



2025

Environmental, Social and Governance Report

Jiangsu Lopal Tech. Group Co., Ltd.

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About the Report

Jiangsu Lopal Tech. Group Co., Ltd. (together with its subsidiaries, referred to as the "Company", "Lopal Tech." or "we") has prepared the 2025 Environmental, Social and Governance (ESG) Report in accordance with the *Environmental, Social and Governance Reporting Code (Appendix C2 to the Main Board Listing Rules)* of the Stock Exchange of Hong Kong Limited (HKEX) and the *Guidelines No.14 of the Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)* (the "Report Guidelines") issued by the Shanghai Stock Exchange (SSE). The Report complies with the materiality, quantification and consistency principles, as well as the scope requirements stipulated in the Report Guidelines for information collection, data analysis and compilation.

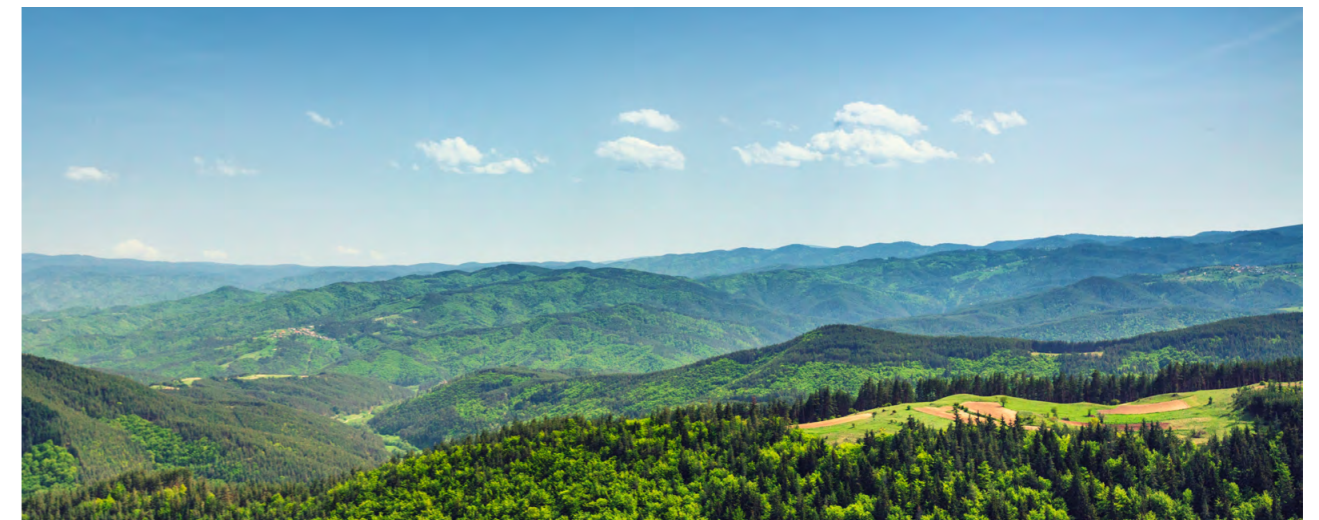
This Report is intended for all stakeholders of the Company, focusing on disclosing the Company's management practices and performance in environmental, social and governance aspects. Our objective is to respond to stakeholders' concerns, enhance communication, and deepen mutual recognition and consensus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

Reporting Period and Scope

This Report covers the period from January 1, 2025 to December 31, 2025 (the "Reporting Period"), with certain content appropriately extended to enhance continuity, comparability and forward-looking perspective. Unless otherwise specified, the reporting scope of this Report covers Jiangsu Lopal Tech. Group Co., Ltd. and its subsidiaries, consistent with the disclosure scope of the 2025 Annual Report.

Data Sources and Reliability

The information in the Report, including the Group's policies, initiatives, practices and cases, is sourced from internal systems, statistics, reports and records. The Group is responsible for the authenticity, accuracy and completeness of the contents of the 2025 Environmental, Social and Governance Report.



Confirmation and Approval

The Report was approved by the Board of Directors on April 24, 2026.

Contact and Feedback

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



Chairman's Statement



Shi Junfeng
Chairman



In 2025, the global green energy transition deepened and the competitive landscape of the new energy industry reshaped at an accelerated pace. Faced with the complex environment and fierce competition, Lopal Tech. adheres to its corporate mission of "Building a Better Global Life Together with Green New Energy Core Materials", focuses on its core business of new energy core materials, advances the integrated and global layout of the industrial chain, improves the independent R&D system, builds an international talent team, and enhances global synergy capabilities, demonstrating the responsibility of a Chinese new energy enterprise.

Since joining the United Nations Global Compact in October 2008, the Company has long practiced its ten principles, integrating human rights, labor standards, environmental protection and integrity compliance into its corporate DNA, and adhering to a high-quality development path featuring green low-carbon, innovation-driven and open win-win. In 2025, relying on the new pattern of A+H dual listing, the Company embarked on a new journey of globalization, deepened ESG practices, strengthened communication with stakeholders, and gathered strength for long-term development.

Integrity for Long-term Development, Consolidating the Governance Foundation

We adhere to honest operation and take sound governance as the foundation of development. In 2025, based on the A+H listing positioning, we optimized the board structure and improved the three-level risk control framework, and enhanced the full-chain risk control capabilities with digital and AI technologies. We integrated integrity and compliance into corporate culture, improved the anti-corruption mechanism, and consolidated the foundation of global operation by perfecting the information security system.

Innovation as the Soul, Forging the Core of Quality

We take technological breakthrough and quality upgrading as the core driving force, focus on the needs of the new energy industry, and deepen layout in key fields such as lithium battery materials and hydrogen energy. We address technological bottlenecks and enrich the product matrix through R&D investment and systematic innovation, creating differentiated low-carbon products and solutions. We actively participate in the formulation and revision of industry standards, and build an intellectual property management system to protect innovation achievements. We empower quality control with digitalization, standardize supplier management based on the "3+2" Plan, and consolidate the quality defense line.

Leading Zero-Carbon, Fulfilling Green Mission

We take green development as the core strategy, anchor the zero-carbon goal, and fulfill the commitment of ecological friendliness. In 2025, we continued to drive subsidiaries to obtain ISO 14001 certification, and strictly ensured the compliant discharge of waste gas, wastewater and solid waste. By the end of the Reporting Period, ISO 14001 certification has covered 100% of all our operating locations. We deepened the refined energy management, deployed distributed photovoltaic projects to improve the utilization rate of renewable energy, and established a three-level climate change governance framework to strengthen risk response capabilities. To support the implementation of the "Dual Carbon" Strategy, we focus on the circular economy, open up the closed loop of power battery recycling, and promote the recycling of packaging materials.

Uniting Strength for Progress, Focusing on Talent Development

Talent is the cornerstone of enterprise development. We always adhere to the talent philosophy of "People-Oriented, Diversity and Inclusion, Empowering Growth". In 2025, the Company built an integrated recruitment channel at home and abroad, improved the integrated system of "recruitment, training and retention", advanced localized and university-enterprise targeted training simultaneously, and consolidated the global talent reserve. Meanwhile, we optimized the career development system, added a professional sequence on the basis of the original three promotion channels, and improved the full-life cycle training mechanism. We perfected the salary, welfare and employee care system, smoothed communication channels, and continuously enhanced employees' sense of happiness and belonging.

Respecting Customers with Sincerity, Uniting Social Strength

We take excellent service and social responsibility as the foundation of development. On the one hand, while adhering to the concept of responsible marketing and the bottom line of honest operation, we deepened the construction of customer service, promoted digital transformation, and built a full-process service and complaint closed-loop management mechanism, with the overall customer satisfaction rate reaching 90.1% in 2025. On the other hand, we actively participated in public welfare undertakings such as rural revitalization and sports public welfare, with an annual public welfare donation of RMB 250,000. We organized employees to participate in voluntary services, with a total of 31 voluntary service hours contributed, conveying the corporate warmth through practical actions.

As time changes, a new chapter unfolds. The journey of 2025 has come to a successful end, and the new chapter of 2026 has begun. We will stay true to our original aspiration and forge ahead with courage, take the ESG concept as the guide, focus on the core business of new energy core materials, embrace industry changes, and build a more resilient global business ecosystem. We are willing to join hands with all partners, forge ahead with one heart and practical actions, and embark on a sustainable green development path with both quality and efficiency, innovation and responsibility.



About Lopal Tech.

Company Profile

Company Profile

Jiangsu Lopal Tech. Group Co., Ltd (stock abbreviation: Lopal Tech., stock code: 603906.SH / 2465.HK) was founded in 2003, with its headquarters in Nanjing, Jiangsu Province. It is an international technology enterprise led by green new energy core materials. The Company was listed on the main board of the Shanghai Stock Exchange in 2017 and successfully listed on the Hong Kong Stock Exchange in 2024, becoming a leading new energy materials enterprise with A+H dual listing, marking a new stage in its globalization development. With the core strategy of "Green New Energy and Green New Materials", Lopal Tech. has become a major global manufacturer of lithium iron phosphate battery cathode materials and a well-known manufacturer of automotive fine chemicals in mainland China. The Company has dozens of wholly-owned, holding and participating subsidiaries, forming a diversified and large-scale industrial ecosystem covering China and overseas regions (Singapore, Indonesia, etc.).

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



Strategic Development

For years, the Company has advanced its development through the coordinated implementation of six major strategies, gradually enhancing its global competitiveness and achieving rapid growth. During the Reporting Period, taking global operation as the fulcrum, we completed a systematic review and connotation deepening of the six major strategies in combination with industry trends and business practices. We focused on capacity expansion, technological breakthrough, green low-carbon development, global operation and industrial chain closed-loop construction, promoted the simultaneous improvement of business quality and sustainable development capacity, and laid a solid foundation for long-term high-quality development. In the future, the Company will continue to aim at becoming the "Global Leader in Green New Energy Core Materials" and drive technological iteration and industrial upgrading.

Lopal Tech. Six Major Development Strategies

Internationalization Strategy

Guarantee from upstream raw materials, extend to downstream power battery recycling and material regeneration, build a closed industrial chain of "production - use - recycling - regeneration", and improve resource guarantee and environmental benefits.

Product Differentiation Strategy

Focus on high value-added products such as high compaction, recycled materials and solid precursors, build a technological closed loop of "R&D - production - recycling", and strengthen the competitiveness of core products.

Brand Promotion Strategy

Strengthen international market recognition through global technology release, brand cooperation and other forms, and build a globally influential new energy materials brand.

Talent Development Strategy

Upgraded to global talent echelon cultivation, build diversified promotion channels, implement overseas talent reserve plan, carry out ESG special training, and support cross-border operation and sustainable development.

Vertical Integration Strategy

Based on A+H dual listing, deepen the localized operation of the Indonesia base, expand cooperation with international customers, establish a special overseas compliance system, and shift globalization from investment layout to in-depth operation.

Green Development Strategy

Expand from its own energy conservation and carbon reduction to supply chain collaborative emission reduction, promote the application of green power and photovoltaic energy, incorporate carbon performance into supplier management, and practice the whole-life cycle low-carbon concept.



Development History

2013

- With the acquisition of Jiangsu Kelas, we expanded into the diesel engine exhaust fluid segment.

2006

- Our testing center in Nanjing was awarded the certification of China National Accreditation Service for Conformity Assessment.

2004

- We were awarded the Nanjing Famous Trademark by the Nanjing Municipal Bureau of Industrial and Commercial Administration.

2003

- The Company was established in March 2003 in accordance with Chinese laws.

2015

- We were awarded the China Well-Known Trademark by the Trademark Office of the State Administration for Industry and Commerce.
- We were awarded the Nanjing Mayor's Quality Award for 2014 by the People's Government of Nanjing.

2016

- We were awarded the Jiangsu Provincial Quality Award by the People's Government of Jiangsu Province.

2017

- Our A-shares were listed on Shanghai Stock Exchange in April 2017.

2018

- We acquired a 70% equity stake in Jiangsu Ruilifeng, thus indirectly obtaining control of TEEC (a subsidiary of Jiangsu Ruilifeng). Through TEEC, we further strengthened our advantages in the production and sales of coolants and automotive maintenance products.

2025

- The 30,000-ton/year lithium iron phosphate cathode material project of Liyuan (Indonesia) was officially put into production and the first batch of products were shipped in January 2025. The project is the first ten-thousand-ton level lithium iron phosphate cathode material production base of Chinese enterprises overseas, and the only large-scale put into production similar plant outside China in the world.
- In February 2025, LG Energy Solution (LGES) planned to subscribe for 20% equity of Liyuan (Indonesia) with a cash consideration of USD 15.9709 million. The cooperation between the two parties deepened from long-term supply to in-depth binding of equity and supply chain, locking the Indonesia capacity to supply LGES overseas plants on a priority basis.
- The total capital increase of USD 200 million from Indonesia's sovereign fund INA and co-investor AISIS was fully received in February, providing financial, policy and resource support for Lopal Tech.'s long-term development in Indonesia.
- We successfully held the first Global New Technology Conference (LOPAL DAY) in Nanjing on March 21, 2025 and released the four major "4321" innovation achievements, fully demonstrating technological breakthroughs and global strategic layout in the field of new energy materials.



2020

- With the establishment of Jiangsu Lvqua in July 2020, we expanded into the daily chemical products segment. We started selling lithium iron phosphate cathode materials.

2021

- In May 2021, together with other investors, we established Changzhou Liyuan to further develop our lithium iron phosphate cathode material business. In June 2021, through Changzhou Liyuan, we acquired Tianjin BTR Nano and Jiangsu BTR Nano from the BTR Group. Since then, we have started the production of lithium iron phosphate cathode materials.
- In October 2021, Ningbo Meishan Bonded Port Area Wending Investment Co., Ltd. (a wholly-owned subsidiary of CATL) and Fujian Times Mindong New Energy Industry Equity Investment Partnership (Limited Partnership) became investors in Changzhou Liyuan. CATL is a company listed on Shenzhen Stock Exchange (Stock Code: 300750.SZ) and Hong Kong Stock Exchange (Stock Code: 3750.HK).

2024

- Lopal Tech. was listed on Hong Kong Stock Exchange.
- In October 2024, the subsidiary Lithium Source Indonesia signed a \$200 million letter of intent with the Indonesian Sovereign Fund (INA) and others to expand the capacity of its Indonesian plant from 30,000 tons per year to 120,000 tons per year. Upon completion, it will become the largest lithium iron phosphate cathode material production base outside China.

2023

- Through PT LBM Energi Baru Indonesia established by our subsidiary Changzhou Liyuan, we started the construction of the factory in Indonesia in February 2023.

2022

- We acquired a 70% equity stake in Lopal Times and agreed to cooperate with CATL to build a lithium carbonate production factory, which is owned and operated by Lopal Times. Through the organic development of Jiangsu Boyuan, we expanded into the hydrogen energy segment.

2025 Highlight Performance

Governance Performance

- Held **1** annual general meeting and **6** extraordinary general meetings in total
- Female directors account for **20** %
- **Obtained** ISO 37001 Anti-Bribery Management System certification
- Anti-corruption training covered **40.49** % of employees, with **1,775** employees participating
- Conducted regular information security training every quarter, with **100** % of employees covered by information security and privacy protection training
- Obtained ISO 27001 Information Security Management System certification,
- with **zero** data or privacy leakage incidents



Environmental Performance

- **17** subsidiaries obtained ISO 14001 Environmental Management System certification, with a coverage rate of **100** %
- **No** environmental management violations occurred
- Lopal No.1 and Lopal Range-extended products **obtained** ISO 14067:2018 Product Carbon Footprint certification
- The annual compliance rate of wastewater and waste gas discharge reached **100** %, and the compliance disposal rate of solid waste reached **100** %
- Liyuan Indonesia recycles condensate water for production use, saving over **1,500** tonnes of water annually.
- The photovoltaic project at the Xinguang Base of Lopal Lubricant stably outputs about **1.20** million kWh of green electricity annually
- Lithium recovery rate > **96** %, nickel and cobalt recovery rate > **99.5** %
- **8** subsidiaries obtained ISO 5001 Energy Management System certification



Quality Performance

- R&D investment reached RMB **461** million
- R&D personnel: **641** people, with master's and doctoral degrees accounting for **20.28** %
- The entire "Lopal No.1" product line obtained the **world's first** API SQ / ILSAC GF-7 latest standard certification
- Launched diesel engine oil products meeting **China's first** independent diesel engine oil D1 specification
- **111** new patent applications filed, with a total of **514** authorized patents held
- **94.12** % of operating locations obtained ISO 9001 Quality Management System certification
- **94.12** % of operating locations obtained IATF 16949 Automotive Industry Quality Management System certification
- **Zero** product recall incidents due to product safety issues
- The annual overall customer satisfaction rate reached **90.1** %



Social Performance

- Employee training coverage rate reached **100** %, with an average of **36.23** training hours per person
- **100** % completion of occupational health and safety goals
- **18** subsidiaries obtained ISO 45001 Occupational Health and Safety Management System certification
- Participated in the formulation or revision of **19** association standards, **1** industry standard and **1** national standard



2025 Company Honors

Governance

Jiangsu Lopal Tech. Group Co., Ltd.
 Provincial Star Cloud Enterprise
 (Five-Star)
 Jiangsu Provincial Department of
 Industry and Information Technology

Jiangsu Lopal Tech. Group Co., Ltd.
 2025 Advanced Unit for Fire Safety
 Fire Safety Committee of Tianjin Port
 Free Trade Zone

Jiangsu Lopal Tech. Group Co., Ltd.
 Top 100 Nanjing Enterprises
 (76th in comprehensive ranking, 25th in
 manufacturing ranking)
 Nanjing Enterprise Confederation

Quality

Zhangjiagang TEEC Automotive
 Chemicals Co., Ltd.
 National Specialized, Sophisticated,
 Differentiated and Innovative
 "Little Giant" Enterprise
 Ministry of Industry and Information
 Technology of the People's Republic of China

Changzhou Liyuan New Energy
 Technology Co., Ltd.
 Indonesia Project Selected as BRICS
 Industrial Cooperation Case
 Ministry of Industry and Information
 Technology of the People's Republic of China

Jiangsu Lopal Tech. Group Co., Ltd.
 Top 100 Jiangsu Private Enterprises in
 R&D Investment (77th)
 Jiangsu Federation of Industry and
 Commerce

Sichuan Liyuan New Materials Co., Ltd.
 Sichuan Provincial Industrial Quality
 Benchmark
 Sichuan Enterprise Confederation

Jiangsu Lopal Tech. Group Co., Ltd.
 Excellent Example of Innovative
 Development
 Public Securities News

Environment

Zhangjiagang TEEC Automotive
 Chemicals Co., Ltd.
 Jiangsu Provincial Green Factory
 Jiangsu Provincial Department of
 Industry and Information Technology

Shandong Meiduo Technology Co., Ltd.
 Shandong Provincial Renewable
 Resource Industrial Park
 Shandong Provincial Department of
 Commerce

Liyuan (Tianjin) Technology Co., Ltd.
 Tianjin Municipal Green Supply Chain
 Management Enterprise
 Tianjin Municipal Bureau of Industry
 and Information Technology

Jiangsu Lopal Tech. Group Co., Ltd.
 ESG Environmentally Friendly
 Outstanding Enterprise
 Gelonghui

Social

Jiangsu Lopal Tech. Group Co., Ltd.
 Jiangsu May 1st Labor Medal
 Jiangsu Provincial Federation of Trade
 Unions, Jiangsu Provincial Department of
 Human Resources and Social Security

Lopal Lubricating New Materials
 (Tianjin) Co., Ltd.
 2025 Social Responsibility Award for
 Rural Revitalization
 Party Committee of Tianjin Port Free
 Trade Zone

Jiangsu Lopal Tech. Group Co., Ltd.
 2025 Employer of the Year
 51job

Yichun Lopal Times Lithium Industry
 Technology Co., Ltd.
 2025 Best Employer in Nanjing
 Zhaopin

ESG Governance

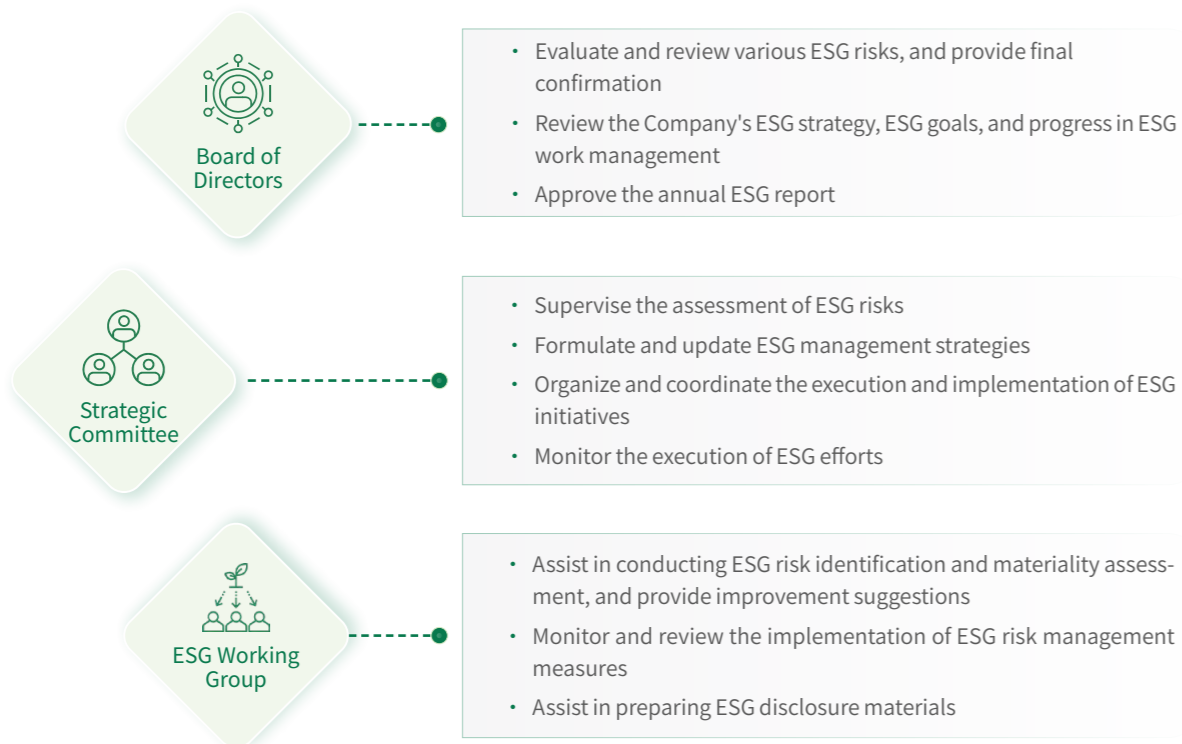
A robust ESG governance system is the cornerstone of an enterprise's sustainable development. Adhering to the philosophy of responsible operation, Lopal Tech. deeply embeds environmental, social, and governance (ESG) factors into its business processes. By establishing a scientific and efficient ESG governance structure and implementing multi-dimensional communication and collaboration mechanisms, the Company contributes to the achievement of global sustainable development goals.

ESG Governance Structure And Responsibilities

Lopal Tech. has established a well-defined ESG management system with clear rights and responsibilities, ensuring the standardized operation of ESG affairs through a three-tier governance architecture. The Board of Directors, as the highest decision-making body, assumes ultimate responsibility for the strategic direction of ESG and the effectiveness of its implementation. The Strategic Committee is tasked with overseeing various ESG risks and the implementation of ESG initiatives, formulating and updating ESG management strategies, and regularly reporting ESG matters to the Board of Directors. The ESG Working Group strictly adheres to the *Implementation Rules for the ESG Working Group* and carries out specific tasks under the guidance of the Strategic Committee, ensuring the efficient and orderly rollout of all ESG measures.

During the Reporting Period, the Company proposed the "Extraordinary 7+1" strategy with ESG as the underlying support, linking 7 "moats"—market, production capacity, talent, capital, vertical integration, product differentiation, and corporate culture globalization—and elevating ESG management from a business adjunct to the cornerstone status of overall strategy. We deeply integrated ESG elements into the global strategy and supply chain management, implemented localized ESG practices in overseas bases such as Indonesia, prioritized hiring local talent, took the lead in building a whole value chain ESG collaborative system, and promoted upstream and downstream partners to simultaneously practice green standards. Additionally, the Company established performance appraisals for ESG-related departments and linked the results to compensation.

Lopal Tech. ESG Governance Structure and Responsibilities



Board statement



Stakeholder Communication

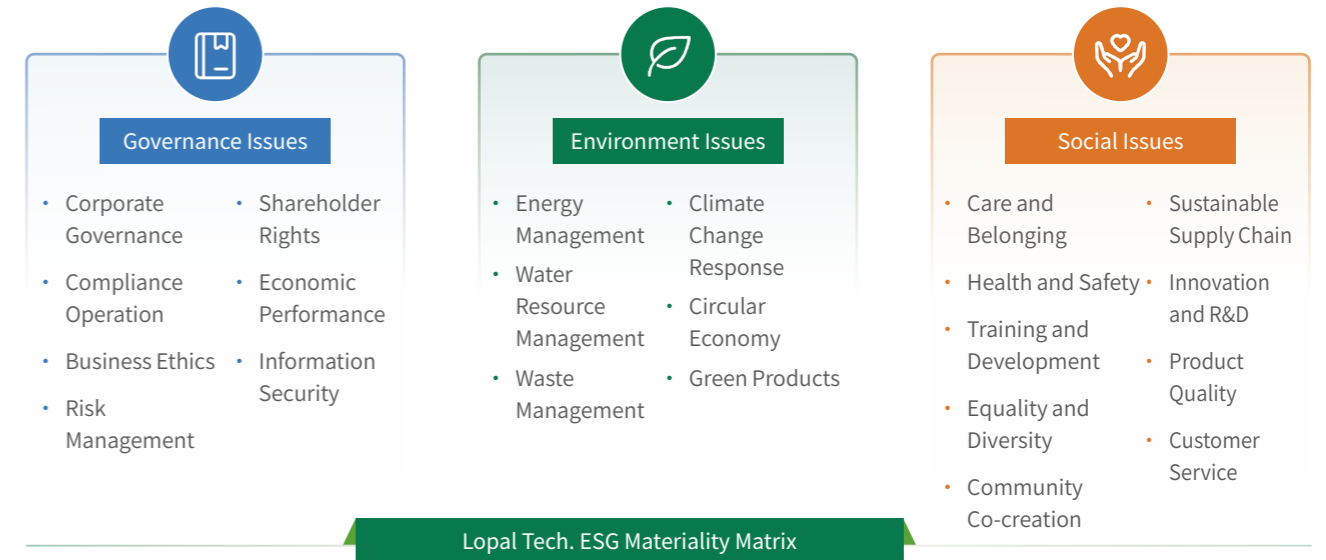
The Company has established an end-to-end stakeholder engagement mechanism, leveraging diversified interactive channels, including Investor Open Days and the SSE E-Interaction Platform—to build a regular dialogue system. This enables systematic identification of core concerns and expectations from key stakeholders such as shareholders, governments, customers, and suppliers. We integrate these priorities into strategic decision-making and operational processes, fostering a value creation ecosystem built on shared responsibility.

