents from such colleges and universities.



Campus Recruitment Scene

Employee Structure in 2024



Total number of employees

6,639

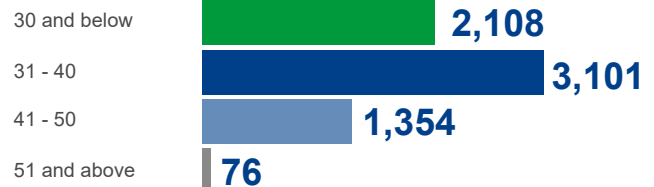
Total number of new employees

2,385

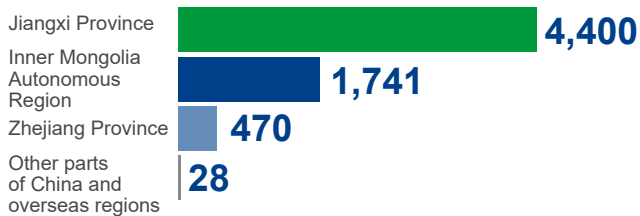
By gender



By age



By region



By category



Percentage of internal recruitment

39.85%

Percentage of female employees

30.91%

Percentage of female employees at technology department

18.35%

Percentage of female management-level employees at technology department

10.06%

Percentage of female employees at sales, production and customer service departments

31.71%

Percentage of female management-level employees at sales, production and customer service departments

13.48%

Percentage of female employees in management level (including junior, middle, and senior management)

16.97%

Percentage of female employees at junior management level

14.10%

Percentage of female employees at middle management level

19.71%

Percentage of female employees at senior management level

11.11%

Remuneration and Performance

The Company has established a sound employee remuneration management system, and continuously refines the performance evaluation mechanism. We have formulated the *Compensation Management Control Procedure* and the *Employee Reward and Punishment Management System*. Employees' duty fulfilment, professional competence, performance and daily behaviors are taken as the core indicators for performance evaluation, so as to ensure that the employees' efforts are fairly rewarded. The Company determines and pays reasonable wages based on local policy requirements and the actual cost of living to guarantee employees' basic needs.

Adhering to the concept of "data and performance-based evaluation", the Company has established a robust employee performance management system by adopting the dual-orientation mode of "result and process", to closely align employees' individual performance with the Company's achievement. The Company conducts regular performance appraisals for all employees and requires periodic two-way communication between department leaders and appraisees in order to realize continuous feedback as well as timely appraisal feedback. The Company determines the reasonable salary level according to the employees' grades, positions, and performance evaluation results, and provides the employees with basic salary, overtime salary, performance evaluation salary and various special rewards, so as to build a fair and reasonable salary system. During the year, the Company spent a total of RMB 608 million on employee compensation, up 25.06% year-on-year.

The Company has established a long-term talent incentive mechanism, offering equity incentives to employees and managers who have made outstanding contributions to the Company's sustainable development. This initiative aims to enhance employees' identification with the Company and their enthusiasm and share the Company's development achievements with them. During the year, the Company vested 560.3 thousand restricted shares to 7 incentive recipients, representing approximately 0.04% of the Company's total share capital.

In March 2025, to strengthen the Company's long-term incentive framework and inspire the core team, the Company intended to introduce an A-share employee stock ownership plan and an H-share restricted share scheme. The Company intended to use 8,015,784 A-shares repurchased in 2023 to implement the "2025 A-share Employee Stock Ownership Plan". The total number of participants in this plan will not exceed 500. In addition, the Company planned to issue up to 10% of its total outstanding H-shares (excluding treasury shares) for the restricted stock plan. As of the reporting date, the Company has issued 227,640,800 H-shares, excluding treasury shares.



Expenditure on employee compensation

Year-on-Year Increase

RMB **608** million

25.06%

In 2025,



The Company intends to use

8,015,784 A-shares held in its securities repurchase account to implement the "2025 A-share Employee Stock Ownership Plan"



the Company plans to issue up to

10% of its total outstanding H-shares (excluding treasury shares) for the restricted stock plan



Employee Communication and Engagement

The Company is committed to listening to employees' voices. To this end, we maintain smooth channels for complaints and feedback, aiming to reasonably resolve employees' demands and safeguard their legitimate rights and interests.

The Company provides various communication channels for employees. Employees can use opinion boxes, questionnaires, OA office groups, regular meetings and other channels to communicate directly or indirectly with their superiors. In addition, to respect and protect the privacy of employees, the Company has established a special channel for anonymous complaints. Employees can submit their anonymous complaints directly to the Audit Department through the complaint phone number, complaint mailbox, etc. The Audit Department will timely investigate, verify and handle the complaint with a reply returned, to ensure that each employee's opinion and feedback are taken seriously and addressed properly.

The Company has formulated the *Employee Complaint and Handling Procedure* in a bid to handle all labor disputes in a fair, transparent and open manner. In addition, the Company has set up HRBP and Labor Relations Officer to handle employee complaints, so as to ensure the fairness, transparency and openness of complaint handling. When employees disagree with the handling results, they can submit their feedback to the department leader and specialized officers within 7 working days through channels such as complaint hotline, complaint mailbox, and complaint form. After receiving the complaint, the relevant staff will verify the situation in time and process it within 7 working days. If the employee is still not satisfied with the result, he/she can file a complaint again. The Company will ensure that the employee's claim is properly resolved.

The Company has set up a labor union to safeguard the legitimate rights and interests of employees and to ensure that the employees exercise their right to democratic management in accordance with the law. The Company regularly convenes employee representative meetings to listen to the opinions and suggestions of employee representatives on the development of the Company, and reports to all employee representatives on the improvement of these opinions and suggestions in the meetings, thus actively implementing democratic management.

The Company conducts a semi-annual employee satisfaction survey to better understand their needs and expectations. The survey is conducted anonymously, covering various key aspects such as corporate culture and management, working environment, co-worker relationships, job satisfaction, remuneration and benefits, employee training and development opportunities. The survey results are carefully categorized and profoundly analyzed by gender, years of service and age of the employees, to identify the main issues that need to be improved. A string of practical and feasible improvement plans are then developed. By doing so, we aim to continuously improve the satisfaction and sense of belonging of the employees.

During the year,



The Company conducted two satisfaction surveys covering all employees, with overall employee satisfaction rate²⁰ of

88.69%



²⁰ The overall employee satisfaction rate = Average satisfaction score of overall satisfaction, company management and communication, working environment, teamwork, benefits, training and development * 100%.

Supporting the Development of Employee

With great attention attached to the career development and vocational skills enhancement of employees, the Company has built a scientific and transparent employee promotion channel, and continues to improve the employee training system. By doing so, we aim to enhance the talent team and achieve mutual growth with employees.

Employee Promotion

The Company takes talent development as an important strategy for the enterprise development and implements the dual-track system of “technical” and “management” career development channel. In the “technical” channel, the Company has established five major sequences, including profession, quality, sales, function and production, to refine the technical development paths of different sequences of employees, and to cultivate diverse technical talents; in the “management” channel, the Company has set up a vertical promotion mechanism for junior, middle and senior managers, so as to cultivate employees with management potential into excellent team leaders.

Furthermore, in order to meet the Company’s demand for the reserve of middle and lower-level technicians, we carry out human resources planning, and conduct a variety of talent reserve and training work, including automation, lean management, machining and project management, through “internal training + external recruitment”. In addition, the Company also provides employees with internal transfer opportunities. Employees can achieve job transition within the

Company through internal recruitment, joining the Company’s talent pool, job rotation and more. This year, the percentage of internal recruitment reached 39.85%.

The Company continues to improve the employee promotion mechanism and employee evaluation system. We conduct the annual performance appraisal assessment for all employees through the assessment method of “online written test + offline practice”, along with the 360-degree appraisal, performance evaluation and quality test, etc. This holistic approach helps us select outstanding talent that aligns with the Company’s requirements.

This year,

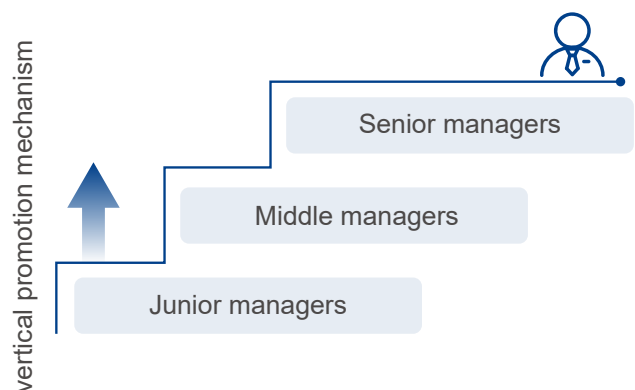
The percentage of internal recruitment reached
 **39.85%**

“Technical” career development channel



To refine the technical development paths of different sequences of employees

“Management” career development channel



Cultivate employees with management potential

Employee Training

Based on the Company's strategic development needs, we optimize the *training management system*, expand the training resources, develop an excellent teaching force, and innovate training methods and incentives according to the job requirements and the practical situation of the employees. These efforts aim to cultivate the high-quality talents.

Training System and Scheme

The Company has formulated and strictly complies with internal training systems such as the *Training Management System*, the *New Employee Training Management*, the *Reserve Cadre Training System*, the *External Training Management System*, and the *Internal Trainer Management System*. We pay constant attention to the long-term development and professional skills of employees, continuously improving the talent training system. The Company incorporates employees' learning and training records into their personal files, and links them to year-end assessment, merit assessment and promotion, so as to improve employees' learning initiative.

The Company regularly conducts surveys on the training needs of all departments, clarifies the training objectives, and develops annual training plans in combination with performance evaluation and job analysis. Employee training is conducted by means of an online plus offline mode. After the training, the Human Resources Department uses questionnaires and post-course quizzes to evaluate the training effect and promptly adjusts the training plan accordingly to improve the quality of training.

The Company has been continuously optimizing the employee training mechanism. We conduct quality awareness surveys for employees of each production process in the pre-training period. Based on the results of the surveys, we identify the weaknesses in quality management across different processes and positions, and design targeted training courses in order to practically solve the problems of quality management and ensure the stability of product quality.

Sound Training Regime

Guided by the Company's development direction, we also consider the development needs of employees, to build a sound all-employee training regime. We constantly optimize training methods, enrich training courses, and coordinate internal and external training resources, to provide employees with a full range of training courses covering different positions and grades. These approaches aim to comprehensively promote the development of each and every employee.

The Company attaches great importance to the quality improvement and innovation of internal training courses, striving to create a corporate culture of on-going learning. We have formed a team of internal trainers consisting of cadres at all levels and business backbones to share industry experience with and provide professional knowledge for employees, fostering an atmosphere of knowledge accumulation and sharing across the Company. During the year, the Company had a total of 625 internal trainers.

The Company has developed the online learning platform. We continue to innovate online training and assessment modes, realizing point-to-point training content delivery. The platform provides employees with video training courses on business ethics, production safety, environmental protection, and other aspects. The Company continues to optimize the training incentive mechanism, setting up a points mall in the platform, encouraging employees to participate in training to obtain points and redeem gifts so as to stimulate employees' learning awareness. During the year, a total of 183 courses were provided on the Company's online platform, and a total of 262,169 people participated in online training.

In addition, the Company implements a skill level assessment system to assess employees' levels based on their professional skills and job requirements. Those who pass the assessment are entitled to skill allowances. As a result, employees are motivated to uplift their capabilities. At the same time, the Company directly links the key training programs with the promotion of management personnel, thereby effectively enhancing the staff learning motivation, and fostering a positive atmosphere of learning.



