

2023

**Environmental, Social and
Governance (ESG)
Report**

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About the Report

This is the first Environmental, Social and Corporate Governance (ESG) Report of Canmax, which discloses to stakeholders the Company's philosophy, management measures, efforts and achievements to address the issues of sustainable development in its operations.

Scope of Report

The information disclosed in this report covers Canmax Technologies Co., Ltd. and its subsidiaries (hereinafter referred to as Canmax or the Company). The business units and the associated subsidiaries referenced in this report are listed in the table below. For subsidiaries that have not been disclosed in this report by now, the Company will evaluate and include them in the scope of disclosure of the report, as appropriate, in due course after they have been in normal production and operation for one year.

Name of the Included Companies	Short Name of the Included Companies	Business Unit
Yibin Tianyi Lithium Industry Co., Ltd.	Tianyi Lithium	Lithium Chemicals Business Unit
Sichuan CATH Co., Ltd.	Sichuan CATH	
Suzhou TA&A Ultra Clean Technology Co., Ltd.	Suzhou TA&A	ESD Control Business Unit
Wuxi TA&A Ultra Clean Technology Co., Ltd.	Wuxi TA&A	
Suzhou Stone Electronic Technology Co., Ltd.	Stone Tech	
Zhenjiang Zhonglei New Material Technology Co., Ltd.	Zhenjiang Zhonglei	
Wuxi Yushou Medical Appliances Co., Ltd.	Yeso-med	Medical Devices Business Unit

Report Period

This is an annual report covering the period from January 1, 2023 until December 31, 2023. Where some textual information goes beyond this, it will be noted when referenced.

Reporting Basis

This report is prepared in accordance with the "Guidelines on Social Responsibility of Listed Companies" (2006), the "Guidelines on Self-Regulation of Companies Listed in the Shenzhen Stock Exchange No. 2 - Standardized Operation of Companies Listed on GEM Board" (2023 Revision), and Annex I Requirements for Disclosure of Social Responsibility Reports of Listed Companies to the "Service Guidelines for Companies Listed in the Shenzhen Stock Exchange No. 2 - Matters Relating to Disclosure of Periodic Reports".

Other references include the Global Reporting Initiative's (GRI) Sustainability Reporting Standards (2021) ("GRI Standards"), as well as the topics covered by the MSCI ESG ratings and the S&P DJSI Corporate Sustainability Assessment (CSA).

Reporting Principles

• Accuracy

The reported information is as accurate as possible. Data specifics, basis of calculations and assumptions are given to the measurements of quantitative information in order to ensure that calculation errors won't mislead the users of the information. The board of directors provides assurance on the contents of the report and confirms that there are no false records, misleading statements or material omissions.

• Balance

This report presents facts and provides a unbiased disclosure of the Company's negative and positive information. The Company has conducted searches of public databases for the subjects within the scope of this report and found no negative events that should have been disclosed but were not disclosed and had a material impact during the reporting period.

• Clarity

This report is issued in both simplified Chinese and English. Wherever there is a possible inconsistency between the Chinese and English texts, the Chinese text shall prevail. This report incorporates tables and diagrams as auxiliary information for the text. To grant stakeholders a faster access to relevant information, this report provides a table of contents and a cross-reference index to related ESG standards.

• Quantification and Consistency

This report discloses the quantitative key performance indicators for the reporting period and, to the extent possible, the corresponding historical data. It uses the same way to count and disclose the same indicator from one reporting period to another; if there is a change in the statistics, it will be fully explained in the notes to the report to facilitate meaningful analysis and assessment by relevant parties.

• Completeness

Unless otherwise specified, the information disclosed in this report covers Canmax Technologies Co., Ltd. and its subsidiaries in the consolidated financial statements.

• Sustainability Context

The Company identifies material topics which are of the concern of investors and other stakeholders and are related to its operations based on external policy research, identification of needs of related parties, among other means. This report addresses the characteristics of the industries and regions in which the Company operates when reporting material topics.

• Timeliness

This is an annual report which is intended to provide timely reference information for the decision making of stakeholders.

• Verifiability

This report discloses quantitative data whose sources and calculation process are both traceable and can be used to support external verification.

Note for Data

The textual information and quantitative data disclosed in the report are from the original records or financial reports generated from the Company's actual operation. For any discrepancy between the financial data in this report and that on the Company's annual report, the data on the annual report shall prevail.

RMB is the currency for the financial data in this report.

Contact

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Address of the Chairman of the Board

Distinguished shareholders, strategic partners, diligent employees, and friends from all walks of life who pay attention to Canmax's sustainable development process:

Hello everyone! I feel honored to introduce the first ESG (Environmental, Social and Governance) report issued by Canmax. Firstly, on behalf of Canmax, please allow me to extend our sincere gratitude to all stakeholders who give us unwavering support and invaluable trust.

In the great trend of global sustainability, sustainable development has evolved from an aspiration into a joint operation. Businesses bear the great responsibility to promote the world's perpetual prosperity and strike harmony and balance among economic growth, social development and environmental protection. Canmax has a deep understanding of this principle and proactively puts it into practice, integrating ESG thinking into the strategic decision-making and long-term development planning of the Company.

Green development is a great mission given by the era. Facing it, Canmax gives full play to its scientific and technological innovation advantages in the field of environmental protection, leads the innovation of ESD control and ultra-clean products, and provides key momentum for the green development of electronic information and new energy industries. Yeso-med, a subsidiary of ours, focuses on the research, development and production of disposable sterile medical devices, and continuously improves the performance and safety level of its products, strongly underpinning the safe and efficient operation of the global public health system. Thanks to its deep technical expertise and management experience, Tianyi Lithium, another subsidiary of ours, continues to devote itself to the comprehensive innovation of "lithium extraction from ore" process, focusing on the optimization and improvement in environmental protection, work safety, resource utilization efficiency, product quality stability and other aspects.

In terms of social responsibility, Canmax always adheres to people-oriented care, respects and protects the rights and interests of its employees, builds a healthy and safe working environment, and fosters a positive and enterprising corporate culture. We actively participate in community building, engage in education and public charity undertakings, and propel all players along the industry chain to jointly practice the concept of sustainable development and share the fruits of social civilization progress.

For corporate governance, we strictly abide by domestic and international laws and regulations as well as international standards, fine-tune our internal management system, strengthen our risk prevention and control mechanism, improve the transparency of information disclosure, and ensure that decisions are made in a scientific, rigorous, fair and equitable manner. Through the establishment and improvement of a modern corporate governance system, we are committed to creating maximum value and effectively safeguarding the legitimate rights and interests of each stakeholder.

Looking ahead, Canmax will continue to deepen ESG practices, hinge on innovation drive, sharpen competitive edge of green development, shoulder social responsibility, steadily move forward to a new stage of win-win in economic, social and environmental benefits, and join hands with all parties to create a brilliant new chapter of sustainable development.

Once again, I would like to thank you for your support and trust, which has made Canmax's achievements today. This ESG report is not only a truthful record of our past efforts, but also a pragmatic blueprint for our future. Let's witness and help Canmax take every step forward on the way to sustainable development.

Chairman of the Board



About Canmax

Canmax Technologies Co., Ltd. (stock code: 300390.SZ, hereinafter referred to as "Canmax") is a national level high-tech enterprise founded in 1997 with its headquarters located in Suzhou, Jiangsu Province, China. Thanks to its strength of technical innovation and development, the Company has got a leading position in the domestic market of ESD control and ultra-clean products. It also shows strong growth potential and brand influence in medical device and new energy industries.



- Company name: Canmax Technologies Co., Ltd.
- Founded in: 1997
- Headquarters address: No. 99, Shuangma Street, Suzhou Industrial Park, Jiangsu Province
- Stock code: 300390.SZ (GEM Board of Shenzhen Stock Exchange)

The Company expands and deepens the operation in the three main business fields, and actively extends into the industry chain of lithium chemicals for new energy, and accelerates the construction of new production bases.



Three Main Businesses



Lithium Chemicals for New Energy

- Battery-grade lithium hydroxide, battery-grade lithium carbonate and other lithium chemicals which are widely used in new energy vehicles, energy storage and 3C products (i.e., computers, communications and consumer electronics), among others.



ESD Control and Ultra-clean Products

- ESD control dust-free uniforms, gloves, footwear, as well as dust-free wipes for precision cleaning and electronic protective film which are widely used in electronic and information manufacturing, petrochemical engineering, aerospace and space exploration, new energy, health care, pharmaceuticals and precision instruments, among others.



Medical Devices

- Single-use sterile syringes (auto-disable, safe, high-pressure syringes, etc.), medical masks, surgical anastomoses and many other disposable sterile medical devices.