Lopal Tech. Stakeholder Key Concerns and Communication Channels

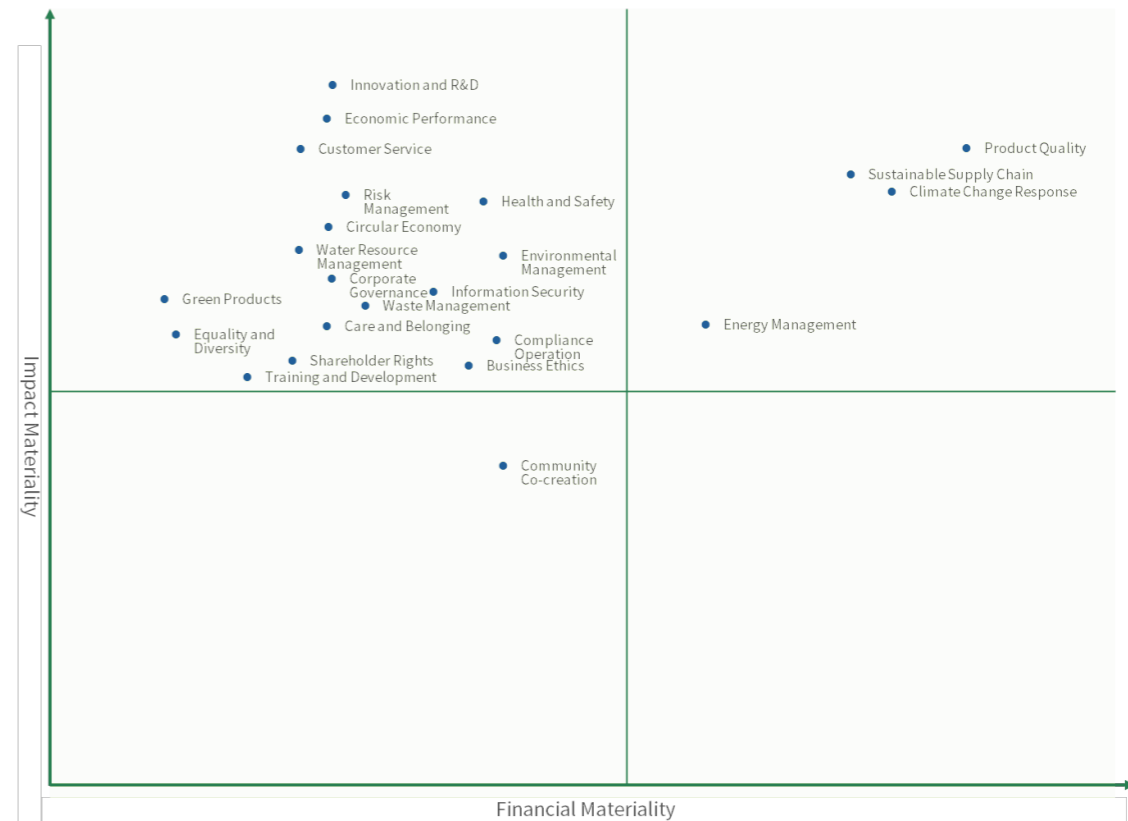
Stakeholders	Key Concerns		Primary Communication Channels	
Customers	<ul style="list-style-type: none"> Innovation and R&D Product Quality Customer Service 	<ul style="list-style-type: none"> Environmental Management Green Products Information Security 	<ul style="list-style-type: none"> Information Disclosure Press Conferences and Technical Seminars Industry Exhibitions and Seminars 	<ul style="list-style-type: none"> Customer Satisfaction Surveys Official Website and Social Media Contractual or Agreement Clauses
Shareholders and Investors	<ul style="list-style-type: none"> Economic Performance Shareholder Equity 	<ul style="list-style-type: none"> Corporate Governance Innovation and R&D 	<ul style="list-style-type: none"> Results Conference Investor Research Roadshows Online Forums 	<ul style="list-style-type: none"> Shareholders' Meetings Periodic/Ad Hoc Announcements SSE E-Interaction Platform Small and Medium Investor Hotline
Government and Regulatory Authorities	<ul style="list-style-type: none"> Compliance Operations Risk Management Business Ethics 	<ul style="list-style-type: none"> Corporate Governance Community Co-creation Environmental Management 	<ul style="list-style-type: none"> Periodic/Ad Hoc Announcements Special Reports 	<ul style="list-style-type: none"> Compliance Meetings Symposiums
Employees	<ul style="list-style-type: none"> Care and Belonging Health and Safety Equality and Diversity 	<ul style="list-style-type: none"> Training and Development Compliance Operations 	<ul style="list-style-type: none"> Employee Town Halls Employee Satisfaction Surveys Employee Feedback Platforms 	<ul style="list-style-type: none"> Employee Training Programs Team Building and Festival Events
Suppliers and Partners	<ul style="list-style-type: none"> Product Quality Sustainable Supply Chain 	<ul style="list-style-type: none"> Care and Belonging Innovation and R&D 	<ul style="list-style-type: none"> Procurement Contracts or Agreement Clauses Supplier Assessments and Audits 	<ul style="list-style-type: none"> Supplier Workshops and Training
Communities and the Public	<ul style="list-style-type: none"> Community Co-creation Environmental Management Climate Change Response Energy Management 	<ul style="list-style-type: none"> Water Resource Management Waste Management Circular Economy 	<ul style="list-style-type: none"> Event Participation Questionnaires 	<ul style="list-style-type: none"> Community Volunteer Activities Public Welfare Projects

Materiality Matrix

In accordance with the *ESG Reporting Code of HKEX, the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, mainstream sustainability disclosure frameworks, stakeholder concerns, and best practices in sustainability management from domestic and international peers, combined with its business characteristics, the Company identified 23 sustainability topics highly relevant to its operations. On this basis, during the Reporting Period, it conducted a dual-materiality questionnaire survey to assess the impact materiality and financial materiality of the topics, consolidated the materiality topic identification work, systematically evaluated the extent of each topic's impact on the Company's sustainable development, and ultimately formed this year's materiality matrix.



Lopal Tech. ESG Materiality Matrix



01

Consolidating the Foundation of Governance

Chapter Contents

- Corporate Governance
- Business Ethics
- Information Security

Lopal Tech. always views corporate governance as the core safeguard of sustainable development. We uphold scientific decision-making and team collaboration, establish an efficient risk control system and rigorous internal control processes, systematically advance compliance management and regulate business conduct, and are dedicated to creating long-term value for all stakeholders.



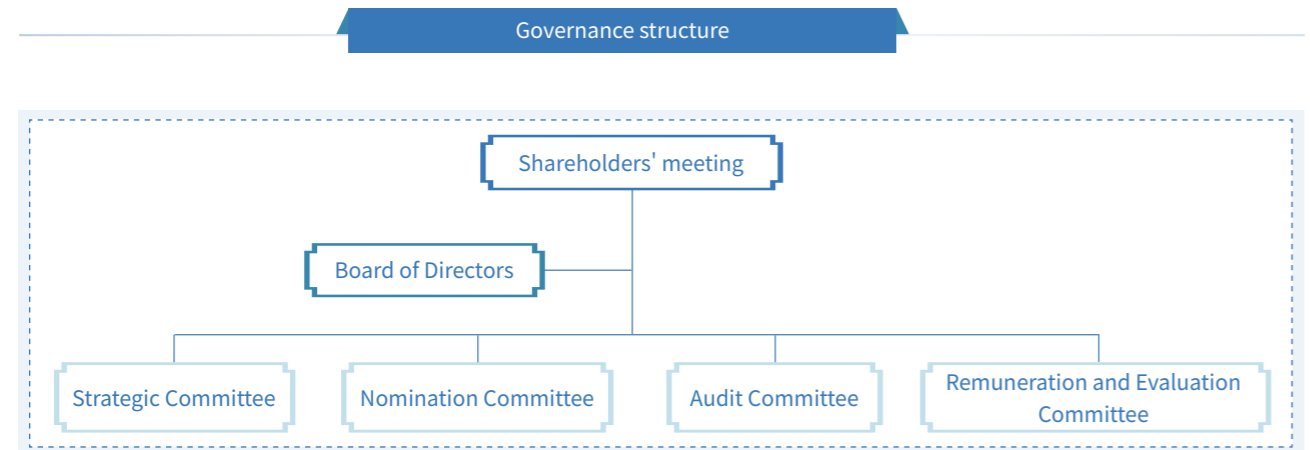
Corporate Governance

Lopal Tech. continuously optimizes its corporate governance system by advancing diversified governance architectures and strengthening scientific decision-making mechanisms. Meanwhile, we improve risk management systems and deepen comprehensive internal control and audit mechanisms to ensure operational standardization and transparency.

Corporate Governance

Lopal Tech. complies with laws and regulations including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Shanghai Stock Exchange Listed Companies Self-Regulatory Guidelines*, and the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*. The Company continuously improves institutional norms such as the *Articles of Association*, the *Rules of Procedure for General Meetings of Shareholders*, and the *Rules of Procedure for Board of Directors' Meetings*, establishes a corporate governance structure composed of shareholders' meetings, boards of directors, and management, forms a governance mechanism with clear rights and responsibilities and standardized operations, and ensures the compliance of decision-making procedures and the sustainability of governance efficiency.

The Board of Directors of the Company has established a Strategic Committee, a Nomination Committee, an Audit Committee, and a Remuneration and Appraisal Committee to provide advice for the Board's scientific decision-making.



To strengthen board diversification and professional competence, we added a "Board Diversity Policy" chapter to the Rules of Procedure for the *Nomination Committee of Jiangsu Lopal Tech. Co., Ltd.*, stipulating that the board shall not consist of a single gender and clarify diversity assessment dimensions. As of the end of the Reporting Period, the Company's board comprised 10 members: 5 executive directors, 1 non-executive director, and 4 independent non-executive directors, including 2 female directors (20%). Board members possess diverse professional backgrounds in business administration, law, finance, accounting, economics, and social sciences, providing multi-dimensional professional guidance for the Company's strategic decision-making.

As of the end of the Reporting Period

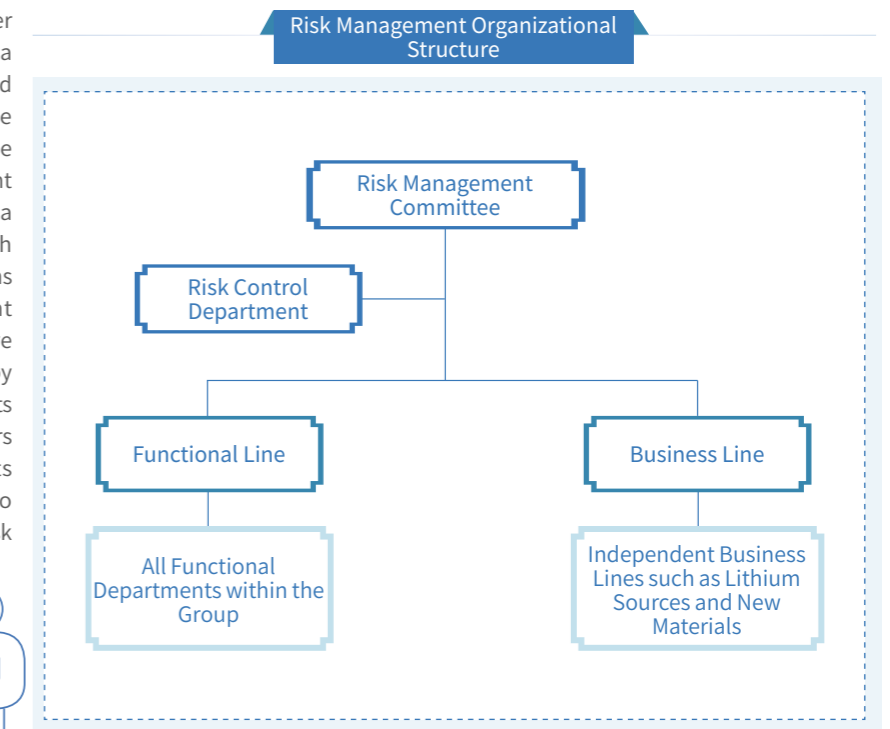
The Company's board comprised **10** members:

Executive directors	Non-executive director	Independent non-executive directors	Female directors
5	1	4	2

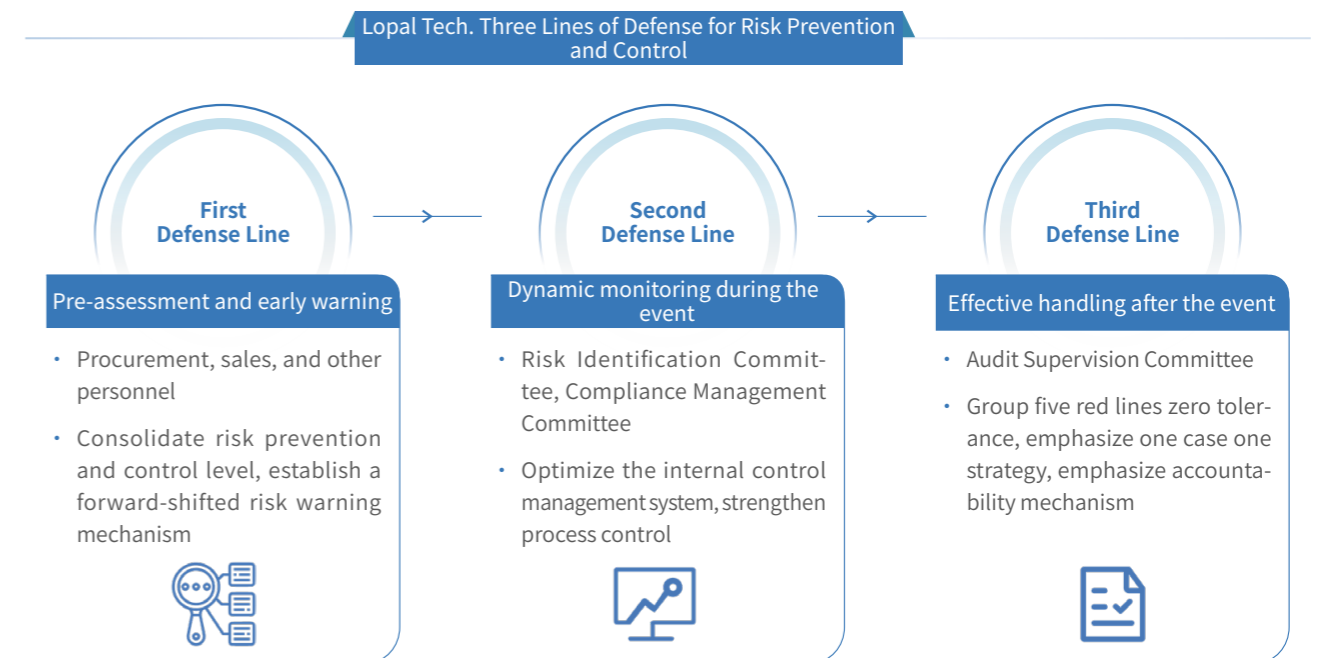
Risk Management

Lopal Tech. continues to deepen its enterprise risk management system construction, formulating multiple risk management systems such as the Risk Management System, the Comprehensive Risk Management Procedure, and the Contract Risk Management Procedure. Through standardized management processes, risk control is implemented to ensure the efficient and orderly development of risk management work.

The Company has established a three-tier risk management framework, setting up a Group Risk Management Committee chaired by the Chairman, which is responsible for supervising and reviewing the implementation of major risk management measures. The Risk Control Center has a Risk Control Department under it, which undertakes daily risk management functions and reports to the Risk Management Committee. At the execution level, we have established risk management teams led by the heads of various functional departments and business lines, assigning risk executors in accordance with the requirements of the Risk Management Committee to ensure the effective implementation of risk management measures at all levels.



The Company implements a risk prevention and control system composed of the Three Lines of Defense, achieving full-cycle coverage of risk prevention and control through a whole-process management mechanism of pre-event assessment and early warning, in-process dynamic monitoring, and post-event effective handling, effectively enhancing the level of operational risk management and control.



During the Reporting Period

The Risk Control Department conducted multiple risk identification initiatives targeting operational, market, financial, and compliance risks. Focusing on seven core business modules including sales, finance, and supply chain, we performed comprehensive risk self-assessments covering the entire "production-sales-supply chain-research and development" business spectrum, thereby strengthening risk awareness among operational staff. Through enterprise-wide risk scanning and scientific risk assessment methodologies, we established a preliminary risk matrix to clarify risk distribution patterns, laying the foundation for differentiated risk mitigation strategies. All identified risk points have been addressed with concrete control measures or action plans, effectively enhancing compliance management and internal control execution. Additionally, from a risk management perspective, we proposed optimization recommendations for supply chain management systems and procedural frameworks, driving continuous improvement of the Group's management systems.

In leveraging digital tools, we independently developed a risk early warning platform and initially established a quantifiable risk event database covering five major categories: financial, market, operational, strategic, and compliance risks. This initiative comprehensively advances related functional development, providing technical support for real-time risk early warning and intelligent decision-making. Additionally, we expanded the application scope of the SAP system to major subsidiaries under Lopal Tech., further strengthening risk management.

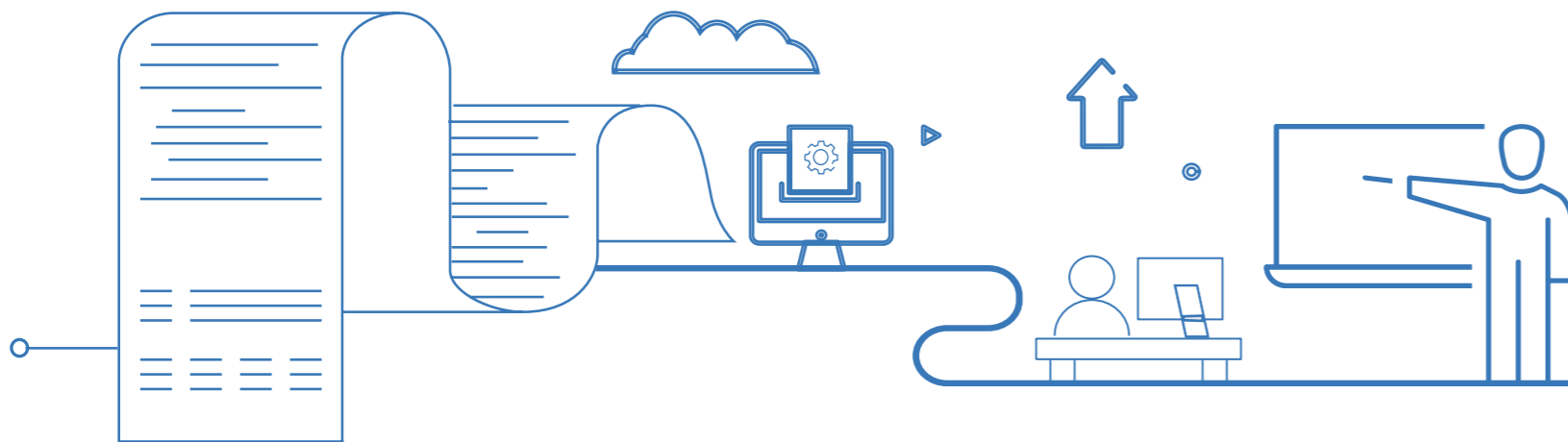
AI-powered risk management

In September 2025, the Group's Legal Department launched the "Legal AI Assistant 1.0", enabling automated contract review, automatic identification and alerting of contract risks, and summarization and feedback of risk items. Currently, we are developing the "Legal AI Assistant 2.0" to expand its functionality scope, planning to achieve full-process contract management, shift contract risk control from the review stage to the business stage, and realize risk supervision throughout the entire contract lifecycle.

We continued to strengthen the risk management training system and enhance all employees' risk awareness through specialized legal training. During the Reporting Period, we conducted seven legal training sessions for all employees, six risk knowledge training sessions for new employees, and provided legal training, related-party transaction training, and non-compete agreement training for senior executives.

The company conducts legal knowledge training

In May 2025, the Company conducted a legal compliance specialized training program for all Group employees, focusing on four key areas: contract management, labor and personnel, litigation response, and integrity-related criminal risks. This initiative utilized case studies analyzing typical risk scenarios to enhance staff compliance awareness and strengthen the foundation of enterprise risk prevention and control.



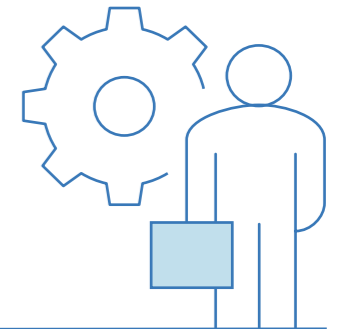
Compliance Management

During the Reporting Period

We added the *Supervision and Accountability Management Measures* and the *Appraisal Engineering Data Precipitation Evaluation Management Measures* to further standardize project management and reduce compliance risks.

Lopal Tech. actively builds a compliance management system, establishing a three-tier compliance management framework comprising the Board of Directors, the Audit, Supervision and Discipline Committee, the Risk Control Center, and internal control and compliance teams of each business unit, forming a multi-level collaborative governance mechanism. We comply with laws and regulations including the *Company Law of the People's Republic of China*, the *Audit Law of the People's Republic of China*, and others, and have formulated internal policies such as the *Compliance Management Measures*, the *Internal Audit Management System*, and the *Audit Issue Rectification Management Measures*. Referencing the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Internal Control Framework, ISO 37301:2021, and the GB/T 35770 Compliance Management System Standard, we have established a "Prevention-Supervision-Disposal" closed-loop management mechanism to systematically enhance compliance management capabilities.

We implement and continuously improve our compliance system across core dimensions including management functions, organizational and institutional frameworks, planning formulation, internal control environment, risk management, and cultural cultivation. Through a multidimensional linkage mechanism, we integrate subsidiary governance units, establish a vertical transmission system for compliance policies, refine dynamic feedback channels for risk information, and deepen compliance management practices.



During the Reporting Period

The Risk Control Center's five departments collaborated to advance the Company's compliance management. We conducted ESG audits covering the entire industrial chain operations, addressing environmental impact, responsible marketing, employee rights protection, and supplier performance. Additionally, we carried out commercial ethics audits, quality audits, environmental audits, and special audits. All issues identified in the audits have been rectified.



Business Ethics

Lopal Tech. adheres to business ethics, maintaining a zero-tolerance attitude toward corruption, bribery, and violations of business ethics, resolutely resisting unfair competition, and actively building a clean, honest, fair, and mutually beneficial business ecosystem.

Business Ethics Management System

The Company adheres to the principle of integrity in business operations, complies with laws and regulations of its business locations, and strictly prohibits bribery and corruption. We have established a sound business ethics management mechanism, formulated systems including the Company's Five Red Lines Management Measures, the Anti-Fraud Management Measures, Group Integrity Red Line and Incident Management Measures, and Group Integrity Red Line and Confidentiality Management Measures, achieving compliance coverage across the entire business chain and partners, safeguarding a fair competition environment and the Company's integrity reputation, and ensuring enterprise operations and employee conduct comply with norms. Relying on the Group Risk Control Management System, we have built a business ethics management framework, with the Group Risk Control Management Department uniformly performing relevant duties.

During the Reporting Period

The Company passed the annual surveillance audit of the ISO 37001 Anti-Bribery Management System.



ISO 37001 Anti-bribery Management System Certification



Anti-Corruption

Lopal Tech. maintains zero tolerance for all forms of job-related crimes or violations such as embezzlement, bribery, and fraud. We strictly comply with laws and regulations including the *Company Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, and the *Prevention of Bribery Ordinance of Hong Kong*, and have formulated internal systems such as the *Management Methods for Supervision and the Discipline Regulations for Party Members of Lopal Tech*. We have established a Discipline Inspection Committee and appointed discipline inspection commissioners at each subordinate organizational level, enhancing the effectiveness of system implementation through a vertical supervision system, ensuring all employees perform their duties in compliance, and continuously fostering a culture of clean practice.

During the Reporting Period

The Company's Party Committee Office and Risk Control Center both conducted anti-corruption training covering integrity case sharing, study tours at integrity education bases, and regulations on insider trading of stocks. We also continuously promoted the Five Red Lines Management Measures training for new employees and newly promoted managers, enabling employees to understand the Company's safety red line, environmental protection red line, quality red line, integrity red line, and confidentiality red line, thereby enhancing anti-corruption awareness from the source. Additionally, during major holidays, we promoted integrity culture via the official WeChat account "Integrity Lopal" to strengthen employees' awareness of clean practice and drive the formation of a clean and honest business ecosystem.



Lopal Tech. Party Committee Jointly Conducts Immersive Integrity Education Activity with Branches

In July 2025, Lopal Tech. Party Committee, jointly with Xingang Park Comprehensive Branch, New Materials Branch, and Nanjing Lithium Source Branch, visited Qixia District Integrity Education Hall in Nanjing to conduct the thematic warning education activity "Clean Breeze on the Field, Integrity Escort". Combining fair competition and rule awareness in competitive sports with the Company's integrity culture construction, the activity elucidated the core value of clean practice in enterprise development and individual career growth. Through an immersive education format, it strengthened the discipline awareness and professional ethics of party members, cadres, and key position personnel, fostering a clean and upright business ecosystem.



Immersive Integrity Education Activity

Anti-Corruption Training Performance

Number of anti-corruption training courses provided to directors

2 sections

Hours of anti-corruption training courses provided to directors

4 hours

Number of directors participating in anti-corruption training

10 persons

Percentage of directors participating in anti-corruption training

100 %

Number of anti-corruption training courses provided to employees

36 sections

Hours of anti-corruption training courses provided to employees

72 hours

Number of employees participating in anti-corruption training

1,775 persons


Percentage of employees participating in anti-corruption training

40.49 %

The Company continuously improves its complaint and reporting mechanism, establishes diversified reporting channels, and enhances employees' awareness of these channels through promotional materials such as posters. For received reports, we implement a 24-hour response mechanism and a three-working-day feedback requirement, maintain traceable records, and track disposal progress throughout the process. Major violation cases are reported to the Audit Committee, while illegal cases are transferred to judicial authorities for handling. Additionally, we strictly implement a whistleblower information protection mechanism to prevent retaliation against whistleblowers, ensuring the independence and security of the reporting system.

Lopal Tech. Complaint and Reporting Channels

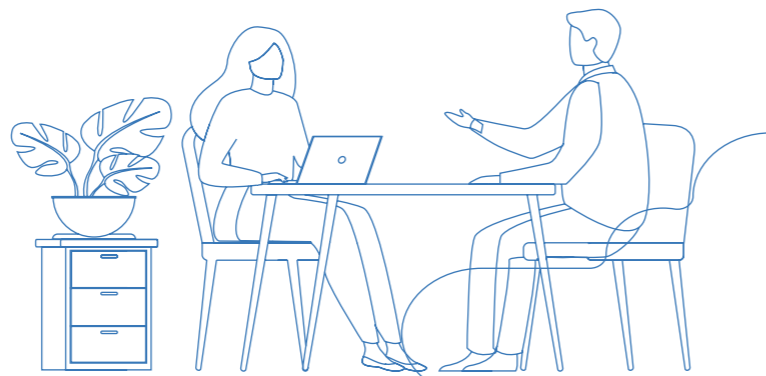
- Tel:025-83756112; 15371013494
- E-mail:tousu@lopal.cn; Beisen System Chairman Email
- WeCom:Report and complain via WeCom QR code scanning, directly reaching the Risk Control Center and heads of departments under its jurisdiction
- WeChat Official Account:"Integrity Lopal"
- Others:Official Website Complaint and Reporting Platform, Reporting Mailbox, etc.