Employee Training Performance in 2024



Employee training coverage

100%



Total training hours

1,162,678 hours



Hours of training per capita

175 hours



Annual training expenditures

RMB 653,326

Employee Training Mode

Internal training	Training by external instructor	External training
It refers to the training conducted by the Company's senior staff, and managers as internal instructors. The content is closely linked with the actual business needs of the Company and the characteristics of employees' positions, focusing on practical operation and case analysis.	It refers to the training conducted by external instructors engaged by the Company, who are equipped with professional knowledge and rich experience, for the Company's employees.	The Company selects the outstanding staff at relevant positions to participate in training courses, seminars, and professional certification exams in the industry to broaden their vision and improve their professional skills and professionalism.

Employee Training Regime

New employees	Professional skills	Leadership
Induction training	"Universal Worker" rotational training	Company culture training
Pre-job theoretical training	Quality awareness enhancement training	Workgroup management training
Pre-job skills training	Workgroup management training	Internal and external communication
Qualification training	Information security and privacy protection specialized training	
	Skills certification and external training	
	Lean talent training	
	Safety production training	
Online learning platform		
Video training courses	Test after the training	Summary

Employee Training Programs

New employee training

Objective	Program	Description	Outcome in 2024
New employees	Qualification training	To ensure that new employees can quickly meet the requirements of their positions, the Company conducts training programs that include work skills and knowledge training to enhance their job competency.	The Company organized a total of 148 qualification training examinations, with a total of 2,656 people passing the examinations and successfully obtaining induction qualifications.
	Induction training	To assist new employees in rapidly integrating into the Company and adapting to their job roles, the Company offers orientation training. This training covers various topics such as information security, corporate culture, anti-fraud measures, anti-discrimination and anti-sexual harassment policies, as well as the prohibition of child labor and forced labor.	The Company conducted a total of 397 induction training and assessment sessions, with a cumulative total of 5,528 participants.
	Pre-job theoretical training	The Company provides pre-job theoretical training for new employees, which encompasses an overview of the Company, its business operations, job responsibilities, and the theoretical knowledge required for their positions (such as magnetism, materials science, production processes, etc.). This training helps new employees acquire the necessary work skills.	
	Pre-job technical training	The Company also conducts pre-job skills training, which includes instruction on equipment operation, process flows, safety regulations, and other relevant content. This ensures that new employees master the required job skills, adhere to production standards, and contribute to the stable and reliable production of products.	

Professional competence training

Objective	Program	Description	Outcome in 2024
Production, technical and quality system employees	Quality awareness enhancement training	The Company conducts quality awareness enhancement training, covering topics such as quality management systems, quality control methods, on-site quality management and control, quality improvement, and layered audits, to strengthen the quality awareness of all employees.	The Company conducted a total of 421 quality awareness training sessions and 369 post-training assessments, with a total of 147,484 participants.
Information security staff	Information security and privacy protection training	The Company continuously carries out specialized training on information security and privacy protection, which includes explanations of relevant policies and personal protection measures. Through assessments, the Company ensures that employees master the relevant skills and knowledge, thereby enhancing their awareness of information security and customer privacy protection.	The Company conducted a total of 4 online training sessions for all employees and 397 on-site training sessions for new employees, and all employees passed the assessment.
All employees	Skills certification and external training	Since obtaining the qualification for vocational skill level certification in 2021, the Company has facilitated the career development pathways for skilled talents by encouraging employees to participate in external skill training and examinations, providing skill allowances, or fully reimbursing expenses, thereby incentivizing employees to improve their skills.	The Company carried out skill level assessment for employees in the production sequence, with a total of 1,093 people passing the assessment. During the year, a total of 202 employees obtained special operation certificates and certificates for tests on production safety knowledge and management ability.
All employees	Lean talent training	To implement lean production management principles, the Company conducts theoretical examinations and improvement week practices for talent rating and certification, cultivating talents in the application of lean tools. This simultaneously enhances production line efficiency, optimizes equipment processes, and reduces energy consumption.	From 2020 to 2024, the Company carried out a total of 410 improvement week training activities, covering process, quality, production process and other areas, and cultivated a total of 90 lean talents.

Leadership training

Objective	Program	Description	Outcome in 2024
Primary management	Shift manager enhancement training	The training aims to enhance the professional skills and management capabilities of junior managers, thereby realizing more optimized production processes and higher team efficiency. The training program covers seven major modules including human resources and quality management. Through continuous tracking and evaluation, learning outcomes are promptly optimized, and integration with the promotion system stimulates enthusiasm for learning.	The Company carried out a total of 24 training sessions for junior management cadres in four phases and held 24 post-training assessments, with a cumulative total of 1,395 participants. A total of 152 employees participated in the shift manager qualification assessment for production management, with a pass rate of 98.68%.
	On-site management enhancement training for standardized production line	The training aims to provide shift managers and managers above with the necessary knowledge and skills to optimize production processes, and increase team efficiency and product quality, while ensuring the safety and compliance of workplace. The training program covers human resources, on-site environment and safety management, production site process improvement, on-site personnel management, on-site equipment operation and maintenance management, on-site quality control and improvement, lean production management, quality management, and compliance with workplace safety regulations.	The six-month program comprehensively enhanced the on-site management capability and overall performance of 248 junior and middle managers and reserve cadres through a combination of collective in-person theoretical study and practical operations. The program included 29 sessions of theoretical study and a one-month practical operation at the production site, with all participants completing the program and an evaluation score of 95.76% regarding training effect.
Middle and senior managers	Internal and external communication	The Company promotes communication and collaboration among various departments within the Company and strengthens the connection and cooperation between the Company and its external partners with a view to achieving the objectives of improving work efficiency, optimizing resource allocation and promoting technological and management innovation. This program includes customer concept sharing, customer audits/visits and other communication activities.	The Company conducted a total of 256 internal and external exchanges, with a total of 25,411 participants.

2024 Employee Training Data

Indicator		Unit	2024
Hours of training per capita		Hour	175
Training costs per capita		RMB	98
By gender	Male employees' average hours of training	Hour	175
	Female employees' average hours of training	Hour	175
By category	Senior management average hours of training	Hour	134
	Junior and middle management average hours of training	Hour	278
	Non-management staff average hours of training	Hour	170
Percentage of employee trained		%	100
By gender	Male	%	100
	Female	%	100
By category	Senior management	%	100
	Junior and middle management	%	100
	Non-management staff	%	100
Number of production safety training		Time	554
Number of employees covered by safe production training		Participants	34,587

Caring for Our Employees

Concerned about the physical and mental health of employees, the Company continuously enriches the employee welfare system. We carry out a variety of cultural and sports activities to help employees achieve a better work-life balance and enhance their sense of belonging.

Employee Benefits

Adhering to the concept of "people-oriented", we continue to improve the employee welfare system, covering statutory benefits, supplementary benefits and company-specific benefits. We classify the scenarios of employee benefits and provide a multi-dimensional, all-round and comprehensive benefits for employees to improve their happiness and sense of gain.

The Company strives to provide a comprehensive welfare package that covers policy benefits, health and safety, daily life, holiday benefits and cultural care. During the year, the Company's expenditure on employee welfare benefits amounted to approximately RMB 44.17 million, representing an increase of 29.72% compared to 2023; the expenditure on the "five social insurances and housing fund" (Pension Insurance, Medical Insurance, Unemployment Insurance, Work-related Injury Insurance, Maternity Insurance, and Housing Provident Fund) amounted to approximately RMB 93.70 million, representing an increase of 24.04% compared to 2023.

During the year,



Expenditure on employee welfare benefits amounted to approximately

Year-over-Year Growth

RMB **44.17** million

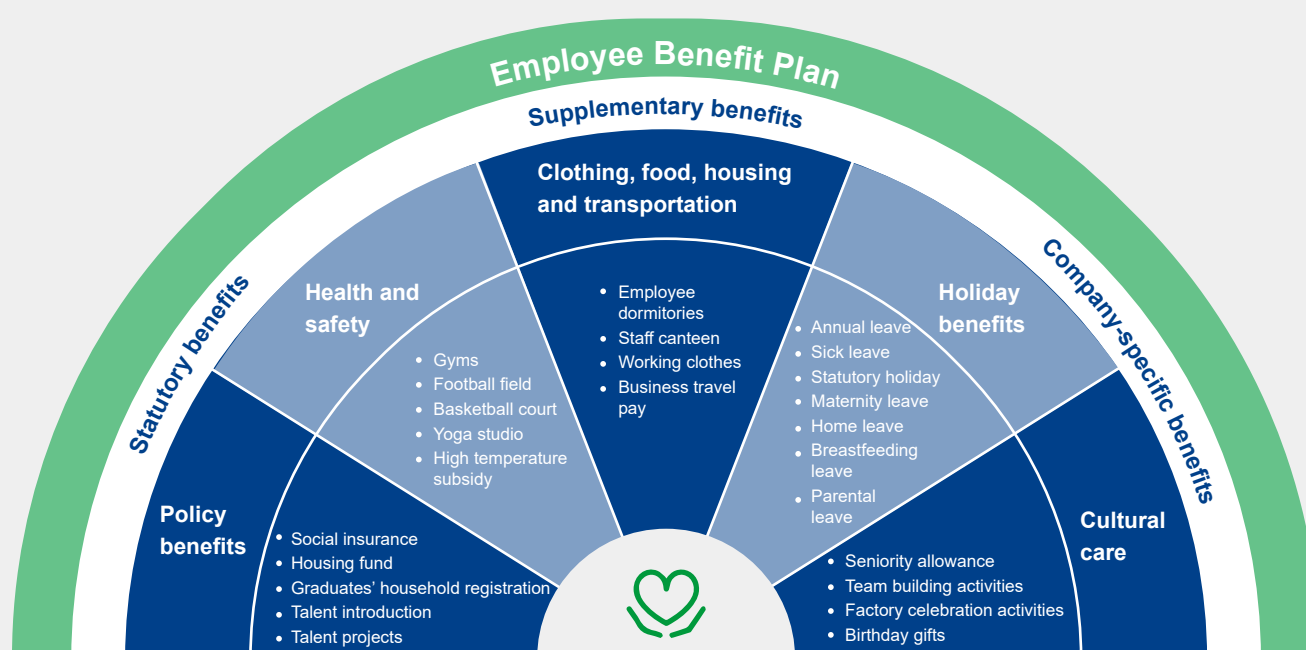
29.72%

Expenditure on the "five social insurances and housing fund"

Year-over-Year Growth

RMB **93.70** million

24.04%



Employee Activities

In 2024, the Company organized a series of cultural and holiday activities to enhance corporate culture, team cohesion and employees' sense of belonging. Activities were held in various forms, such as riddle guessing during the Lantern Festival, chorus competition, "JL Cup" football match, and "Marching on with Unwavering Spirits" arts show. Moreover, on important occasions such as Chinese New Year, Dragon Boat Festival, Mid-Autumn Festival, company anniversary and employees' birthdays, we prepared gifts to show our care and warmth to employees.

Cultural and Holiday Activities Held to Enhance Employees' Sense of Happiness and Belonging

Riddle Guessing



Chorus Competition



Dumplings and Sugar-Coated Haws DIY



Tug-of-War



Company Anniversary Benefits



Chinese New Year Benefits



This year, the Company carefully planned and carried out a series of cultural activities for female employees out of care and respect for them.



“Warmth of March, Bloom of Women” Themed Activities - Celebrating International Women’s Day

In March 2024, as the 114th International Women’s Day approached, the Company hosted a series of meaningful events under the theme “Warmth of March, Bloom of Women”. By presenting thoughtful gifts to all female employees, we sent our warm wishes and heartfelt greetings.



“Warmth of March, Bloom of Women” Themed Activities - Celebrating International Women’s Day



“Flowers with Love, a Gesture of Gratitude” Themed Activities - Celebrating Mother’s Day

In May 2024, the Company organized a Mother’s Day bouquet DIY event under the theme “Flowers with Love, a Gesture of Gratitude” to honor the selfless dedication and love of mothers.