For new energy lithium chemicals, Canmax aligns itself to the global trend of energy transformation and constantly earmarks greater investment for lithium chemicals business. Tianyi Lithium, a subsidiary of ours, has built a technical and management team that has been engaged in the lithium salt industry for many years, optimizing and upgrading the process technology of lithium extraction from ore in terms of environmental protection, safe operation, resource utilization and quality stability, etc. The battery-grade lithium hydroxide manufactured by Tianyi Lithium is widely used in new energy vehicle batteries, power supply equipment for telecommunication electronic products, and energy storage, etc.

In the field of ESD control and ultra-clean products, Canmax serves the national strategic industries, such as electronic information manufacturing, petrochemical, aerospace, new energy, health care, pharmaceuticals, precision instruments and meets the customer's requirements for a highly clean, dust-free and ESD-controlled production environment. With its own professional and technical advantages, the Company actively responds to the growing market demand for ESD control and ultra-clean products and focuses on the opportunities brought about by the rapid development of electronic information manufacturing, new energy, pharmaceuticals and other industries. It has gained unique advantages in grasping the industry development trend, integrating resources and delivering industrial chain synergy, which enables it to create greater value for customers.

In terms of medical device products, Yeso-med, another subsidiary, expands the market with its own technologies and brands. It is one of the first manufacturers in China of single-use sterile medical devices with its own intellectual property rights and certified by the World Health Organization (WHO). Its syringes have passed the CE certification of the European Union. Its vaccine syringes and auto-disable syringe split needles have passed the PQS rating of the World Health Organization. Its safe auto-disable syringes have obtained the 510K certification of the U.S. Food and Drug Administration (FDA). It has been selected by the United Nations Children's Fund (UNICEF) as one of the qualified manufacturers of auto-disable vaccine syringes and occupies a dominant position in the market of novel disposable medical devices.

Sustainable Development Governance

Structure of Sustainable Development Governance

As the concept of sustainable development spreads and deepens globally, stakeholders such as investors, regulators and the general public are paying greater attention to the Company's management level in environmental, social and corporate governance. The Company has built a top-down ESG governance structure during the reporting period in order to systematically plan and execute the Company's environmental, social and corporate governance strategies, ensure the effective implementation of ESG management, and guarantee the alignment of the Company's operational strategies with the global sustainable development trends.

The Company has established an ESG Committee, which consists of directors and senior management with strong professional backgrounds. The core responsibilities of the committee include formulating a comprehensive ESG strategic policy, establishing rigorous management regulations and standardized system, and accurate identification and scientific assessment of various ESG risks. The ESG Committee is accountable to the Company's Executive Management Team (EMT) and reports directly to and is supervised by the EMT. It works vigorously to ensure that the Company has continued to promote the implementation of sustainable development initiatives during the reporting period, and to deliver robust growth of long-term value.

Canmax ESG Governance Structure



Duties of Canmax ESG Committee

- Reviewing the Company's policies, annual prioritized action plans and targets related to major ESG topics;
- Reviewing the Company's ESG management organization structure and work responsibilities of related jobs, and ESG-related management regulations;
- Reviewing the Company's annual ESG report and other ESG-related disclosure documents for listed companies and submitting them to the EMT and the Board of Directors for deliberation;
- Approving the Company's ESG KPIs and reviewing the Company's annual ESG work performance assessment report based on the relevant indicators;
- Organizing and coordinating the supervision and inspection of the Company's ESG-related policies, management, performance, targets and progress, guiding the ESG work of each subordinate organization and functional department of the Company, and giving guidance and advices;
- Identifying and managing ESG-related risks of the Company, questioning and proposing response strategies for major issues affecting the Company's fulfillment of its ESG-related work, as well as inspecting and expediting the resolving of such issues;
- Handling other ESG-related matters of the Company authorized by the Company's EMT.

Contribution to Global Sustainable Development Goals

Canmax emphasizes the practice of sustainable development, actively responds to the United Nations Sustainable Development Goals (SDGs), and integrates them deeply into its own value chain. Through comprehensive review and analysis, the Company has defined the relationship between SDGs and its own business practices. Based on its own industrial and business characteristics, the Company has identified nine sustainable development goals as its key targets. Through targeted action plans and innovative practices, the Company actively implements those goals to promote its sustainable development process and contributes to the realization of the global sustainable development goals.

Actions to Contribute to the SDGs

SDGs	Actions
	<ul style="list-style-type: none"> • Bearing in mind care and responsibility and closely following the guidance of national policies related to rural revitalization, the Company constantly strives to provide support and care for people in difficulties, actively carries out care visits to surrounding villages and communities, and gives financial support to poor families to help improve their living standards.
	<ul style="list-style-type: none"> • The Company attaches importance to the talent development strategy, pays close attention to the staff's needs to uplift capabilities at different stages of career development, and systematically designs and implements a diversified training system that covers general skills training, professional skills training and leadership development, so as to help employees master the relevant skills required for decent work.
	<ul style="list-style-type: none"> • The bases are actively carrying out water conservation and recycling projects to effectively enhance the utilization rate of water resources through process optimization and wastewater treatment and re-use technologies. • The Company actively adopts process optimization measures to effectively reduce pollutant and waste emissions in the production process. For example, ultrasonic machine is used for anilox roller cleaning to reduce the annual consumption of ethyl acetate and cut down the emissions of related hazardous wastes.
	<ul style="list-style-type: none"> • The Company establishes a comprehensive energy management system, practices energy efficiency improvement strategies, implements equipment energy efficiency upgrades, introduces advanced energy-saving equipment, and actively carries out research on innovative energy-saving processes to optimize energy use efficiency and significantly reduce greenhouse gas emissions.
	<ul style="list-style-type: none"> • With growing investment in research and development, the Company is committed to improving product performance indicators, innovating in product manufacturing technology and process, and continuously exploring the development and application of new materials. • The Company actively builds a diversified and equal workplace, resolutely avoids discrimination against any employee or job applicant on the basis of differences in aspects such as ethnicity, race, gender and religious beliefs, and ensures equal opportunities for every employee and job applicant. • The Company sets up a care program for female employees and an assistance mechanism for employees in difficulties. It is committed to creating a work environment full of humanistic care and enhancing the overall happiness and satisfaction of our employees. • The Company establishes a comprehensive safety management system to ensure safety in all workplaces and minimize all types of safety accidents.
	<ul style="list-style-type: none"> • The Company continues to increase investment in research and development, recruits high-end technical talents and continuously promotes innovative R&D projects. It is committed to improving product performance indicators, innovating in product manufacturing technology and process, and continuously exploring the development and application of new materials. In the reporting period, the Company has channeled RMB 90,398,100 into research and development.

SDGs	Actions
	<ul style="list-style-type: none"> The Company actively improves the efficiency of the use of natural resources and achieves both environmental protection and economic benefits through process optimization, introduction and upgrading of equipment. The Company builds and continuously optimizes the chemicals management regulations, strengthens the management of chemicals, and continuously promotes the reduction of the use of chemicals through green research and development, process substitution, among other things, so as to reduce the environmental risks and health hazards that may be brought about by chemicals. The Company takes process optimization measures to effectively reduce pollutant and waste emissions in the production process, and promotes solid waste re-use to convert waste into reusable resources. The Company plans to disclose the ESG report each year to display our performance, progress and improvement measures in environmental, social and corporate governance and demonstrates its efforts and achievements in sustainable development in a transparent manner.
	<ul style="list-style-type: none"> The Company establishes a climate change governance system to identify climate risks and opportunities that have a significant impact on our business. It integrates climate risk management into daily work management and realizes a low-carbon development path through scientific energy use strategies.
	<ul style="list-style-type: none"> The Company strictly enforces a comprehensive code of conduct and promotes a corporate culture of integrity, fairness and transparency to ensure that all business activities and decision-making processes meet the highest standards of business ethics. The Company resolutely prohibits any form of child labor and forced labor. It establishes a rigorous screening mechanism and routine management regulations to actively safeguard the legitimate rights and interests of workers and fulfill social responsibility and ethical standards.

Stakeholder Engagement

The Company is committed to building and maintaining long-term and strong trust and cooperation with its stakeholders. The Company actively builds a regular communication mechanism to gain insights and understanding of the needs and opinions of all parties and their expectations for the future development of the Company. It places particular emphasis on interaction with key stakeholder groups, including but not limited to customers, employees, shareholders, investors, government regulators, strategic partners and people of the community.

The Company responds to and addresses the core concerns and demands of various stakeholders in a timely manner through an efficient communication mechanism. Based on this, the Company constantly promotes continuous improvement and optimization in all fields to ensure that while pursuing economic benefits, it also takes into account the creation of social value and the harmonious coexistence with the environment, so as to achieve the goal of sustainable development where all parties enjoy win-win situation.