During the Reporting Period, Lopal Tech. had 1 embezzlement and corruption case, which has been concluded. We have carried out the integrity warning education activity "Learn from Cases to Build Defenses" to strengthen ideological education for employees and prevent the occurrence of such cases.

Anti-Unfair Competition

Lopal Tech. strictly complies with laws and regulations including the *Anti-monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Foreign Trade Law of the People's Republic of China*, and develops an anti-unfair competition and anti-monopoly management system. We advocate fair competition and firmly oppose using unfair competition means such as bribery to seek transaction opportunities. Additionally, we continuously monitor changes in domestic and international anti-monopoly policies and regulatory trends, conduct policy impact assessments and develop response plans, to safeguard a fair competition market ecosystem.



Information Security



Information Security is a vital cornerstone for Lopal Tech. to achieve digital transformation and ensure its long-term stable operation. The Company systematically advances digital infrastructure construction, and by building a complete protection closed-loop covering management system, technical controls, risk assessment, personnel training, and emergency response, strives to create a multi-level, in-depth security defense system, building a solid security line for the continuous development of business.

Digital Construction

Lopal Tech. takes the ERP system as the core of digitalization, comprehensively driving the enterprise's transformation towards an intelligent and integrated management platform. To meet the Company's development needs in control, business operations, and digital strategic goals, we continuously deepen the construction of the SAP core system, completed the launch and stable operation of the Group's SAP Phase I system, and advanced the deployment of SAP systems in overseas companies, achieving interface optimization and coverage for new production capacities and bases. Additionally, we uniformly built an operational analysis and operation monitoring platform at the Group level, significantly enhancing operational transparency and decision support capabilities.



Information Security

- Lopal Tech. strictly complies with laws and regulations including the Cybersecurity Law of the People's Republic of China and the Data Security Law of the People's Republic of China, has formulated internal systems such as the Information Security Management Measures and Risk Assessment for the Lifecycle of Confidential Information, and continuously improves the data security system. During the Reporting Period, we added the Document Decryption Management Measures and Management Measures for Mobile Electronic Devices in Confidential Areas to collaboratively strengthen information security governance from the dimensions of "data" and "site".
- The Company has established a systematic information security management framework, set up a Data Management Committee, with the head of the Process and IT Center responsible for coordinating the formulation of the Company's overall data security strategy, policies, and processes; on the business side, Group Architecture Members uniformly supervise various business departments, forming an information security responsibility network of "unified Group management with collaboration among business divisions, factories/bases".
- To respond to the upgrade requirements of the ISO 27001 standard, we conducted gap analysis and control item benchmarking, updated the Statement of Applicability and risk treatment plans, and ensured the full implementation of the new version of the standard at the institutional and process levels. Meanwhile, focusing on the newly added and strengthened control areas of the new version, we prioritized strengthening the construction of threat intelligence acquisition, information asset management, risk assessment, cloud service and outsourcing service security, etc., and promoted the effective implementation of control requirements in actual business through clarifying organizational responsibilities and conducting internal self-assessments.

As of the end of the Reporting Period, Tianjin Lithium Source and Lopal New Materials have passed the ISO 27001 Information Security Management System certification, and Lopal New Materials and Tianjin Lopal have also obtained Tisax certification.

ISO 27001 System Certification and Tisax Certification Certificate (Selected)



During the Reporting Period

we conducted an annual information security risk assessment in collaboration with third parties, performing a comprehensive scan of the Company's information assets including software systems, document data, and hardware facilities. The assessment identified 3 low-risk and 1 major risk issues, with a low-risk repair rate of 66.6% and the major risk 100% repaired. Through this assessment, the Company effectively mitigated major security risks and enhanced system security protection capabilities. We will continue to advance rectification of remaining low-risk items to ensure sustained effectiveness of information security protection.

To strengthen information security culture construction, the Company continuously carries out multi-level information security training and drills to enhance all-employee security awareness and emergency response capabilities. In terms of training, we organized special information security training for new employees and targeted training for IT personnel in New Materials, Headquarters, R&D, and bases, followed by further promotion and coverage by the IT team across bases. Meanwhile, we cooperated with external research institutions to conduct special intensive training on security issues identified in actual work.

During the Reporting Period

The Company conducted a quarterly regular training, achieving a **100** % employee coverage rate.

New Employee Information Security and Privacy Protection Online Training



In 2025, the Company continuously conducted the mandatory "Information Security and Privacy Protection" online training via the online training system throughout the year, requiring all newly hired employees to pass an online test after completing video course learning. By the end of the Reporting Period, our information security and privacy protection training had 100% covered all newly hired employees, effectively enhancing new employees' basic awareness in data protection and privacy compliance, and reducing information security risks caused by non-standard operations.



Internal Sensitive Data Leak Emergency Drill

In June 2025, to verify the effectiveness of the emergency response process and enhance the team's handling capability in data security incidents, the Company organized an internal sensitive data leak emergency drill. During the drill, all departments responded timely, incidents were detected rapidly, and no real customer data was affected. Meanwhile, the drill also reflected room for improvement in inter-departmental coordination and connection. To this end, we have started optimizing cross-departmental collaboration mechanisms and institutionalized such emergency drills as annual routine work to continuously improve overall incident handling capability and response efficiency.

Privacy Protection

Lopal Tech. strictly complies with the Personal Information Protection Law of the People's Republic of China. Building on existing technical measures including continuous application of encryption software, terminal security management systems, dedicated personnel and equipment pairing, and security vulnerability scanning, we systematically strengthened the privacy protection system around system construction, process standardization, and management closed loop. This upgraded it from a primarily technology-controlled model to a comprehensive management system integrating "technology + system + process + personnel awareness", significantly enhancing the security and compliance of the data processing process and further strengthening customer trust.

During the Reporting Period

No data or privacy leakage incidents occurred at the Company.



Key Initiatives for Customer Privacy and Security Protection of Lopal Tech. in 2025



- Formulated and implemented the Document Decryption Management Measures to elevate file encryption from technical protection to institutionalized management, strengthening control over sensitive data in the "decryption stage";



- Optimized the PC terminal USB permission control process to promote the shift of terminal security management to a model combining technology and system.



02

| Building the Core of Quality

Chapter Contents

- Innovation and R&D
- Quality Assurance
- Sustainable Supply Chain

Lopal Tech. operates in the field of new energy core materials, driven by technological innovation and anchored in stable, reliable quality, to forge the Lopal quality standard across multiple dimensions and the entire value chain. Simultaneously, we conduct responsible supply chain management and faithfully fulfill our sustainability commitments.



Innovation and R&D



Guided by the principle that technology drives the future, Lopal Tech. continues to deepen its expertise in the field of new energy core materials. We actively promote the commercialization of cutting-edge technologies, providing the market with efficient, environmentally friendly, and high-performance product solutions. We are committed to leading the industry's high-quality development through technological innovation.

R&D Management

Adhering to the development philosophy of "innovation-driven, quality-oriented", Lopal Tech. continuously strengthens the construction of its R&D management system. During the Reporting Period, we revised and enhanced relevant regulations, such as the *5S Laboratory Operation Guidelines* and the *Group Formula Management Measures*, based on the General Principles of R&D Management. This further standardized the management processes throughout the entire R&D lifecycle.

We have established a scientific research and innovation system centered on the Lopal Tech. Research Institute, with the R&D departments of its subsidiaries serving as the execution units. The Research Institute implements a matrix management approach to coordinate all R&D units, while the subsidiary R&D departments focus on tackling specific projects and optimizing industrialized products.

R&D Management Process



Lopal Tech. categorizes R&D projects into innovation, iteration, operation, cooperative development, and consultation types. Projects are further classified into 4 tiers based on factors such as required resources, implementation complexity, project duration, and economic benefits, enabling efficient resource allocation and enhancing R&D effectiveness. In terms of project risk management, during the Reporting Period, we focused on transforming our approach from a periodic control system to a dynamic, intelligent, full-lifecycle management system, with an emphasis on strengthening dynamic tracking, agile responses to high risks, data-driven decision-making, and early warning capabilities.

Key Enhancements to Project Risk Management Mechanism in 2025



Full-Lifecycle Dynamic Closed-Loop Management

- Established a closed-loop system of "continuous identification → assessment → response → resolution → review → early warning". Risk management is integrated into regular R&D meeting agendas, enabling real-time visualization and dynamic tracking of risk status to enhance management agility.



Refinement of Risk Register

- Field Standardization:** Added quantifiable fields such as "Root Cause Analysis", "Probability of Occurrence", "Impact Level", "Risk Status", and "Planned/Actual Resolution Time" to strengthen causal analysis and resolution timeline tracking.
- Mechanism Institutionalization:** Mandated updates at daily/weekly meetings to ensure transparent visibility of risk status and resolution progress, preventing omissions or delays.



Enhanced High-Risk Response Mechanism

- High-Risk Special Control Channel:** The PMO proactively intervenes and leads cross-departmental coordination (testing, operations, supply chain) to break down silos and improve resolution efficiency.
- First-Time Reporting Mechanism:** High risks must be reported immediately to senior leadership, accelerating resource approval and strategic decisions to contain potential losses early.



Building Data-Driven Early Warning Capability

- Regular Risk Data Analysis module:** Focuses on three key risk types—frequent occurrence, high impact, and external environment triggers (policy/regulation/regional customs)—identifying common patterns through data clustering.
- Closed-loop Outcome Conversion:** Develops standardized mitigation plans based on analysis results and organizes special knowledge-sharing sessions to convert individual experience into team-wide early warning capability.
- External Risk Monitoring Upgrade:** Integrated the previously separate "External Environment Monitoring" into the data analysis system, creating a closed-loop process from "monitoring" to "early warning solutions" for external risks, enhancing R&D adaptability to policy changes and market shifts.



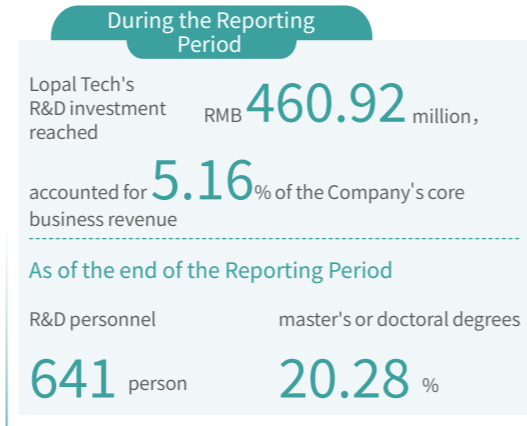
Mechanism Synergy Optimization

- Transforms review findings into a risk early warning rule base, advancing risk management from "solving isolated problems" to "preventing similar problems", thereby forming an organizational-level knowledge asset for risk management.

R&D Construction

We continuously strengthen our R&D team, building a professional and efficient talent echelon to provide robust human resources support for technological innovation and our globalization strategy. During the Reporting Period, Lopal Tech's R&D investment reached RMB 460.92 million. Furthermore, we established a new FP R&D team, further expanding our R&D capabilities. As of the end of the Reporting Period, the Company employed 641 R&D personnel, of which 20.28% hold master's or doctoral degrees, indicating continued optimization of the team's educational structure.

To support globalization and business transformation, we advance the capability enhancement of R&D talent across dimensions including management trainee programs, leadership development, building an international talent pipeline, and constructing a digital learning system.



Key Initiatives for R&D Talent Capability Building at Lopal Tech in 2025

"Tenglong Program" Management Trainee Project

A comprehensive program integrating culture immersion, hands-on practice, and management training, aimed at attracting and cultivating top graduates to inject new vitality into the organization.

Advanced Leadership Development Program

With senior executives directly involved in curriculum design and delivery, this program covers strategy execution and performance management. It has successfully groomed key managers to drive effective implementation of corporate strategy.

Building an International Talent Pipeline

Develops customized courses (e.g., *Indonesia Life Introduction Guide*) and provides cross-language training (English, Korean, Indonesian) through a blended learning model, enhancing employees' cross-cultural adaptability and strengthening the communication foundation for global operations.

Constructing a Digital Learning System

Leverages a cloud platform to integrate high-quality course resources, promotes organization-wide reading activities and a knowledge-sharing mechanism, and fosters a learning culture to continuously optimize the talent structure.

We are committed to perfecting R&D infrastructure and standardized management mechanisms. By optimizing platform layout, strengthening testing capabilities, and deepening the construction of professional laboratories, we comprehensively enhance our technical support level. Relying on our three R&D centers in Shenzhen, Nanjing, and Changzhou, we optimized the "three-site synergy" R&D network, fully utilizing regional talent, technology, and industry advantages to form an efficient collaboration mechanism. Concurrently, we established a dedicated New Energy Coolant Key Laboratory, focusing on the development and testing of advanced products like low-conductivity coolants, thereby deepening technological innovation capabilities in the field of new energy vehicle thermal management.

During the Reporting Period

We established and continuously maintain an international integrated management system, having obtained the following core certifications:

- CNAS (ISO/IEC 17025) Laboratory Accreditation
- IATF 16949 Automotive Quality Management System Certification
- GB/T 23001 Integration of Informatization and Industrialization Management System Certification
- TISAX Certification (Trusted Information Security Assessment for the automotive industry)
- International Product Standard Certifications (e.g., Vehicle Chemicals):

API (American Petroleum Institute) and ILSAC Certifications: 21 products in the "Lopal 1" series obtained API SQ specification certification, with 9 of these products also receiving ILSAC GF-7 specification certification.



To fully stimulate employees' innovation vitality and accelerate technological innovation and achievement commercialization, we comprehensively optimized incentive policies, including the *R&D Project Paper and Patent Reward System*, during the Reporting Period. We further refined reward criteria and evaluation details, and standardized the bonus distribution standards for foreign patents and jointly developed patents, aiming to improve R&D quality and efficiency through a fair and regulated incentive mechanism. Furthermore, we specifically promoted the initial assessment and evaluation of professional titles for R&D personnel, providing "one-to-one" support such as policy interpretation, application material guidance, and compliance review. During the Reporting Period, we provided guidance to nearly 300 employees, effectively stimulating technical talent's motivation for career development.

We have built a systematic, multi-layered R&D training system. Through the model of "Specialized Project Tackling + Daily Immersion + External Expertise Introduction", we comprehensively enhance the professional competence, standardization awareness, and career growth efficiency of the R&D team, providing talent support for technological innovation and high-quality development.



Internal Regular Training

Conducts 2-3 thematic training sessions monthly, covering product knowledge, lab operation standards, R&D management systems, industry technology trends, customer collaboration, etc., while integrating safety knowledge and corporate culture to strengthen process-wide standardization and team collaboration.



External Professional Qualification Training

Organizes external training on topics such as the IATF 16949 quality system, project management (PMP), overseas compliance, and internal auditor qualification, enhancing R&D personnel's comprehensive competency in international projects, quality control, and cross-department collaboration.




Digital Learning Platform

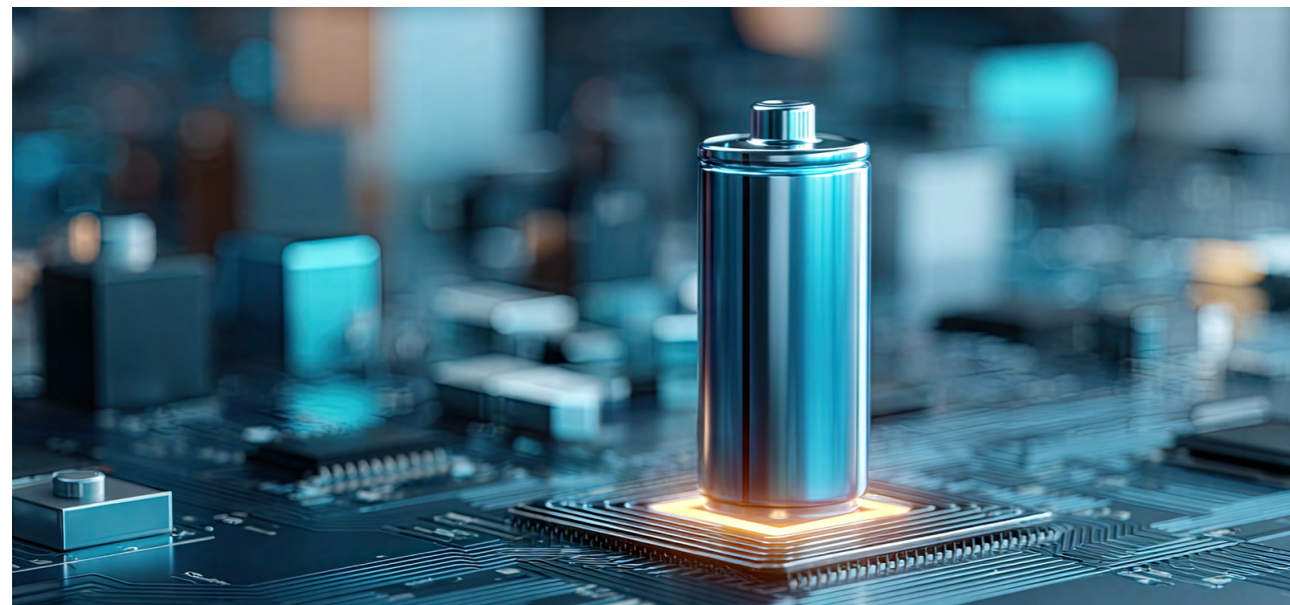
Utilizes the Beisen learning platform to centrally aggregate training resources, achieving a closed-loop management process of "push - learn - assess - reuse", improving training efficiency and knowledge reusability.

Product Innovation

Guided by the vision of "Building a Better Global Life Together with Green New Energy Core Materials," Lopal Tech. is committed to constructing an industrial ecosystem based on lithium battery materials and covering diverse green technologies, continuously providing high-value, high-performance system solutions for the new energy industry.

Driven by market demand, we focus on the field of green new energy core materials, with three core R&D pillars: lithium iron phosphate (LFP) cathode materials, automotive environmental fine chemicals, and hydrogen energy & recycling technology. Our key projects include the 4th and 5th generation high-tap-density LFP, R&D on fuel cell catalysts and water electrolysis catalysts, as well as the development of new energy-specific coolants and high-end lubricants. Through multi-line coordination, we have achieved breakthroughs in multiple technological fields, providing strong support for industrial transformation and upgrading.

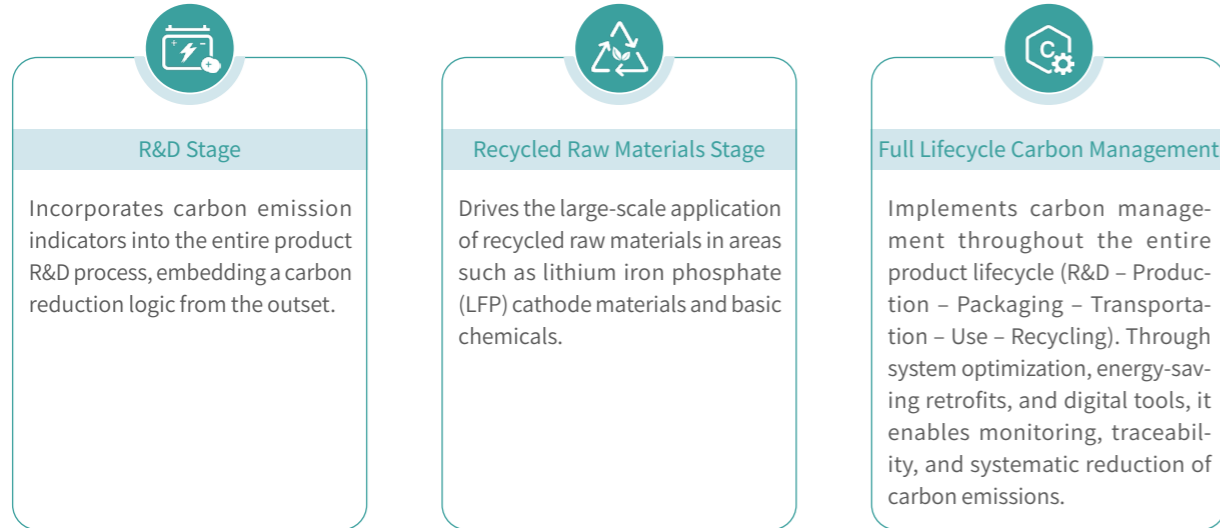
Core R&D Area	Key R&D Projects
 <p>Lithium Battery Cathode Materials</p>	Focusing on the 4th and 5th generation high-tap-density LFP projects, advancing R&D on pyrometallurgical technology and efficient recycling processes for spent LFP, as well as research on the preparation methods and performance of sodium-ion battery iron-based pyrophosphate cathode materials, thereby establishing a dual-drive model of "Forward R&D + Circular Recycling".
 <p>Hydrogen Energy R&D</p>	Centering on two major application directions—fuel cells and water electrolysis for hydrogen production—to tackle core catalyst technologies. On the fuel cell front, efforts are made to enhance the performance and mass-production capability of Pt-based catalysts; on the electrolysis front, the focus is on developing high-activity, high-stability non-precious metal catalysts, aiming to break through key material bottlenecks and accelerate the commercialization of hydrogen energy.
 <p>Automotive Environmental Fine Chemicals</p>	Driving product portfolio upgrading and technological innovation towards high-end applications and new energy adaptation. Key R&D focuses on categories such as high-performance lubricants and new energy-specific coolants, continuously improving product reliability, environmental compliance, and long service life under extreme operating conditions.



Product Segment	Key Product/Technology	Key Innovative Progress	Main Achievements
Automotive Environmental Fine Chemicals	Lubricants	<ul style="list-style-type: none"> High-end certification: The "Lopal 1" product line obtained the global first batch of API SQ / ILSAC GF-7 certifications. Localization breakthrough: Launched diesel engine oils (e.g., Xiya K400) meeting China's first independent D1 specification. Specialty R&D: Developed fully synthetic wind turbine gear oils and other specialty lubricants. 	<ul style="list-style-type: none"> Significantly improved anti-wear and fuel economy, setting a benchmark for domestic high-end lubricants. Met the latest stringent international/domestic standards. Satisfied lubrication needs for wind power and robotics.
	Coolant (3rd Gen Low Conductivity)	<ul style="list-style-type: none"> Launched the 3rd generation low-conductivity coolant with an innovative unique inhibitor system formulation. 	<ul style="list-style-type: none"> Corrosion resistance: Static corrosion test results show protection capability exceeding the national standard by over 5 times. High safety: conductivity <math><100\mu\text{S}/\text{cm}</math>, compatible with 8+ non-metallic materials.
LFP Cathode Materials	LFP Product Series	<ul style="list-style-type: none"> Portfolio: Developed differentiated products including S-series (high-tap-density, high-capacity), T-series (low-temperature, high-capacity), Z-series (high-cost-performance from recycled materials), and M-series LMFP (higher energy density). Process innovation: Introduced the 4th generation "single-sintering" high-density LFP (S526). 	<ul style="list-style-type: none"> Met diverse demands for power, energy storage, low-temperature, and fast-charge. The fourth-generation product: Tap density up to $2.62\text{ g}/\text{cm}^3$, capacity 158mAh/g; reduced energy consumption, carbon emissions, and cost vs. traditional process.
Solid-State Battery Materials	Solid-State Battery Precursor	<ul style="list-style-type: none"> Jiangsu Sanjin Lithium Battery Material Technology Co., Ltd. developed high-nickel ternary precursor materials (e.g., D392) tailored for solid-state batteries. 	<ul style="list-style-type: none"> Excellent stability, safety, and cycle life; addressed issues like cracking and thermal decomposition.
Strategic New Materials	Sodium-Ion Battery Cathode Materials	<ul style="list-style-type: none"> Pursuing dual technical routes: "Layered Oxide" and "Polyanion". 	<ul style="list-style-type: none"> Polyanion route: >8,000 cycles, excellent low-temperature performance.
Hydrogen Energy Materials	Fuel Cell Catalysts	<ul style="list-style-type: none"> Launched the 2nd generation fuel cell alloy catalyst. 	<ul style="list-style-type: none"> Activity: 20% improvement over the first generation. Stability: Only 3% performance degradation after 30,000 cycles. Material Efficiency: Platinum usage reduced by 33%.
Circular Economy	LFP Recycling Technology	<ul style="list-style-type: none"> Developed 1st generation LFP regeneration technology (ZL301) and supporting business model. 	<ul style="list-style-type: none"> Recycled spent electrodes and un-filled cells; performance comparable to new 2nd Gen LFP.

Low-Carbon Product Development

We have built a full-chain low-carbon system that spans R&D, production, use, and recycling, with its core being low-carbon design in R&D, large-scale application of recycled raw materials, and green management across the entire process.



We continue to deepen product carbon footprint management, systematically overseeing the carbon performance of products throughout their entire lifecycle by accurately quantifying and tracking emissions at each process stage. This provides data support for identifying carbon reduction potential in production and operational activities.



During the Reporting Period

Lopal 1 and Lopal Range-extended products obtained ISO 14067:2018 product carbon footprint certification.

We are promoting product environmental information disclosure by clearly marking product carbon footprint data on related packaging, enabling consumers to directly access carbon emission information. We also plan to progressively introduce label-free packaging designs, reducing ink and paper consumption to lower the carbon footprint of the packaging process, thereby systematically enhancing the sustainable competitiveness of our products.

Product Carbon Footprint Label



As of the end of the Reporting Period

Lopal Tech. actively participates in the formulation and revision of industry standards, continuously advancing technological innovation and standardization in the field of lithium battery materials.

Lopal Tech. has participated in the development or revision of

19 Group standards **1** Industry standard **1** National standard

Standards Issued in 2025

Standard Name	Standard No.	Issue Date
Technical Requirements for Sodium-Ion Battery Iron-Based Phosphate Cathode Materials	T/DZJN414-2025	2025-04-15
Technical Specification for Testing Recycled Products from Spent Lithium Iron Phosphate	T/CIECCPA 060-2025	2025-01-15



We are deepening collaboration with industry chain partners to build an open innovation ecosystem. We work with technology companies to tackle key technologies for recycled materials and improve resource circulation efficiency; we also conduct joint R&D with leading battery manufacturers to jointly advance material technology innovation and industrial application. Meanwhile, we are actively expanding international industry-university-research cooperation, establishing talent development programs with Indonesian universities such as Sebelas Maret University (UNS), Muhammadiyah University of Surakarta (UMS), and Surabaya State University (UNESA), building a pipeline of localized professionals for our overseas business expansion.

During the Reporting Period, we achieved significant results in technological innovation and industrialization, and were honored with multiple industry-recognized awards and qualifications.