“Flowers with Love, a Gesture of Gratitude” Themed Activities
- Celebrating Mother’s Day

Guarding Health and Safety

With the Environment, Health and Safety (EHS) Policy in place, the Company is committed to continuously improving safety management system and structure, and establishing a sound risk identification and response mechanism. We also organize training on production safety and occupational health to build a healthy and safe workplace, thereby minimizing the occupational health and safety risk that our employees and contractors may face.

Improving the Management System

The Company keeps optimizing the safety management system, strictly observes and formulates safety-related regulations and systems and establishes a production safety management structure to clarify everyone's responsibilities.

During the year,



The Company
invested approximately

RMB **14.51** million in health and safety



The number of work-
related fatalities

0



The number of major or above
production safety accident²¹

0

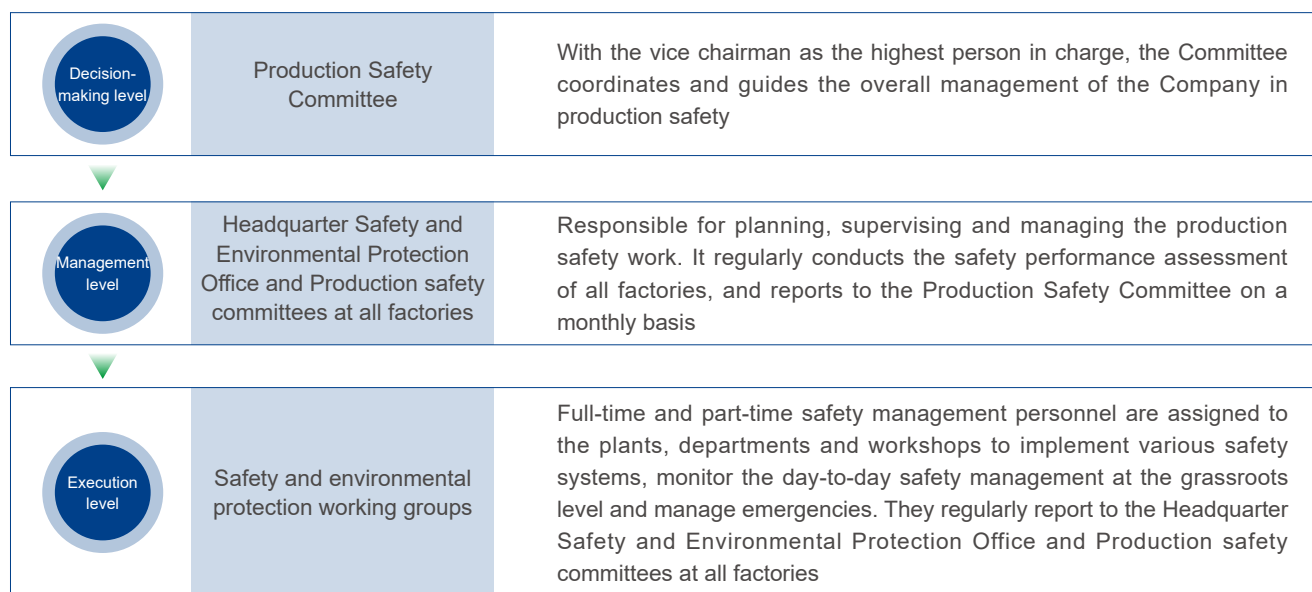
To strengthen safety management, the Company and its subsidiaries have formulated a series of policies on safety management and hidden hazard detection for all employees and contractors. These policies include the *Management System for the Withdrawal and Use of Safe Production Expenses*, the *Production Safety Reward and Punishment Management System*, the *Measures for Part-Time Safety Management Staff*, and the *System for Reporting Safety and Environmental Hazards*. These documents provide clear provisions on safety management system, safety responsibility clarification, safety risk management and control, hidden hazard detection and control, production safety training, contractor personnel management, emergency response and performance management.

The Company has established a production safety management structure in accordance with the standards of three-level production safety management system to continuously strengthen the prevention and control of production safety. The Company has set up the Production Safety Committee, the Safety and Environmental Protection Office, supported by production safety committees at all factories and safety and environmental protection working groups under the committees. These efforts help clarify responsibilities for production safety at all levels.

²¹ A major or above production safety accident is an accident that causes the death of more than 10 people and less than 30 people, or serious injuries of more than 50 people and less than 100 people, or direct economic loss of more than RMB 50 million and less than RMB 100 million; an especially serious accident is an accident that causes the death of more than 30 people, or serious injuries (including acute industrial poisoning accidents) of more than 100 people, or direct economic losses of more than RMB 100 million.



Three-level Production Safety Management System



During the year, we obtained the ISO 45001 occupational health and safety management system certification again and continued to improve our safety management and comprehensive management based on leading management standards, marking the further normalization, standardization and modernization of our safety management.



ISO 45001 Occupational Health and Safety Management System Certification

Ensuring Production Safety

The Company has always insisted on “all employees take the safety and prevention as top priority with a holistic, healthy development and continuous improvement approach”. We work hard to continuously improve the awareness and ability of our employees and partners in production safety and emergency management by improving the mechanism and organizing training.

Safety Risk Management

The Company strictly complies with the *Work Safety Law of the People's Republic of China*, the *Regulations on the Detection and Control of Risks from Production Safety Incidents* and other laws and regulations. In the context of production practices, we have established a double-prevention mechanism that combines classified risk control and hazard detection and control. This mechanism enables us to fully identify hazards in the workplace and adopt targeted control measures to prevent safety risks.

The Company has also formulated internal policies such as the *Management Procedures for Hazard Identification and Risk Evaluation* and the *Hazard Detection and Control Policy*, to standardize hazard detection and control processes. This year, an online hazard detection and control system was launched, which significantly improved work efficiency and effectively eliminated hazards. As a result, the rectification rate of safety and environmental hazards reached 100%.

Powder-related risks

The air isolation method is adopted for closed operation, and nitrogen positive pressure is used for protection. The operators are required to wear personal protective equipment such as safety helmet, protective mask, and fireproof suit.

Hydrogen-related risks

The hydrogen production station is designed according to national standards such as the *Code for Fire Prevention in Construction Design* and the *Code for Hydrogen Production Station Design*. And a series of prevention and control measures have been established, such as upgrading the fire resistance of the electrolytic chamber of the hydrogen production station to Grade 2, constructing well-ventilated gas buildings, setting flammable gas leakage alarm facilities and linked accident fans, etc.

Mechanical injury

Have safety facilities in place, such as protective cover, protective net, protective door, safety chain, safety grating, and emergency stop switch, and conduct regular inspection and maintenance.

Noise protection

Have sound insulation in place and equip employees with protective earplug. Hang occupational hazard notice board in the workshop and organize regular occupational health examination for employees.

Object drop

Equip employees with safety helmet, provide those who transport or handle materials with safety shoes to prevent drop of objects.

Fire hazard due to chemicals

The hazardous chemicals warehouse shall be equipped with emergency facilities and materials such as combustible gas alarm facilities, explosion-proof fans, fire extinguishers, fire hydrants, fire sand, anti-overflow ditches, leakage trays and eye washers, and shall be inspected and maintained regularly; Have cooling spray in place to prevent fire caused by high temperature; All hazardous chemicals shall be sealed for transportation according to the approved weight limit, height limit and speed limit of forklift truck; Transportation personnel shall be trained before operation; Distribute all kinds of protective equipment to employees and supervise their proper use.

In the area of emergency response to production safety, the Company has established an emergency management system and developed many rules and regulations such as the *Emergency Plan for Production Safety Accidents*, the *Emergency Rescue Management System for Accidents* and the *Production Safety Accident Reporting and Investigation System*. We have also formed an emergency team and a part-time rescue team to ensure quick activation of all emergency efforts in case of fire, explosion, special equipment accidents, occupational poisoning and other unexpected accidents. After the production safety accident is properly handled, the Company will strictly trace the cause of the accident and put forward safety management initiatives to continuously improve the production safety management and prevent the recurrence of similar accidents to the maximum extent.

Contractors Safety and Security

The Company attaches equal importance to the occupational health and safety of its contractors and gives priority to contractors with good qualifications. In the *Contractor Management System*, we clearly require our contractors to sign a *Safety and Environmental Protection Agreement* to implement the safety management system and production safety measures, building a safety defense line together.

In terms of contractor qualification review, the Company adheres to the principles of “selecting, using, and managing well” the contractors. Through “three passes” of strict qualification access, process supervision, and assessment of breach of contract, we continuously strengthen the management of contractors, and focus on resolving the problems of non-conformity of contractors’ qualifications, inadequate safety construction plans, unclear information of safety technology, inadequate implementation of safety measures, inadequate staffing of safety management and special operations personnel, non-payment of social insurance or insufficient payment of accident insurance. During the year, the Company reviewed the relevant qualification, performance and certification of 158 project contractors, and eliminated the construction by unqualified teams.

In the regular management of contractors, the Company has built a three-level model of “introducing department, local department and security department” to supervise and manage the implementation of production safety standards in the course of the contractor’s work. In the current year, the Company conducted in-depth inspections at work sites, focusing on the implementation of safety measures and rectification of non-compliant operations. Special attention was given to key areas such as high-risk operations and safety protection. A total of 347 unsafe acts were identified and corrected on-site, followed by safety warning education. These efforts ensure on-site production safety of contractors. At the same time, the Company regularly examined personnel information, established detailed records, ensuring that the status of contractor’s personnel was traceable. The Company actively organizes contractors to conduct safety education and training, which has enhanced the safety awareness of contractors’ employees, reduced the frequency of safety accidents and promoted the safety and health of all processes.

Insuring Occupational Health

The Company attaches great importance to the occupational health and safety of employees and ensures the health of employees with solid measures. The Company has established an occupational health management process, implemented risk prevention measures, stepped up health and safety promotion and training to create a healthy and safe working environment for employees.



Incidence of occupational diseases among the Company’s employees for three consecutive years

0



In 2024, the annual rate of injury per million working hours

≤1.5



In 2025, the Company will continue to target employees with

0 occupational disease



In accordance with the requirements of ISO 45001 *occupational health and safety management system*, the Company has formulated a series of rules and regulations to establish a sound occupational health management system. These include the Occupational Health and Safety Management System, the *Labor Protection Supplies Management System*, the *Medicine Box Management System*, the *Occupational Health Care and File Management System*, and the *Occupational Hygiene and Health Operating Procedures*.

Measures for the Prevention and Control of Occupational Diseases	Provision of Protective Products	Occupational Health Care
<ul style="list-style-type: none">Fully identify occupational health hazards tied to production processes in the workplace, and entrust qualified third-party technical service organizations for testingEquip high-temperature workshops (machining sequence workshops) with eco-friendly air conditionersApply sound-absorbing materials to or isolate noise-prone areasChange operation method of dust-exposed positions to eliminate or mitigate occupational health hazards at sourceArrange shifts and patrols to reduce the exposure of employees to risks	<ul style="list-style-type: none">Set standards for distributing labor protective equipment, and equip employees with protective masks, eye shields, protective gloves, waterproof boots and other protective products to strengthen personal protectionRequire employees to wear proper personal protective equipment such as dust mask and anti-poison respirator to reduce contact with dust and chemicalsProvide hearing protection equipment, such as portable earplugs and noise protection earcups, for people working in different noise-intensive environments to ensure that the hearing is protected accordingly	<ul style="list-style-type: none">Design the occupational health monitoring for pre-employment, on-duty, transfer and resignation to prevent occupational contraindications and ensure that the employee's physical condition is appropriate for the jobArrange occupational health check-ups for employees in posts with occupational health risk, regularly monitor the health condition and include relevant records in individual occupational health files

This year, the Company formulated internal policies such as the *Production Safety Education and Training System*, and developed and strictly implemented the annual safety training program for all employees based on production practices. We provided tailored training for different groups, such as management personnel, front-line employees and new joiners, through offline courses, online sessions and e-learning videos. Our training materials cover topics including production safety policies, laws, regulations and standards, internal management systems, safety awareness, hazard detection and control, accident prevention, hazardous chemicals, special equipment safety management and occupational health, all aimed at enhancing the safety awareness of all employees.