Stakeholders' Concerns and Communication Channel

Key Stakeholder	Concerned Topics	Communication Channel
 Shareholder and investor	<ul style="list-style-type: none"> Economic performance Corporate governance Compliance and risk management Business ethics Research, development and innovation 	<ul style="list-style-type: none"> Response to climate change Product quality management Supply chain quality management General meeting of shareholders Regular report and official information disclosure Conference call Earnings conference irm.cninfo.com.cn Investor email and hot-line Investor visit
 Employee: Senior management	<ul style="list-style-type: none"> Economic performance Corporate governance Product quality management Research, development and innovation Talent training and development 	<ul style="list-style-type: none"> Compliance and risk management Supply chain quality management Low-carbon production and operation Diversified training system Employee performance appraisal management Open dialog mechanism Employee satisfaction survey Trade union Earnings conference
 Employee: Employees other than senior management	<ul style="list-style-type: none"> Talent training and development Employees' rights, interests and benefits Diversity and equal opportunity 	<ul style="list-style-type: none"> Occupational health and safety Chemicals management Compliance and risk management Economic performance Charity Diversified training system Employee performance appraisal management Open dialog mechanism Employee satisfaction survey Trade union Earnings conference
 Customer	<ul style="list-style-type: none"> Product quality management Research, development and innovation Chemicals management Customer relations management Supply chain quality management 	<ul style="list-style-type: none"> Responsible minerals management Response to climate change Information security and privacy protection Product accessibility and affordability Customer satisfaction survey Daily communication by email and telephone Customer service Response to customer complaints Customer visit
 Governments and regulators	<ul style="list-style-type: none"> Compliance and risk management Business ethics Occupational health and safety Response to climate change 	<ul style="list-style-type: none"> Resource management Management of emissions and wastes Environmental compliance management Inspection of officials and competent authorities Regular work summary and official correspondence Daily policy implementation
 Supplier	<ul style="list-style-type: none"> Product quality management Supply chain quality management Responsible minerals management 	<ul style="list-style-type: none"> Responsible supply chain management Compliance and risk management Business ethics Supplier face-to-face communication Diversified supplier network Supplier training
 Partner	<ul style="list-style-type: none"> Research, development and innovation Intellectual property protection Information security and privacy protection 	<ul style="list-style-type: none"> Talent training and development Compliance and risk management Business ethics Cooperation agreement IUR (Industry-University-Research) cooperation Exhibitions, seminars and other activities of the industry
 Community and the public	<ul style="list-style-type: none"> Community communication and development Charity Compliance and risk management Response to climate change 	<ul style="list-style-type: none"> Environmental compliance management Resource management Management of emissions and wastes Biodiversity protection Community visit Donation for non-profit public initiatives Media interview and communication with the public Announcement and information disclosure

Analysis of Material Topics

The identification of material topics is the foundation for the Company to carry out ESG management. Based on the management requirements for material topics in the Sustainability Reporting Standards of GRI (Global Reporting Initiative), the Company plans to conduct analysis of material topics once a year and research on material topics in every two years, and develops the Company's ESG material topics, which will become the focus of the Company's management and report disclosure, by taking into account domestic and international ESG-related policies and regulations, the latest policies of the stock exchange, excellent ESG management practices in the same industry, and the opinions of external experts that are concerning its business.

Procedures for Identifying Material Topics



Matrix of Material Topics

Significance to the economy, society and environment	High	Moderate impact topics <ul style="list-style-type: none"> Biodiversity protection Product accessibility and affordability 	High impact topics <ul style="list-style-type: none"> Community communication and development Management of emissions and wastes Charity Resource management Customer Relations Management Employees' rights, interests and benefits Information security and privacy protection 	<ul style="list-style-type: none"> Product quality management Compliance and risk management Research, development and innovation Chemicals management Supply chain quality management Occupational health and safety Responsible minerals management Response to climate change
			<ul style="list-style-type: none"> Environmental compliance management Talent training and development Diversity and equal opportunity Responsible supply chain management 	<ul style="list-style-type: none"> Low-carbon production and operation Intellectual property protection Corporate governance Business ethics Economic performance
	Low	Low	Low	High
		Low	High	

Compliance and Robustness

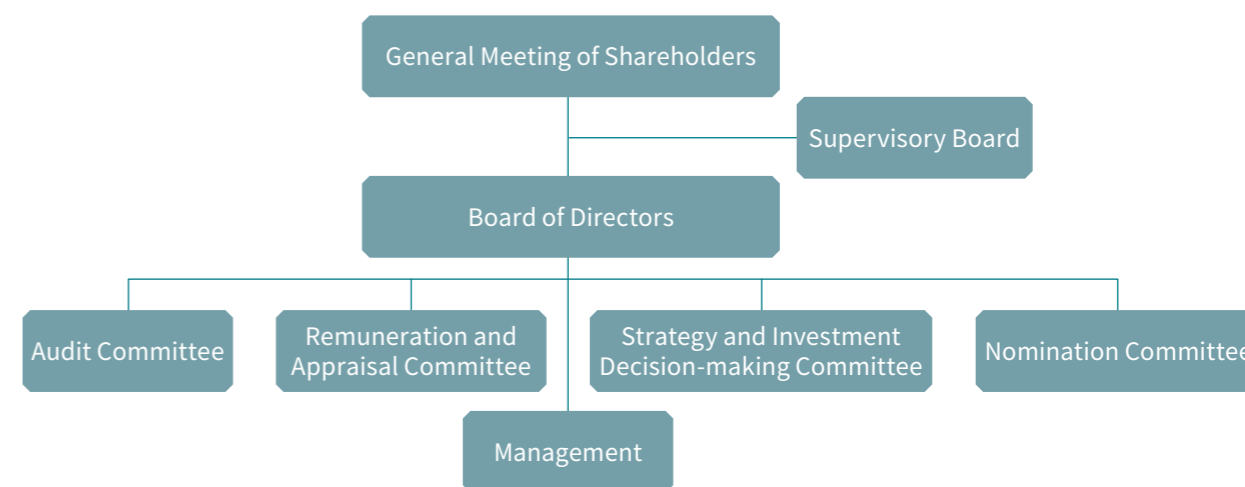
Corporate Governance

In accordance with the "Company Law of the People's Republic of China", the "Code of Governance for Listed Companies" and relevant securities regulatory requirements, the Company strictly follows the principle of standardized operation to ensure that the general meeting, the Board of Directors and the Supervisory Committee effectively perform their duties. Considering the requirements of laws and regulations and market best practices, the Company continuously improves the professionalism and decision-making efficiency of the Board of Directors and promotes the healthy development of the enterprise and the value creation for all stakeholders.

In 2023, the Company held regular and ad-hoc meetings in accordance with the procedures set forth in the Articles of Association and its appendices Rules of Procedure for the General Meeting of Shareholders, Rules of Procedure for the Board of Directors and Rules of Procedure for the Supervisory Board. The Company has held a total of 10 regular Board of Directors' meetings during the year, all of which were notified to all directors in advance in accordance with the law and regulations, and the participation and voting rights of each director were fully guaranteed in the course of those meetings. The Company has organized a total of 7 supervisory meetings throughout the year. All the supervisors have performed their duties diligently, supervised the Company's major matters, financial situation and the legality and compliance of the directors and senior executives in the performance of their duties, and have thus effectively fulfilled the supervisory function of the Supervisory Committee.

For the building of a professional leadership, the Company attaches great importance to the professional background and diversity of the Board of Directors. At present, the members of the Board of Directors represent a diverse spread of age, gender and professional backgrounds, which enables broad and comprehensive views in decision-making.

Corporate Governance Structure



In accordance with the "Guidelines on Independent Director System for Listed Companies", the Company has set up an independent Audit Committee and staffed it with experts who have rich industry experience, and possess profound legal and financial expertise. The committee provides professional advices and support for the Company's internal control and risk management.

For remuneration management, the Company has formulated the 2023 Remuneration Program for Senior Management Personnel in accordance with the "Administrative Measures for Share Incentives of Listed Companies" and other relevant laws and regulations. When determining the remuneration policy, the Board of Directors, through thorough discussions and prudent decision-making, ensures that the structure of executive remuneration reflects both performance orientation and the Company's contributions and achievements in environmental and social responsibility.

In order to guarantee fairness and openness of information, the Company discloses information through a variety of channels, including but not limited to official websites, designated platforms of stock exchanges, and periodic reports and has established comprehensive information disclosure management regulations and management mechanism. In 2023, the Company has made timely announcements on various important matters in accordance with the regulations, and issued a total of 158 announcements of various types, covering operating conditions, financial data, significant investments, and connected transactions, among other things.

The Company attaches great importance to investor relations management. A smooth communication channel has been built. It actively communicates with investors through various forms such as earnings conference, on-site investor research, ir.m.cninfo.com.cn, investor email and hot-lines which allow investors to fully grasp the Company's industry characteristics, business and other information that can help investors in their decision-making. It duly fulfills the responsibilities and obligations of listed companies, safeguards the Company's market image, and jointly promotes the positive development of the capital market.