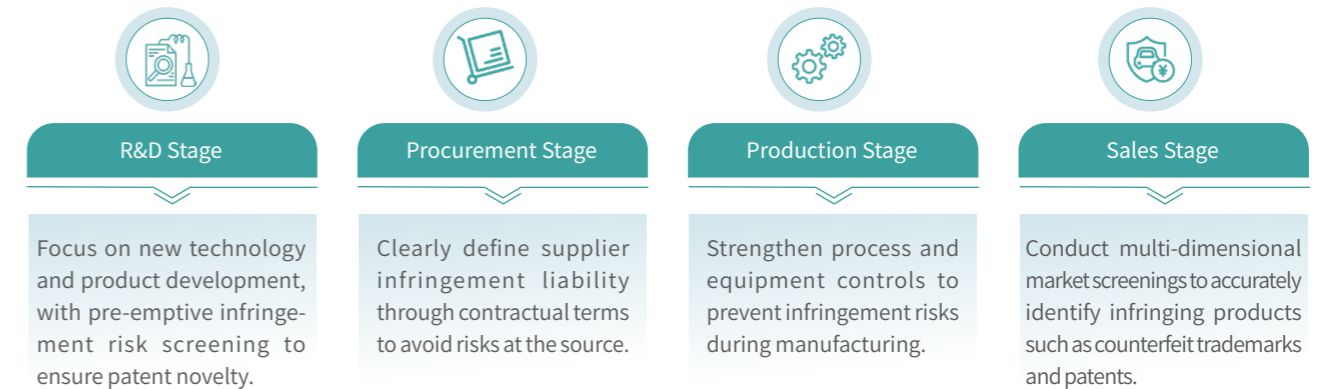
Honor/Award	Granting Institution
National High-tech Enterprise	Tianjin Municipal Tax Service, State Taxation Administration Science and Technology Bureau of Tianjin Municipal People's Government Finance Bureau of Tianjin Municipal People's Government
High-tech Enterprise	Torch High Technology Industry Development Center, Ministry of Industry and Information Technology
First Prize of Science & Technology Award (Jiangsu Society of Chemistry and Chemical Engineering)	Jiangsu Society of Chemistry and Chemical Engineering
Suzhou Low-altitude Economy Technology Innovation Center	Science and Technology Bureau of Suzhou Municipal People's Government
10th Lingxuan Award (Mass Production - Lightweight & New Materials)	China Auto Parts Industry Awards - Lingxuan Awards Committee
Technology Innovation Ecosystem Partner Award	2025 Automotive Supply Chain New Ecology Conference
Annual Excellence in Liquid Cooling Vertical Application Award	Alliance of Liquid Cooling Green Data Center
15-Year Cross-border Excellence Award	15th GGII Annual Conference
2025 Innovative Technology Product Award (GGII Golden Ball Award)	15th GGII Annual Conference
Hydrogen Energy Catalyst Rising Star Award	15th GGII Annual Conference
Innovative Development Excellence Model Award	Chinese Securities Journal 2025 High-quality Development Selection for Listed Companies

Intellectual Property Protection

Lopal Tech. strictly complies with laws and regulations such as the *Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China*, and is continuously improving and upgrading its intellectual property protection system. During the Reporting Period, we designated the Research Institute as the centralized department for patent affairs and established a Group Patent Collaboration Working Group to coordinate and advance the Group's patent initiatives. Meanwhile, we fully implemented the principle of 'one unit, one responsible person' across all business units and subsidiaries, moving intellectual property management from decentralized to more integrated and professional operations.

Guided by the requirements of the *Enterprise Intellectual Property Compliance Management System - Requirements*(GB/T 29490-2023) standard, we continue to operate and optimize internal management systems such as the *Patent Management Regulation and the R&D Project Paper and Patent Reward System*, promoting deeper refinement and systematization of intellectual property management. During the Reporting Period, we introduced the *Technology Import and Export Control Procedures* to further regulate cross border intellectual property transactions such as technology exports and patent licensing, strengthening our ability to prevent and control risks in overseas operations.

In 2025, Lopal Tech. established a monitoring and risk-control system covering the entire intellectual property lifecycle, enabling end-to-end risk deployment from R&D, procurement, and production to sales. Additionally, by leveraging professional databases such as Patsnap, we conduct patent trend tracking and infringement case analysis in key areas such as green new materials, lithium-ion batteries, and hydrogen energy, providing systematic support for patent applications, maintenance, and risk early-warning.



We have established a cross-departmental coordination and response mechanism. Once an infringement clue is detected in any business stage, a joint temporary working group—comprising R&D, marketing, legal, and administrative departments—is formed promptly to conduct strategic analysis and execute response measures. For confirmed infringements, we formulate and implement targeted response plans, and report progress in real time to management, ensuring the entire process is efficient and transparent.

At the same time, we emphasize experience internalization and system iteration. Through systematic review of infringement case handling, we continuously optimize our full-lifecycle intellectual property protection strategy, forming a closed-loop management mechanism of 'monitoring-response-optimization' that steadily enhances the systematic and effective nature of our IP risk prevention and control.

To address the core business needs of intellectual property application and maintenance, we conduct tiered and scenario-based training to comprehensively improve R&D personnel's professional capabilities in patent mining, technical disclosure writing, and achievement transformation.

Specialized Intellectual Property Capability Building

During the Reporting Period, we developed three standardized training courses—"Fundamentals of Patents", "Technical Disclosure Drafting Skills" and "R&D Direction Writing Guidelines"—tailored to R&D scenarios, covering core departments such as R&D and training nearly 500 employees. Each training session is accompanied by assessment questions, and a quarterly routine mechanism has been established to continuously provide resources to newly hired R&D staff, strengthening the talent foundation for the Company's intellectual property creation and protection system.

In 2025, Lopal Tech. made significant progress in intellectual property development, with its core patent portfolio continuously deepened. During the Reporting Period, we obtained authorization for over 110 patents and completed the renewal and new registration of multiple core brand trademarks, building a solid barrier for technological innovation and market competition.

During the Reporting Period

We obtained authorization for over **110** patents

Quality Assurance



Lopal Tech. regards product and service quality as the foundation of its survival and development. The Company has established a comprehensive quality management system covering the entire process from research and development, production to delivery, and implements refined monitoring and inspection throughout. Leveraging digital technologies, the Company continuously enhances its quality control efficiency. Guided by the philosophy of excellence in management, it ensures that every delivery embodies outstanding quality.

Quality Management System

Lopal Tech. adheres to the quality management philosophy of "customer-centricity, full participation, continuous improvement, and prevention first", and continuously promotes the optimization and upgrading of its quality management. During the Reporting Period, the Company further revised and refined the *Company's Five Red Lines Management Measures*. By clarifying the criteria for determining quality red lines, their scope of application, and the consequences of violations, the Company has reinforced the rigor of red line management. Furthermore, by closely linking compliance with these red lines to performance incentives, the Company has established a high-pressure accountability mechanism to enhance the quality management awareness and understanding of all employees.

The Company has established a robust quality management system and end-to-end control mechanisms that comprehensively cover every critical stage—from design and planning through manufacturing to delivery and after-sales service—ensuring a closed-loop quality control process and providing a solid foundation for consistent product quality throughout the entire product lifecycle.

Quality management processes and measures at each stage of the product life cycle

Design and Planning Stage	Quality Planning
	Set clear quality objectives, develop quality strategies and implementation plans, and break down these objectives into specific, actionable tasks at each level.
Manufacturing Stage	Procurement and Raw Material Control
	Ensure that raw materials delivered by suppliers consistently meet the technical standards and specification requirements necessary for production.
	Production Process Control
Establish a comprehensive quality control system, implement strict supervision and inspection of production processing, testing and inspection, packaging, and shipment to ensure that products meet design requirements and quality standards.	
Non-conforming product control	
Identify, isolate, review, and dispose of non-conforming products that occur during the production process.	
Delivery and After-Sales Stage	Pre-delivery inspection
	Conduct comprehensive inspection and testing of products before delivery to ensure they meet contract requirements and customer expectations.
	After-sales service support
Establish a comprehensive after-sales service system, supervise and inspect the service process, and promptly collect and analyze customer feedback to continuously improve product and service quality.	
Continuous improvement	
Based on quality data, customer feedback, and market changes, continuously carry out quality improvement and innovation to adapt to changes in market and customer demands.	

The Company has established clear product quality targets, setting the first-pass yield rate for finished products at no less than 99.38%. By signing *Quality Target Assessment Agreements* with each responsible unit, the Company has broken down these targets at every level and reinforced accountability to ensure that quality objectives are effectively implemented and achieved.

Key Performance:

As of the end of the Reporting Period, Lopal Tech.'s

ISO 9001 Quality Management System certification covered and its IATF 16949 Automotive Quality Management System certification covered

94.12 % of its operational sites **94.12** % of its operational sites.

During the Reporting Period, there were **no product** recalls due to safety issues in Lopal Tech.



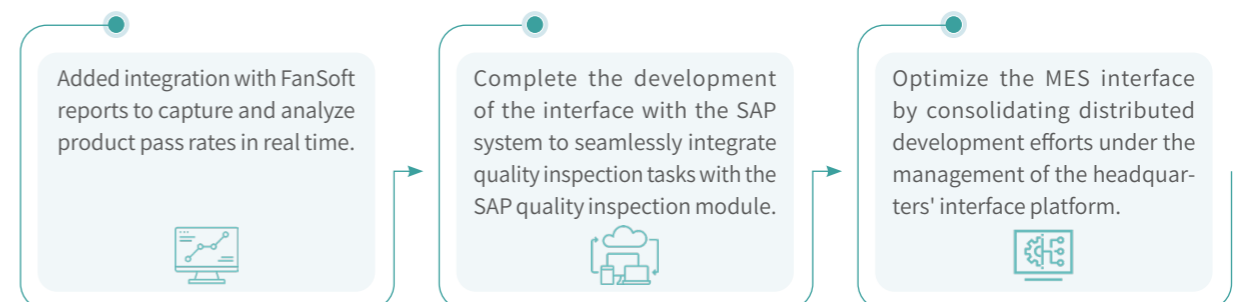
Quality Management Improvement

Based on the establishment of a comprehensive quality management system, Lopal Tech. actively adopts and thoroughly implements various advanced quality management tools and methodologies. By leveraging a multi-dimensional quality audit mechanism, the Company continuously refines and optimizes the operational efficiency of its systems. At the same time, the Company is committed to enhancing quality and safety awareness among all employees, placing equal emphasis on management practices and employee awareness. This approach drives the continuous improvement of product and service quality, laying a solid foundation for the industry's high-end development and the creation of a world-class brand.

Digital Empowerment of Quality Management

Lopal Tech. focuses on promoting the digitization, networking, and intelligence of quality management activities. We have introduced information software such as Warehouse Management System (WMS), Manufacturing Execution System (MES), and Laboratory Information Management System (LIMS) to achieve monitoring and tracking records throughout the entire operation and production process, forming comprehensive management of product quality throughout its lifecycle. During the Reporting Period, the Company continued to expand the application and coverage of its Laboratory Information Management System (LIMS). Building on the existing foundation, the system was rolled out to the Research Institute, the Indonesia facility, Sanjin Company, and Dick Chemical, and the successful implementation of LIMS at the Phase II and Phase III plants of Liyuan was completed. At the same time, the Company achieved efficient inter-system coordination by integrating interfaces with VMS, MES, and the Group's data platform.

Measures for the Digital Transformation of Quality Management



Through digital upgrading, the Company has significantly improved the efficiency of quality data flow and enhanced its decision-making capabilities, providing technical support for the implementation of its quality strategy and management optimization. During the Reporting Period, Sichuan Liyuan was awarded the honorary title of "Sichuan Provincial Industrial Quality Benchmark."



Sichuan Liyuan was honored as the "Sichuan Provincial Industrial Quality Benchmark"

AI-Powered Monitoring Platform for the Operational Status of Key Equipment in Lithium Carbonate Production

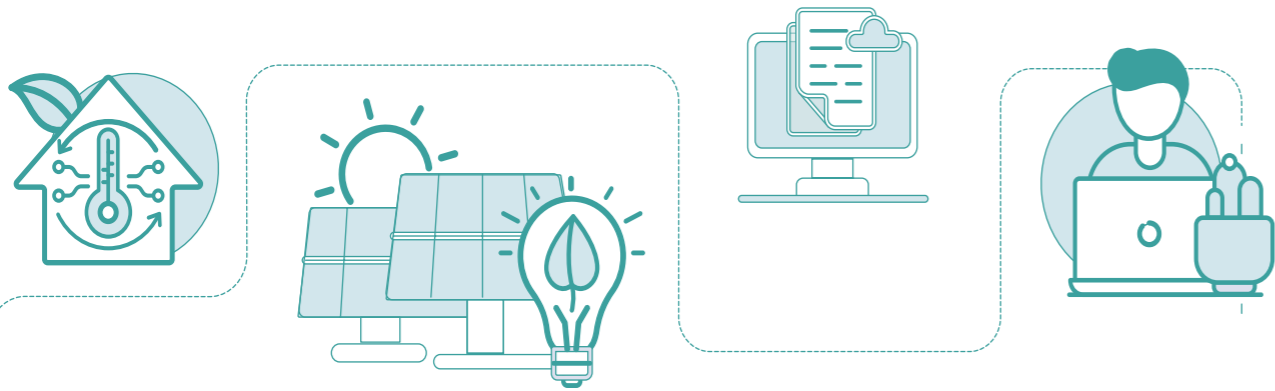
Lopal Times' independently developed "AI-Powered Monitoring Platform for the Operational Status of Key Lithium Carbonate Production Equipment" integrates advanced technologies such as Multi-Variable Model Predictive Control (MPC). By utilizing a virtual "online quality analyzer" to calculate lithium mica conversion rates on a minute-by-minute basis, the platform enables operators to move beyond "blind adjustment", effectively preventing resource waste caused by under- or over-calcination. Thanks to its outstanding technological innovation, solid practical results, and significant industry demonstration value, the platform has been successfully selected for the "Typical AI Application Scenarios in Jiangxi's Manufacturing Sector for 2025" list.



Quality Control

To ensure that its products and services consistently meet strict quality standards, Lopal Tech. implements a series of quality control measures, effectively control non-conforming and suspicious products, guarantee the quality of every batch of products delivered. The Company holds regular monthly quality meetings to analyze the causes of non-conformities, discuss corrective actions, and implement preventive measures. We systematically identify and summarize quality issues to ensure that corrective and preventive actions are implemented in a timely manner. Additionally, the Company conducts annual reviews and updates of its quality testing standards to ensure they remain aligned with the latest industry regulations.

Leveraging our advanced testing platforms and state-of-the-art laboratories, we comprehensively meet all performance and safety testing requirements for various products and have obtained accreditation from the China National Accreditation Service for Conformity Assessment (CNAS). In addition, the Company regularly engages in technical exchanges and interlaboratory comparisons with external authoritative institutions to ensure that our testing methods and equipment remain at the forefront of the industry. Through a comprehensive talent development system, we enhance the professional knowledge and skills of our testing personnel, strengthen their professional competence and adherence to operational standards, and provide a solid guarantee for product quality.



Quality Audit

Lopal Tech. has established a multi-dimensional audit improvement mechanism. Through internal cross-audits, third-party audits, supplier audits, and customer audits, the Company continuously identifies and addresses weaknesses in the operation of its systems.

- Cross-audit**

Through cross-departmental audits, Lopal Tech. has strengthened coordination and communication among departments regarding quality management, fostering a positive environment where everyone is committed to quality and works together to uphold it.
- Third-party audit**

Lopal Tech. has engaged third-party professional organization to conduct quality audits, examining the entire quality management process from an independent and objective perspective to ensure that the evaluation results are fair and authoritative, thereby further enhancing the credibility and reliability of the quality management system.
- Customer audit**

Lopal Tech. actively accepts client quality audits, responds promptly to their feedback and requests, and implements them in a timely manner. Through transparent and efficient communication and improvement, we strive to strengthen and deepen the mutual trust we share with our clients.
- Supplier audit**

The Company conducts regular quality audits of its suppliers to strictly monitor compliance with quality standards at every stage of the supply chain, ensuring the reliability of raw materials and components from the source and laying a solid foundation for the quality of the final products.

Quality Culture Development

Lopal Tech. actively promotes the development of a quality culture by regularly conducting quality-themed training through a combination of online courses and in-person hands-on training. The Company has established a positive incentive mechanism to encourage employees to participate proactively, deepen their understanding of the importance of product quality, enhance their job skills, and ensure that quality awareness is truly integrated into every detail and action of their daily work.

Conduct Training on the Integration of New Technologies and Quality Management Tools

For quality and technical management personnel, Lopal Tech. organized specialized training sessions on the application of new technologies and processes. These sessions incorporated case studies and hands-on exercises using quality management tools and methods such as the "three-inspection system" and QC circle activities. By selecting representative projects for on-site observation and post-project debriefings, managers gained a deep understanding of key aspects of cutting-edge processes and practical implementation methods for quality tools. This initiative heightened the team's awareness of new technologies and injected new momentum into the continuous improvement of project quality and management standards.

Sustainable Supply Chain



Lopal Tech. adheres to the principles of sustainable procurement, has established a systematic supplier management system, incorporates ESG performance into its core evaluation criteria, and collaborates with suppliers to jointly promote green, compliant, and high-quality development across the supply chain.

Supplier Management

Lopal Tech. has established the *Supplier Management Procedure and Supplier Management Guidelines*, which apply across the entire group, to standardize supplier management criteria and procurement processes, ensuring that procurement meets cost requirements and quality standards. During the Reporting Period, the Company updated the to upgrade its management practices in nine key areas, including material classification, bid shortlisting, elimination mechanisms, and performance evaluation. By implementing grading standards, clarifying responsibilities, refining processes, and strengthening oversight, the Company has built a high-quality, efficient, and controllable supply chain system.



Supplier Management Process

During the Reporting Period, Lopal Tech. further optimized its supplier onboarding process. By establishing clear procedures and implementing tiered reviews, the Company ensured that partners possess genuine and reliable qualifications, thereby improving onboarding efficiency and enhancing quality at the source of the supply chain, and laying a solid foundation for future procurement and quality control.

Strategic Guidance

- Lopal Tech. has implemented a "3+2" supplier plan, designating three core suppliers and two alternative suppliers for each category of production materials. This creates a diversified supply chain structure, achieving the threefold objectives of reducing costs, improving efficiency, ensuring supply, and enhancing resilience. The "3+2" plan leverages supplier competition to drive cost optimization and quality improvement. By diversifying sourcing channels, it mitigates the risk of supply disruptions and enhances the supply chain's resilience against price fluctuations, policy changes, and geopolitical risks, thereby providing a solid foundation for the Company's large-scale deliveries and global business expansion. During the Reporting Period, we conducted a supplier re-evaluation campaign as a key initiative to upgrade supply chain compliance and implement the "3+2" tiered supplier structure. The campaign focused on re-examining supplier qualifications, standardizing contract renewals, and clarifying risk responsibilities. This round of evaluations covered approximately 2,960 suppliers, significantly improving management efficiency while ensuring the quality of reviews, thereby laying a solid foundation for supply chain risk prevention and tier optimization.

Supplier Evaluation and Assessment

- We categorize materials into broad groups—such as strategic materials, critical materials, and general materials—based on their procurement value in descending order. Suppliers are classified into three tiers: A, B, and C. We evaluate suppliers on a monthly and annual basis, focusing on delivery capability, product and service quality, service levels, and product pricing. Based on the evaluation results, we implement corresponding incentives or penalties for suppliers.

Rectification and Withdrawal

- In 2025, in line with the "3+2" tiered supplier management framework, we set a target of removing 40 non-compliant suppliers each month. We will digitize and streamline the remediation process and optimize risk mitigation measures proactively to enhance supply chain resilience and responsiveness.
- We have established a systematic, tiered management system for supplier corrective actions. Based on the nature and severity of the issues, corrective action levels are categorized into Levels 1, 2, and 3, with clearly defined trigger conditions, corrective requirements, completion deadlines, and measures for non-compliance.
- At the operational level, the Company has established an end-to-end process management system covering every stage from issue identification, issuance of rectification notices, submission of corrective action plans, review and verification, to closure and archiving. For suppliers that fail to meet performance standards, the Company implements measures such as corrective discussions, on-site audits, and targeted training to continuously assist them in improving the quality of their products and services. Suppliers that exceed the deadline or fail to meet rectification requirements will be referred to the Supply Chain Center and placed on the elimination list.
- At the same time, the Company uses its digital platform to monitor the progress of corrective actions in real time and issue regular updates. We have launched an AI-powered dynamic early warning module that captures real-time data on paid-in capital, environmental compliance certifications, litigation, and delivery rates, shifting the focus from "post-incident remediation" to "pre-incident early warning". This system covers scenarios such as bottom-performing units, expiring certifications, and related-party risks.

Key Performance:

Lopal Tech. issued approximately

202 supplier management rectification notices with a **100%** completion rate.



Supplier Empowerment

We maintain close communication and deep collaboration with our suppliers. Through resource sharing and joint capacity building, we enhance their overall management capabilities to achieve mutually beneficial development. The Company fosters efficient communication through supplier conferences and quality review meetings, thereby strengthening joint R&D, supply chain coordination, quality improvement, and long-term order partnerships. We also provide targeted support to suppliers to continuously improve delivery and quality standards, and to enhance the resilience and competitiveness of the supply chain.

In terms of communication mechanisms, Lopal Tech. maintains regular daily communication with its suppliers to ensure that both parties remain aligned and work in concert on both strategic direction and operational execution. In 2025, under the theme of "Empowerment, Efficiency, Collaboration, and Mutual Benefit," the Company organized four key categories of communication and empowerment activities: supplier conferences, headquarters meetings, monthly quality review sessions, and on-site visits and systematic training. These initiatives aim to continuously deepen cooperative relationships and enhance the efficiency and quality of supply chain collaboration.

Hosting the "Connecting the World, Innovating for Mutual Success" Supplier Conference

At the "Chain Connecting the World, Innovation for Mutual Success" 2025 Supplier Conference, Lopal Tech. unveiled its "Deep Sourcing Super Supply Chain Ecosystem" 4.0 strategy, partnering with over 100 core and alternative suppliers to cover critical materials such as lithium carbonate and lithium iron phosphate. Through AI-driven early warning analysis, recognition of outstanding suppliers, and breakout sessions on quality, delivery, and cost, the Company signed long-term agreements to effectively enhance supply chain resilience and sustainable competitiveness.



In terms of the collaboration mechanism, during the reporting period, Lopal Tech. closely centered on the three key objectives of "strategic alignment, technological synergy, and supply chain upgrading". The Company engaged in in-depth cooperation with suppliers across multiple areas, including joint R&D, collaborative supply chain optimization, quality enhancement, and long-term order locking. These efforts strengthened the supply chain resilience of its core businesses, such as lithium iron phosphate and environmentally friendly chemicals. Through technological co-creation and process optimization, the Company also effectively contributed to the overall technological advancement and operational efficiency improvement of the industrial chain. For different categories of suppliers, targeted empowerment strategies were implemented. By focusing on three key measures—overseas production capacity collaboration, technological empowerment, and financial and process support, the Company directly addressed cooperation pain points. This helped suppliers improve their delivery and quality performance, driving the entire supply chain system toward greater resilience and stronger synergy.

Indonesian Lithium Suppliers Boost Both Production Capacity and Compliance

Following the commissioning of the first phase of the 30,000-ton lithium iron phosphate project in Indonesia in 2025, Lopal Tech. implemented targeted capacity-building initiatives for local raw material suppliers: experts were dispatched to optimize packaging production processes, increasing monthly production capacity from 200 tonnes to 500 tonnes to meet the facility's average monthly demand of 2,500 tonnes; The Company organized three training sessions on environmental and labor compliance, covering 12 suppliers, and distributed bilingual manuals, driving the local sourcing rate from 30% to 55%; it also coordinated with COSCO Shipping to customize a direct port logistics solution, reducing the transport cycle from 15 days to 7 days and cutting costs by approximately 12%, thereby effectively enhancing both production capacity assurance and ESG compliance within the Indonesian supply chain.

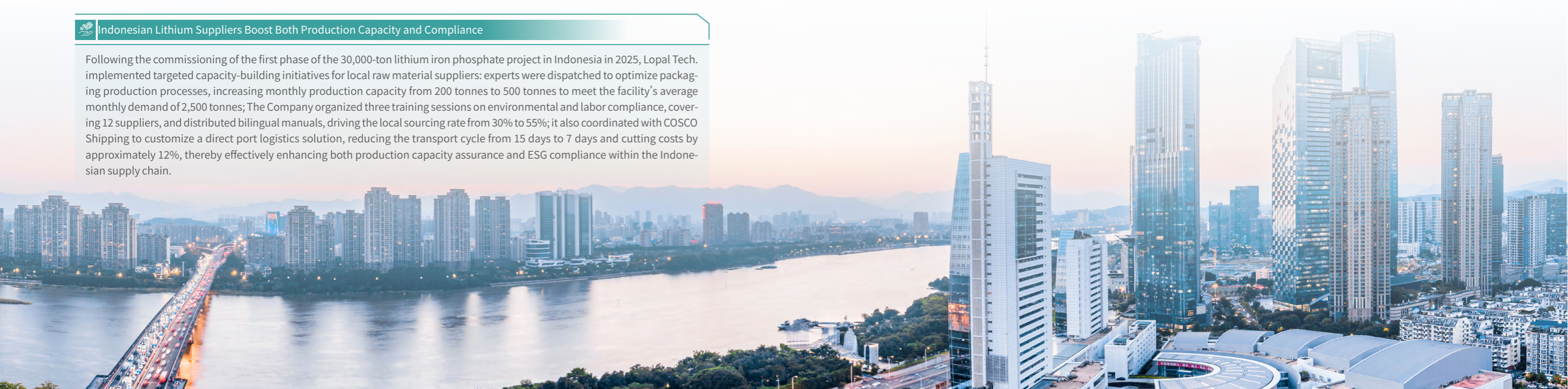
Key Performance:

As of the end of the Reporting Period,

The Company had a total of **1,223** suppliers, including **30** located overseas and in Hong Kong, Macau, and Taiwan.