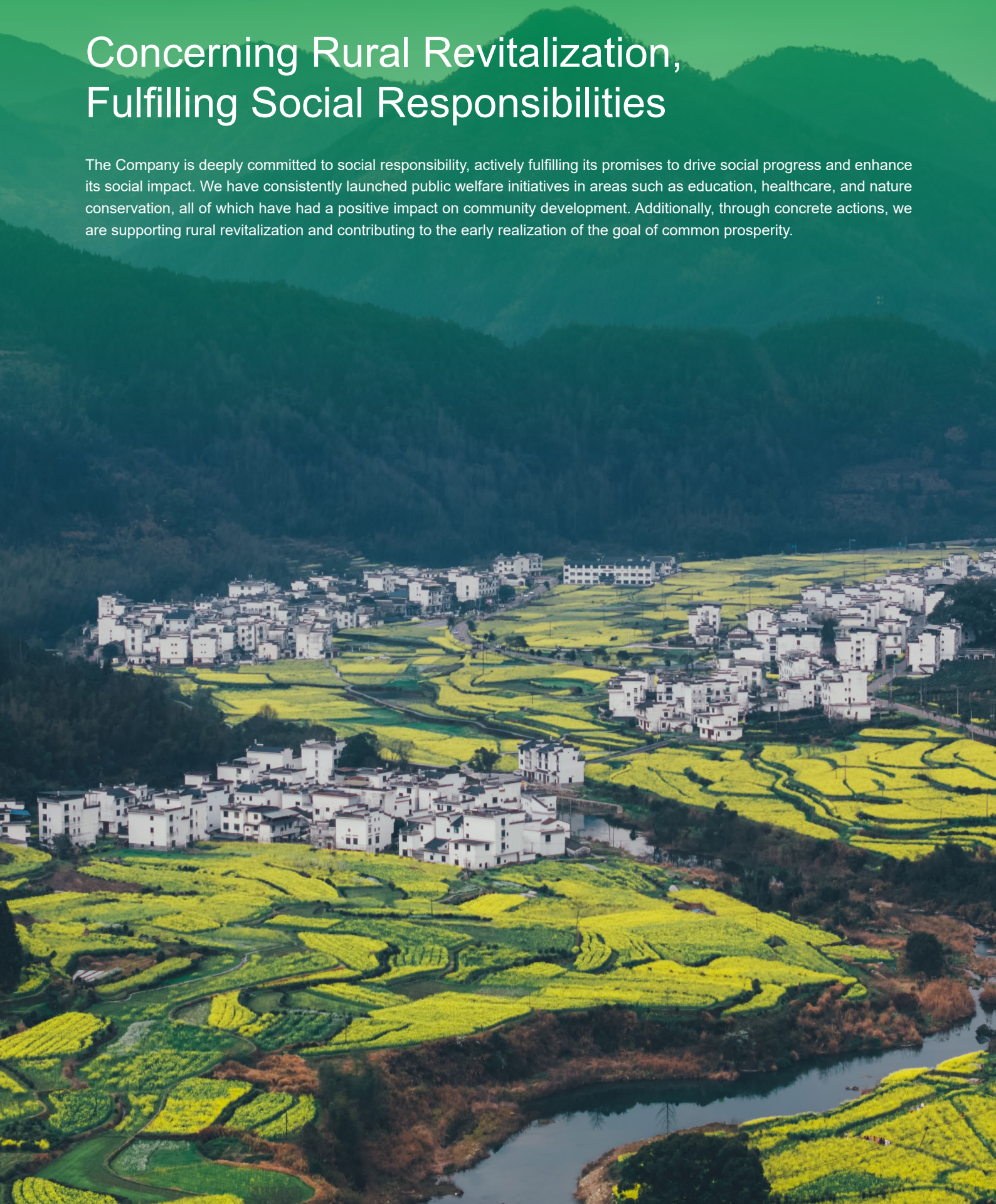
In 2024, 554 training sessions on production safety were held for all employees, with attendance of 34,587. 100% of our safety management personnel and employees in special positions were certified. We also invested a total of RMB 1,850,300 in work injury insurance, covering all employees.



Social

Concerning Rural Revitalization, Fulfilling Social Responsibilities

The Company is deeply committed to social responsibility, actively fulfilling its promises to drive social progress and enhance its social impact. We have consistently launched public welfare initiatives in areas such as education, healthcare, and nature conservation, all of which have had a positive impact on community development. Additionally, through concrete actions, we are supporting rural revitalization and contributing to the early realization of the goal of common prosperity.



Engaging in Community Welfare

The Company actively practices social responsibility through public welfare undertakings, contributing to the sustainable development of the community.

Supporting Education

The Company is deeply concerned about education, and has actively invested efforts and material resources to carry out outstanding talent scholarship incentive programs in cooperation with a number of colleges and universities. This initiative aims to encourage students with good character and excellent academic performance, and to give back to the society with practical actions that echo with our original aspirations.

The Company has established scholarships in University of Science and Technology Beijing, Nanchang University, Nanchang University of Aeronautics and Astronautics, Jiangxi University of Science and Technology, Ningbo Institute of Materials Technology and Engineering, Chinese Academy of Sciences, Shenyang University of Technology, Inner Mongolia University of Science & Technology, Lanzhou University, Taiyuan University of Technology, and Inner Mongolia University of Technology to support outstanding students majoring in powder metallurgy, metallic material, magnetic materials, rare earth and mechanical and electrical engineering. Since the establishment of university scholarships in 2012, the Company has awarded a total of RMB 4.34 million to 1,300 college students.

In 2024,



Since the establishment of university scholarships in 2012, the Company has awarded

RMB **4.34** million



Benefited

1,300 college students

Giving Back to Society

As a local enterprise in Ganzhou, the Company closely follows up on the development of healthcare in this city. In October 2024, the Company donated RMB 500,000 to the First Affiliated Hospital of Gannan Medical University to reward outstanding clinical medical staff at the First Affiliated Hospital of Gannan Medical University (the First Clinical Medical College). This donation aims to express gratitude for the hard work of medical staff, while also assisting in improving medical technology levels and service quality, and promoting the development of the regional medical industry.



Donation of RMB 500,000 to the First Affiliated Hospital of Gannan Medical University

In April 2024, the Company donated over RMB 10,000 worth of books to the “Nurturing Hearts through Reading, Cultivating Minds with Literature” reading initiative in the Baotou High-Tech Zone, Inner Mongolia. This act was to support the “Bright Reading Festival” on the occasion of national reading festival, providing more resources to the local community and fostering educational equity.



Donation to the “Nurturing Hearts through Reading, Cultivating Minds with Literature” Reading Initiative

Protecting Natural Environment

In 2024, around the 46th Arbor Day, the Company actively participated in the tree-planting event organized by the labor union of the Baotou Rare Earth High-Tech Industrial Development Zone in Inner Mongolia, themed “Promoting the Spirit of Model Workers and Uniting Forces for Progress”. This initiative demonstrated our response to the national call for ecological civilization construction and aimed to cultivate environmental awareness among employees.



“Promoting the Spirit of Model Workers and Uniting Forces for Progress” Tree-Planting Event

In May 2024, to enhance employees’ awareness of biodiversity conservation and foster a sense of environmental responsibility, the Company participated in the “Biodiversity: A Shared Responsibility” stock enhancement event organized by the Ecological Environment Bureau of Ganzhou City. A total of 5,220 fingerlings were released, aiding in the protection of aquatic ecosystems and biodiversity.



“Biodiversity: A Shared Responsibility” Stock Enhancement Event

In June 2024, we organized a Green Litter-Picking and Low-Carbon Walking Campaign. Our volunteers picked up trash along the route, spreading the concept of environmental protection and showing JL MAG’s spirits of “practice eco-friendly lifestyle with actions”.



Green Litter-Picking and Low-Carbon Walking Campaign

Supporting Diverse Employment

Deeply aware of the importance of corporate social responsibility, JL MAG firmly takes on the mission of promoting social fairness and inclusive development. This year, we opened positions at three main production bases in Ganzhou, Baotou and Ningbo for people with disabilities. By offering equal job opportunities and career development platforms, we help them realize their self-value and fit into society, while also fostering a diverse workplace and an inclusive brand image.

Serving Rural Revitalization

In response to the national strategy of rural revitalization, the Company vigorously promotes the “10,000 Enterprises Helping 10,000 Villages” precise poverty alleviation action, continuously improving living conditions in remote villages. Additionally, the Company donates to key poverty-stricken areas and recruits personnel from formerly impoverished counties and districts in Ganzhou. These efforts are aimed at fulfilling corporate social responsibilities and driving development in these areas.

The Company has recruited many employees from areas formerly known as national poverty-stricken counties or districts, striving to build the “workshops for prosperity” through which we can provide stable employment and boost rural revitalization. As of December 31, 2024, we recruited a total of 2,652 employees from 10 former national key counties and urban areas for poverty alleviation and development, including Gan District, Shangyou County, Yudu County, Huichang County and Nankang District under the jurisdiction of Ganzhou, accounting for about 60.27% of the Ganzhou headquarter factory staff.

In 2024, Mr. Cai Baogui, Chairman of the Company, attended the public welfare donation to help rural revitalization activity in Quannan County, Jiangxi Province, and donated RMB 1 million on behalf of the Company. The funds will directly go to rural revitalization projects in Quannan County, focusing on improving rural infrastructure and upgrading agricultural production conditions. The ultimate goal is to drive the economic growth in Quannan County, boost the development of local characteristic industries and improve the living standards of farmers.



Donation of RMB 1 million to Quannan County by Chairman Mr. Cai Baogui on Behalf of JL MAG

By the end of 2024,



The Company had recruited a total of

2,652 employees from former national key counties and urban areas for poverty alleviation and development under the jurisdiction of Ganzhou



Accounting for about

60.27 % of the Ganzhou headquarter factory staff

Governance

Operating with Stability and Compliance, Forging Foothold for Growth

Robust corporate governance is essential for sustainable and stable business growth. The Company has always prioritized lawful and compliant operations, and is committed to continuously enhancing its governance structure. The Company is committed to enhancing the governance efficiency and business ethics management, so as to ensure the Company's compliant operation, stable growth and sustainable development and create long-term value for all stakeholders. Additionally, the Company places great emphasis on information security management and is committed to establishing a robust information security defense system to ensure the confidentiality, integrity, and availability of company information.