The Company continuously strengthens measures to protect shareholders' rights and interests, strictly enforces the rights of shareholders as stipulated in the Articles of Association, and ensures that all shareholders are able to participate in the Company's decision-making on an equal footing and obtain their due rights to know, participate in and benefit from the Company's operation. In 2023, the Company has taken measures to protect shareholders' rights and interests, winning the trust and support of investors.

Compliance and Risk Management

The Company ensures that its business activities comply with relevant domestic and international laws and regulations, industry specifications and international standards. The Company resolutely adopts a zero tolerance towards any violation of compliance requirements, investigates and handles them in accordance with the relevant systems, and draws lessons from them to continuously optimize and improve compliance management initiatives.

Compliance Management Measures

Subjects	Measures
Identifying and following up of regulations and policies	<ul style="list-style-type: none"> We pay close attention to the latest developments of the "Company Law of the People's Republic of China", the "Environmental Protection Law of the People's Republic of China", the "Labor Law of the People's Republic of China", the "Anti-Monopoly Law of the People's Republic of China", the "Data Security Law of the People's Republic of China" and other relevant laws and regulations, and regularly organize our professional team to identify and interpret the laws and regulations, so as to ensure that the Company's various business activities comply with the latest legal requirements.
Improvement of compliance management system	<ul style="list-style-type: none"> Focusing on topics such as environmental protection, fair trade, and information security, each subsidiary develops and improves the relevant management system based on its own actual management conditions, and defines the compliance operation process of each department and employee in different business scenarios.
Establishment of compliance bodies	<ul style="list-style-type: none"> The management that operates the Company practices the daily risk management through its functional departments. The Internal Audit Department monitors the daily implementation of the Company's risk management policies and procedures and reports its findings to the Company's Audit Committee in a timely manner.

Subjects	Measures
Compliance review and oversight	<ul style="list-style-type: none"> A regular internal audit mechanism, including special compliance audits and regular operational audits, is established to conduct strict compliance reviews of all types of business activities; External third-party professional organizations are engaged to conduct independent audits and assessments and further strengthen the impartiality and objectivity of compliance work.
Compliance training and education	<ul style="list-style-type: none"> Compliance training programs covering all employees are carried out to enhance their compliance awareness and skills through on-line courses, face-to-face seminars, case studies and other forms; Targeted in-depth training is provided for key personnels and the management to emphasize their exemplary role in promoting a culture of compliance and implementing compliance initiatives.

Business Ethics

The Company recognizes that good business ethics is a key factor in building the cornerstone of sustainable development, safeguarding the Company's reputation and establishing a long-term trust, and complies with the "United Nations Global Compact" and its ten principles. It requires its subsidiaries to establish a sound management system of business ethics to ensure that all business activities and decision-making processes are in line with the highest standards of business ethics in accordance with the "Criminal Law of the People's Republic of China", the "Company Law of the People's Republic of China", the "Law of the People's Republic of China against Unfair Competition", the "Anti-Monopoly Law of the People's Republic of China", the "Law of the People's Republic of China against Money Laundering" and other laws and regulations and industry norms applicable to the place of business.

The subsidiaries have positively responded to the Company's call and carry out their own independent anti-corruption management efforts in accordance with unified business ethics standards and requirements. They enhance their own business ethics management through the development and implementation of anti-corruption programs, the strengthening of internal controls, and active engagement in various audits and training programs led by the parent company.

The Company is active in creating a culture of integrity and propels its subsidiaries to carry out regular anti-corruption training. It enhances the level of awareness and willingness to comply with business ethics among all staff through on-line and off-line education and training programs. During the reporting period, the subsidiaries in the Lithium Chemicals Business Unit have carried out various training and awareness-raising activities in the form of off-line training, on-line learning and special-topic lectures, and identified and spread in time the latest domestic and international policies of anti-fraud, anti-corruption, anti-bribery and business ethics, which enabled the relevant parties to address various types of business ethics risks.

The Company adheres to a zero tolerance towards behaviors that violate business ethics, such as graft and corruption, and requires its subsidiaries to establish a sound wrong-doing report channel and a mechanism for investigating and handling reports, so as to create a clean and positive business environment. The Company strictly protects the whistle-blowers and the witnesses. It keeps secret of the whistle-blower's personal information and their reports when receiving, registering, keeping and investigating the reported issues. The reporting clues and materials are kept under strict management for confidential information. Besides, the Company cracks down any retaliation against the whistle-blower and holds the perpetrators accountable in accordance with the relevant provisions once the wrong-doing is verified. For employees who violate the Company's business ethics requirements, the Company imposes job transfer, demotion, downgrading, pay cut, termination of employment contract, and referring them to the justice, considering the seriousness of their wrong-doing.

Information Security and Privacy Protection

The Company attaches great importance to information security and privacy protection, and takes it as an essential part of sustainable development and social responsibility. It continuously improves its information security and privacy protection management system and requires its subsidiaries to comply with the Group's standards and to implement targeted security strategies based on their respective business characteristics.

It carries out information security internal audits on a regular basis. It tests the effectiveness of existing information security measures through self-inspection, mutual inspection and expert review, and takes corrective and preventive measures for problems identified in a timely manner.

Besides, the Company actively learns the changes of international and domestic information security and privacy protection laws and regulations, ensures that the management system keeps pace with the times, and continuously improves the overall management of information security, so as to lay a solid foundation for the sound operation of the enterprise and the trust of customers.

Measures of Information Security and Privacy Protection Management

Subjects	Measures
Supervising subsidiaries' information security	<ul style="list-style-type: none"> The headquarters set up a digitalization and IT department, which is responsible for guiding and auditing the work of subsidiaries in formulating adaptive information security plans and processes to ensure their compliance with national laws and regulations as well as industry standards.
Defining management requirements for all staff	<ul style="list-style-type: none"> The Company signs the "Information Security and Confidentiality Agreement" with employees on a regular basis and explicitly defines the scope of information assets protection, the responsibilities and obligations of employees, penalty for violations and wrong-doing reporting channels to ensure that all employees are aware of and in conformity with the relevant rules and regulations.
Data assets classification and hierarchical management	<ul style="list-style-type: none"> Data assets are sorted into different classes and levels according to their sensitivity and importance, and put under differentiated protections. Taking core trade secrets and customers' personal information as an example, those are protected by encrypted storage and access control technologies.
Data backup and recovery management	<ul style="list-style-type: none"> Detailed data backup strategy is established to ensure that critical business data is backed up regularly and stored in other locations. Rapid recovery capabilities are built to cope with emergencies and reduce the risk of data loss.
Training and education for all staff	<ul style="list-style-type: none"> Regular information security and privacy protection training is held for all employees to enhance their awareness of information security and technical protection capabilities through on-line courses, on-site lectures, drills and other forms.

Intellectual Property Protection

The Company recognizes the importance of intellectual property for technological innovation and enterprise core competitiveness, and has thus established a sound intellectual property management system for this purpose. The Company has set up a Research Institute as the body to manage and support intellectual property, which is responsible for formulating the Company's intellectual property strategy and

intellectual property management system, establishing the intellectual property work plan and objectives, cultivating intellectual property talents and building the intellectual property management structure, as well as organizing and guiding business units and subsidiaries to protect and operate intellectual property. Each business unit and subsidiary have an intellectual property management department or designated full-time personnel to carry out the application, layout and protection for the Company's intellectual property in accordance with the annual plan. The Company has built a set of intellectual property management system, including but not limited to patent application strategy, trademark registration process, copyright protection measures, trade secret protection provisions and intellectual property license transfer rules. The Company applies unified intellectual property management standards and encourages each subsidiary to formulate corresponding implementation rules based on their own business characteristics.

Intellectual Property Management Measures

- The Company implements the management strategy featured with optimized patent combination and global trademark registration to enhance the Company's brand value and competitive advantage in domestic and international markets.
- The Company implements a strict intellectual property registration and tracking system and promptly confirms intellectual property rights for milestone achievements in the process of technical research and development.
- The Company regularly conducts internal examination and training on intellectual property rights and instructs employees on the proper use, management and protection of intellectual property rights.

Tianyi Lithium has issued the "Intellectual Property Management System" to strengthen the internal intellectual property management system, and organized training for relevant personnel to enhance the awareness of intellectual property protection and beef up their practical operation ability. During the reporting period, Tianyi Lithium has successfully filed 3 patent applications involving process, equipment and technology development, 2 of which are being examined.



Quality and Safety

Research, Development and Innovation

Science and technology innovation plays a pivotal role in the development of an enterprise. Adhering to independent research and development, Canmax has, step by step, built and owned a number of high-tech products and service systems with independent intellectual property rights. The Company has set up an independent R&D center which consists of a few divisions to address appropriate research subjects and work with each other for cross-disciplinary innovation, such as product R&D laboratory, materials technology R&D laboratory, conceptual design division and precision product laboratory.