Number of suppliers by region		Units	2025
East China	Units		677
South China	Units		65
Central China	Units		213
North China	Units		139
Northwest China	Units		5
Southwest China	Units		82
Northeast China	Units		12
Hong Kong, Macao, and Taiwan	Units		8
Overseas	Units		22



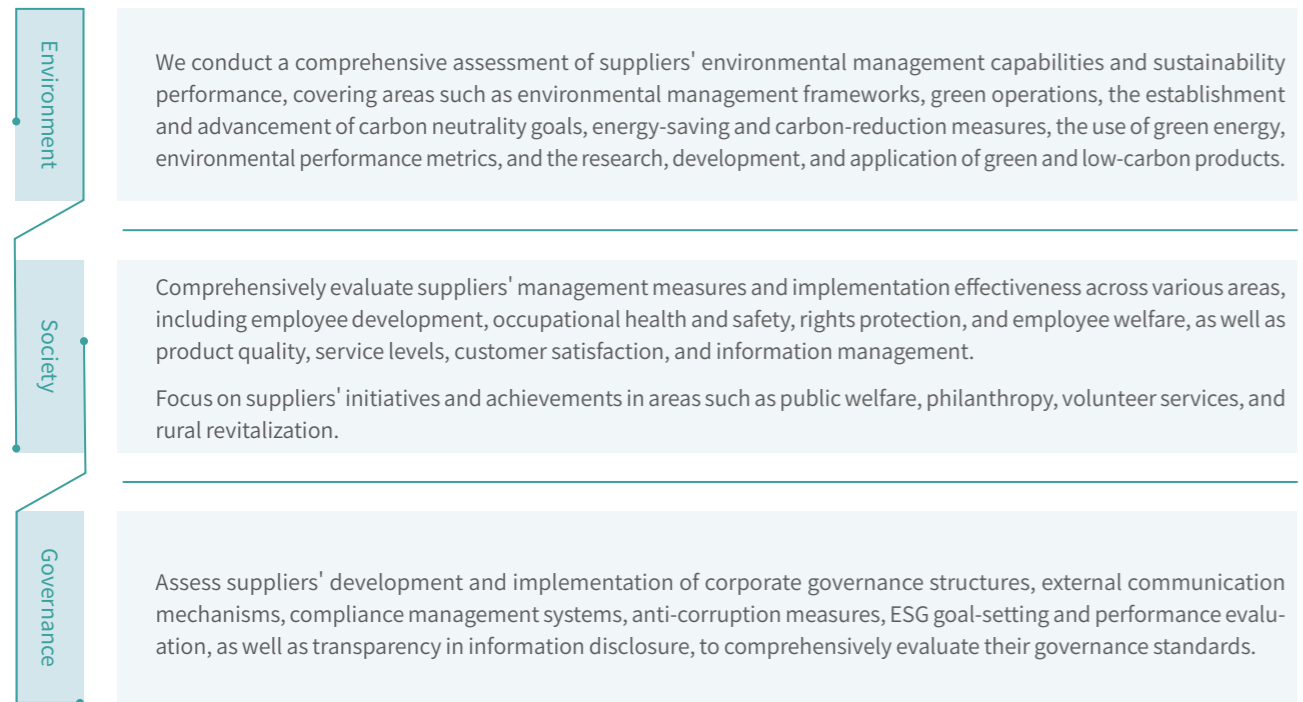
Sustainability in the Supply Chain

Lopal Tech. integrates sustainable supply chain management, digital operations, and ethical business governance to establish a comprehensive supplier management system covering all aspects of ESG. By ensuring compliance, leveraging technology to improve efficiency, and leading the way in sustainability, the Company promotes the efficient, secure, and sustainable development of the supply chain.

Sustainable Supply Chain Management

Lopal Tech. continues to advance supply chain sustainability by integrating ESG factors into the full lifecycle management of its suppliers. During the supplier onboarding and periodic evaluation processes, the Company requires suppliers to complete ESG questionnaires and undergo compliance assessments to ensure they meet corporate standards. In its partnerships, the Company prioritizes suppliers with strong ESG performance and favors green, low-carbon products in raw material procurement, thereby driving collective improvements in sustainability across the supply chain.

Supplier ESG Assessment



Digital Supply Chain Management

Lopal Tech. has developed a digital procurement platform that integrates internal and external systems to enable end-to-end online management of the entire procurement process—from material requests and sourcing to contracts and settlement/payment. Through three major portals—for tendering and procurement, buyers, and suppliers—the platform facilitates full-lifecycle supplier management, intelligent sourcing, and e-commerce-based procurement, thereby enhancing efficiency and transparency. The platform integrates process, modeling, and integration engines with technologies such as electronic signatures, OCR, and intelligent risk control, as well as data resources including organizational, material, and pricing information. This creates a flexible, collaborative, and controllable digital system that supports cost reduction, efficiency gains, and supply chain compliance transformation.

Key Performance:

Improved supplier management efficiency:

The supplier onboarding review cycle was reduced from 15 days (offline) to 3 days (online), representing an **80%** increase in efficiency; the closure rate for corrective action follow-ups rose from 85% to **92%**.

Cost Reduction and Efficiency Improvement in Procurement Processes:

The order processing cycle was reduced from 72 hours to 24 hours, representing a **67%** increase in efficiency.

Enhanced Supply Chain Resilience:

The "3+2" tiered coverage system reduced the number of core material supply disruption incidents by **70%** year-over-year; inventory coordination increased the turnover rate of core raw materials by **20%** and reduced capital tied up by **15%**.

Supply Chain Ethics Management

In its business ethics management, Lopal Tech. adheres to the principles of "zero tolerance, tiered handling, closed-loop control, and risk communication." The Company strictly holds parties accountable for acts such as commercial bribery, breach of contract, failure to disclose conflicts of interest, and breach of trust, establishing a comprehensive prevention and control system that spans detection, resolution, and prevention to ensure supply chain compliance and ethical business practices.

Lopal Tech. integrates business ethics requirements throughout the entire supplier management process, covering pre-qualification reviews, evaluations during the onboarding process, and ongoing monitoring after the partnership begins. The Company regularly conducts integrity training for all suppliers to promote the concept of honest business practices and encourage strict adherence to high standards of business ethics, thereby strengthening compliance defenses from both institutional and cultural perspectives.

Optimization of End-to-End Supplier Business Ethics Assessment Process

Pre-entry: Risk screening at the source

- The Company has introduced a new "AI screening—manual review—risk classification" process for supplier onboarding, expanding the scope of verification to include records of commercial bribery, compliance with related-party regulations, and industry blacklists.
- Major violations within the past three years result in immediate disqualification, while minor breaches of trust require the submission of a commitment to rectify the issue, thereby enhancing compliance and risk management at the source.

During the onboarding process: Refine the level of detail in the review

- The Company has established a joint task force comprising procurement, risk management, and business operations. During the supplier onboarding process, on-site inspections and public disclosure of results have been introduced, and the scope of verification has been expanded to include internal control systems and requirements for the dissemination of ethical standards among suppliers. It has been made clear that suppliers must have comprehensive business ethics management systems in place to ensure compliance and cultural alignment with the Company.

Post-entry: Long-term dynamic monitoring and control

- Lopal Tech. has introduced new measures for handling complaints regarding contractual integrity and corruption, and has incorporated these into its ESG scoring system; rating results are linked to the elimination process.



03

| Fulfilling the Green Mission

Chapter Contents

- **Strengthening Environmental Management**
- **Addressing Climate Change**

Lopal Tech. embraces green development as its core strategy, continuously improves its internal environmental management system, strengthens pollution control, and mitigates the environmental impact of its operations. We have established a climate governance framework, continually enhanced the identification and management of climate-related risks, and focused on efficient resource utilization and the protection of natural ecosystems. Through concrete actions, we actively address climate change and strive relentlessly to contribute to a better homeland for humanity.



Strengthening Environmental Management

As a Company dedicated to core materials for green and new energy, Lopal Tech. integrates environmental management into its daily operations. We comply with environmental laws and regulations in the regions where we operate, continuously enhance pollution management, resource management, and circular economy initiatives, and embed the concept of green development into every aspect of our production and operations.

Environmental Management System

Lopal Tech. strictly complies with the Environmental Protection Law of the People's Republic of China and other applicable laws and regulations, as well as the requirements of the jurisdictions where it operates, and has established a sound environmental management system. We have formulated and implemented internal environmental management policies, defining management principles and guidelines for key topics such as pollutant and waste management, resource management, and the circular economy, thereby providing effective guidance for the advancement of environmental management practices. In addition, each subsidiary has established an environmental management system in line with the Group's environmental management requirements and in compliance with applicable local laws and regulations, laying a solid foundation for environmental protection and sustainable development.

During the Reporting Period

17 subsidiaries of Lopal Tech. secured ISO 14001 Environmental Management System certification.

A selection of Lopal Tech.'s ISO 14001 Environmental Management System Certificates



Lopal Tech. conducts internal environmental audits on a quarterly basis and issues corresponding audit reports. For issues identified during the audits, the audited subsidiaries are required to formulate corrective and preventive measures and implement closed-loop management to ensure all issues are effectively resolved. During the Reporting Period, Lopal Tech. did not record any violations related to environmental management.

In accordance with relevant national regulations, we have formulated and issued emergency response plans for environmental incidents. We conduct regular emergency drills, along with post-drill reviews and evaluations, and implement corrective actions based on identified issues. Meanwhile, we provide routine professional training in environmental management for personnel in relevant positions. The training covers multiple dimensions, including environmental protection laws and regulations, understanding of work processes, and technical procedure standards, with the aim of enhancing responsible personnel's ability to identify environmental issues and handle abnormalities effectively.

Lopal Tech. Environmental Management Training

Corporate Environmental Legal Risk Identification Annual Training

- The content of the training covers the management items and obligations of the corporate's life cycle, environmental legal risk points, as well as air, water, solid waste, soil environment legal risk points. The training is designed to support participants in identifying various environmental compliance risks and to provide a basis for the formulation of relevant compliance strategies.

Environmental Online Monitoring and Operation Management Annual Training

- The training focuses on online monitoring operation requirements, management difficulty analysis, and common issues. It aims to guide participants in applying the online monitoring system to track pollution sources and abnormal data, and to ensure compliant control of routine emissions.

Environmental Factor Identification and Evaluation Annual Training

- The training covers relevant terms and definitions, ISO 14001 standard requirements, and environmental factor evaluation criteria. The training aims to standardize quantitative and qualitative assessment approaches for environmental issues, and to provide fundamental data for the development of subsequent environmental management plans.

Air Emission Management

Lopal Tech. strictly complies with applicable laws and regulations, including the Atmospheric Pollution Prevention and Control Law of the People's Republic of China and the Comprehensive Discharge Standards for Air Pollutants. During the Reporting Period, we updated the Air Emission, Noise and Wastewater Discharge Control Program to further clarify supervision and guidance on the operation and maintenance of treatment facilities, monitoring and data management, as well as source control and process optimization. We have adopted advanced air pollution control technologies and equipment to ensure a 100% compliance rate for annual exhaust gas emissions.

Compliance rate

100% compliance rate for annual exhaust gas emissions.

In accordance with regulatory requirements, we monitor and identify air pollutant emissions generated during production and operation processes. We implement a multi-level monitoring system covering plant boundaries, key production nodes, and discharge outlets. At the same time, we combine online monitoring systems with public network connectivity and third-party manual monitoring to carry out routine emission management. Our air emissions mainly originate from production workshops and include both organized emissions and fugitive emissions.

Types of air pollutants

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

Treatment facilities of air pollutant

- Sulfur dioxide → Desulfurization tower;
- Nitrogen oxides → SNCR+SCR for denitrification;
- Particulate matter → Water curtain dust collector + Baghouse filter;
- VOCs → Water spray tower + UV photocatalytic oxidation + Activated carbon adsorption;
- Non-methane hydrocarbons → Alkali spray tower + Activated carbon synergistic adsorption
- Non-methane hydrocarbons, and hydrogen sulfide → Alkali spray tower + Activated carbon synergistic adsorption
- Ammonia → Acidic scrubbing tower combined with activated carbon adsorption





Dust and Exhaust Gas Treatment in the Lithium Source Workshop

In the Sichuan lithium source workshop, we implement classified treatment for exhaust gases and dust generated from different processes. For dust generated during material feeding, kiln loading and unloading, crushing and packaging, and spray drying processes, we primarily adopt water curtain dust removal systems and baghouse filters for control. For exhaust gases generated during the calcination and sintering processes in the roasting furnace, which contain carbon monoxide and incompletely decomposed glucose by-products, we apply incineration treatment using an incinerator, achieving an overall removal efficiency of 90%. In accordance with the self-monitoring requirements under the pollutant discharge permit, we regularly engage qualified third-party agencies to monitor pollutants such as sulfur dioxide, nitrogen oxides, particulate matter, and volatile organic compounds at exhaust outlets, ensuring all emissions comply with applicable standards.



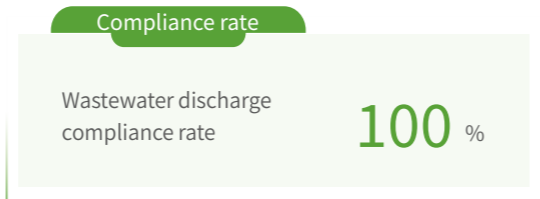
During the Reporting Period, our air emission performance was as follows:

Indicator	Unit	2025
Nitrogen Oxides (Nox) emissions	Tonnes	100.10
Sulfur Oxides (SOx) emissions	Tonnes	27.97
Particulate matter emissions	Tonnes	34.12

Wastewater Management

Lopal Tech. strictly complies with laws and regulations, including the Water Pollution Prevention and Control Law of the People's Republic of China and the Integrated Wastewater Discharge Standard. We have updated and implemented the Air Emission, Noise, and Wastewater Discharge Control Program, which clearly define key links such as the classification and pipe network management of wastewater, the refined operation of sewage treatment facilities, and risk prevention and emergency response to guarantee the effective disposal of wastewater.

Our wastewater discharge sources primarily consist of production wastewater and domestic sewage, with pollutants mainly including chemical oxygen demand (COD), ammonia nitrogen, total phosphorus, total nitrogen, and metal ions. To guarantee effective wastewater disposal, we have constructed sewage treatment stations within our plant areas and established multi-level real-time online monitoring points at key nodes, including rainwater outlets, sewage pipe networks, inlets and treatment outlets, and total wastewater discharge outlets. By combining process monitoring with terminal monitoring, we effectively locate nodes with discharge issues and perform timely rectification, ensuring a 100% wastewater discharge compliance rate while reducing the impact on the ecosystems of our operating locations.



Wastewater Treatment Process

The sewage station of Sichuan Liyuan New Energy Technology Co., Ltd. utilizes a treatment process consisting of 'Catch basin → Regulation tank → Primary sedimentation tank → Secondary sedimentation tank → Anaerobic tank → Anoxic tank → Aerobic tank → Tertiary sedimentation tank → Clarification sedimentation tank → Clean water tank → Parshall flume'. Once the sewage meets standards through biochemical treatment, it is discharged into municipal sewage treatment plants, while the dewatered sludge is disposed of compliantly as general solid waste. Emissions throughout the entire process strictly adhere to the Integrated Wastewater Discharge Standard (GB 8978-1996) and the standards of the Jinqiao New Area municipal sewage treatment takeover agreement, achieving a 100% sewage treatment compliance rate and a 100% sludge disposal rate.



During the Reporting Period, our wastewater discharge performance was as follows:

Indicator	Unit	2025
Total wastewater discharge	Tonnes	453,100.92
Wastewater discharge intensity	Tonnes/revenue of RMB 10,000	0.51
Discharge amount of COD	Tonnes	19.73
Discharge amount of ammonium nitrogen	Tonnes	4.85
Discharge amount of total phosphorus	Tonnes	0.21

Waste Management

Lopal Tech. adheres strictly to the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *Standard for Pollution Control on Hazardous Waste Storage*, the *National Catalogue of Hazardous Wastes (2025 Edition)*, and the *Action Plan for Comprehensive Solid Waste Management*. During the Reporting Period, we updated the Solid Waste Management System based on national requirements. We implemented standardized management throughout the entire process of collection, warehousing, storage, outbound delivery, and labeling. These actions guarantee the 100% compliant disposal of all solid waste.

During the Reporting Period

Compliant disposal of all solid waste **100 %**

The waste categories generated from our operations primarily include waste packaging materials, waste motor oil, laboratory waste liquid, wastewater treatment station sludge, waste activated carbon, and waste lubricants. All such wastes are entrusted to qualified third-party entities for compliant disposal. Upholding the principles of "Reduction, Resource Recovery, and Harmlessness," we optimize production processes and enhance resource efficiency. This approach allows us to control the generation and final disposal volume of hazardous waste at the source.

For hazardous waste, we strictly follow all legal mandates and enforce full-process supervision of collection, storage, transportation, and disposal. Professional third-party waste treatment companies handle the transfer and disposal. Furthermore, we conduct annual hazardous waste management training for personnel in relevant positions. The training covers disposal procedures and environmental regulatory requirements to ensure all management standards are effectively implemented.

Lopal Tech. actively promotes the resource-based utilization of waste. We continuously explore internal circularity and external compliant regeneration pathways. Leveraging our lubricant and lithium iron phosphate cathode material segments, we are building an integrated recovery system for our core products. We seek opportunities for high-value recycling. For production residue and wastewater sludge, we execute strict identification, classification, and safe storage. We also proactively investigate diversified resource utilization channels.

Waste Disposal Case Study

Hubei Liyuan upgraded equipment components within its production stages by utilizing stainless steel cladding for the atomization disk nozzles of spray dryers. Furthermore, we replaced traditional filter bags in the dust removal process with gas-solid separator filter cartridges, which feature enhanced permeability and superior corrosion resistance to improve equipment performance while simultaneously limiting waste generation. These hardware optimizations effectively reduced the frequency of consumable replacement and lowered operating costs. During the Reporting Period, back-end dust removal modifications allowed us to reduce daily dust waste from 200 kg to 70 kg, successfully implementing source-based reduction and management of solid waste.

During the Reporting Period, our waste generation and disposal situation was as follows:

Indicator	Unit	2025
Total general solid waste discharge	Tonnes	1,738,464.43
General solid waste discharge intensity	Tonnes/revenue of RMB 10,000	1.95
Total hazardous waste discharge	Tonnes	3,578.03
Hazardous waste discharge intensity	Tonnes/revenue of RMB 10,000	0.004

Energy Management

Lopal Tech. integrates energy management into every aspect of its production and operations. We adhere to relevant energy management laws and regulations while strictly implementing internal systems, such as the *Energy Management Assessment Measures*. During the Reporting Period, the Company established a refined management model comprising 'Energy Consumption Quota Management Control Unit (MCU) + Energy Consumption Project Management Control Unit (MCU) + Energy Performance Assessment' to strictly standardize and control energy usage. Furthermore, we have developed a three-tier energy management system encompassing the 'Group Energy Equipment Department — Production Base Energy Management Committee — Energy Management Special Task Force', facilitating cross-level collaboration to further enhance energy efficiency.



Group Energy Equipment Department

Supervise and guide the execution processes and outcomes of energy management, statistics, and procedures across all production bases.



Production Base Energy Management Committee

Formulate internal resolutions on energy management tasks and procedures awaiting decision, subsequently submitting them to the Energy Equipment Department for audit and review.



Energy Management Task Force

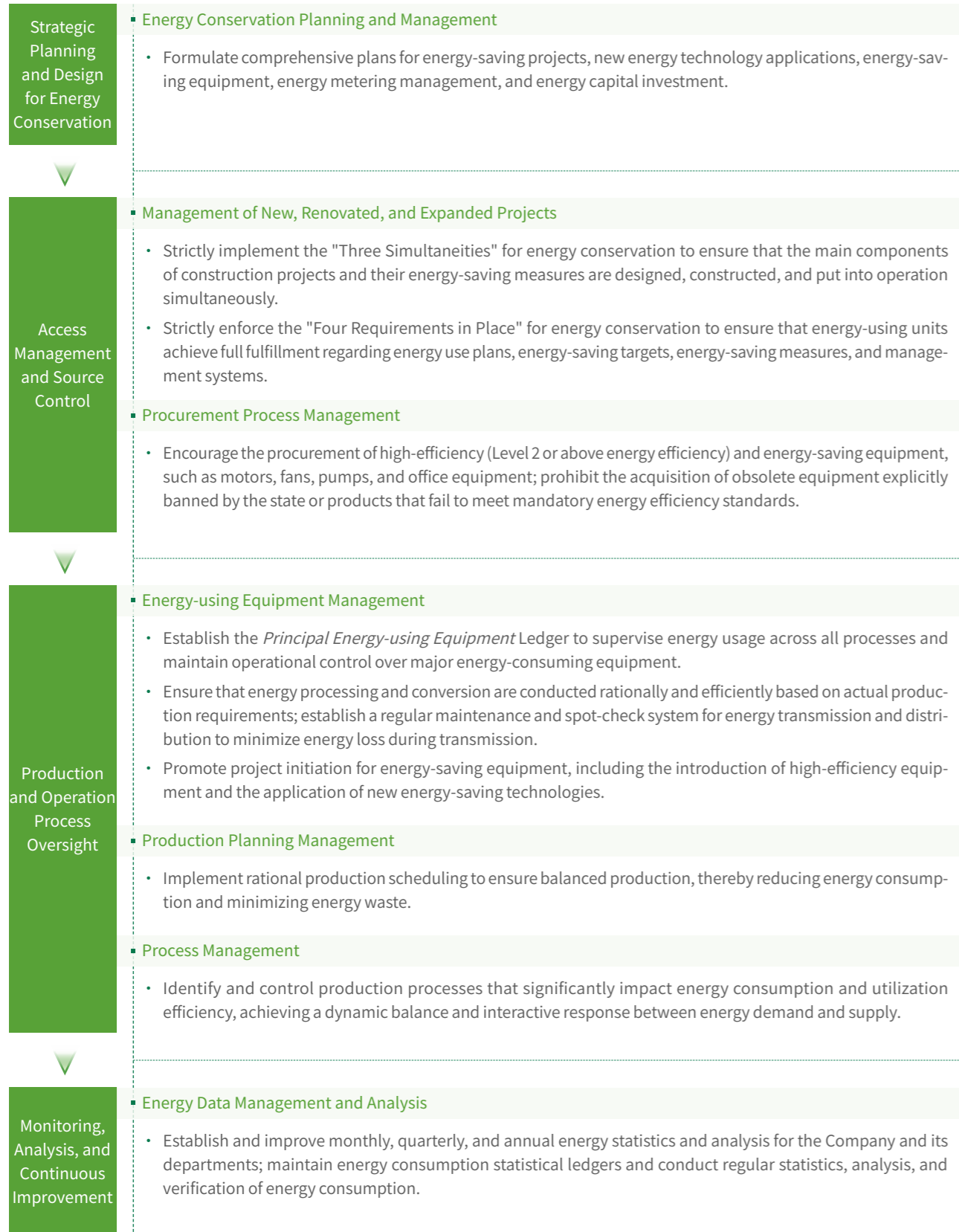
Execute daily energy management processes and specific data statistical tasks for each production base.

During the Reporting Period, eight subsidiaries, including Shandong Liyuan, Sichuan Liyuan, Hubei Liyuan, and Jiangsu Liyuan, have obtained ISO 50001 Energy Management Systems certification.

Subsidiary ISO 50001 Energy Management System Certification



Energy Management Process of Lopal Tech



Energy Efficiency Improvement

Lopal Tech. is dedicated to achieving high-efficiency energy utilization. We deeply integrate energy efficiency targets into our daily operations through continuous energy consumption monitoring and data analysis. By implementing energy-saving renovation projects, identifying energy waste points, and organizing energy conservation training and competitions, we steadily enhance energy utilization efficiency, taking concrete actions to drive the sustainable development of the enterprise.

Energy Efficiency Goals of Lopal Tech.

By 2030, the reduction of energy consumption intensity will be approximately **70%** compared to that in 2023

Jiangxi Lopal Era Waste Heat Recovery Project at Kiln Tail

Lopal Tech. launched an energy-saving renovation project for rotary kiln waste heat recovery at the Jiangxi Lopal Era production base. Addressing the previous process where high-temperature waste gas exceeding 500 °C was discharged directly, we collaborated with professional manufacturers to invest in and construct a waste heat boiler system. This system captures waste heat from the gas to generate steam for production, directly replacing the daily procurement of municipal steam.

Upon completion, the project is expected to save **224,000** tonnes of steam procurement annually and reduce operating costs by RMB **32.34** million.

Specialized Training in Energy Conservation and Consumption Reduction

Lopal Tech. conducted group-wide special training focused on energy conservation and consumption reduction. Professional courses were delivered covering core topics such as fundamental energy management systems, Energy Performance Contracting (EPC) project assessment, and systematic energy-saving practical methods; meanwhile, an online assessment mechanism was implemented to evaluate knowledge conversion rates. Furthermore, we established a special incentive mechanism to reward individuals with outstanding assessment performance and production bases with significant energy-saving results, effectively motivating all personnel to participate in energy efficiency improvement actions.

The energy consumption of Lopal Tech. primarily originates from natural gas, steam, diesel, gasoline, and purchased electricity.

During the Reporting Period, our energy consumption status was as follows:

Indicator	Unit	2025
Direct energy consumption	Tonnes of standard coal	178,580.26
Indirect energy consumption	Tonnes of standard coal	203,455.37
Comprehensive energy consumption	Tonnes of standard coal	382,035.63
Integrated energy consumption intensity	Tonnes of standard coal/revenue of RMB 10,000	0.43

Renewable Energy

Lopal Tech. upholds the philosophy of green development by continuously optimizing its energy structure and increasing the proportion of renewable energy throughout its production and operations. By investing in green power projects—including distributed photovoltaics, wind power, and hydropower—and integrating green electricity procurement, we steadily advance the substitution of fossil fuels to minimize our carbon footprint.

Distributed Photovoltaic Deployment Across Multiple Bases Achieving Significant Coal Savings and Carbon Reduction

Lopal Tech. actively advances the construction of photovoltaic projects by adopting the 'Self-generation for Self-consumption with Excess Electricity Fed into the Grid' model, gradually implementing distributed photovoltaic systems across 11 of its production bases. During the Reporting Period, the Xingang Base of Lopal Lubricant successfully achieved the grid-connected operation of its 1.2 MW distributed photovoltaic power station, injecting clean energy momentum into the Group's green production efforts.



Water Resource Management

Water resources represent foundational natural and strategic economic assets for corporate development. Lopal Tech. consistently adheres to relevant national laws and regulations and strictly implements internal water resource management systems to reduce water consumption throughout its production processes. We are committed to lowering water intensity and have established feasible water resource management targets. During the Reporting Period, the Company encountered no relevant risks regarding the sourcing of suitable water.

Water Resource Management Goals of Lopal Tech

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

To fulfill these water resource management goals, Lopal Tech. optimizes daily water management across multiple dimensions, encompassing water-saving technologies, equipment, and personnel. We implement initiatives such as the application of water-saving technologies, the enhancement of equipment water efficiency, and water conservation training for employees to continuously improve water utilization efficiency across all stages of production and operations. Furthermore, we effectively expand diversified water sources through the construction of circulating water systems, reclaimed water reuse systems, and rainwater harvesting systems, thereby reducing the dependence of operational activities on natural water resources.

Condensate Water Recovery and Utilization

Indonesia Liyuan implemented a specialized recovery renovation targeting condensate water generated by water-cooled dryers in its packaging workshop. We installed collection pipelines at equipment drainage outlets to gather condensate water into storage tanks, subsequently diverting it for daily cleaning tasks such as workshop floor flushing and equipment wiping. During the Reporting Period, Liyuan New Energy Technology Indonesia Co., Ltd. achieved a daily recovery of approximately 5 tonnes of condensate water, cumulatively reducing freshwater consumption by over 1,500 tonnes annually; this initiative optimizes water utilization efficiency while lowering the daily water costs of the plant.

During the Reporting Period, Liyuan New Energy Technology Indonesia Co., Ltd. achieved a daily recovery of approximately **5** tonnes of condensate water, cumulatively reducing freshwater consumption by over **1,500** tonnes annually; this initiative optimizes water utilization efficiency while lowering the daily water costs of the plant.