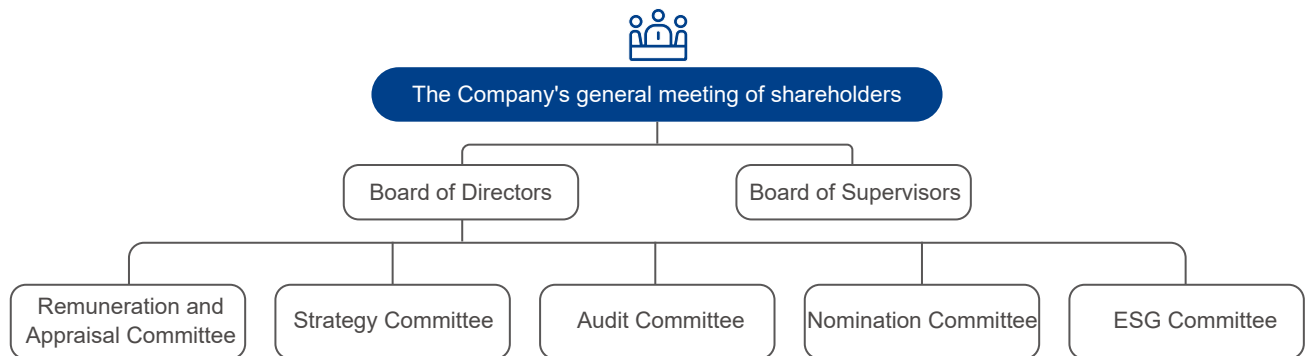
Strengthening Responsibility Governance

Corporate Governance

In strict accordance with the requirements of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies* and other relevant laws, regulations and normative documents, the Company has established and improved the *Articles of Association* and internal control rules and regulations, continuously improved the corporate governance structure, standardized the operations, improved the corporate governance, and formed a scientific and efficient corporate governance mechanism with clear responsibilities and powers.

The Company has established a governance structure composed of the Board of Directors and its special committees, the Supervisory Committee and the management. Each governance body has well defined duties, authorities and responsibilities, and operates independently, collaboratively, and in mutually counterbalancing with each other. The Board, as the supreme decision-making body of the Company, has five special committees, namely, the Remuneration and Appraisal Committee, the Strategy Committee, the Audit Committee, the Nomination Committee and the ESG Committee, providing powerful support in regulating corporate governance, strengthening day-to-day operation and management, making decisions on major matters and ESG management. The Supervisory Committee supervises the Company's financial status, as well as the behavior of the Company's directors and senior management, to ensure the legal and compliant operations of the Company and to safeguard the legitimate rights and interests of the company and the shareholders. The management shall carefully implement the resolutions of the Board, strengthen lean management, optimize industrial structure and strive to achieve the annual production and operation targets set by the Board.

Governance Structure



Composition of Special Committees of the Board

	Audit Committee	Nomination Committee	Remuneration and Appraisal Committee	Strategy Committee	ESG Committee
Mr. Cai Baogui		●		●	●
Mr. Hu Zhibin	●			●	
Mr. Li Xinnong				●	
Mr. Lyu Feng			●		
Mr. Liang Minhui					
Mr. Li Xiaoguang				●	
Mrs. Cao Ying	●	●			●
Mr. Xu Feng		●	●	●	
Mr. Zhu Yuhua	●		●	●	
Mr. Yu Han					●
Mr. Yi Pengpeng					●
Mr. Su Quan					●

Chairman of the Board Independent director ● Chairperson of the Committee ● Member of the Committee

Diversity of the Board

JL MAG has adopted a Board Diversity Policy, which sets forth the objectives and methods for achieving and maintaining a diverse board to enhance its performance. Under this policy, the Company considers a broad range of factors when selecting board candidates, including but not limited to professional experience, skills, knowledge, gender, age, cultural and educational background, ethnicity, and tenure. The Company has and will continue to take measures to promote gender diversity across all levels, including the board and senior management. Our Nomination Committee will review the implementation of the Board diversity policy at least annually and make recommendations to the Board regarding any proposed changes to ensure its ongoing relevance and effectiveness. By the end of 2024, female representation on the Company's Board of Directors and Supervisory Committee stood at 17%.

By the end of 2024,



Female representation on the Company's Board of Directors and Supervisory Committee stood at

17%

Remuneration Policies for Senior Management

The Company, guided by the principles of "responsibility, motivation, performance, and competition", has formulated the *Senior Management Remuneration System* and makes steady efforts in improving the performance evaluation system for senior management. The Compensation and Evaluation Committee under the Board determines the salary standards for senior executive based on their position responsibilities, work performance, and task goal fulfillment, reflecting the principle of alignment of authority, responsibility and benefits. This approach maintains the attractiveness of the Company's compensation and its competitiveness in the market. During the reporting period, our senior management actively implemented the resolutions of the shareholders' meeting and the Board of Directors, and diligently fulfilled their respective duties.



Adhering to Business Ethics

The Company strictly complies with the laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Interim Provisions on Prohibition of Commercial Bribery*. We have also established the *Intellectual Property and Trade Secrets Management Policy* and enhanced several key policies related to business ethics, such as the *Anti-Corruption and Anti-Bribery Procedures*, the *Anti-Fraud Management Policy*, the *Conflict of Interest Management Policy*, the *Procurement Management Policy*, and the *Whistleblowing Management Policy*. These initiatives aim to prevent intellectual property and trade secret violations, avoid disclosure risks and monopolistic practices, eliminate unfair competition, and set clear expectations for all employees and stakeholders in areas like anti-corruption, anti-bribery, and anti-fraud.

Business Ethics Governance

The Company has established a three-tier system on business ethics consisting of the Board, the Audit Committee and the Audit Department. The Board receives regular reports on business ethics, monitors the overall performance of the Company in business ethics, and takes the ultimate responsibility for such matters. The Audit Committee, chaired by an independent non-executive director, is responsible for coordinating, supervising and directing efforts related to business ethics in the Company. The Audit Committee holds meetings on a quarterly basis to communicate, monitor and verify related work. The Audit Department is responsible for carrying out anti-fraud investigations and audits and special work assigned by the senior management.

The Company is dedicated to enhancing governance in business ethics. Each department regularly undertakes internal controls and self-assessments to identify key risk areas in business ethics, monitor compliance with relevant policies, and ensure the proper execution of governance processes. These efforts effectively prevent breaches of business ethics. The Company also implements strict internal control over procurement and other business processes that are prone to corruption, and incorporates procurement practices into electronic procurement management system to ensure multi-tier review and supervision of relevant information.



Board of Directors

Regularly listen to reports on business ethics, monitors the overall performance of the Company in business ethics, and takes the ultimate responsibility for such matters.



Audit Committee

The Audit Committee, chaired by an independent non-executive director, is responsible for coordinating, supervising and directing efforts related to business ethics in the Company. The Audit Committee holds meetings on a quarterly basis to communicate, monitor and verify related work.



Audit Department

The Audit Department is responsible for carrying out anti-fraud investigations and audits and special work assigned by the senior management.

Business Ethics Audit

The Company's Audit Committee shall make annual audit plan, conduct annual reviews and random checks on the implementation and results of business ethics-related issues, and ensure that the audit covers more than 95% of the Company's businesses. In 2024, the Company conducted business ethics audits in related departments and major subsidiaries, including an on-site comprehensive audit on JL MAG Baotou Technology and JL MAG Ningbo Technology.

During the reporting period, the Company internally investigated two typical cases of violations against the integrity policy. As a result, one employee was legally terminated from their employment contract, and another was demoted. Upon discovering cases of violations of business ethics, the Company promptly issues notifications, actively conducts root cause analyses with business departments, proactively addresses blind spots and deficiencies in management to prevent similar incidents from occurring again. During the year, the Company did not undergo any investigations by regulatory authorities, nor were there any instances of contract terminations or non-renewals with business partners. There were no legal proceedings or significant administrative penalties arising from unfair competitive practices. Additionally, there were no concluded corruption lawsuits filed against the Company or its employees.

Business Ethics Training

The Company is committed to fostering a compliance culture of honesty and integrity, and continuously promotes the promotion of business ethics to enhance employees' awareness of business ethics compliance. The company requires managers, sales and purchasing staff and other key positions to sign the *Business Ethics Commitment Letter* and the *Integrity and Self-Discipline Commitment Letter*. In addition, we have established a business ethics monitoring system to inspect and assess the compliance of employees with business ethics rules to create a clean working environment.

The Company regularly provides business ethics compliance training and seminars for all employees on anti-corruption, anti-fraud, anti-bribery and other topics, to enhance employees' knowledge of business ethics. Business ethics training is also incorporated into the new employee orientation training. The Company explains to all new employees the Company's business ethics-related policies and the code of conduct on business ethics, including the general principles of business ethics, business ethical behavior, the definition and handling of conflict of interest, etc., during the new employee orientation phase to ensure that employees establish the concept of abiding by business ethics from the first day of their employment.

In April 2024, the Company conducted a specialized online training session on the *Code of Business Ethics* for all employees, promoting a culture of integrity and self-discipline through theoretical study and examinations. The total cumulative learning hours reached 1,348. In July 2024, the Company provided training on *Anti-Fraud Investigation* to the audit department team, integrating practical case studies with theoretical knowledge. Furthermore, the Company also conducted two business ethics trainings for the Board to help directors fully understand the requirements of relevant laws and regulations and strengthen their awareness of business ethics compliance through internal meetings and external lectures.



Special Training on Business Ethics

During the year,



The Company conducted

316 business ethics training

sessions for all employees
(including directors and management)



The training sessions covered

100% employees



Accumulated training hours reached

25,861 hours



Supplier Integrity Management

To promote the construction of supply chain integrity, the Company further refined the *Procurement Operation Management System*, which refined the integrity requirements for the procurement team and stipulated that the procurement team must strictly abide by 14 articles regarding professional conduct for personal integrity and self-discipline, so as to make the supplier admission and procurement procedures more transparent.

At the supplier admission stage, for suppliers with cooperation intention, the Company requires them to strictly abide by the requirements for procurement transparency and integrity, and must sign the *Commitment Letter on Anti-Bribery of Suppliers* and the *Good Faith Procurement Agreement* before conducting business with the Company, and the Company clearly rejects any bribery in any form to its employees.

During the cooperation, the Company continuously strengthens the integrity management efforts of suppliers, standardizes management in accordance with the relevant requirements related to business ethics of the *Code of Conduct for Sustainable Supplier Development*, and conducts questionnaire audit for the annual review of suppliers. The Company also randomly investigates the business ethics compliance of suppliers from time to time through on-site visits and other approaches. Once any violation is found, the partnership with the violating suppliers will be terminated in a timely manner. At the same time, the Company has also disclosed the reporting phone number and reporting email in procurement contracts to encourage suppliers to actively report incidents of business ethics violations.

By the end of the reporting period, all suppliers had signed the *Commitment Letter on Anti-Bribery of Suppliers* and the *Good Faith Procurement Agreement*.

Reporting and Handling Mechanism

During the year, the Company improved the business ethics reporting mechanism and enriched the business ethics reporting channels. Meanwhile, the Company also encouraged employees, suppliers, customers and other informed personnel to report any behaviors violating laws, regulations, company systems and code of ethics through letters, emails, phone calls, WeChat official account, in-person reports and other means.

The Company carries out registration, acceptance, investigation and report of reporting incidents in strict accordance with the *Reporting Management System*. In the process, the Company shall strictly keep the confidentiality of the personal information such as the reporter's name, unit, contact information and the specific content of the report, to protect whistleblowers from retaliation in any forms. In addition, when the report processing personnel and the reporting or reported persons have conflicts of interest, the report processing personnel shall avoid to participate in the investigation to ensure that the reported matter could be handled fairly.

If the reported matter is verified, the Company shall take corresponding measures according to the severity of the circumstances. For minor cases, the Company shall give warning and require the parties involved to rectify within a certain period of time; for serious cases, the Company shall terminate the labor contract with the parties involved and investigate their legal responsibilities according to the law.