With growing investment in research and development, the Company is committed to improving product performance indicators, innovating in product manufacturing technology and processes, and continuously exploring the development and application of new materials. In the reporting period, the Company has channeled RMB 90,398,100 into research and development. Through continuous efforts and innovative practices, it has made progress in expanding product categories, promoting improvement and upgrading of existing products, which has provided solid technical support and guarantee for realizing technological innovation and quality improvement of products.

The Company has established a sound R&D management system. We standardize and optimize the whole-process and whole-chain management of R&D activities; integrate internal and external R&D resources, establish a professional and efficient R&D team; continuously motivate R&D and innovation activities with incentive mechanism, and uplift independent R&D capability in all aspects.




Research and Development Management System

Subjects	Measures
Standardized whole-process R&D management	<ul style="list-style-type: none"> The Company establishes a whole-process R&D management system and defines corresponding management system since the determination of the research subjects to ensure that the R&D is run with reliable quality on the basis of rules and regulations. Each business unit develops its own R&D management system according to its own business conditions. Taking the Lithium Chemicals Business Unit as an example, Tianyi Lithium has established a full life-cycle R&D management system, including "R&D Knowhow Management System", "R&D Investigation Process Management System", "R&D Subject Management Measures" and "Cooperative R&D Management System". A sound R&D management system has been established. For instance, Yeso-med has established a Science and Technology Association, which is responsible for the review and strategy determination of R&D projects.
Building Professional R&D Team	<ul style="list-style-type: none"> The Company actively introduces high-end technical talents and continuously promotes innovative R&D projects to make adequate provisions for the Company's new product research and development, process upgrading, technology reserve and talent cultivation. As of the end of the reporting period, the Company has built a professional R&D team of 528 members, in which 21 hold a master's degree. The Company is approved to set up a postdoctoral incubation station which creates an excellent environment for the cultivation of postdoctoral research talents with innovative spirit and ability, and further pushes forward the enterprise's scientific research and innovation work.
R&D Incentives	<ul style="list-style-type: none"> The Company designs a reasonable R&D incentive mechanism to encourage researchers to deliver high-quality R&D results, and thus improve our technical innovation capability and market competitiveness. For instance, Yeso-med offers incentives such as technological invention awards and achievement transformation awards to provide employees with appropriate bonuses and vacations and give priority to the award-winners in terms of salary, housing, and promotion.

During the reporting period, the Company undertook the Jiangsu Provincial Engineering Technology Research Center, Jiangsu Provincial Enterprise Technology Center, Suzhou system-based ESD control and ultra-clean products R&D key laboratory and other innovation platform projects which were running well. Based on those platform, the Company carried out internal R&D and external R&D cooperation and actively undertook industrial forward-looking and key core technology projects of Suzhou City.

At the same time, the Company continues to deepen the scientific research cooperation with universities, customers and various research institutes and fully integrates the great resources and professional advantages of all parties to further strengthen its own innovation capability by means of collaborative innovation, which lays a solid foundation for our sustainable development and technological upgrading. During the reporting period, the Company has successfully realized a number of significant breakthroughs and fruits in R&D innovation thanks to its own strength in independent innovation as well as its close R&D partnership with external parties.

R&D Innovation Achievements and Awards in 2023



Medical Devices Business Unit

- There are six projects in the R&D stage, of which two are in the pilot stage, including single-use pump syringes with needles and Platelet-rich Plasma (PRP) preparators; three are in the pilot production stage, namely electrode probes, retractable vaccine syringes, and 1200 PSI pressure connecting tubes; and one is in the mass production stage, which is the split-type insulin syringes.
- The unit has obtained 4 new registration certificates, including 3 Class III medical device registration certificates for hyperbaric contrast syringe tubes, auto-disable fixed-dose vaccine injections, hyperbaric contrast syringes and accessories; and a Category II medical device registration certificate for disposable medical protective clothing.
- It has passed the re-certification of high-tech enterprises and entered the list of the fourth batch of specialized, sophisticated and innovation-driven "Little Giants" enterprises of the Ministry of Industry and Information Technology of China, and won the second prize for scientific and technological progress in Xishan District and other awards.

Product Quality Management

The Company is active in building a quality management system covering the whole life cycle of products and establishes sound product quality management regulations. Each subsidiary adopts dynamic optimization and continuous improvement to review and upgrade the existing quality management regulations on a regular basis.

Product Quality Management Regulations and Their Update in 2023

Business Unit	Management Systems and Progress
Lithium Chemicals Business Unit	<ul style="list-style-type: none"> • In accordance with IATF 16949: 2016 Automotive Quality Management System Standard, a series of process management documents have been established, including but not limited to "Supplier Management Control Procedure", "Purchasing Control Procedure", "Product Development Control Procedure", "Product Manufacturing Control Procedure", "Product Safety Control Procedure", "Customer Complaint Control Procedure", "Customer Satisfaction Measurement Control Procedure". Those documents are updated timely to accommodate the requirements of appropriate policies and customers. • Within the reporting period, the Lithium Chemicals Business Unit applied the "Control Program", "5M1E Change Control Procedure", "Supplier 5M1E Change Control Procedure" and other appropriate management documents to control the technological processes and manage internal and external changes.
ESD Control Business Unit	<ul style="list-style-type: none"> • In accordance with IATF 16949: 2016 Automotive Quality Management System Standard and ISO 9001: 2015 Quality Management System Certification Requirements, the unit formulated a series of regulations related to product quality management related such as "Production Parts Approval Control Procedure", "Engineering Change Control Procedure", "Advanced Product Quality Planning Control Procedure", "Production Process Control Procedure" which are updated and revised according to the requirements of policies and quality management system. • During the reporting period, Canmax updated and revised 1,825 management system documents.
Medical Devices Business Unit	<ul style="list-style-type: none"> • Each year, quality management review and internal audits are carried out on a regular basis, and external audits and other third-party audits are conducted from time to time. During the reporting period, the Company updated and revised all the program documents for product quality according to the updates of GB/T 42061-2022 <i>Medical Devices - Quality Management Systems</i>.

Each year, the Company establishes product quality management objectives, strengthens internal quality management, and incorporates product quality objectives into the KPI assessment of employees, so as to motivate employees to actively participate in all aspects of quality management, and to create a quality improvement culture with the engagement of the whole staff from top to bottom. During the reporting period, all product quality objective set by the Company's business units and subsidiaries have been achieved.

Product Quality Improvement Objectives

Business Unit	Objectives and KPI Appraisal Mechanism
Lithium Chemicals Business Unit	<ul style="list-style-type: none"> • Tianyi Lithium set up a performance appraisal management mechanism for the process capability index in the product production process. Under this mechanism, the performance of employees will be affected when the process capability index declines to a certain limit. • Sichuan CATH included the product-specific and process-specific capability indexes and one-time pass rate into the monthly performance appraisal indicators and established a performance appraisal mechanism.
ESD Control Business Unit	<ul style="list-style-type: none"> • Subsidiaries set up target metrics such as original acceptance inspection pass rate, shipment inspection pass rate, original good part rate, and conducted monthly appraisal for the fulfillment of those metrics of each department and subsidiary.
Medical Devices Business Unit	<ul style="list-style-type: none"> • Yeso-med formulated operating instructions for raw materials and auxiliary materials, process inspection and finished product inspection at all levels, and set up quality appraisal targets such as sampling inspection pass rate in production, product pass rate in production, finished products pass rate, and appraised the fulfillment of the targets of Yeso-med and each of its department on a monthly basis.

The Company has passed a number of product quality certifications which ensures that the quality standards of the whole life cycle of the products are unified and implemented.

Obtained Product Quality Certification

Lithium Chemicals Business Unit

- Tianyi Lithium has obtained the certification of IATF 16949: 2016 Automotive Quality Management System Standard and ISO 9001: 2015 Quality Management System;
- Sichuan CATH has obtained the certification of IATF 16949: 2016 Automotive Quality Management System Standard and ISO 9001: 2015 Quality Management System.

ESD Control Business Unit

- All its subsidiaries have obtained the certification of IATF 16949: 2016 Automotive Quality Management System Standard and ISO 9001: 2015 Quality Management System.

Medical Devices Business Unit

- It has obtained the certification of ISO 9001: 2015 Quality Management System, ISO 13485: 2016 Medical Devices – Quality Management Systems – Requirements for Regulatory Purposes and Medical Device Single Audit Program (MDSAP).

The Company establishes quality management measures covering raw materials, production process, inspection, shipment and other aspects, strictly controls the quality of the whole life cycle of the product, and continuously guarantee the stability and durability of the product quality, which lays a solid foundation for the Company's high-quality development.