Reuse of Industrial Wastewater After Treatment

Sanjin Lithium Battery implemented rainwater-sewage diversion and classified water reuse management within its plant area. For production wastewater, we conduct on-site treatment and recycle it back into production processes. Regarding initial rainwater and domestic sewage, we ensure treatment meets discharge standards before transferring it to water utility companies for subsequent disposal. Additionally, we installed online water quality monitoring equipment at drainage nodes to perform real-time monitoring and process management, achieving internal water recycling while ensuring the compliant discharge of all types of wastewater.

During the Reporting Period, our water resource utilization status was as follows:

Indicator	Unit	2025
Total water resource consumptions	Tonnes	3,657,906.33
Water resource consumption intensity	Tonnes/revenue of RMB 10,000	4.09

Circular Economy

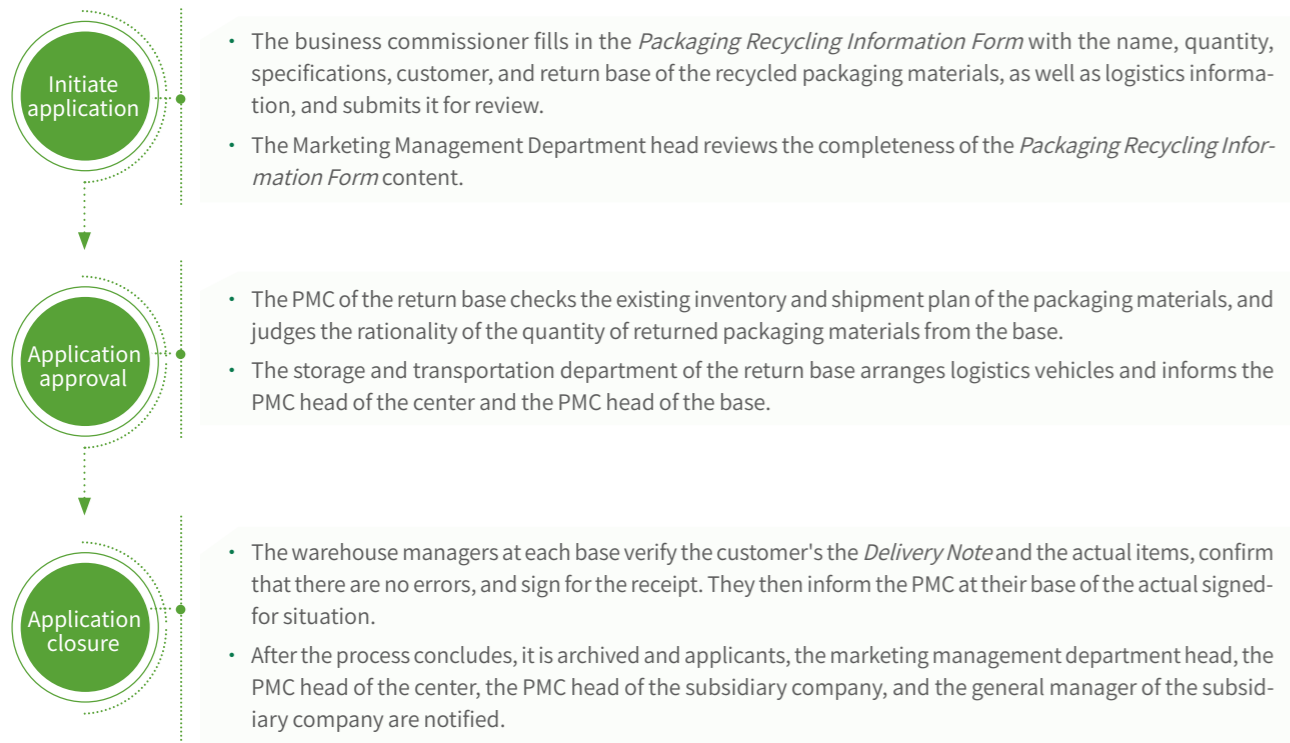
Lopal Tech. practices the philosophy of 'efficient resource utilization and environmentally friendly development' to build a systematic circular economy framework. We have established closed-loop recovery systems for resources such as packaging materials, waste oil, and power batteries, continuously enhancing resource efficiency while reducing operating costs and environmental footprints. Furthermore, we actively explore the 'urban mining' resource model, driving cost reduction and efficiency gains to contribute solid momentum to corporate sustainable development and the green transition of the industry.

Packaging Material Management

Lopal Tech. upholds the management principles of 'Reduction, Reuse, and Recycle', incorporating the circularity, biodegradability, and lightweighting of packaging materials into its daily operations. To standardize packaging recovery processes, we compiled and implemented the Packaging Recovery Work Instructions. Additionally, we developed a quantitative monitoring system covering key indicators—including recovery volume, classification accuracy, and reuse rates—to realize standardized procedures and visualized data management.

We promote refined internal sorting of packaging materials by establishing dedicated sorting areas within our plants. We categorize waste packaging, including cardboard boxes, plastics, and pallets—into a four-tier storage system consisting of Reusable, Recyclable, Non-recyclable, and Hazardous Waste. Concurrently, we promote the application of recyclable packaging and develop label-free packaging to control upstream logistics costs and the consumption of resources such as ink and paper, thereby improving the overall utilization efficiency of packaging materials.

Lopal Tech. Packaging Recycling Management Process



'Closed-loop Supply Chain' for Vehicle Urea Ton Bags and 'Cascade Utilization' of Raw Material Ton Bags

Lopal Tech. implements resource-based management for large-scale ton bags by combining supply chain synergy with internal cascade circulation. Regarding vehicle urea ton bags, we execute buyback and recycling agreements with upstream suppliers who recover empty bags during delivery for subsequent refilling and resupply; this initiative eliminates the production of over 30,000 new ton bags annually, effectively achieving collaborative packaging reduction across the value chain. Furthermore, for empty ton bags resulting from raw material procurement, we conduct cleaning and inspections following the feeding process, subsequently repurposing qualified bags as packaging containers for industrial-grade by-products to extend their service life while further controlling new material procurement and overall resource consumption.

During the Reporting Period, the recycling and reuse of ton bags resulted in cost savings of **RMB 1.77 million.**

During the Reporting Period, the usage of traceable packaging materials of Lopal Tech. was as follows:

Types of packaging materials	Unit	2025
Total packaging material usage	Tonnes	49,857.70
Packaging material usage intensity	Tonnes/revenue of RMB 10,000	0.06

Recycling Industry of Used Power Batteries

With the increasing ownership of new energy vehicles, the disposal of waste power batteries has emerged as a critical link in resource circularity. Lopal Tech. has responded to relevant national development plans for the circular economy by incorporating the recycling and circular utilization of waste power batteries into its business layout; furthermore, we have constructed a full-lifecycle power battery industry chain encompassing recycling, cascade utilization, dismantling and regeneration, and material remanufacturing.

We implement the cascade utilization of power batteries by applying screened and regrouped retired batteries to scenarios such as energy storage for communication base stations to extend their service life. Through precise dismantling and high-efficiency extraction, the Company has achieved a lithium recovery rate exceeding 96% and a nickel-cobalt recovery rate exceeding 99.5%, maintaining an industry-leading position. We directly apply key materials—including recovered and regenerated lithium carbonate and iron phosphate—to the manufacturing of new battery cathode materials, successfully completing the recycling and application closed-loop for power batteries while further enhancing resource utilization and reducing production and operating costs.



Recycling of Phosphorus-Iron Slag for the Preparation of Battery-Grade Iron Phosphate

As lithium iron phosphate batteries enter a phase of large-scale decommissioning, the disposal of substantial volumes of phosphorus-iron waste slag—generated from lithium extraction through hydrometallurgical recycling—has emerged as a significant technical hurdle for the industry. Traditional stockpiling or solid waste disposal models not only result in resource wastage but also entail serious environmental risks. Consequently, Lopal Tech. has actively explored recycling technologies for phosphorus-iron waste slag, utilizing the slag after lithium extraction as the primary raw material to construct an integrated process route encompassing 'preliminary impurity removal — gradient acid leaching — targeted deep impurity removal — iron phosphate synthesis'. This approach significantly lowers production costs while yielding battery-grade iron phosphate with superior performance. We have completed the laboratory-scale development, pilot-scale verification, and mass production of this technical route. We are currently preparing the construction of a phosphorus-iron slag recycling production line with an annual processing capacity reaching 70,000 tonnes.

Addressing Climate Change



As the global climate change situation becomes increasingly severe, Lopal Tech. deeply recognizes the impact of climate change on its production, operations, and long-term development. We continuously refine our governance systems for addressing climate change and achieving 'dual carbon' goals while deepening the identification of and response to climate risks and opportunities. By prioritizing energy conservation and carbon reduction as our core strategy and pathway, we focus on enhancing business resilience and climate adaptability to drive the industry's climate transition.

Governance

Lopal Tech. has established a three-tier climate change governance structure composed of the Board of Directors, the Strategic Committee, and the ESG Working Group. Within this framework, the Board of Directors serves as the highest decision-making body for climate change affairs, responsible for formulating policies, strategies, and targets while supervising progress and maintaining overall accountability for climate-related initiatives. The Strategic Committee spearheads the management of the Company's climate change affairs by comprehensively coordinating and supervising the deployment of related activities to ensure the effective implementation of risks, opportunities, targets, and strategies. Meanwhile, the ESG Working Group is tasked with specific duties, including climate risk identification, data statistical analysis, and risk management. It reports regularly to the Strategic Committee to ensure that all work is effectively executed.

Strategy

Based on the framework and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Lopal Tech. conducts identification and analysis of climate-related risks and opportunities that may arise from its operational and production activities. We comprehensively evaluate potential impacts across all business segments and formulate corresponding strategies and plans to achieve proactive management and an effective response to climate risks.



During the Reporting Period, the main climate risks and opportunities identified by us, as well as the corresponding response measures, are shown in the table below.

Risk category		Risk impact	Time scope	Countermeasures
Physical risk				
Acute	Rainstorms, Typhoons, Floods, etc.	Extreme weather events such as typhoons, rainstorms, and floods may cause operational interruptions at production bases, damage to equipment and inventory, and personnel casualties, directly resulting in revenue losses. Meanwhile, supply chain disruptions caused by extreme weather further increase operating costs and compliance risks.	Short-term	<ul style="list-style-type: none"> Conduct seasonal safety inspections, formulate emergency response plans for extreme weather, and perform emergency drills to effectively prevent and address sudden natural disasters such as typhoons, rainstorms, and floods. Establish supply chain resilience assessment and diversified supply mechanisms.
Chronic	Rising Average Temperatures	Long-term increases in average temperatures will directly raise energy consumption for refrigeration and cooling water usage during production processes. This trend drives up procurement costs for energy and water resources, thereby increasing overall operating costs.	Medium to long-term	<ul style="list-style-type: none"> Implement systematic energy-saving and water-saving renovations and promote high-efficiency cooling and circulating water systems.
Transition risks				
Policy and legal	Changes in Climate and Environmental Policies	Under the context of global climate change and the national 'dual carbon' strategy, domestic and international environmental or climate policies and mandatory disclosure requirements are becoming increasingly stringent, thereby raising the Company's environmental and climate compliance costs.	Medium-term	<ul style="list-style-type: none"> Establish a normalized mechanism for tracking climate policies and assessing their impacts to plan compliance pathways in advance. Follow international standards to build proactive carbon emission accounting mechanisms and comprehensively conduct carbon emission management and product carbon footprint verification.
Technology	Low-carbon Technology Development	To align with the low-carbon transition trends of the market and industry, the Company must invest significantly in developing low-carbon and green technologies. These investments aim to enhance the energy-saving and carbon-reduction attributes of products as well as operational energy efficiency, which consequently leads to higher R&D and operating costs.	Medium to long-term	<ul style="list-style-type: none"> Evaluate the feasibility of relevant technologies to mitigate investment failure risks. Fully leverage the low-carbon technical advantages of products, services, and solutions to maximize economic benefits.
Market	Changes in Customer Behavior and Preferences	Customers, such as automakers and other manufacturers, increasingly prioritize the low-carbon and environmentally friendly attributes of products. If the Company fails to respond promptly to market demands for green, low-carbon, and energy-saving products, it may face the risk of customer attrition and a decline in market share.	Medium-term	<ul style="list-style-type: none"> Continuously drive the innovative research and development of green products and full-scenario low-carbon solutions to meet emerging market demands. Enhance user stickiness and preference by assisting downstream users in their carbon reduction efforts.
Reputation	Brand Image	Against the backdrop of global climate change, stakeholders—particularly investors, customers, and the public—are placing increasing focus on the Company's climate governance and performance. Any negative publicity regarding carbon reduction performance, environmental compliance, or climate risk response could damage the Company's image and result in the loss of customers.	Long-term	<ul style="list-style-type: none"> Continuously refine the climate governance system, strengthen the application of energy-saving and carbon-reduction technologies, and consistently improve climate-related performance to earn the trust of all stakeholders. Strengthen stakeholder communication mechanisms, regularly publish ESG reports and specialized disclosure documents, and actively address climate-related topics.

Opportunity category	Opportunity impact	Time range	Countermeasures
Resources efficiency			
Recycling and Reuse	Driven by the growth of the power battery recycling industry, the Company is advancing the construction of a closed-loop industry chain for power batteries. This strategic layout enhances resource utilization efficiency and mitigates environmental risks while effectively lowering production and operating costs.	Medium to long-term	<ul style="list-style-type: none"> Accelerate the construction of recycling capacity and technical upgrades to improve resource recovery rates. Ensure the quality of new batteries manufactured through recycling and reuse.
Market			
Entering New Markets	Propelled by 'dual carbon' strategic goals, the new energy industry is entering a high-growth phase with expanding demand for related products and solutions from downstream customers. The Company leverages its advanced technology and production capacity to explore emerging new energy markets, which expands its competitive edge and increases total revenue.	Medium to long-term	<ul style="list-style-type: none"> Further explore emerging new energy markets and deepen cooperation, while launching more products and services that align with market demands and expectations to ensure long-term, steady growth in business and revenue.
Energy efficiency			
Using Low-carbon Energy	Along with continuous breakthroughs and the large-scale application of new energy technologies, as well as the rolling out of supportive policies, costs of producing and using green energy continue to decline. This trend helps the Company reduce energy expenses while achieving a successful low-carbon energy transition.	Medium to long-term	<ul style="list-style-type: none"> Increase the proportion of renewable energy used in production and operations to reduce direct energy costs, meet the green demands of downstream customers, and effectively address regulatory challenges in end markets, thereby assisting the Company in achieving its low-carbon development goals.

Risk Management

The Company attaches great importance to climate change-related risks and is committed to establishing a robust management mechanism for climate risks and opportunities. We have integrated the identification and addressing of climate risks and opportunities into daily operations and management decisions. By formulating corresponding mitigation and adaptation strategies based on identification results, the Company ensures that climate risk management is closely aligned with its long-term development strategy.



Metrics and Targets

Lopal Tech. resolutely responds to the national "dual carbon" strategy and systematically constructs climate action pathways based on business characteristics and development plans. We have undertaken comprehensive carbon footprint verification and established a carbon emission management system, while proactively benchmarking against international standards to build and refine carbon emission accounting mechanisms. Through a systematic analysis of emission sources and total volumes across all production stages and processes, we accurately identify carbon reduction potential within operations. This enables the targeted planning of reduction pathways and continuously enhances the precision and transparency of climate management. We remain dedicated to a green, low-carbon development path by setting practical carbon reduction targets and actively promoting energy conservation and resource efficiency.

Greenhouse Gas Emission Goals of Lopal Tech.

By 2030,

the intensity of operational greenhouse gas emissions will be reduced (Scope 1 and Scope 2) by **20%** compared with 2023.

During the Reporting Period, our greenhouse gas emission data is presented in the table below.

Indicator	Unit	2025
Direct greenhouse gas emissions (Scope 1 ¹)	Tonnes of CO ₂ e	315,604.07
Direct greenhouse gas emissions (Scope 2 ²)	Tonnes of CO ₂ e	742,314.04
Total greenhouse gas emissions ³	Tonnes of CO ₂ e	1,057,918.11
Greenhouse gas emissions per unit of revenue	Tonnes of CO ₂ e/revenue of RMB 10,000	1.18



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

²The calculation of Scope 2 greenhouse gas emissions refers to the Announcement on the Release of the Carbon Dioxide Emission Factor of Electricity in 2021 issued by the Ministry of Ecology and Environment and the National Bureau of Statistics. The average carbon dioxide emission factor of electricity is 0.5856 kgCO₂/kWh. The main contributors to Scope 2 greenhouse gas emissions are purchased electricity and purchased steam.

³The current total greenhouse gas (GHG) emissions consist of Scope 1 and Scope 2 emissions. We are currently identifying GHG emissions across the value chain and will gradually disclose Scope 3 emissions once the data management system is fully established.

04

Focusing on Talent Development

Chapter Contents

- Diverse Employment
- Training and Development
- Welfare and Care
- Occupational Health and Safety

Talent is the core cornerstone of the enterprise's sustainable development and the core driving force for Lopal Tech. to practice the strategy of becoming a global leader in green new energy core materials. Adhering to the philosophy of "People-Oriented, Diversity and Inclusion, Empowering Growth", we build a full-life cycle employee care system and localized talent strategy, create a talent team with international vision, innovative vitality and a sense of belonging, and work together to draw a blueprint for sustainable development.



Diverse Employment



Standardized and diverse employment management is an important foundation for Lopal Tech. to support its globalization strategy and consolidate the talent echelon. We continuously optimize the employment management system, create a fair, just, inclusive and mutually trusting working environment to promote the implementation of harmonious labor relations, and provide talent guarantee for the upgrading of the new energy industry and the expansion of overseas markets with professional employment practices.

Recruitment and Employment

Lopal Tech. strictly abides by relevant laws and regulations including the *Labor Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Minors*, and continuously improves the recruitment management system based on internal systems such as the *Recruitment Management Measures*. Combining global business and industrial needs, the Company built an integrated recruitment channel at home and abroad, constructed a diversified talent introduction model with social recruitment and campus recruitment in parallel, implemented key position recruitment, temporary recruitment and management trainee programs, and strengthened talent retention with talent retention policies, forming an integrated employment system of "recruitment, training and retention".

Recruitment Plans of Lopal Tech.

Core Key Position Recruitment

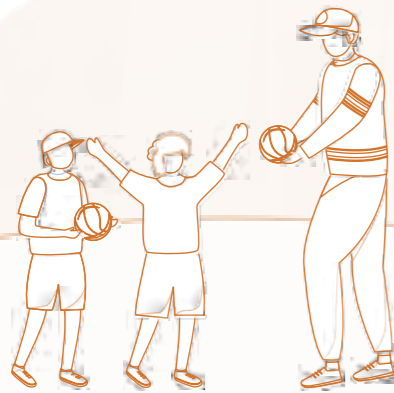
Benchmark against leading enterprises in the new energy industry, sort out the internal organizational structure, focus on core business lines such as R&D, supply chain, production supervision and sales, carry out talent inventory, set competency models and determine staffing levels, implement a monthly review mechanism, dynamically update recruitment goals and plans, and fill the talent gap in key positions.

Temporary Recruitment

Establish a rapid recruitment response mechanism for sudden temporary positions based on industry characteristics, set up a special team to carry out research and staffing work, implement a weekly review mechanism, dynamically adjust recruitment plans, and ensure the flexible progress of business.

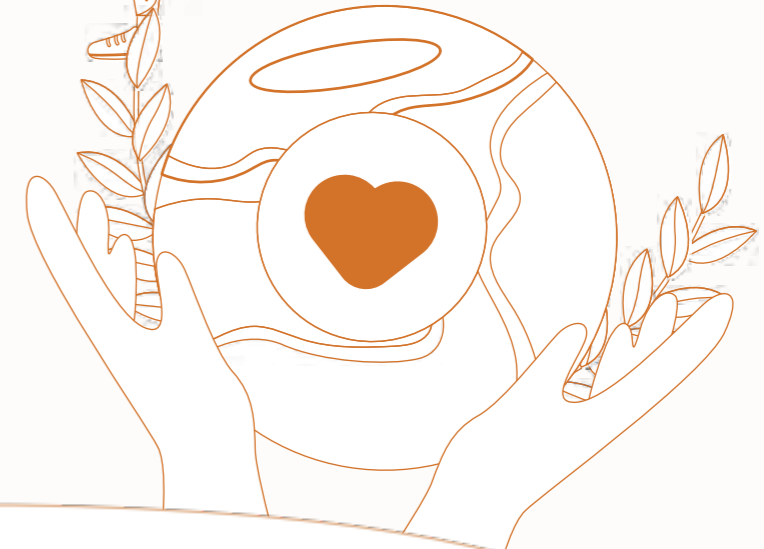
Talent Reserve Management Trainee Program

Recruited 100 management trainees in 2025, with each business unit submitting recruitment demands, carrying out online and offline campus recruitment by region, disassembling resume collection, written examination, interview, employment and other stages according to time nodes, and building an enterprise talent pool.




University-Enterprise Cooperation with Yangzhou Polytechnic Institute to Empower the Localization Development of Indonesia Base

During the Reporting Period, the Company launched a targeted training program through university-enterprise cooperation with Yangzhou Polytechnic Institute. The talent training program was customized around the core business needs of lithium iron phosphate production and operation at the Indonesia base, offering adaptive professional courses such as new energy materials and chemical production technology, and integrating Indonesian local culture and business Chinese to realize the dual training of "professional skills + cross-cultural competence". Through the "on-campus training + enterprise internship" model, the program has delivered targeted compound talents with professional competence and cross-cultural communication skills to the Indonesia base. By the end of the Reporting Period, the first batch of talents has been delivered and successfully employed, providing solid talent support for the localized operation and capacity release of the Indonesia base.




Employee Diversity Management

We adhere to the management philosophy of "Diversity and Inclusion, Equality and Respect", and resolutely eliminate any form of discrimination such as race, nationality, religion, gender and ethnicity in recruitment and workplace management. Combining the global business layout, we implement localized management policies and diversified inclusion measures, fully respect the cultural, religious and living differences of employees, fully protect the legitimate rights and interests and development opportunities of employees from different backgrounds, and build a multicultural, mutually supportive and trusting workplace atmosphere. By the end of the Reporting Period, the Company has more than 100 employees from nearly 20 ethnic minorities including Hui, Bai and Zhuang, with nationalities covering China, Singapore, South Korea, Indonesia and other countries, forming an inclusive and diverse talent team.




Religious Facilities Support

A special religious prayer room is set up at the Indonesia production base, equipped with standardized prayer space and ablution facilities (hand and foot washing pools) to meet the five daily prayer needs of Muslim employees, making employees feel the respect for their faith at work.



Holiday System Adaptation

Strictly abide by local laws and regulations of Indonesia, set specific religious holidays for employees according to the Islamic calendar and local customs, to ensure the perfect integration of attendance system and local culture.

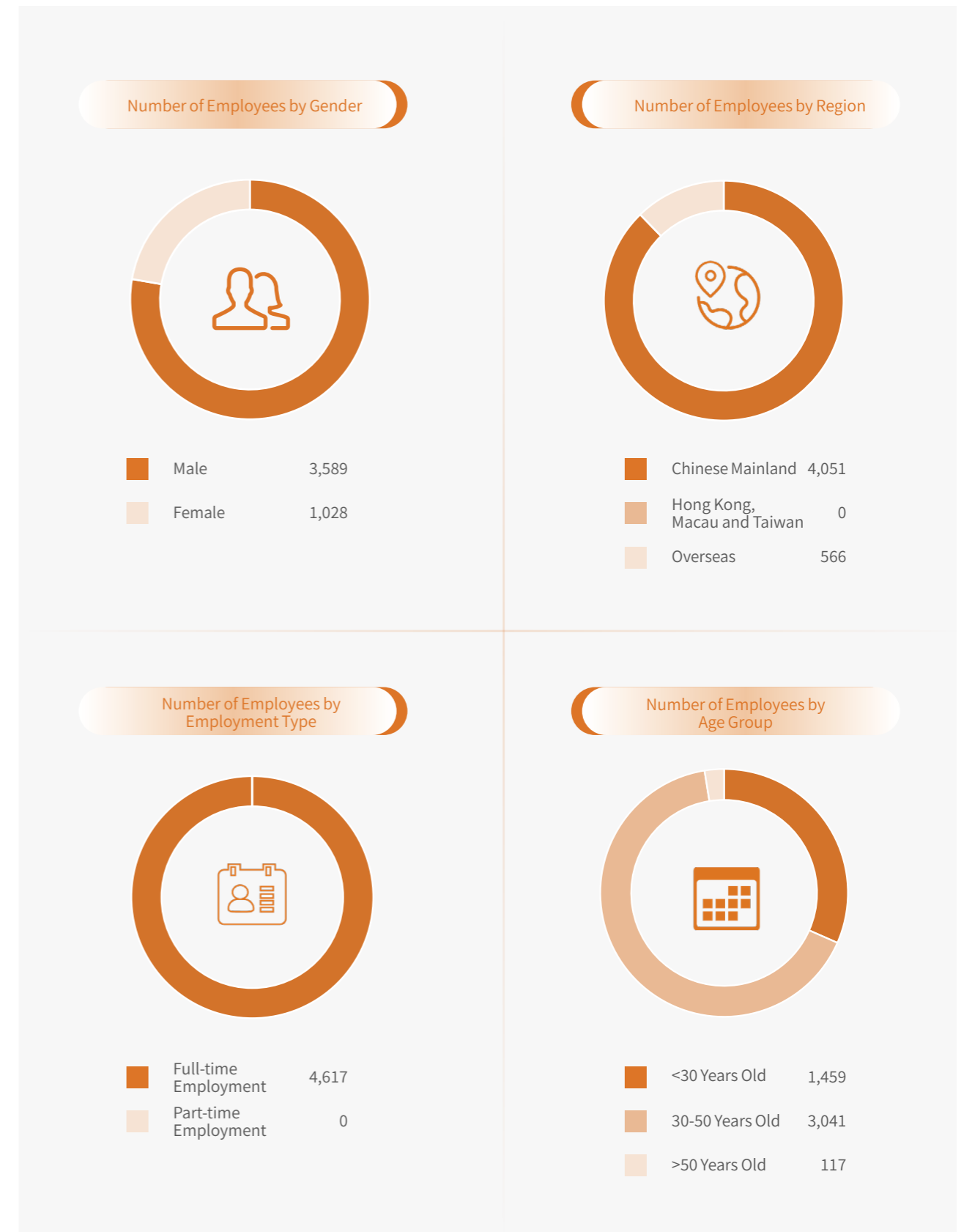


Party Building and Cultural Positions

At the domestic headquarters and bases, the Company has built high-standard Party member activity rooms and non-partisan activity rooms, providing a space for employees of different political backgrounds to study, communicate and show themselves, and regularly holding multicultural exchange activities to promote internal integration.