Whistle-blowing channels

Address: Audit Department, JL MAG RARE-EARTH CO., LTD., No. 81, Jinling West Road, Ganzhou City, Jiangxi Province

Post code: 341000

Email: SJ@JLMAG.CN

Tel: 0797-8068243

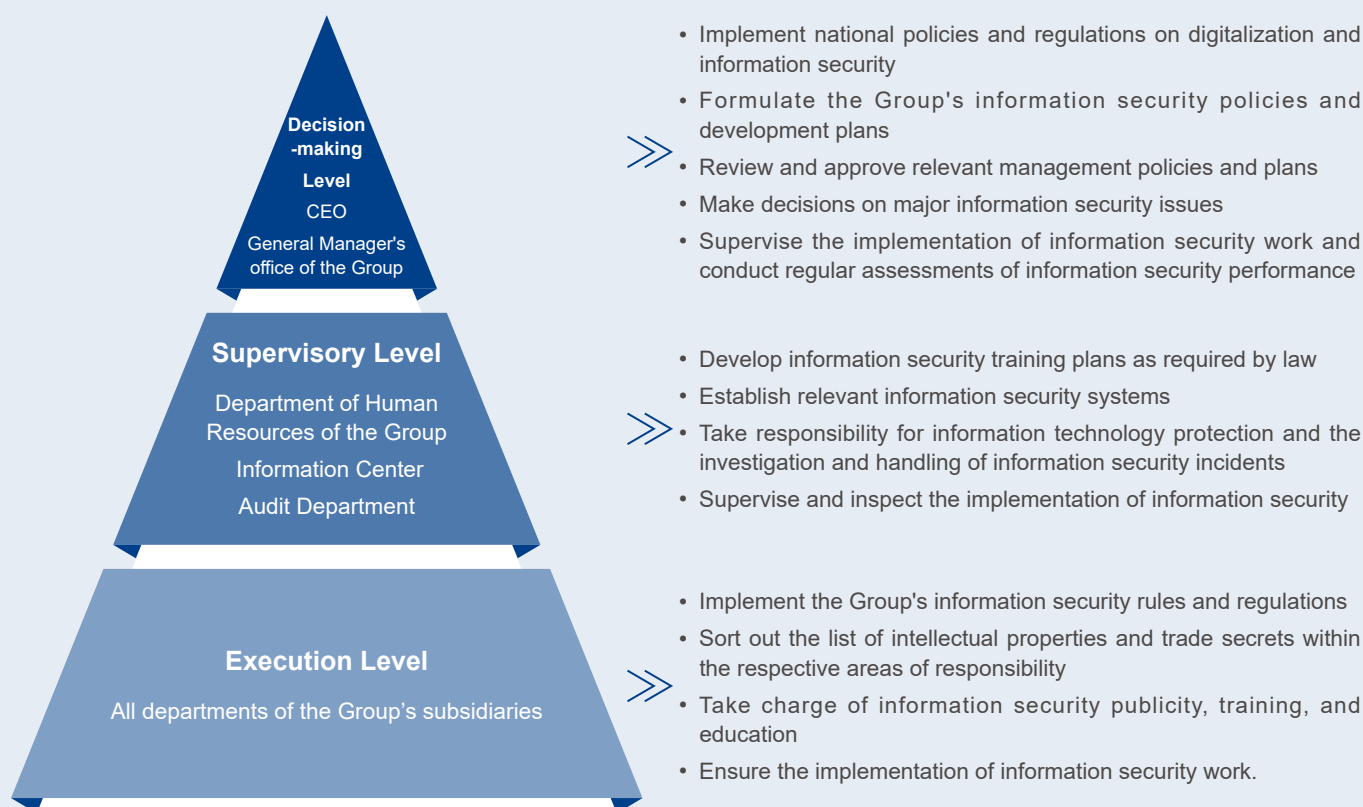
On-site report handling department: the Company's Audit Department

Information Security

The Company adheres to the philosophy of “full participation, strict risk control, continuous improvement, and winning customer trust” in information security and privacy protection. Besides, the Company has made continuous refinement to the management policies, including the *Project Information Security Management System* and the *Project Management Procedures*, and divides the confidentiality into four levels according to the sensitivity and importance of project information security. Strict controls are enforced according to confidentiality regulations at each level. The Company aims for zero information security-related incidents throughout the year. Key security assessments are conducted for information security-related equipment and high-risk areas, with standardized inspection plans developed. In addition, information security training is provided to all employees to ensure information security of the Company.

At JL MAG, we place great emphasis on information security and privacy protection. To enhance the effectiveness of decision-making and implementation, a dedicated leadership group for intellectual property and trade secrets has been formed. The group is chaired by the CEO, with the Vice President of the Company as the deputy chair. The leadership group consists of senior leaders from key departments, such as the Department of Human Resources, the Information Center, and the Audit Department, as well as management personnel at the managerial level and above from subsidiaries. This inclusive structure ensures comprehensive integration of information security measures in all business domains, thereby promoting seamless collaboration across departments and organizational levels and providing a solid organizational support for safeguarding information security.

Under the guidance of the leadership group, the Company has established a three-tier information security management structure, consisting of decision-making, supervisory, and execution levels, thus forming a comprehensive and systematic information management and control system. The system optimizes information security practices across multiple areas, such as policymaking, organizational structure, process optimization, all-staff training, regular inspections, and emergency response. The aim is to ensure that information security practices are appropriate, standardized, and effective.



In accordance with security management requirements specified in internationally recognized standards, such as ISO/IEC 27001:2013 and the Trusted Information Security Assessment Exchange (TISAX) framework, the Company has established a multi-layered protection system. These efforts aim to identify, monitor, and assess risks related to network information security on a regular basis, so as to mitigate the risk of data leakage. Besides, the Company has set out emergency response procedures for security incidents to ensure the safety of both the Company's data assets and customers' privacy data.

This year, a policy requiring the use of complex passwords has been fully implemented across the Company. To enhance the security of core business systems, a two-factor authentication mechanism has also been introduced. Additionally, automated inspection processes are initiated on a regular basis, with in-depth analysis conducted on network security devices, server room and information system configurations, and log records. Continuous optimization of the network information security protection system is also prioritized.

The Company enhances the network information security protection system from the following four professional dimensions:



Strengthening infrastructure protection

To reinforce the security of key network devices and servers, the Company has purchased advanced bastion hosts, leveraging their sophisticated protection mechanism to improve overall defense capabilities.



Optimizing data backup capabilities

The Company has deployed a soft-and-hard integrated data backup solution. This enables fully automated off-site data backups and effectively ensures business continuity, even in the event of potential disasters.



Implementing a comprehensive inspection mechanism

To ensure the stable operation of the Company's hardware and software resources, a regular automated and manual inspection system has been established, covering security devices, information systems, and encryption software. This system not only monitors potential risks automatically but also includes manual inspections to address complex and evolving threats, ensuring all components function securely.



Enhancing information security configuration and policy management

The Company has conducted a comprehensive review of the security configurations for firewall, enterprise-level antivirus servers, and information systems to ensure that all patches are up to date and that all security configurations align with best practices. All these efforts are designed to ensure effective defense against all kinds of cyberthreats.

Furthermore, the Company actively participates in industrial cybersecurity drills and engages in in-depth communication and collaboration with top-tier domestic information security service providers. This year, we successfully completed the 2024 Jiangxi Province Industrial Cybersecurity Live Drill, validating the effectiveness of our defense strategies. Besides, by leveraging these drills to drive improvements, we gained insights into the latest vulnerability scanning technologies and penetration testing methods, further enhancing our security defense and emergency response capabilities.

To raise employee awareness of information security and customer privacy protection, the Company continues to conduct themed training sessions. The training covers areas such as the interpretation of the *Project Information Security Management System* and personal information protection. Assessments are carried out afterwards to evaluate the effectiveness of the training and ensure that employees acquire the necessary skills and knowledge to protect information security. In September 2024, we conducted a themed training on *JL MAG Information Security* for all employees via an online learning platform, with a 100% passing rate achieved. In addition, we organized 397 information security training sessions for all new employees.

During the reporting period, the Company did not experience any data security incidents or customer privacy breaches.

Appendix

ESG Key Performance Sheets²²

Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition

Indicator		Unit	2024	2023	2022	
1	Total GHG emissions	tCO ₂ e	175,552.38	83,512	109,146	
2	GHG emission (Scope 1)	tCO ₂ e	6,436.68	4,052	3,221	
3	GHG emission (Scope 2)	tCO ₂ e	169,115.70	79,460	105,925	
4	GHG emission intensity per RMB 1,000 of revenue	tCO ₂ e/ RMB'000	0.026	0.013	0.015	
5	Total Greenhouse Gas Emissions by Business Unit/ Facility	JL Ganzhou Factory	tCO ₂ e	125,628.24	/	/
		JL Baotou Factory	tCO ₂ e	38,781.99	/	/
		JL Ningbo Factory	tCO ₂ e	9,860.75	/	/
		Jincheng Factory	tCO ₂ e	1,281.40	/	/
6	Total Greenhouse Gas Emissions by Source Category	Stationary Combustion	tCO ₂ e	4,378.91	/	/
		Purchased Electricity	tCO ₂ e	169,115.70	/	/
		Refrigeration Systems	tCO ₂ e	1,260.10	/	/
		Other Sources	tCO ₂ e	562.89	/	/
7	Greenhouse Gas Emission Reduction Performance	Greenhouse Gas Emission Reductions Achieved Through Mitigation Measures	tCO ₂ e	17,434.33	/	/
		Scope 1 GHG Emission Reductions	tCO ₂ e	1,942.44	/	/
		Scope 2 GHG Emission Reductions	tCO ₂ e	15,491.89	/	/

²² Due to the expansion of the Company's factory production capacity this year, and the extension of the data statistics scope to entities whose financial reports are consolidated with those of JL MAG Rare-Earth Co., Ltd., the relevant performance data in 2024 have increased compared to those in 2023. In addition, to better compare the changing trends of environmental data, we have updated the intensity units of some emission data to per unit of rough product output this year.

Deepening Environmental Management, Safeguarding Ecological Home

Indicator		Unit	2024	2023	2022	
1	Energy consumption	MWh	416,544	303,609	199,940	
2	Energy intensity per unit of product	MWh/ kg output	0.014	0.014	0.011	
3	Total direct energy consumption	MWh	24,010	21,579	14,204	
4	Natural gas consumption	MWh	23,299	21,196	12,564	
5	Diesel consumption	MWh	469.89	224.17	33.98	
6	Gas consumption	MWh	240.98	158.66	97.25	
7	Total indirect energy consumption (Purchased Electricity)	MWh	392,534	282,030	185,736	
8	Water consumption	Tonne	1,486,491	1,008,951	785,400	
9	Water consumption per unit of product	Thousand tonnes/ tonne output	0.051	0.048	0.045	
10	Total exhaust emission	Ten thousand m³	313,321	295,556	202,807	
11	Exhaust emissions by type	Nitrogen oxide emissions (NO _x)	Tonne	6.23	7.17	2.26
		Sulfur axide emissions (SO _x)	Tonne	0.48	1.20	0.51
		Particulate matter emissions	Tonne	10.81	21.42	1.98
		Volatile Organic compound emissions (VOC)	Tonne	5.40	1.30	0.52
12	Total volume of wastewater treatment	Ten thousand tonnes	47.18	34.56	35.52	
13	The amount by substance in the wastewater	Chemical oxygen demand (COD)	Tonne	29.56	14.22	6.01
		Ammonia nitrogen emissions from wastewater	Tonne	0.76	3.41	1.41
		Phosphorus emissions from	Tonne	0.04	0.09	0.05
		Nitrogen emissions from wastewater	Tonne	8.86	8.70	-
14	Wastewater treatment intensity per unit of product	Thousand tonnes/ tonne output	0.016	0.016	0.020	
15	Hazardous waste treated	Tonne	952.59	606.99	463.27	
16	Hazardous waste by treatment method	Landfill	Tonne	9.31	5.65	5.24
		Incinerated without heat recover	Tonne	0	90.48	143.15
		Incinerated with heat recovery	Tonne	627.54	444.25	4.14
		Other methods	Tonne	315.74	66.61	310.74