Whole-Life-Cycle Product Quality Management Measures and Their Progress in 2023

Raw material quality management

- **Lithium Chemicals Business Unit:** It developed "Supplier Management Control Procedures", "Incoming Material Acceptance Control Procedures" and other standardized guidelines to define the validity of supplier qualifications, quality assessment methods and standards, and auditing methods, etc. It signed "Quality Agreement" with key suppliers and strengthened the supplier quality auditing, training, guidance, and exchanges to make sure that the whole process of management in raw material receipt, inspection, storage, and transfer is compliant and safe. During the reporting period, Sichuan CATH further optimized the supplier bought-in material control standards and formulated detailed requirements for quality and environmental protection.
- **ESD Control Business Unit :** It developed "Standard Operation Procedure for Incoming Goods Inspection" to define inspection methods and inspection standards, and carry out inspection and management of raw materials.
- **Medical Devices Business Unit:** It developed "Work Instructions for the Inspection of Raw Materials and Auxiliary Materials" to define inspection methods and inspection standards, and carry out inspection and management of raw materials.

Production process quality management

- **Lithium Chemicals Business Unit:** It formulated "Product Manufacturing Control Procedures", "Corrective and Preventive Measures Control Procedures" and other normative guidelines to standardize the quality management of the production process, and fully implement the standardized and high-quality production process. It pushed forward the information-based, digitized and smart manufacturing to ensure that the controllability of operation, the stability of the production process and the high quality of the product, and enable quick identification of aspects to be improved and optimize the quality of control strategies. It incorporated the responsibility of production quality into employee performance appraisal, and double-down the production quality management.
- **ESD Control Business Unit:** it developed "Process Inspection Standards", "First-off and Last-off Inspection Procedure" and other management regulations to carry out the first-off inspection, process inspection and finished product inspection. During the reporting period, Suzhou TA&A and Stone Tech continued to improve the production efficiency of their products by updating and upgrading automatic labeling machines, punching machines and other equipment.
- **Medical Devices Business Unit:** It developed "Process Inspection Work Instruction" and "Production Site Work Instruction" for each process, and established "Production Process Control Procedure" and "Non-conforming Products Control Procedure" to analyze the root causes of nonconformities and give improvement measures.

Product inspection and shipment quality management

- **Lithium Chemicals Business Unit:** Based on standards such as GB/T 11064.1-2013 Methods for Chemical Analysis of Lithium Carbonate, Lithium Hydroxide Monohydrate and Lithium Chloride, it established systematic standard operation procedures for analytical equipment and test finished products. It carried out sampling inspection mechanism and internal blind sample testing to continuously improve testing precision. It introduced electron microscope system, energy spectrum system, cleanliness system, among others, to further improve the testing standard and testing capability.
- **Medical Devices Business Unit:** Yeso-med developed "Work Instruction for Finished Product Inspection" to provide unified, rigorous and scientific operation norms for the inspection of finished products.

Non-conforming products and recall management

- **Lithium Chemicals Business Unit:** It formulated "Non-conforming Product Control Procedures" and specified the responsibilities, management requirements, work procedures and other elements of non-conforming product control. It enforced strict quality control through the labeling, recording, evaluation, quarantine, treatment of nonconforming products, as well as the implementation of effective control measures by the relevant departments.
- **ESD Control Business Unit:** Non-conformities of raw materials, process, and finished product were managed in accordance with the "Non-conforming Products Control Procedure". Non-conforming products were labeled and quarantined and sorted into appropriate categories and grades, and subjected to the review, approval and disposal of the specialized personnel.
- **Medical Devices Business Unit :** Yeso-med developed comprehensive regulations related to product recall, including "Advisory Notice and Incident Control Procedure" and "Incident Reporting and Recall Control Procedure" to standardize the management of incidents and the handling of product recalls.

The Company actively carries out the improvement and enhancement of specific quality problems. It resolves those problems through the optimization of production processes and introduction of automated equipment, so as to drive the continuous improvement of the Company's overall product quality, and provide customers with better products and services. During the reporting period, Tianyi Lithium conducted a campaign to reduce magnetic impurities. It strengthened the control and management of magnetic impurities through capability uplifting of the magnetic impurities team, management of magnetic impurities occurrence prevention, management of magnetic impurities inclusion prevention, management of the measurement system, and management of the traceability of magnetic impurities. After this campaign, a sustained jump in the products pass rate was achieved and battery safety was guaranteed, namely the quality related to the number of JMS magnetic particles was improved by 25%.

In order to ensure a good and stable product quality, the Company actively builds a quality-oriented culture, further strengthen the staff's awareness of quality through the quality management theme training, "quality month" and other activities, and encourage all staff to actively participate in quality management and work together for the continuous improvement and enhancement of product quality.

Product Quality Training in 2023

Lithium Chemicals Business Unit

- Committed to creating a quality-oriented culture of "full responsibility and engagement", it developed quality culture manuals and other documents, ran through the list of quality problems and carried out various quality culture construction projects on this basis. It enhanced the quality management awareness and capability of all staff by carrying out quality awareness promotion and education, conducting quality theme activities, and aligning with the quality standards of customers. During the reporting period, the unit's quality-related training covered all employees in 100%.

ESD Control Business Unit

- It developed a training program related to quality topics every year, and offered quality-related basic knowledge training and pre-job onboarding training to new employees, covering knowledge required for job competence such as operation methods and operation skills. It also provided quality competence enhancement training for on-the-job employees, such as knowledge of multi-competence for one job and hazardous substance reduction, etc.
- External experts were invited to give training related to the improvement of quality from time to time. For instance, during the reporting period, Suzhou TA&A invited external experts to provide measurement uncertainty assessment and expression training for testing, engineering and quality personnel.

Medical Devices Business Unit

- Yeso-med organized quality-related training for production staff from time to time, covering topics such as microbiology, inspection operations, laboratory operations to realize a steady improvement of product quality and provide patients with safe, reliable and quality medical products.



Yeso-med's 100-day Quality Month

In August 2023, Yeso-med launched a 100-day "Quality Month" campaign, covering a series of special activities aimed at improving product quality and employee skills, such as the 1st high-pressure workshop employee vocational skills contest for connecting tube bonding, high-pressure connecting tube bonding skills, and high-pressure syringe assembly. In the contest, the staff did a good job in bonding, assembly and product inspection, etc. They demonstrated efficient and precise bonding technology and agile and smooth operation on the basis of strict compliance with the operating procedures. Considering the results of daily production quality assessment and the results of the contest, Yeso-med awarded the winning staff with "Quality Pioneer of the Month", "Quality Progress Award", "Outstanding Group Award" and other awards, which further motivated all staff to pursue quality and excellence and pushed forward the overall improvement of product quality and employee skills.

Yeso-med's 100-day Quality Month



The Company carries out internal product quality audits on a regular basis in each year to further improve and enhance product quality management. In the Medical Devices Business Unit, Yeso-med carries out internal audits of product quality management at least once a year according to ISO 13485 standard, ISO 9001 standard, MDR (EU 2017/745) regulation, U.S. 820 regulation, MDSAP regulation, the quality manual, procedures, and product-related laws and regulations, to check whether the operation of product quality management is in line with the requirements of the system documents. During the reporting period, all the subsidiaries of the Company have carried out internal audits of product quality and have rectified the identified problems.

During the reporting period, the Company has not been penalized by the competent authorities for violating laws and regulations related to product and service quality and safety, nor has it been involved in any product recalls.

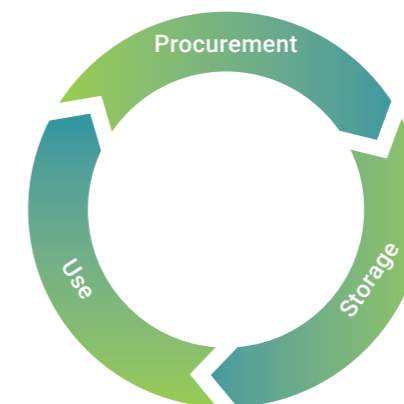
Chemicals Management

Chemicals Safety

In order to minimize the impact on the environment and health, the Company has established a comprehensive chemicals management mechanism, through which it regularly identifies all the chemicals used, creates a list of chemicals, and adopts strict management measures throughout the entire process from procurement, storage, use to emergency response, so as to prevent chemicals safety accidents.

The subsidiaries build and continuously optimize their chemicals management regulations according to their production conditions and requirements. Taking Suzhou TA&A as an example, it has adopted comprehensive management measures in chemicals management, covering the whole process from chemicals procurement, storage, use to emergency response, and developed a series of rules and regulations, such as the "Specification for the Management of Chemicals Procurement, Storage and Use" and the "Emergency Response Plan for Accidents Involving Poisoning by Toxic and Hazardous Chemicals and Gases" to strengthen the management of chemicals in a standardized manner and reduce the environmental risks and health hazards that chemicals may pose.