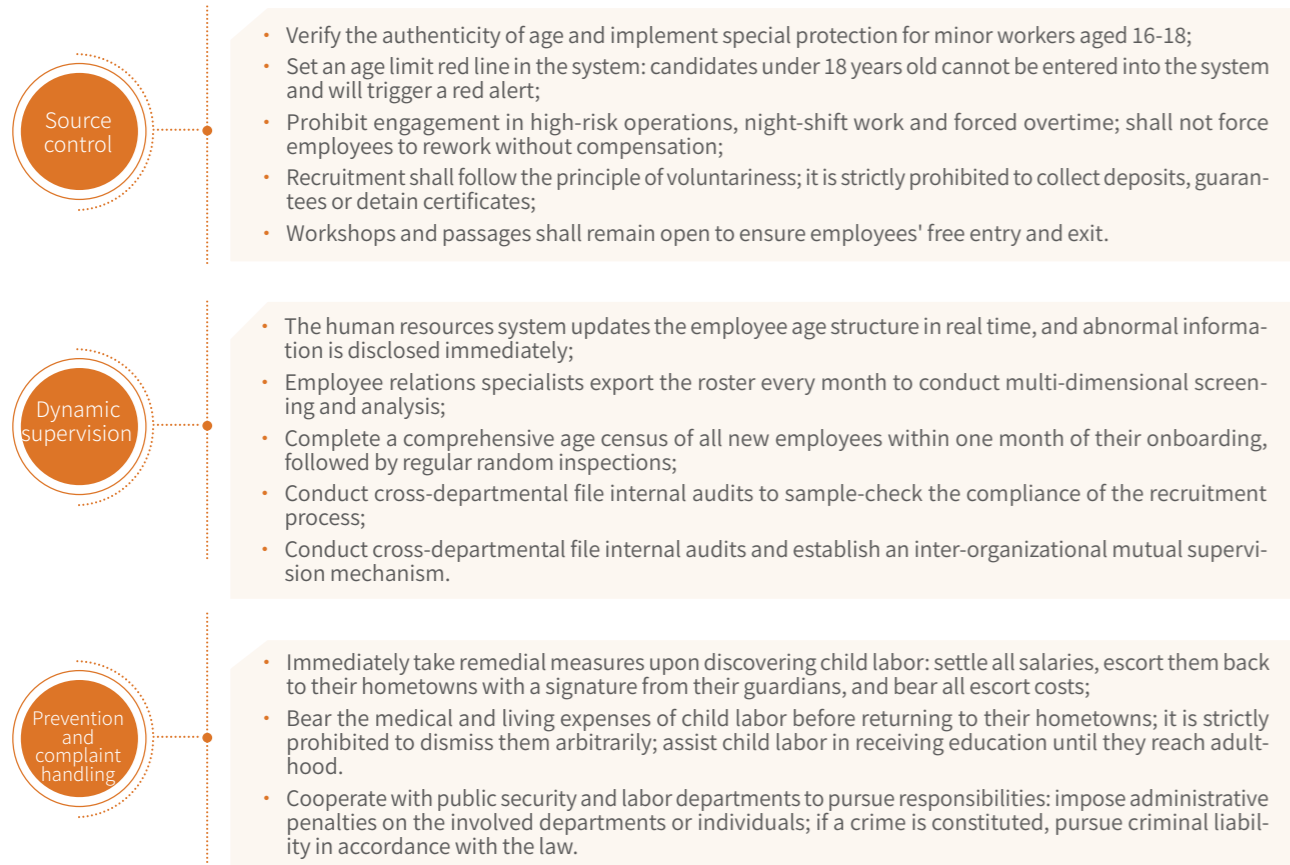
To ensure the effectiveness of DE&I (Diversity, Equity and Inclusion) management practices, we regularly monitor the performance of relevant key performance indicators. By the end of the Reporting Period, we have 4,617 employees worldwide, detailed as follows:



Labor Management

We continuously implement and improve the integrated labor management system of "source control, dynamic supervision, prevention and complaint reporting", consolidate the compliance defense line of labor management, and effectively protect the human rights of all employees and stakeholders to be respected and protected. By the end of the Reporting Period, the Company had no violations such as forced labor and child labor.

Lopal Tech. Labor Management System



A sound prevention and complaint reporting mechanism is an important guarantee for labor management. We strictly abide by the social responsibility management procedures to ensure the full-process compliance of recruitment and employment, and establish a sound employee appeal and complaint mechanism. Employees can report illegal acts directly to the social responsibility management representative or even the general manager, and the Company will conduct timely verification and implement rectification.

During the Reporting Period, we further optimized and upgraded the appeal and reporting channels, added the Chairman's Mailbox and suggestion channel on the employee self-service platform, opening up a direct communication channel between senior management and employees. Meanwhile, we added a risk control consultation hotline on the enterprise WeChat, specially receiving feedback on issues such as employment compliance and labor management, to ensure the rapid reception, efficient verification and timely disposal of employee demands, and continuously smooth the employee feedback closed loop.

Training and Development

Employees are the cornerstone of Lopal Tech.'s sustainable operation. The Company deeply practices the international talent introduction and training strategy, and builds a sound talent training system and scientific career promotion path for employees. Adhering to the cultural philosophy of "Continuous Learning, Common Growth", we help employees stimulate internal motivation by optimizing career development channels and iterating diversified learning platforms, enabling every Lopal employee to realize the resonance of self-value and corporate vision on a broad platform.

Employee Promotion

To broaden the boundary of employees' career development, promote the coordinated growth of talents and the enterprise, and support the Company's business expansion, we continuously implement and improve internal systems such as the *Management Measures for Job Positions, Ranks and Salary Grades* and the *Cadre Management Measures*, clarify the rank framework, evaluation standards and promotion rules, and promote the standardized and systematic operation of employee promotion management.

Talent echelon construction is the core of the Company's talent strategy. Lopal Tech. continuously optimizes the human resource structure. On the basis of the original three promotion mechanisms for management talents, professional talents and skilled talents, a professional sequence was added in 2025, covering marketing, energy conservation and other fields, further refining the development path of professional talents and meeting the career promotion demands of employees in different positions. Meanwhile, to cultivate all-round compound talents, we built a three-dimensional development system of "vertical promotion and horizontal job rotation", encouraging employees to participate in job rotation, on-duty rotation and cross-professional development, improving comprehensive quality and business capabilities through multi-position experience, and helping each employee find a suitable growth path.



Employee Training

We continuously optimize the full-life cycle talent training system and training management measures around the three cores of professional competence improvement, business field expansion and leadership cultivation, customize exclusive training programs for different job positions and ranks, promote the construction of lecturer team and training subsidy work, and achieve precise empowerment. Meanwhile, in addition to core training programs, we carry out diversified special training and regular learning activities such as the Chairman's monthly lectures, monthly reading plan and "Energy Friday" language learning, striving to create a good cultural atmosphere of continuous learning and common growth for all Lopal employees.

By the end of the Reporting Period

The average training hours per employee was

36.23

with a training coverage rate of

100 %



Average training hours by gender

Male	Hour(s)	35.74
Female	Hour(s)	37.92

Average training hours by employee category

Senior Management	Hour(s)	65.55
Middle Management	Hour(s)	80.40
Frontline Employees	Hour(s)	28.63

Training coverage percentage by gender

Male	%	100
Female	%	100

Training coverage percentage by employee category

Senior Management	%	100
Middle Management	%	100
Frontline Employees	%	100



Management Trainee Development System

Adhering to the core concept of "Integrated Recruitment and Training", each management trainee is automatically matched with a one-year customized learning plan after receiving the campus recruitment offer, and participates in a seven-day national closed intensive training after onboarding. Meanwhile, we assign an exclusive mentor to each management trainee, track and implement the weekly mentoring plan, and carry out phased debriefing, performance communication and annual evaluation. With the help of the Beisen Learning Cloud Platform, we realize the digital management of the entire training process. By the end of the Reporting Period, more than 100 management trainees have entered the manager reserve pool, and the onboarding cycle has been shortened by 30% compared with the past.



Six Sigma Implementation Training

Faced with the increasingly fierce industry competition and the continuously improving customer product standards, we introduced the Six Sigma management system and invited external professional lecturers to carry out special training, focusing on project implementation and product quality improvement, and promoting the in-depth integration of training content and practical work. After months of training and project practice, the unqualified rate of key product indicators has been greatly reduced, the production process has been optimized, production efficiency has been significantly improved, and raw material loss has been effectively reduced. Finally, 40 employees successfully obtained the Six Sigma Green Belt certification, and the Company will continue to promote the in-depth application of Six Sigma tools in the future.



Cooperative Training

During the Reporting Period, we deepened strategic cooperation with many universities at home and abroad, and built an efficient and linked industry-university-research collaborative education platform. It not only provides high-quality practical training and development opportunities for students, but also helps improve the comprehensive capabilities of the Company's internal employees by relying on the high-quality educational resources of universities, laying a solid foundation for talent cultivation and promoting the in-depth integration of industry-university-research to a new level.



Overseas University-Enterprise Cooperation

Relying on the Indonesia base, Liyuan Technology under Lopal Tech. has jointly built a close and efficient industry-university-research cooperation system with Trisakti University and Xihua University, focusing on the needs of the China-Indonesia new energy industry, and carrying out targeted joint talent training with the core goal of cultivating "Chinese + Vocational" compound bilingual talents. While receiving professional skills training, students can also participate in China-Indonesia cultural exchange and study tour programs to China. The project has become an important link connecting China-Indonesia technical exchange and cultural integration, helping the industrial coordinated development of the two countries and serving the the Belt and Road Initiative. Among them, a number of targeted Indonesian students have joined Indonesia Liyuan and grown into business backbones.



Welfare and Care



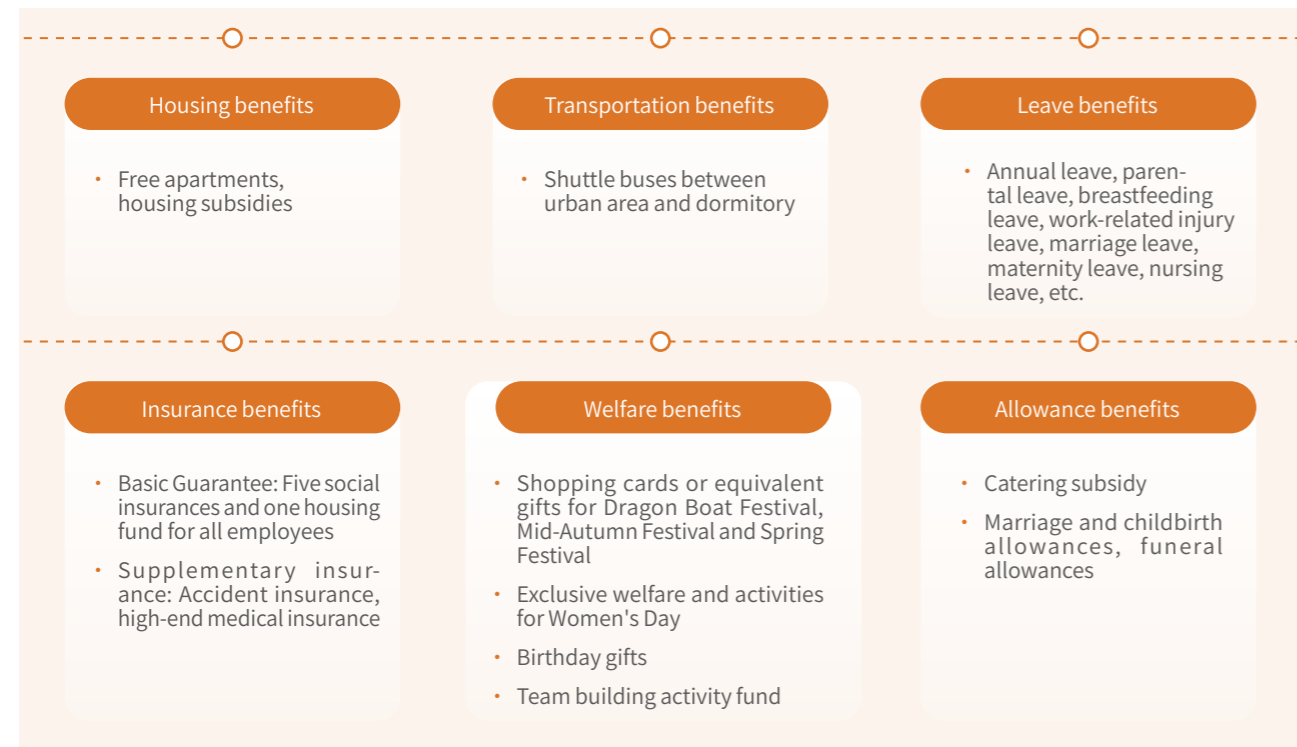
Adhering to the philosophy of "Value Co-creation and Benefit Sharing", we build a competitive and fair salary and welfare system, improve the multi-level employee care mechanism, build an efficient and smooth employee communication and feedback channel, fully protect employees' rights and interests, enhance employees' well-being, stimulate employees' vitality, and promote the common growth and development of employees and the enterprise.

Compensation and Benefits

During the Reporting Period, we deepened the value proposition of win-win and common prosperity, revised and improved internal systems such as the *Management Measures for Compensation*, the *Management Methods for Bonus Allocation* and the *Management Methods for Performance*, optimized the performance appraisal methods and processes simultaneously, and built a salary system featuring "basic guarantee, performance incentive, fairness and impartiality", realizing the all-round empowerment and guarantee for employees.

We implement performance appraisal with the core of "KPI + Customer Satisfaction" through the model of annual goal setting, monthly decomposition and next-month evaluation, providing a scientific and accurate basis for salary adjustment and distribution. Meanwhile, we implement hierarchical and differentiated salary adjustment based on performance appraisal results, with a focus on core, high-performance and frontline employees, balancing the fairness of salary distribution and market competitiveness. During the Reporting Period, we further clarified the framework of the incentive system combining short-term and medium-to-long-term incentives. Short-term incentives include monthly performance bonus and technical patent bonus, while medium-to-long-term incentives include stock option incentive and restricted stock, deeply binding employees' value creation with the enterprise's development.

To achieve a harmonious balance between employees' work and personal life, we revised and improved internal systems such as the *Management Methods for Benefits*, built a comprehensive welfare system covering six categories including insurance, accommodation subsidy, transportation welfare, catering subsidy, leave and exclusive welfare, and continuously enhance the happiness and well-being of all employees.



Employee Care

We adhere to the people-oriented development philosophy, based on the all-round needs of employees, create a warm and cohesive workplace environment through targeted assistance, exclusive guarantee and rich activities. Based on protecting employees' legitimate rights and interests, we also focus on key groups such as employees in difficulty and female employees, improve assistance and care measures, build an interactive platform through various employee activities, strengthen team cooperation and enhance employees' sense of belonging.



"March 8th Red Flag Bearer, Women Bloom in Glory" Fun Sports Event

On March 8, 2025, Lopal Tech. organized the "March 8th Red Flag Bearer, Women Bloom in Glory" Fun Sports Meeting at the Hubei Industrial Park, covering all female employees of the three companies in the park. With fun competitions as the carrier, the activity not only fully demonstrated the positive and progressive spirit of Lopal's female employees, but also further strengthened communication and cooperation among employees, condensed team strength, and effectively conveyed the Company's exclusive care for female employees.



Employee Communication

We attach great importance to employee communication and opinion feedback, build a multi-channel, full-level and closed-loop employee communication and feedback system, strive to break the communication barrier between management and frontline employees, protect employees' right to know, express and suggest, ensure that employees' demands can be listened to in a timely manner and handled effectively, and promote the continuous optimization of enterprise management.

During the Reporting Period, we further optimized the employee communication channels. In terms of online channel construction, we set up a special complaint email, a suggestion channel on the Beisen Platform and a risk control consultation hotline on enterprise WeChat. Offline, we support direct communication between employees and management, set up Party, trade union and league suggestion boxes at each base, and build a face-to-face communication bridge through various regular meetings. We established a closed-loop mechanism of "collection, acceptance, processing, feedback and review", implemented one-by-one tracking and handling of employee feedback, sorted out and selected rational suggestions every month and gave special rewards, ensuring that all demands and suggestions are responded to and resolved.

The comprehensive employee satisfaction rate reached

97%

in 2025, maintaining a high level overall.

Taking employee satisfaction as an important basis for management optimization, we carry out regular and multi-dimensional satisfaction surveys. The comprehensive employee satisfaction rate reached 97% in 2025, maintaining a high level overall. In response to the problems and suggestions put forward by employees, we implement improvement measures and formulate management and promotion plans, forming a virtuous cycle of "survey, improvement, review and optimization".



Occupational Health and Safety



We strictly abide by laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Occupational Disease Prevention and Control Law of the People's Republic of China*. During the Reporting Period, we formulated new internal special systems such as the *Group Safety, Environment and Red Line & Accident Management Measures*, and continuously improved the internal occupational health and safety management system. Meanwhile, we ensured the implementation of the systems by strengthening the Group's compliance execution and addressing management shortcomings in different business areas, building a more scientific and rigorous safety management network to effectively protect employees' occupational health and operational safety.

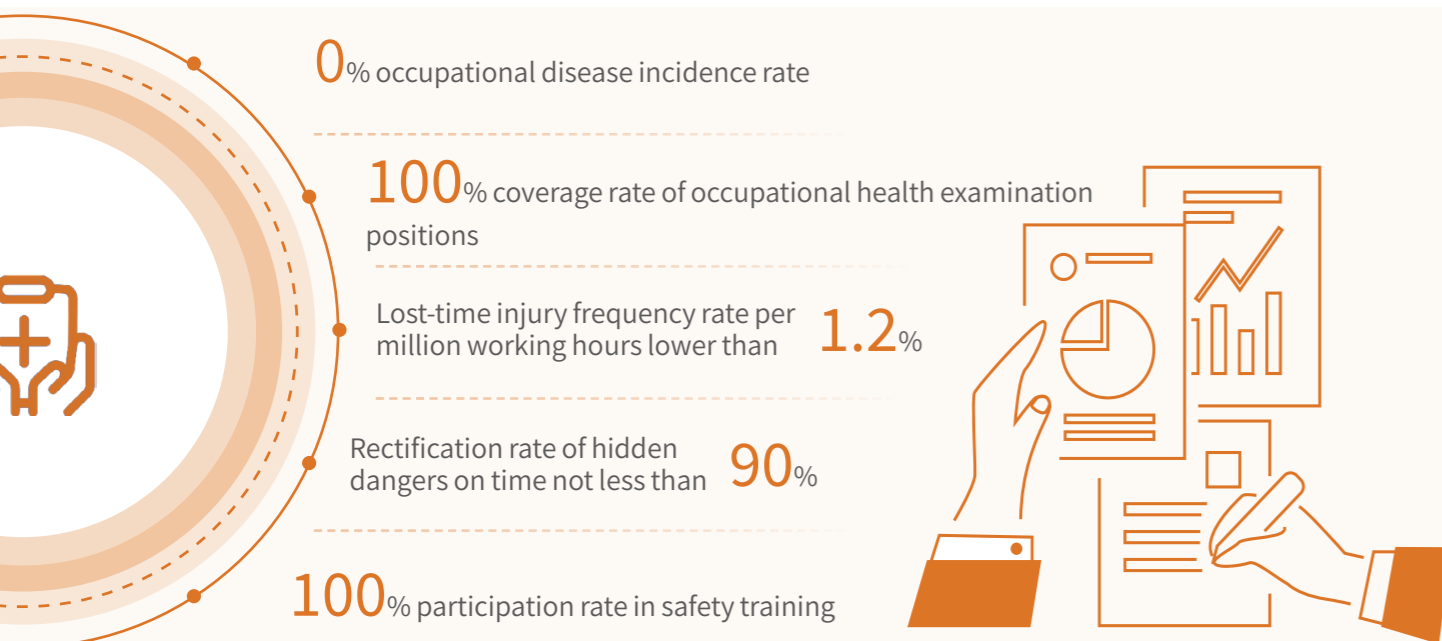
In terms of occupational health protection, we conduct occupational health and safety risk identification at least once a year, implement hierarchical control according to risk levels, and dynamically update the list of occupational health hazards covering all operation scenarios and production states. We adopt a combination of regular testing by external professional institutions and daily internal monitoring, complete a comprehensive test for occupational health hazards every year, and conduct an occupational disease hazard current situation assessment for severely hazardous locations every 3 years. Meanwhile, we continuously optimize the working environment, dynamically control occupational disease hazard positions, and provide occupational safety and health conditions that meet national standards to prevent occupational diseases from the source. During the Reporting Period, Lopal Tech. and its 18 subsidiaries have all obtained ISO 45001 Occupational Health and Safety Management System certification, achieving full coverage of system certification for subsidiaries and the headquarters.



ISO 45001 Occupational Health and Safety Management System Certification

During the Reporting Period, we further clarified the performance management of occupational health and safety by setting annual goals. By the end of the Reporting Period, all the following goals have been achieved.

Occupational Health and Safety Goals



We deepened the implementation of the work safety responsibility system, signed work safety commitments with each employee, clarified the work safety and occupational health responsibilities of each position, built a safety responsibility system covering "vertical to the end and horizontal to the edge", and incorporated safety responsibility goals into the annual strategic overall promotion. To consolidate the work safety defense line, we regularly carry out core work such as safety inspections, hidden danger rectification, emergency drills and safety training, and simultaneously implement the inspection model of "base independent control and group supervision and empowerment", following the principle of "full staff, whole process, all aspects and all weather", promoting the effective implementation of safety responsibilities and comprehensively protecting employees' operational safety.



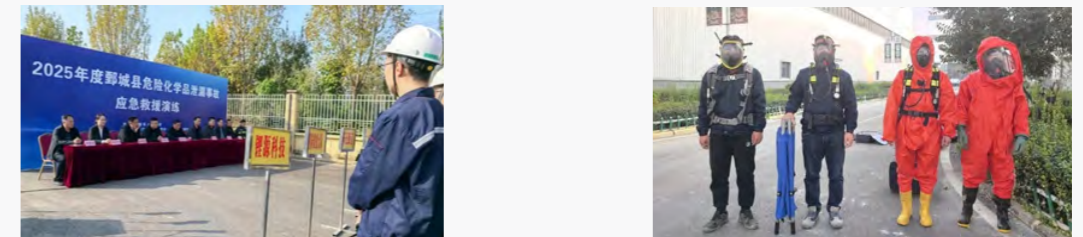
Liyuan Technology Launches Comprehensive Emergency Drill

On the morning of November 28, 2025, Liyuan Technology (a subsidiary of Lopal Tech.) organized a comprehensive emergency drill at the Gaotong Park of its headquarters, with all employees of various departments in the park participating in the whole process. The drill strictly followed the principles of "safety first, actual combat simulation, full participation, and unified command", and carried out actual combat simulations throughout the emergency response plan to comprehensively test the scientificity, applicability and operability of the emergency plan. The drill further strengthened the safety awareness and emergency response capabilities of all staff, improved cross-departmental coordination, continuously consolidated the Company's safety management system and emergency support foundation, and built a solid line of defense for the safe and stable operation of production.



Shandong Liyuan Hosts County-level Emergency Rescue Drill for Hazardous Chemical Leakage

In November 2025, an emergency rescue drill for hazardous chemical leakage accidents, hosted by the People's Government of Juancheng County and co-organized by Shandong Liyuan, was successfully held in the park. The drill simulated the whole process of accident alarm, enterprise self-rescue and government support in real scenarios, effectively improving the emergency coordination capacity between government and enterprises. As a hazardous chemical manufacturer, Shandong Liyuan strengthened emergency management through actual combat drills, building a solid barrier for safe production and regional stability.



As of the end of the Reporting Period

The Company had no serious or above work safety accidents; only one lost-time injury accident occurred, with 35 working days lost due to work-related injuries. The number of work-related deaths in the past three years is as follows:

	Unit	2025	2024	2023
Number of work-related deaths	People	0	0	0
Work-related fatality rate ⁴	%	0	0	0

⁴Mortality rate due to work-related injuries = Number of work-related fatalities / Total number of employees × 100.0%.

05

Gathering Social Forces

Chapter Contents

- **Delivering Customer with Sincerity**
- **Building Communities Together**

Lopal Tech. regards exceptional customer service as the cornerstone of trust for its sustainable development. We are committed to communicating with customers in an honest and transparent manner, building and maintaining long-term, stable value relationships. In addition, we actively carry out social welfare initiatives, charitable donations, and volunteer activities to fulfill our corporate social responsibilities, bringing together diverse stakeholders to jointly promote inclusiveness, harmony, and progress.



Delivering Customer with Sincerity

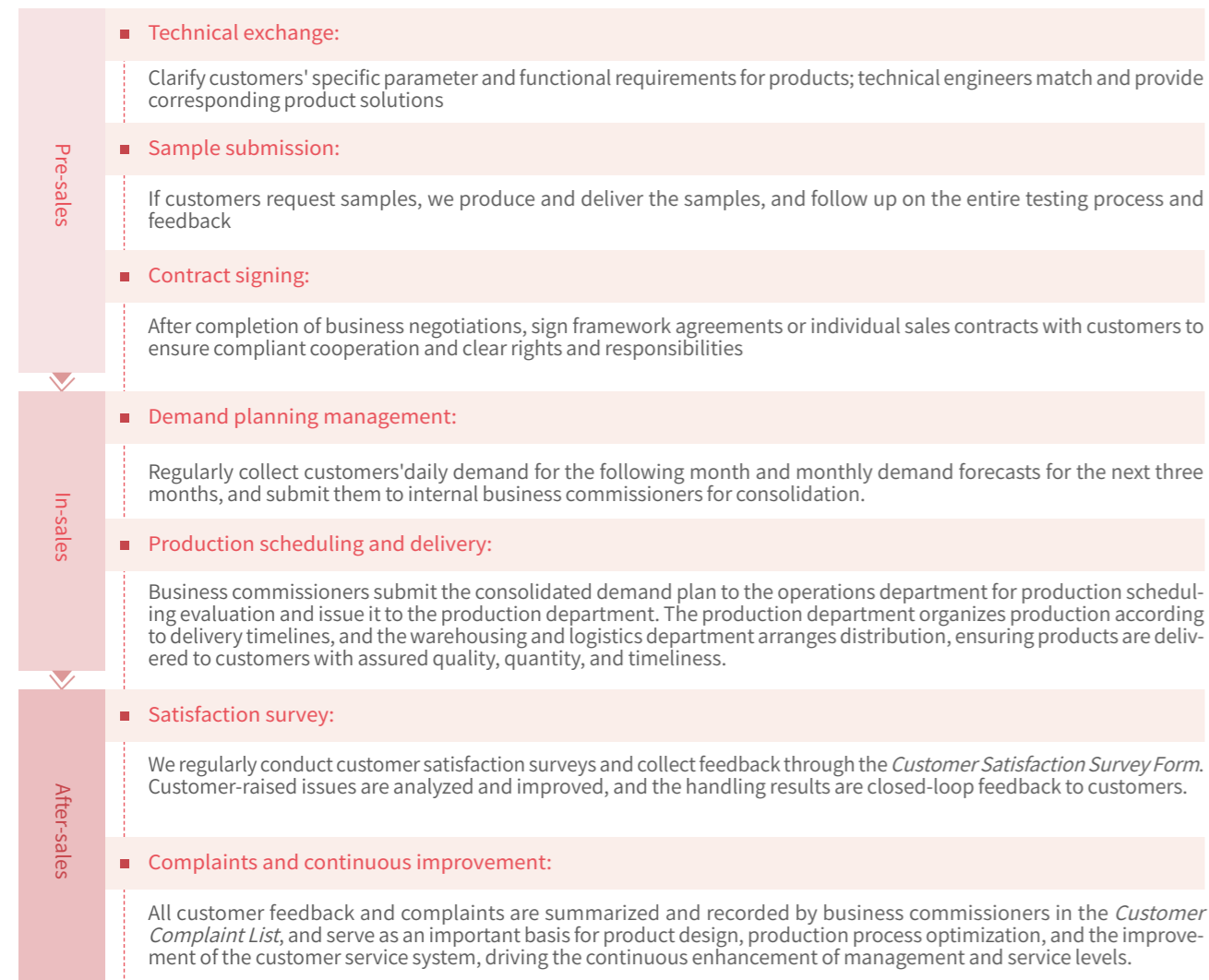


To continuously enhance the customer service experience, we actively develop and upgrade digital customer service platforms. We improve service response efficiency and problem-solving capabilities through standardized and online processes, ensuring smooth and transparent communication channels with customers. We continuously strengthen mechanisms for protecting customer rights and interests, and improve closed-loop management from complaint handling to feedback and improvement. We empower customers with professional and digitalized services, and consistently enhance customer satisfaction.