Indicator		Unit	2024	2023	2022
17	Hazardous waste treatment intensity per unit of product	Tonnes/ tonne output	0.032	0.029	0.026
18	Compliant treatment rate of hazardous waste	%	100	100	100
19	Non-hazardous waste	Tonne	16,024	18,518	15,077
20	Non-hazardous waste by type	General industrial solid waste	Tonne	12,471.00	17,752.38
		Domestic waste	Tonne	1,198.00	257.95
		Kitchen waste	Tonne	2,355.00	507.38
21	Recovery rate of general industrial solid waste	%	99.00	99.00	95.40
22	Non-hazardous treatment intensity per unit of product	Tonnes/ tonne output	0.55	0.88	0.86
23	Amount of environmental protection investment	RMB 10,000	1,683.68	1,293.11	1,537.00

Focusing on Technological Innovation Breakthroughs, Going Further on Intelligent Manufacturing

Indicator		Unit	2024	2023	2022	
1	Cumulative investment of R&D in recent three years	RMB 100 million	10.12	8.51	6.00	
2	Amount of investing in R&D	RMB 100 million	3.21	3.54	3.37	
3	R&D investment as a percentage of revenue	%	4.74	5.29	4.71	
4	Number of science and technology innovation awards evaluated by the Company	Number	53	35	24	
5	Amount of bonus awarded for the science and technology innovation awards	RMB 10,000	314	211	127	
6	Number of people awarded by the science and technology innovation award	Person	488	290	163	
7	Quality management process inspection timeliness rate	%	100	100	100	
8	Quality management process correction rate	%	100	100	100	
9	Quality improvement incentive bonus	RMB 10,000	100	100	100	
10	Investment in informatization and digitalization since 2021	RMB 10,000	3,670	2,609	1,656	
11	Investment in building the automation system	RMB 10,000	7,586	5,287	6,500	
12	New automated equipment independently developed	Set	745	441	342	
13	Improvement week training activities conducted since 2020	Time	410	328	198	
14	Number of suppliers	Number	2,321	1,412	304	
15	Number of suppliers by region	Number of suppliers in East China	Number	1,334	814	175
		Number of suppliers in Central China	Number	54	33	17
		Number of suppliers in South China	Number	283	227	52
		Number of suppliers in North China	Number	610	316	50
		Number of suppliers in West China	Number	40	22	10
		Number of suppliers in foreign countries and regions	Number	0	0	0
16	Percentage of local suppliers	%	57.3	40.50	40.5	
17	Supplier quality management training sessions	Time	12	9	8	
18	Percentage of timely procurement delivery	%	98.10	98.20	96.76	
19	Customer satisfaction	Point	98	98	98	
20	Average delivery time of products shortened than previous year	Day	1.2	1	0.5	
21	On-time delivery percentage	%	98.1	99.7	99.3	
22	Customer complaint resolution rate	%	100	100	100	

Upholding People-Oriented Philosophy, Co-Creating Future with Employees

Indicator			Unit	2024	2023	2022
1	Number of employees		Person	6,639	5,461	5,003
2	Number of employees by gender	Male	Person	4,587	3,711	3,361
		Female	Person	2,052	1,750	1,642
3	Number of employees by age	30 or below	Person	2,108	1,818	1,509
		31-40	Person	3,101	2,556	2,467
		41-50	Person	1,354	1,038	976
		51 or above	Person	76	49	51
4	Number of employees by region	Jiangxi province	Person	4,400	3,938	3,825
		Inner Mongolia Autonomous Region	Person	1,741	1,331	1,090
		Zhejiang province	Person	470	167	66
		Rest of China and overseas	Person	28	25	22
5	Number of employees by category	Senior management	Person	9	9	8
		Middle management	Person	657	310	253
		Non-management staff	Person	5,973	5,142	4,742
6	Percentage of female employee		%	30.91	32.05	32.82
7	Percentage of female employees by category	Percentage of female employee in senior management	%	11.11	11.11	12.5
		Percentage of female employee in middle management	%	19.71	19.35	17.39
		Percentage of female employee in junior management staff	%	14.10	18.16	16.88
8	Percentage of female employees by department	Percentage of female employee in sales, production and customer service department	%	31.71	34.19	32.65
		Percentage of female employee in technical department	%	18.35	14.66	10.82
9	Employee turnover		Person	1,743	941	653
10	Employee turnover by gender	Male	Person	1,262	630	420
		Female	Person	481	311	233
11	Employee turnover by age	30 or below	Person	765	396	250
		31-40	Person	733	427	318
		41-50	Person	237	112	83
		51 or above	Person	8	6	2

Indicator			Unit	2024	2023	2022
12	Employee turnover by region	Jiangxi province	Person	1,316	622	537
		Inner Mongolia Autonomous Region	Person	355	304	115
		Zhejiang province	Person	70	12	2
		Rest of China and overseas	Person	2	3	0
13	Employee turnover rate ²³		%	16.88	11.57	8.88
14	Employee turnover rate by gender	Male	%	17.30	11.28	8.44
		Female	%	15.86	12.20	9.78
15	Employee turnover rate by age	30 or below	%	19.89	12.97	9.58
		31-40	%	15.67	11.45	8.98
		41-50	%	13.61	8.61	7.18
		51 or above	%	14.04	11.76	4
16	Employee turnover rate by region	Jiangxi province	%	21.73	11.37	10.13
		Inner Mongolia Autonomous Region	%	11.62	12.53	5.87
		Zhejiang province	%	8.68	5.69	2.67
		Rest of China and overseas	%	6.45	10.7	0
17	New employees hired		Person	2,385	1,636	1,971
18	Number of new employees by gender	Male	Person	1,713	1,165	/
		Female	Person	672	471	/
19	Number of new employees by age	30 or below	Person	1,027	852	/
		31-40	Person	998	604	/
		41-50	Person	348	178	/
		51 or above	Person	12	2	/
20	Number of new employees by region	Jiangxi province	Person	1,158	846	/
		Inner Mongolia Autonomous Region	Person	875	673	/
		Zhejiang province	Person	345	113	/
		Rest of China and overseas	Person	7	4	/

²³ Employee turnover rate = Number of employees leaving after passing the probation period/(number of employees at the beginning + number of new employees in the current period)*100%

Indicator			Unit	2024	2023	2022
21	Number of new employees by category	Senior management	Person	0	0	/
		Junior and Middle Management	Person	48	62	/
		Non-management staff	Person	2,337	1,574	/
22	Percentage of internal recruitment		%	39.85	22.18	23.19
23	Labor contract signing percentage		%	100	100	100
24	The percentage of signing contracts related to the protection of female employees' special rights and interests		%	100	100	100
25	Employee wage protection related agreement signing percentage		%	100	100	100
26	Social Insurance and Provident Fund contribution percentage		%	100	100	100
27	Number of Individual awards		Item	392	275	208
28	Number of Group awards		Item	133	122	83
29	Equity vested incentivize employee numbers		Person	7	212	220
30	Vested restricted shares		10,000 shares	56.03	337.64	282.6
31	Ratio of the total share capital		%	0.04	0.25	0.34
32	Hours of training per capita		Hour	175.13	160.46	155.65
33	Hours of training per capita by gender	Male employees average hours of training	Hour	175.13	160.46	155.65
		Female employees average hours of training	Hour	175.13	160.46	155.65
34	Hours of training per capita by category	Senior management average hours of training	Hour	133.50	121.00	104.94
		Junior and Middle management average hours of training	Hour	277.50	215.17	169.59
		Non-management staff average hours of training	Hour	169.61	157.23	154.99
35	Total hours of training for employees		Hour	1,162,677.83	876,282.26	778,730.74
36	Total hours of training for employees by gender	Male	Hour	803,314.24	595,474.06	523,148.91
		Female	Hour	359,363.60	280,808.30	255,581.83
37	Year-over-year increase rate of training hours for employees		%	32.68	12.53	19.94
38	Number of employee trained		Person	6,639	5,461	5,003
39	Number of employee trained by gender	Male	Person	4,587	3,711	3,361
		Female	Person	2,052	1,750	1,642

Indicator			Unit	2024	2023	2022
40	Number of employee trained by category	Number of senior management trained	Person	9	9	8
		Number of junior and middle management trained	Person	657	310	253
		Number of non-management staff trained	Person	5,973	5,142	4,742
41	Percentage of employee trained		%	100	100	100
42	Percentage of employee trained by gender	Male	%	100	100	100
		Female	%	100	100	100
43	Percentage of employee trained by category	Proportion of senior management trained	%	100	100	100
		Percentage of junior and middle management trained	%	100	100	100
		Percentage of non-management staff trained	%	100	100	100
44	Employee training activities		Item	1,309	1,057	677
45	Number of emergency drills		Time	113	80	37
46	Number of comprehensive emergency rescue drills		Time	4	3	2
47	Number of special drills for hazardous chemical leaks		Time	8	8	2
48	Number of special fire emergency drills		Time	12	21	13
49	Number of on-site emergency response drills		Time	86	49	19
50	Emergency drill for confined space accidents		Time	3	2	1
51	Comprehensive employee satisfaction		%	88.69	86.89	86.74
52	Investment in health and safety projects		RMB 10,000	1,450.93	1,195.69	904.35
53	Year-on-year increase of investment in health and safety projects		%	21.35	32.22	26.34

Indicator		Unit	2024	2023	2022
54	Investment in improving, renovating and maintaining safety protection facilities and equipment	RMB 10,000	33.38	32.18	12.14
	Investment in equipping, maintaining and maintaining emergency rescue equipment, equipment and emergency exercises	RMB 10,000	62.52	44.51	33.16
	Work safety inspection and evaluation (excluding safety evaluation of new construction, reconstruction and expansion projects), consultation and standardization construction expenditures	RMB 10,000	44.13	27.99	13.55
	Investment in publicity, education, training and activities related to workplace safety	RMB 10,000	9.73	15.50	3.90
	Outlay for equipping and updating safety protective equipment for field workers	RMB 10,000	732.04	653.10	531.59
	Investment in inspection of safety facilities and special equipment	RMB 10,000	68.34	50.51	48.68
	Other Investment directly related to work safety	RMB 10,000	2.64	9.12	26.49
	Other	RMB 10,000	393.34	315.66	204.78
	Occupational health management (including occupational-disease-inductive factor test and assessment, occupational health examination fee)	RMB 10,000	104.81	47.12	30.10
55	Number of work-related fatalities	Person	0	0	0
56	Percentage of work-related fatalities	%	0	0	0
57	Time lost due to work injuries	Day	867	893	1,394
58	Number of work-related loss events	Number	33	23	68
59	Number of safety accidents resulting in serious injuries or beyond	Number	0	0	0
60	Number of fire accidents causing more than RMB 10,000 of direct economic loss	Number	0	0	0
61	Coverage of three-level safety education training for new employees	%	100	100	100
62	Percentage of safety management personnel obtaining certifications	%	100	100	100
63	Regular checkup percentage of special equipment certification	%	100	100	100
64	Special equipment forensics, determination percentage	%	100	100	100
65	Potential hazard correction percentage	%	100	100	100
66	Incidence of occupational diseases	%	0	0	0
67	Safety and health training sessions	Time	157	95	23
68	Employees covered by health training sessions	Participants	29,059	6,039	4,879

Concerning Rural Revitalization, Fulfilling Social Responsibilities

Indicator	Unit	2024	2023	2022
1 Amount of community investment	RMB 10,000	277.27	69.4	121
2 Number of employees from the former national poverty county district	Person	2,652	2,312	2,296
3 Cumulative number of scholarship offered	Person	1,300	1,060	914
4 Cumulative amount of scholarship	RMB 10,000	434	376	308