Whole-Process Chemicals Safety Management



Chemicals procurement

- The department that need use chemicals fills in the Purchase Request Form according to the actual needs, specifies the use of chemicals, and makes purchases subject to review and approval.
- The quantity of drug precursors and explosive precursors listed in the applications for purchase is under strict control.
- We strictly check the qualifications of suppliers of hazardous chemicals, request them to provide "Hazardous Chemicals Business License" or "Hazardous Chemicals Production License", "Hazardous Chemicals Transportation License" and Material Safety Data Sheet (MSDS) for chemicals in the products, and review and collect the latest MSDS every year.

Chemicals storage

- Lists and accounts are developed for all chemicals. The use and management of hazardous chemicals, drug precursors and explosive precursors are under prioritized monitoring of the Company.
- The storage sites and conditions for hazardous chemicals are under standardized management, for instance, the storage sites should be kept cool, ventilated and dry and chemicals of different natures must be stored separately.
- The storage sites are equipped with emergency supplies such as eye wash and spill protection equipment, and full-time personnel is charged with the management of chemicals warehouses, and checking and recording the quantity of chemicals and the environment on a daily basis.

Use of chemicals

- A management mechanism is established so that appropriate requisition forms should be established, the receipt and use should be registered, and hazardous chemicals need be received, dispensed and used by dual-personnel.
- The staff must use appropriate personal protection equipment (PPE) and take standard operations when using chemicals.

The Company strictly abides by the "Regulations on the Safety Management of Hazardous Chemicals", and the department that uses the chemicals and the Company's safety management department conduct regular inspections to check for potential safety hazards. The Company reports to the police the hazardous drug precursor and explosive precursor chemicals in its possession, uploads to the appropriate system the information of each incoming batch and the dispensing every day, and maintains a management system that requires those chemicals to be received, dispensed, recorded, locked up, transported and used by dual-personnel, and the temperature and humidity to be measured.

The Company specifies emergency response measures for spill, fire, and chemical splashes into the eyes, and continuously strengthens chemicals safety management through training and emergency drills.

The Company conducts regular training on chemicals safety topics for employees every year to help them understand the characteristics of hazardous chemicals in the production process and emergency response measures, so as to reduce the risk of chemical accidents. It conducts regular emergency drills on topics such as chemical spill to help employees master the skills to handle chemical-related emergencies and improve their emergency response capabilities. During the reporting period, Sichuan CATH carried out training on safety knowledge of hazardous chemicals, drug precursor and explosive precursor hazardous chemicals, covering 100% of the relevant employees. Subsidiaries in the Lithium Chemicals Business Unit conducted a total of 22 emergency drills on chemical spills.

The Company also sets up a chemical accident emergency response hot-line to provide internal employees and external parties with advice on the initial handling and guidance on emergency response of chemical spills, fire and explosion, helping resolve dangers in the first instance and minimize losses caused by accidents.

Minimizing Environment Impact of Chemicals

The Company is active in reducing the use of hazardous chemicals through green research and development, process substitution and other means to reduce the impact on the environment and human health. It engages a third-party laboratory to carry out RoHS testing on raw materials and products on a regular basis every year. During the reporting period, the products of the Lithium Chemicals Business Unit complied with the RoHS standards, among which the products of Tianyi Lithium also complied with the EU REACH standards.

Actions to Minimize Environment Impact of Chemicals in 2023

Process substitution and optimization

- Suzhou TA&A replaced ethyl acetate with ultrasonic machine to clean anilox rolls, reducing the consumption of ethyl acetate by 56%.
- Sichuan CATH optimized the product testing method and completely avoided the use of urea in the phosphate testing process through the method query and validation. And urea is no longer purchased for laboratory. With the optimized testing method, it saved 30 minutes to test a single sample. Besides, Sichuan CATH replaced the volumetric analysis with instrumental analysis for the testing of sulfate liquid samples, which improved the testing precision and reduced the consumption of hazardous chemicals at the same time.
- In the R&D and design stages, Tianyi Lithium tilted to choose non-toxic, easily degradable and recyclable materials. During the reporting period, it replaced mercuric sulfate titration with spectrophotometry and thus achieved zero emission of the hazardous mercury. For silicon testing, Tianyi Lithium's Testing and Analysis Department applied Inductively Coupled Plasma (ICP) Spectrometry in lieu of acetone-ammonium molybdate colorimetry, realizing zero emission of the hazardous acetone.

Supply Chain Management

Supply Chain Quality Management

The Company has business in lithium chemicals, ESD control and ultra-clean products, medical devices and other fields, each of which has its unique product attributes and technical characteristics, and thus calls for unique way of procurement and diverse raw material demands.

Procurement Mode and Purchased Raw Materials

Business Unit	Procurement Mode and Raw Materials
Lithium Chemicals Business Unit	• It puts the procurement under unified management. The purchased raw materials and auxiliary materials includes lithium concentrate, liquid alkali and sulfuric acid.
ESD Control Business Unit	• It monitors the changes of the price and purchase materials based on the real-time price. The raw materials it purchases include polyethylene (PE), polyethylene terephthalate (PET), polycarbonate (PC), polyurethane (PU) and chemical fiber.
Medical Devices Business Unit	• Procurement plan is prepared on the basis of production plan and safety stock level of raw materials. The unit purchases the required raw materials and standard components directly from the market, and customizes special-purpose components at qualified suppliers. Quality and price are the two metrics in the selection of suppliers. The suppliers and purchase prices are finalized according to the principles of "quality first when offered prices are equal" and "price first when product quality is equal".

The Company continues to develop and improve supplier management regulations that accommodate to the characteristics of each business unit in supplier access, management, complaint communication and other aspects. Taking Tianyi Lithium as an example, it has formulated internal management regulations such as "Procurement Control Procedure", "Supplier Management Control Procedure", "Procurement Process Management Regulations", and "Responsible Minerals Supply Chain Due Diligence Management Policy" to ensure the continuous improvement of product quality and sound development of its business operations.

The Company establishes a comprehensive and strict supplier classification and management mechanism which divide suppliers into Class A, B and C according to their product supply type, risk level and other criteria. Targeted management strategies are implemented for each category of suppliers to ensure the stability and reliability of the supply chain and to promote the mutual development of both parties and achieve win-win cooperation.

Critical Measures of Business Units in Supply Chain Management

Business Unit	Measures
Element 1: Supplier Access	
Lithium Chemicals Business Unit	<ul style="list-style-type: none"> • Based on supplier operation status and quality, the unit tests and evaluates the suppliers' samples to find out the product usability, existing risks and consequences. Those information is used to help find good suppliers. • Its designated departments conduct on-site audits of suppliers on the basis of evaluation forms, include suppliers who have passed the initial audits in the procurement system as potential suppliers, and carry out an internal review pick out the qualified suppliers.
ESD Control Business Unit	<ul style="list-style-type: none"> • It evaluates new suppliers from the aspects of quality system management, contract management, material management, production control, traceability and exception management, training, customer service, metrology management, new product introduction and change management, product protection, environment and safety.
Medical Devices Business Unit	<ul style="list-style-type: none"> • It evaluates suppliers according to "Supplier Evaluation Control Procedure" and "Procurement Control Procedure" and establishes a list of qualified suppliers to put them under effective management. It gives evaluations and scores to the suppliers at the end of each year based on their actual supply capacity and thus update the supplier list or filter out unqualified suppliers.
Element 2: Qualified Supplier Management	
Lithium Chemicals Business Unit	<ul style="list-style-type: none"> • It conducts annual audits and evaluations of suppliers, and on-site evaluations based on the supplier category to review the operation of the supplier's management system and the level of quality control. Suppliers of critical materials are subject to monthly or seasonal evaluation; ordinary suppliers are subject to annual evaluation. • The score of the evaluation provides the basis for supplier management. Those unqualified will be filtered out to continuously improve the quality of suppliers. • The "Supply Chain Management Grievance and Communication Mechanism" is developed to provide a channel for grievance communication. Unqualified suppliers may ask for the resumption of the review after rectifying the relevant issues.

Business Unit	Measures
ESD Control Business Unit	<ul style="list-style-type: none"> The unit establishes an annual audit program for key suppliers in accordance with the "Supplier Selection and Evaluation Approach". It scores the suppliers' quality each month according to the "Standard Operation of Supplier Quality Evaluation" and based on the incoming material pass rate, production line abnormality, rectification report response, customer complaints, service attitude and so on. For those rated as unqualified, the unit will give advice for rectification or cancel their qualifications.
Medical Devices Business Unit	<ul style="list-style-type: none"> The unit carries out annual on-site evaluation of suppliers according to the supplier grades, product quality, supply capacity, price and other aspects and sign a quality agreement. For suppliers that are found unqualified in the evaluation, they are required to improve performance and send a rectification report.