Customer Service

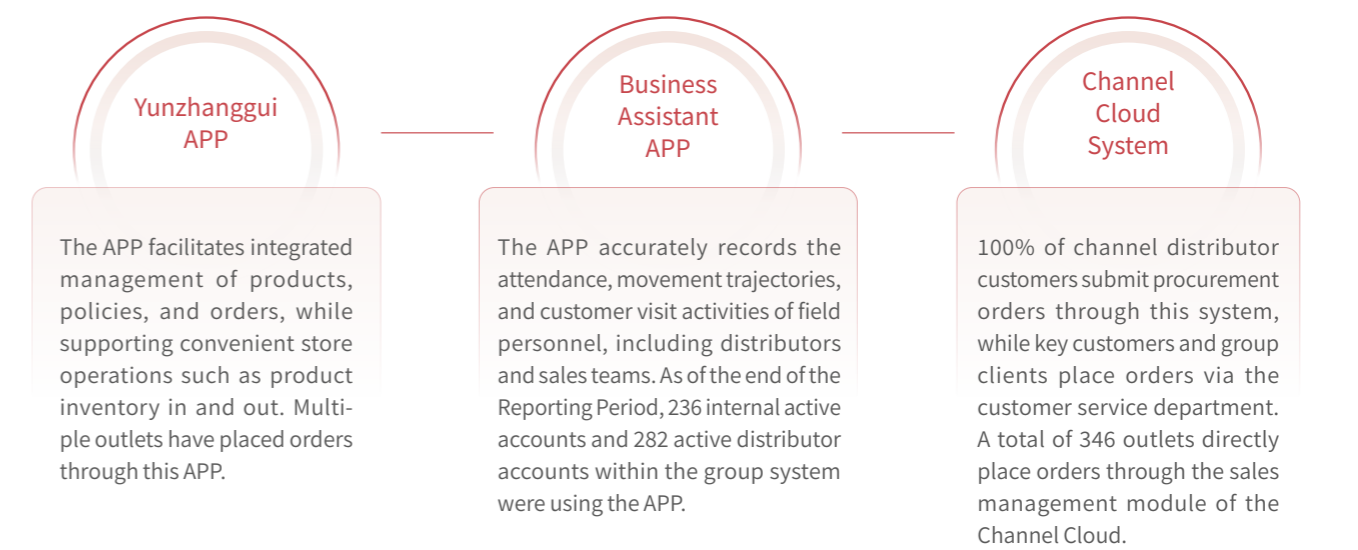
We strictly comply with relevant laws and regulations, including the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and continuously improve our customer service management system. Relying on the three pillars of "product essence, sales strategy, and quality assurance," we continuously optimize our customer service practices to ensure timely responses and standardized handling. By formulating and implementing internal systems such as the Customer Service Management Procedure, we clearly define the responsibilities and standards for customer complaint handling, returns and exchanges, and satisfaction surveys. This institutional framework ensures service quality and enhances the customer experience.

Lopal Tech. Customer Service Management Process



Digital Transformation

Lopal Tech. regards the development of digital capabilities as a key strategic initiative to enhance customer service quality and continues to advance the deep integration of digital technologies with enterprise operations. During the Reporting Period, we progressively established a matrix of digital platforms covering customer management, marketing, sales support, and service feedback, systematically promoting the evolution of customer service toward greater intelligence and coordination.



Customer Communication and Feedback

To accurately identify customer needs and continuously enhance service experience, Lopal Tech. has established and continuously improved its customer communication and feedback mechanisms. We have set up diversified feedback channels, including phone calls, WeChat, emails, customer satisfaction surveys, and customer visits, to ensure smooth and efficient communication. Upon receiving customer complaints or suggestions, the relevant information is recorded and circulated within the Customer Management Relationship (CMR) system. Business specialists conduct preliminary analysis and assignment of the feedback, ensuring that issues are promptly communicated to relevant departments for follow-up actions, thereby forming a closed-loop management process from receipt to resolution.

Indicator	Unit	2025
Number of complaints received regarding products and/or services	pcs	44
Complaint response rate	%	100
Complaint response time	Hour (s)	Within 4 hours
Complaint resolution rate	%	100

Customer Satisfaction

Lopal Tech. has incorporated customer satisfaction management into its routine operational system. Through regular satisfaction surveys, we comprehensively collect customer feedback and suggestions across dimensions such as product delivery, quality performance, service support, and brand recognition. For issues identified in the surveys, we conduct analysis and formulate corresponding improvement plans, ensuring that both the handling process and outcomes are communicated to customers in a timely and transparent manner, thereby achieving closed-loop management. All customer feedback is consolidated and recorded in the Customer Complaint Tracking Summary, serving as an important basis for subsequent optimization of product design, production processes, and service systems, and continuously enhancing the customer experience.

During the year, the survey was conducted in the form of online questionnaires, with the sales team proactively following up to ensure adequate coverage and effectiveness. During the Reporting Period, the Company's overall customer satisfaction rate reached 90.1%. For key issues affecting customer experience that were frequently raised in the survey, we have developed targeted improvement measures from the aspects of product optimization, planning coordination, service enhancement, and process facilitation, systematically driving the continuous improvement of customer experience.

Responsible Marketing

We strictly comply with applicable national laws and regulations and continuously improve our internal governance system to ensure that all marketing activities are standardized and fair. We prohibit any dissemination of misleading information. We have clearly defined requirements for business conduct and integrity in our *Employee Handbook*, distributed it to all employees, and embedded a strong sense of responsibility into our corporate culture. We have established and implemented the *Code of Conduct for Sales Employees* to regulate sales practices. For any violations, we impose disciplinary actions based on severity, including warnings, fines, position adjustments, and termination of employment.

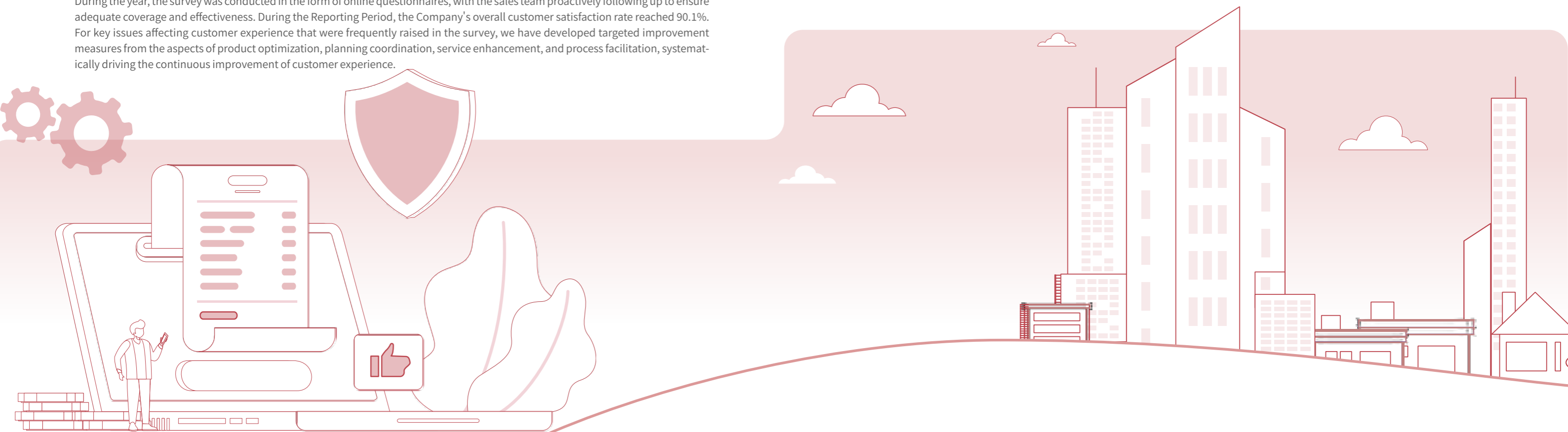
To prevent unfair marketing practices or the dissemination of misleading information regarding products and services, we have strengthened our responsible marketing control processes. Before product launch, we strictly implement packaging design approval and pricing procedures. Packaging design must undergo multi-level online review and approval by departments including marketing, quality, legal, and management, ensuring that all labels, text, and claims comply with regulatory requirements and technical standards.

We place strong emphasis on building the professional capabilities and compliance awareness of our marketing team. We deliver systematic and multi-dimensional training programs centered on product selling points and compliant marketing, covering all sales channels. The training content includes traditional courses such as store operations and standard service procedures, while also innovatively introducing new media marketing and dedicated training on the new energy transition. All training programs are closely aligned with the Company's strategy and the compliant promotion requirements of new products, promoting the deep integration of business development with responsible marketing principles.

During the Reporting Period

we held a total of **92** special sales training sessions both online and offline

with a total of **197** person-times participating.

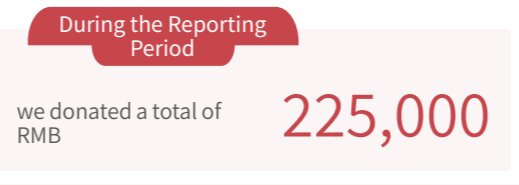


Building Communities Together

Lopal Tech. actively fulfills its corporate social responsibility and is deeply engaged in social development. We give back to society through diverse approaches, including public welfare donations and volunteer activities. Through these efforts, we contribute to social harmony and promote sustainable development.

Public Welfare Donations

Lopal Tech. always regards giving back to society as an important mission of our development. We actively participate in public welfare and donation initiatives, and are committed to translating our development achievements into tangible support and assistance for society. We continue to pay attention to and support those in need, delivering warmth through practical actions and contributing to social harmony and progress.



Lopal Tech.'s "Action Delivers Care" Initiative: Donating Reflective Vests to Sanitation Workers

On January 8, 2025, Lopal Tech.'s Shandong Industrial Park donated 1,000 sanitation vests to the Juancheng County Environmental Sanitation Service Center. The donation provided frontline sanitation workers with reliable warmth and safety protection during the cold winter, effectively ensuring safe outdoor operations and meeting their needs for staying warm. Through concrete actions, we paid tribute to the guardians of the city, conveyed care and respect, actively fulfilled corporate social responsibility, and demonstrated the warmth and commitment of a local enterprise.



Tianjin Lopal's Special Initiative in Support of Rural Revitalization

In response to the national Rural Revitalization Strategy and the call for east-west collaboration in Tianjin Port Free Trade Zone, we launched a rural revitalization action in November 2025. Through targeted financial donations, we supported improvements in rural infrastructure and the development of distinctive industries in paired assistance regions, with a focus on enhancing villages self-sustained development capacity. The program adopted an innovative "enterprise + community" linkage model, emphasizing the cultivation of endogenous drivers in rural areas and promoting the establishment of a sustainable assistance mechanism. During the Reporting Period, in recognition of our active contributions and notable achievements in rural revitalization, Tianjin Lopal was awarded the "2025 Tianjin Port Free Trade Zone Social Responsibility Award for Rural Revitalization."



Strategic Public Welfare Partnership with the Jiangsu Football City League ('Su Super')

In June 2025, Lopal Tech. officially signed on as the official strategic partner of the "2025 Jiangsu Bank Jiangsu Football City League." We provided financial support and operational empowerment for the event. We integrated the green and sustainable development philosophy of the new energy industry with the spirit of sports, and worked to build a distinctive public welfare IP featuring "sports + environmental protection." Centered on the league, we organized a series of supporting activities, including youth football training camps and community-based public welfare football classes. During the Reporting Period, these initiatives covered 13 prefecture-level cities across Jiangsu Province and reached more than 100,000 football enthusiasts, effectively promoting the vigorous development of local sports.



Volunteer Activities

Lopal Tech. regards volunteer service as an important practice to fulfill corporate social responsibility and give back to the community. We actively organize and encourage employees to participate in various community assistance and public welfare activities, integrating such initiatives into our corporate culture. During the Reporting Period, employees contributed a total of 31 hours of volunteer service, supporting community development through concrete actions and conveying the Company's warmth.

'Warm Mid-Autumn, Caring for the Elderly' Volunteer Outreach Activity by Lopal Time

On the eve of the Mid-Autumn Festival in 2025, Lopal Time, a subsidiary of Lopal Tech., organized more than ten employee volunteer representatives to visit a nursing home and carry out a themed outreach activity titled "Warm Mid-Autumn, Caring for the Elderly". The volunteers delivered daily necessities such as edible oil, rice, laundry detergent, and dishwashing liquid to the elderly. While conveying festive warmth and care, the activity promoted the traditional virtue of respecting and caring for the elderly, and reflected the Company's commitment to giving back to the community and actively fulfilling its social responsibilities.




Annex I: List of Key Performance Indicators

Indicator name	Unit of indicator	2024	2025
Aspect A1: Emissions			
A1.1 The types of emissions and respective emissions data			
Nitrogen Oxides (NO _x) emissions	Tonnes	113.27	100.10
Sulfur Oxides (SO _x) emissions	Tonnes	42.44	27.97
Particulate Matter (PM) emissions	Tonnes	57.25	34.12
Total wastewater discharge	Tonnes	403,910.46	453,100.92
Chemical Oxygen Demand (COD) emissions	Tonnes	18.00	19.73
Ammonia nitrogen emissions	Tonnes	4.42	4.85
Total phosphorus emissions	Tonnes	1.19	0.21
A1.2 Greenhouse gas emissions in total and intensity (e.g., per unit of production, per facility)			
Total greenhouse gas emissions	Tonnes of CO ₂ e	839,989.25	1,057,918.11
Total direct (Scope 1) greenhouse gas emissions	Tonnes of CO ₂ e	231,763.18	315,604.07
Total indirect (Scope 2) greenhouse gas emissions	Tonnes of CO ₂ e	608,226.07	742,314.04
Intensity of greenhouse gas emissions	Tonnes of CO ₂ e /revenue of RMB 10,000	1.09	1.18
A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production, per facility).			
Total hazardous waste generated	Tonnes	5,347.70	3,578.03
Hazardous waste intensity	Tonnes/revenue of RMB 10,000	0.007	0.004
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production, per facility)			
Total non-hazardous waste generated	Tonnes	813,801.28	1,738,464.43
Non-hazardous waste density	Tonnes/revenue of RMB 10,000	1.06	1.95

Indicator name	Unit of indicator	2024	2025
Aspect A2: Use of Resources			
A2.1 Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production, per facility).			
Purchased electricity	Kilowatt-hour	938,990,707.75	1,109,129,621.84
Purchased steam ¹	Standard cube meter	328,278,023.40	522,109,938.02
Solar energy	Kilowatt-hour	9,223,277.36	16,045,204.14
Total indirect energy consumption	Tonnes of standard coal	157,618.51	203,455.37
Diesel	Tonnes	207.74	330.75
Natural gas	Standard cube meter	106,796,667.77	145,439,985.09
Gasoline	Tonnes	64.17	31.26
Total direct energy consumption	Tonnes of standard coal	142,436.69	178,580.26
Total comprehensive energy consumption	Tonnes of standard coal	300,055.20	382,035.63
Energy comprehensive consumption intensity	Tonnes of standard coal/revenue of RMB 10,000	0.39	0.43
A2.2 Water consumption in total and intensity (e.g., per unit of production, per facility)			
Total water consumption	Tonnes	3,362,119.03	3,657,906.33
Water consumption density	Tonnes/ revenue of RMB 10,000	4.38	4.09
A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced			
Total packaging material usage	Tonnes	47,918	49,857.70
Packaging material usage intensity	Tonnes/revenue of RMB 10,000	0.06	0.06

¹In 2025, we optimized the statistical method for the purchased steam volume and updated the 2024 data to be consistent with the new method.

Indicator name	Unit of indicator	2024	2025
Level B1: Employment			
B1.1 Total workforce by gender, employment type, age group and geographical region			
Number of employees	Person(s)	4,150	4,617
By employment type			
Total number of full-time employees	Person(s)	4,150	4,617
Total number of part-time employees	Person(s)	0	0
By region			
East China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Shanghai)	Person(s)	1,593	2,278
South China (Guangdong, Guangxi, Hainan)	Person(s)	34	31
Central China (Hubei, Hunan, Jiangxi, Henan)	Person(s)	1,427	1,160
North China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	Person(s)	272	194
Northwest China (Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu)	Person(s)	91	0
Southwest China (Sichuan, Yunnan, Guizhou, Tibet, Chongqing)	Person(s)	511	388
Northeast China (Liaoning, Jilin, Heilongjiang)	Person(s)	95	0
Chinese mainland	Person(s)	4,023	4,051
Hong Kong, Macao and Taiwan	Person(s)	0	0
Overseas (other than Chinese mainland, Hong Kong, Macao and Taiwan)	Person(s)	127	566
By gender			
Male employees	Person(s)	3,191	3,589
Female employees	Person(s)	959	1,028
By age			
Under 30 years old	Person(s)	1,209	1,459
30-50 years old	Person(s)	2,851	3,041

Indicator name	Unit of indicator	2024	2025
Over 50 years old	Person(s)	90	117
B1.2 Employee turnover rate by gender, age group, and geographical region			
Total turnover rate	%	33	30
Turnover rate by gender			
Male employees	%	36	32
Female employees	%	25	22
Turnover rate by age			
30 years old and below	%	39	41
30-50 years old	%	31	26
50 years old above	%	18	8
Turnover rate by region			
Chinese mainland	%	33	29
Hong Kong, Macao and Taiwan	%	0	0
Overseas	%	59	36
Aspect B2: Health and safety			
B2.1 Number and rate of work-related fatalities			
Number of work-related fatalities	Person(s)	0	0
Mortality rate due to work-related injuries	%	0	0
B2.2 Lost days due to work injury			
Number of workdays lost due to work-related injuries.	Days	116	35

Indicator name	Unit of indicator	2024	2025
Aspect B3: Development and training			
B3.1 The percentage of employees trained by gender and employee category			
Percentage of trained employees by gender			
Male employees	%	100	100
Female employees	%	100	100
Percentage of trained employees by employee level			
Senior Management	%	100	100
Middle Management	%	100	100
Frontline employees	%	100	100
B3.2 The average training hours completed per employee by gender and employee category			
Average hours of training per employee by gender			
Male employees	Hour(s)	27.15	35.74
Female employees	Hour(s)	30.92	37.92
Average hours of training per employee by employee level			
Senior Management	Hour(s)	56.60	65.55
Middle Management	Hour(s)	56.34	80.40
Frontline employees	Hour(s)	23.86	28.63
Aspect B5: Supply chain management			
B5.1 Number of suppliers by geographical region			
East China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Shanghai)	Pcs	352	677
South China (Guangdong, Guangxi, Hainan)	Pcs	51	65
Central China (Hubei, Hunan, Jiangxi, Henan)	Pcs	93	213
North China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	Pcs	56	139

Indicator name	Unit of indicator	2024	2025
Northwest China (Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu)	Pcs	3	5
Southwest China (Sichuan, Yunnan, Guizhou, Tibet, Chongqing)	Pcs	48	82
Northeast China (Liaoning, Jilin, Heilongjiang)	Pcs	13	12
Hong Kong, Macao and Taiwan	Pcs	4	8
Overseas	Pcs	5	22
Total	Pcs	625	1,223
Aspect B6: Product responsibility			
B6.1 Percentage of total products sold or shipped to recalls for safety and health reasons			
Product recall percentage	%	0	0
B6.2 Number of products - and service-related complaints received			
Number of customer complaints	pcs	144	44
Aspect B7: Anti-corruption			
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases			
Number of concluded corruption lawsuits	pcs	0	1

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

Environmental, Social and Governance Areas and General Disclosures and KPIs		Chapter	
A. Environmental			
A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Hazardous wastes are those defined by national regulations.		Fulfilling the Green Mission – Strengthening Environmental Management
	KPI A1.1	The types of emissions and respective emissions data.	Fulfilling the Green Mission – Strengthening Environmental Management
	KPI A1.2	[Repealed 1 January 2025]	/
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate intensity (e.g. per unit of production volume, per facility).	Fulfilling the Green Mission – Strengthening Environmental Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate intensity (e.g. per unit of production volume, per facility).	Fulfilling the Green Mission – Strengthening Environmental Management
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Fulfilling the Green Mission – Strengthening Environmental Management
	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 the Green Mission – Strengthening Environmental Management
	A2: Use of Resource	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	
KPI A2.1		Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000) and intensity (e.g. per unit of production volume, per facility).	Fulfilling the Green Mission – Strengthening Environmental Management
KPI A2.2		Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Fulfilling the Green Mission – Strengthening Environmental Management

Environmental, Social and Governance Areas and General Disclosures and KPIs			Chapter
A2: Use of Resource	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Fulfilling the Green Mission – Strengthening Environmental Management
	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 the Green Mission – Strengthening Environmental Management
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Fulfilling the Green Mission – Strengthening Environmental Management
A3: The Environment and Natural Resources	General Disclosure Policies on minimizing the issuer's significant impacts on the environment and natural resources.		Fulfilling the Green Mission – Strengthening Environmental Management
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Fulfilling the Green Mission – Strengthening Environmental Management
A4: Climate change	Repealed 1 January 2025		/
	KPI A4.1	Repealed 1 January 2025	/
B. Social			
Employment and Labor Practices			
B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Focused on Talent Development- Diverse Employment
	KPI B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	Focused on Talent Development- Diverse Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Focused on Talent Development- Diverse Employment
B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Focused on Talent Development- Occupational Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Focused on Talent Development- Occupational Health and Safety

Environmental, Social and Governance Areas and General Disclosures and KPIs			Chapter
B2: Health and Safety	KPI B2.2	Lost days due to work injury.	Focused on Talent Development- Occupational Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Focused on Talent Development- Occupational Health and Safety
B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.		Focused on Talent Development- Training and Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Focused on Talent Development- Training and Development
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Focused on Talent Development- Training and Development
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.		Focused on Talent Development- Diverse Employment
B4: Labor Standards	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Focused on Talent Development- Diverse Employment
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Focused on Talent Development- Diverse Employment
	Operating practices		
B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.		Building the Core of Quality-Sustainable Supply Chain
	KPI B5.1	Number of suppliers by geographical region.	Building the Core of Quality-Sustainable Supply Chain
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Building the Core of Quality-Sustainable Supply Chain
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Building the Core of Quality-Sustainable Supply Chain
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Building the Core of Quality-Sustainable Supply Chain

Environmental, Social and Governance Areas and General Disclosures and KPIs			Chapter
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 issue relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Gathering Social Forces-Delivering Customer with Sincerity
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Gathering Social Forces-Delivering Customer with Sincerity
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Gathering Social Forces-Delivering Customer with Sincerity
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Building the Core of Quality-Innovative R&D
	KPI B6.4	Description of quality assurance process and recall procedures.	Building the Core of Quality-Quality Assurance
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Strengthen the Foundation of Governance- Information Security
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.		Strengthen the Foundation of Governance- 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.	Strengthen the Foundation of Governance- Business Ethics
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Strengthen the Foundation of Governance- Business Ethics
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Strengthen the Foundation of Governance- Business Ethics
Community			
B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Gathering Social Forces- Building Communities Together
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	Gathering Social Forces- Building Communities Together
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Gathering Social Forces- Building Communities Together

Part D: Climate-related Disclosures		
Climate-related Disclosures		Index
(I) Governance	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	Fulfilling Green Mission- Addressing Climate Change
	Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	
(II) Strategy	Climate-related risks and opportunities	Fulfilling Green Mission- Addressing Climate Change
	Business model and value chain	
	Strategy and decision-making	
	Financial position, financial performance and cash flows-Current financial effect	
	Financial position, financial performance and cash flows-Anticipated financial effect	
	Climate resilience	
(III) Risk Management	The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks	Fulfilling Green Mission- Addressing Climate Change
	The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities	
	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer’s overall risk management process.	
(IV) Metrics and Targets	Greenhouse gas emissions	Fulfilling Green Mission- Addressing Climate Change
	Climate-related transition risks	
	Climate-related physical risks	
	Climate-related opportunities	
	Capital deployment	
	Internal carbon prices	
	Remuneration	
	Industry-based metrics	
	Climate-related targets	
	Applicability of cross-industry metrics and industry-based metrics	

Annex III : Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies— Sustainability Report (Trial)

Dimension	Number	Topic	Article
I Environment	1	Climate change tackling	Fulfilling Green Mission- Addressing Climate Change
	2	Pollutant discharge	Fulfilling the Green Mission –Strengthening Environmental Management
	3	Waste disposal	Fulfilling the Green Mission –Strengthening Environmental Management
	4	Ecosystem and biodiversity protection	Fulfilling the Green Mission –Strengthening Environmental Management
	5	Environmental compliance management	Fulfilling the Green Mission –Strengthening Environmental Management
	6	Energy usage	Fulfilling the Green Mission –Strengthening Environmental Management
	7	Usage of water resources	Fulfilling the Green Mission –Strengthening Environmental Management
	8	Circular economy	Fulfilling the Green Mission –Strengthening Environmental Management
II Society	9	Rural revitalization	Gathering Social Forces–Building Communities Together
	10	Contributions to the society	Gathering Social Forces–Building Communities Together
	11	Innovation-driven	Building the Core of Quality-Innovation and R&D
	12	Ethics of science and technology	Not involved
	13	Supply chain security	Building the Core of Quality- Sustainable Supply Chain
	14	Equal treatment to small and medium-sized enterprises	Not involved
	15	Safety and quality of products and services	Building the Core of Quality- Quality Assurance
	16	Data security and customer privacy protection	Gathering Social Forces–Delivering Customer with Sincerity
	17	Employees	Focused on Talent Development- Diverse Employment Focused on Talent Development- Training and Development Focused on Talent Development- Welfare and Care Focused on Talent Development- Occupational Health and Safety
III Sustainability-related governance	18	Due diligence	About Lopal Tech.- ESG Governance
	19	Communications with stakeholders	About Lopal Tech.- ESG Governance
	20	Anti-commercial bribery and anti-corruption	Strengthen the Foundation of Governance- Business Ethics
	21	Anti- unfair competition	Strengthen the Foundation of Governance- Business Ethics

 **Lopal 龙蟠科技**