Operating with Stability and Compliance, Forging Foothold for Growth

Indicator	Unit	2024	2023	2022
1 Number of investigations initiated by competent authorities, and contract terminations/non-renewals with business partners	Item	0	/	/
2 Number of litigation cases or material administrative penalties due to unfair competition practices	Item	0	/	/
3 Number of concluded corruption lawsuits filed against the Company or its employees	Item	0	0	0
4 Number of business ethics training sessions conducted for all employees (including directors and management)	Time	316	116	/
5 Number of business ethics training sessions conducted for the Board of Directors	Time	2	2	2
6 Business ethics training coverage rate	%	100	100	100
7 Cumulative duration of business ethics training	Hour	25,861	5,544	/
8 Supplier compliance rate with <i>Commitment Letter on Anti-Bribery of Suppliers</i>	%	100	100	100
9 Supplier compliance rate with <i>Good Faith Procurement Agreement</i>	%	100	100	100

Content Index of the *Environmental, Social and Governance Reporting Code of the Hong Kong Stock Exchange*

Subject Areas, Aspects, General Disclosures and KPIs		Disclose Location
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Statement of Board
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report (Materiality, Quantitative and Consistency).	About this Report Reporting Principles
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About this Report Reporting Period
"Comply or Explain" Provisions		
Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection
KPI A1.1	The types of emissions and respective emissions data.	Fulfilling our "Dual Carbon" Mission to Advance Low-Carbon Transition Addressing Climate Change Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and (if applicable) intensity.	Fulfilling our "Dual Carbon" Mission to Advance Low-Carbon Transition Addressing Climate Change
KPI A1.3	Total hazardous waste produced (in tonnes) and (if applicable) intensity.	Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection
KPI A1.4	Total non-hazardous waste produced (in tonnes) and (if applicable) intensity.	Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection

Subject Areas, Aspects, General Disclosures and KPIs		Disclose Location
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition Addressing Climate Change
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition Addressing Climate Change Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy
KPI A2.2	Water consumption in total and intensity.	Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition Addressing Climate Change Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition Addressing Climate Change Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer’s significant impacts on the environment and natural resources.	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition Addressing Climate Change Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition Addressing Climate Change Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition Addressing Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition Addressing Climate Change

Subject Areas, Aspects, General Disclosures and KPIs		Disclose Location
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees Supporting the Development of Employee Caring for Our Employees
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees, Guarding Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees, Guarding Health and Safety
KPI B2.2	Lost days due to work injury.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees, Guarding Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees, Guarding Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Supporting the Development of Employee
KPI B3.1	The percentage of employees trained by gender and employee category.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Supporting the Development of Employee
KPI B3.2	The average training hours completed per employee by gender and employee category.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Supporting the Development of Employee
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees, Protecting the Rights and Interests of Employees
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees

Subject Areas, Aspects, General Disclosures and KPIs		Disclose Location
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sharing Responsibilities with Supply Chain, Controlling Product Quality Responsible Value Chain
KPI B5.1	Number of suppliers by geographical region.	Sharing Responsibilities with Supply Chain, Controlling Product Quality Responsible Value Chain\
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sharing Responsibilities with Supply Chain, Controlling Product Quality Responsible Value Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sharing Responsibilities with Supply Chain, Controlling Product Quality Responsible Value Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sharing Responsibilities with Supply Chain, Controlling Product Quality Responsible Value Chain
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Sharing Responsibilities with Supply Chain, Controlling Product Quality Strictly Controlling Product Quality Responsible Value Chain
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Sharing Responsibilities with Supply Chain, Controlling Product Quality Strictly Controlling Product Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Sharing Responsibilities with Supply Chain, Controlling Product Quality Optimizing Customer Services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Focusing on Technological Innovation Breakthroughs, Going Further on Intelligent Manufacturing Focusing on R&D Innovation
KPI B6.4	Description of quality assurance process and recall procedures.	Sharing Responsibilities with Supply Chain, Controlling Product Quality Strictly Controlling Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Sharing Responsibilities with Supply Chain, Controlling Product Quality Optimizing Customer Services
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating with Stability and Compliance, Forging Foothold for Growth Adhering to Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operating with Stability and Compliance, Forging Foothold for Growth Adhering to Business Ethics

Subject Areas, Aspects, General Disclosures and KPIs		Disclose Location
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Operating with Stability and Compliance, Forging Foothold for Growth Adhering to Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Operating with Stability and Compliance, Forging Foothold for Growth Adhering to Business Ethics
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Concerning Rural Revitalization, Fulfilling Social Responsibilities Engaging in Community Welfare Serving Rural Revitalization
KPI B8.1	Focus areas of contribution.	Concerning Rural Revitalization, Fulfilling Social Responsibilities Engaging in Community Welfare Serving Rural Revitalization
KPI B8.2	Resources contributed to the focus area.	Concerning Rural Revitalization, Fulfilling Social Responsibilities Engaging in Community Welfare Serving Rural Revitalization

Content Index of Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)

Dimension	Topic	Article	Disclose Location
Environment	Section 1 Climate Response		
	Climate change tackling	Article 20	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition
		Article 21	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition
		Article 22	Addressing Climate Change
		Article 23	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition
		Article 24	Addressing Climate Change
		Article 25	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition
		Article 26	Addressing Climate Change
		Article 27	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition
		Article 28	Addressing Climate Change
	Section 2 Pollution Control and Ecosystem Protection		
	Pollutant discharge	Article 29	Deepening Environmental Management, Safeguarding Ecological Home
		Article 30	Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection
	Waste disposal	Article 31	Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection
	Ecosystem and biodiversity protection	Article 32	Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection
	Environmental compliance management	Article 33	Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection
	Section 3 Resource Utilization and Circular Economy		
	Energy utilization	Article 34	Deepening Environmental Management, Safeguarding Ecological Home
		Article 35	Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy
	Water resources utilization	Article 36	Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy
	Circular economy	Article 37	Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy

Dimension	Topic	Article	Disclose Location
Society	Section 1 Rural Revitalization and Social Contributions		
		Article 38	Concerning Rural Revitalization, Fulfilling Social Responsibilities
	Rural revitalization	Article 39	Concerning Rural Revitalization, Fulfilling Social Responsibilities Serving Rural Revitalization
	Social contributions	Article 40	Concerning Rural Revitalization, Fulfilling Social Responsibilities Engaging in Community Welfare
	Section 2 Innovation-Driven Development and Ethics of Science and Technology		
		Article 41	Focusing on Technological Innovation Breakthroughs, Going Further on Intelligent Manufacturing
	Innovation	Article 42	Focusing on Technological Innovation Breakthroughs, Going Further on Intelligent Manufacturing Focusing on R&D Innovation
	Ethics of science and technology	Article 43	Not Applicable
	Section 3 Suppliers and Clients		
		Article 44	Sharing Responsibilities with Supply Chain, Controlling Product Quality
	Supply chain security	Article 45	Sharing Responsibilities with Supply Chain, Controlling Product Quality Responsible Value Chain
	Equal treatment of SMEs	Article 46	As of the end of the reporting period, the Company did not have any accounts payable (including notes payable) balance exceeding RMB 30 billion or accounting for more than 50% of total assets. The Company has no overdue payments to small and medium-sized enterprises requiring public disclosure through the National Enterprise Credit Information Publicity System
	Product and service safety and quality	Article 47	Sharing Responsibilities with Supply Chain, Controlling Product Quality Strictly Controlling Product Quality Responsible Value Chain
	Data security and customer privacy	Article 48	Sharing Responsibilities with Supply Chain, Controlling Product Quality Responsible Value Chain Operating with Stability and Compliance, Forging Foothold for Growth Information Security
	Section 4 Employees		
	Employees	Article 49	Upholding People-Oriented Philosophy, Co-Creating Future with Employees
	Employees	Article 50	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees Supporting the Development of Employee Caring for Our Employees Guarding Health and Safety

Dimension	Topic	Article	Disclose Location
Sustainability-related governance	Section 1 Sustainability-Related Governance Mechanisms		
		Article 51	Our ESG Management
	Due diligence	Article 52	Our ESG Management Materiality Assessment
	Stakeholder engagement	Article 53	Our ESG Management Materiality Assessment
	Section 2 Commercial Behaviors		
		Article 54	Operating with Stability and Compliance, Forging Foothold for Growth
	Anti-commercial bribery and anti-corruption	Article 55	Operating with Stability and Compliance, Forging Foothold for Growth Adhering to Business Ethics
	Fair competition	Article 56	Operating with Stability and Compliance, Forging Foothold for Growth Adhering to Business Ethics

GRI Standard Content Index

Numbering	Content	Disclose Location
101	Reporting Basics, containing the reporting principles needed to define the content and quality of the report	About this Report Reporting Principles
102	Company Profile	About JL MAG Company Profile ESG Honors and Awards ESG Highlight Performance
Economic		
201	Economic performance	Chairman's Statement
202	Market performance	Not Applicable
203	Indirect Economic effects	Concerning Rural Revitalization, Fulfilling Social Responsibilities Serving Rural Revitalization Engaging in Community Welfare
204	Purchasing Practices	Concerning Rural Revitalization, Fulfilling Social Responsibilities Serving Rural Revitalization Engaging in Community Welfare
205	Fighting corruption	Operating with Stability and Compliance, Forging Foothold for Growth Adhering to Business Ethics
206	Anticompetitive behavior	Operating with Stability and Compliance, Forging Foothold for Growth Adhering to Business Ethics
207	Taxes	About JL MAG
Environment		
301	Materials	Fulfilling our "Dual Carbon" Mission to Advance Low-Carbon Transition Addressing Climate Change Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy Sharing Responsibilities with Supply Chain, Controlling Product Quality Responsible Value Chain
302	Energy	Deepening Environmental Management, Safeguarding Ecological Home Resource Utilization and Circular Economy
303	Water Resources and Sewage	Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection Resource Utilization and Circular Economy

Numbering	Content	Disclose Location
304	Biodiversity	Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection
305	Emissions	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition Addressing Climate Change Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection
306	Waste	Deepening Environmental Management, Safeguarding Ecological Home Pollution Prevention and Ecosystem Protection
308	Supply chain environmental assessment	Fulfilling our “Dual Carbon” Mission to Advance Low-Carbon Transition Addressing Climate Change Sharing Responsibilities with Supply Chain, Controlling Product Quality Responsible Value Chain
Society		
401	Hire	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees
402	Labor relations	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees
403	Occupational and Health Safety	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Guarding Health and Safety
404	Training and Education	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Supporting the Development of Employee Upholding People-Oriented Philosophy, Co-Creating Future with Employees
405	Diversity and equality of opportunity	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees
406	Anti-discrimination	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees
407	Freedom of Association and collective bargaining	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees
408	Child labor	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees

Numbering	Content	Disclose Location
409	Forced and compulsory labor	Upholding People-Oriented Philosophy, Co-Creating Future with Employees Protecting the Rights and Interests of Employees
410	Security practice	Not Applicable
411	Aboriginal Rights	Not Applicable
413	Local community	Concerning Rural Revitalization, Fulfilling Social Responsibilities Engaging in Community Welfare Serving Rural Revitalization
414	Supplier social evaluation	Operating with Stability and Compliance, Forging Foothold for Growth Adhering to Business Ethics Sharing Responsibilities with Supply Chain, Controlling Product Quality Responsible Value Chain
415	Public Policy	Not Applicable
416	Customer health and safety	Sharing Responsibilities with Supply Chain, Controlling Product Quality Optimizing Customer Services
417	Marketing and signage	Sharing Responsibilities with Supply Chain, Controlling Product Quality Optimizing Customer Services
418	Customer privacy	Operating with Stability and Compliance, Forging Foothold for Growth Information Security Sharing Responsibilities with Supply Chain, Controlling Product Quality Optimizing Customer Services