The Company attaches great importance to building a solid and close partnership with its suppliers. It discusses with suppliers and defines the strategic direction of quality improvement through on-site training and communication activities. For quality problems, the Company actively holds technical discussions with suppliers and makes joint design and targeted technical transformation and optimization programs, aiming at assisting suppliers to refine their product quality management mechanism and promote the overall improvement of product quality.

Suzhou TA&A Coaches Suppliers to Implement Product Quality Improvement Programs

For identified quality anomalies in a product, Suzhou TA&A developed an improvement coaching program for the supplier to continuously improve the quality level of that type of product. It analyzed the incoming material pass rate and number of customer complaints of this particular and develop expected goals, difficulties and preliminary work plan for the supplier. It visited the supplier's premises and talked with supplier about the rectification goals and requirements. It conducted a management audit and gave advice for rectification. Suzhou TA&A coached the supplier to optimize the management procedures including the development and implementation of production management documents, site hardware improvement, production process optimization and introduction of patrol inspection. When the coaching was finished, it followed up the improvement and rectification of the supplier.

In order to comprehensively enhance the robustness of the supply chain and its ability to withstand risks, the Company actively deploys a diversified supplier network to effectively minimize the potential risk arising from over-reliance on a single supplier. Taking the Lithium Chemicals Business Unit as an example, its subsidiaries have adopted a series of supply chain management strategies to continuously optimize and consolidate the overall stability of the supply chain.

Lithium Chemicals Business Unit Supply Chain Resilience Uplifting Measures

- Multiple supply channels, sourcing and training competitive suppliers
- Considering supplier geographic spread and avoiding over-concentration of procurement
- Setting up safe stock level and monitoring the real-time stock data of critical materials

Responsible Supply Chain Management

The Company attaches great importance to and actively practices the sustainable development strategy of the supply chain, and deeply integrates this concept into the selection of suppliers, daily operation and development planning. While ensuring product quality and economic benefits, the Company strives to minimize negative impacts on the environment and society, and steadily leads the transformation and upgrading of the entire supply chain system towards a more sustainable, low-carbon and environmental-friendly orientation.

Responsible Supply Chain Management Measures

New supplier access

- We prefer partners that meet green and environmental protection standards and are committed to the practice of sustainability. Taking the Lithium Chemicals Business Unit as an example, the unit prefers working with green suppliers, requires suppliers to align with environmental management guidelines and policies, encourages suppliers to sign Environmental Agreements, propels suppliers to improve their environmental performance, and jointly promotes the green development along the supply chain.
- When a supplier is granted the access to supply, a letter of commitments related to sustainable development is signed with the supplier. In the ESD Control Business Unit, the subsidiaries sign agreements with suppliers such as the "Purchasing Framework Agreement", the "Letter of Commitment on Environmentally Hazardous Substances", or the "Letter of Commitment on Supplier's Social Responsibility".

Qualified supplier management

- The Company is active in making the sustainability goals and requirements known to the suppliers and works with them to fulfill those goals and requirements. Taking the Lithium Chemicals Business Unit as an example, the subsidiaries prefer working with steam thermal power suppliers which harness pure biomass for power generation and require all logistics suppliers to comply with the latest "National Phase V Motor Vehicle Pollutant Emission Standards".
- The Company reviews the sustainable development management level of the suppliers on a regular basis. The Lithium Chemicals Business Unit regularly assesses the suppliers' management performance in terms of occupational health and safety and environmental management, and evaluates their safety and environmental qualifications.

Supplier training and coaching

- The Company regularly carries out initiatives or training on sustainable development for suppliers. Taking the ESD Control Business Unit as an example, it regularly provides key suppliers with the "Related Party Requirements" every year, which provides suppliers with requirements covering environmental protection, work safety, compliant emissions and other sustainability-related requirements.

Responsible Minerals Management

When contemplating strategies for the Lithium Chemicals Business Unit, the Company is fully aware of the importance of the development and utilization of mineral resources for energy transition and sustainable development. The production of the Lithium Chemicals Business Unit involves the use of lithium ore resources. While actively expanding global lithium resources supply channels to ensure the stability and competitiveness of the industrial chain, the Company always adheres to the base line of corporate ethics and social responsibility, attaches great importance to and effective



control for the environmental, social and corporate governance risks that may exist in the supply chain, and continues to deliver responsible products.

The Company is committed to abiding by the "Chinese Due Diligence Guidelines for Responsible Minerals Supply Chains" issued by the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCME) and the "OECD (Organization for Economic Co-operation and Development) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas". We build a sound responsible minerals management system and develop the "Responsible Supply Chain Due Diligence Management Policy", "Responsible Minerals Agreement" and other due diligence management regulations to make sure all products of us and our supply chain do not use mineral resources that are originated from conflict-affected areas and are against "Responsible Minerals Supply Chain Due Diligence Management Policy". During the reporting period, the Company became one of the first global lithium refiners which have obtained RMI (Responsible Minerals Initiative) certificate.

Responsible Minerals Management Process



During the reporting period, the Lithium Chemicals Business Unit received three third-party on-site audits engaged by customers and one second-party audit by a customer. None of the audits identified any significant risks in the lithium supply chain pertaining child labor, inhumane treatment, forced labor, armed conflict, ecological damage and other risks.

The Company continues to propel suppliers to strengthen their responsible minerals management and encourages them to take reviews by third-party organizations so as to ensure the transparency and compliance of their mineral extraction, processing and trading activities. The Company communicates its policies and protocols on responsible minerals management to its mineral suppliers through regular email communications and collects mineral information from its suppliers to ensure that 100% of its mineral suppliers have signed the "Responsible Minerals Agreement".

The Company is active in conducting training on responsible minerals management for its employees, and develops their ability to take action to implement responsible minerals management in their work. Besides, the Company conducts special training on a regular basis and communicates relevant policies and agreement requirements to mineral suppliers through multiple channels and in a timely manner, so as to prevent the procurement of mineral resources from becoming a cause or source of conflicts, human rights violations and insecurity. We also require the suppliers to make the corresponding commitments and work together to create a secure, transparent and sustainable supply chain. During the reporting period, the Company carried out a total of 3 special training sessions on responsible minerals management regulations and grievance management measures, covering some of the mineral suppliers and some of our employees in quality, production operations, procurement, warehousing, logistics and other departments of ours, which was intended to strengthen the Company's deep understanding and effective implementation of responsible minerals management, and ensure that mineral mining, processing, trading and other activities of mineral resources strictly comply with relevant international and domestic laws and regulations, ethical norms and industry standards.

Customer Relations Management

The Company adheres to the concept of customer-foremost, systematically builds a sound customer service management system, gains in-depth insight into customer needs, continuously strengthens internal service functions and professional capabilities, and devotes itself to continuously optimizing and improving the overall quality of customer service.



Customer Service Management System

Subjects	Measures
Customer service management regulations	<ul style="list-style-type: none"> Based on their unique business operation model and sales strategy, we establish customer service management systems covering pre-sales, sales and after-sales, including "Contract Management Protocol", "Customer Service Management Protocol", "Customer Complaint Management Procedure" and "Customer Satisfaction Measurement and Control Procedure" to standardize the management of customer service, ensure rapid response to customers, and provide professional and efficient services.
Communication with customers	<ul style="list-style-type: none"> The Company builds diverse communication channels, fully understands customer needs through telephone, e-mail, customer satisfaction research and other channels, provides quality customer service experience, and responds to customers' needs in a timely manner. Our subsidiaries conduct customer satisfaction surveys on product quality, service quality and other aspects on a regular basis to gain in-depth insight into and grasp the real needs and feelings of customers, and relentlessly optimize product features and service levels to meet customer expectations. In response to customer feedback and complaints, the Company formulates management regulations such as "Customer Satisfaction Measurement and Control Procedure" and "Standard Operation Procedure for Customer Complaints and Returns Handling" to ensure efficient response and proper handling of customer feedback and complaints.
Training to uplift customer service capability	<ul style="list-style-type: none"> The Company carries out customer service training for sales-related employees to upgrade their professional ability in customer communication, problem solving and after-sales support, and optimize the service effectiveness of the sales team.

In order to continuously optimize and enhance the professional skills of employees in customer service, Tianyi Lithium has organized five specific training activities, covering a number of key areas such as sales contract risk management, export business knowledge, financial knowledge, and business English, aiming to improve the service level and quality of team members in all aspects. During the reporting period, 100% of the Company's customer complaints have been finalized.



Recruitment and Employment

Employees' Rights, Interests and Benefits

Employment Management

The Company strictly abides by the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China" and other laws and regulations, and has established a sound employee employment management system covering recruitment and dismissal, pay and promotion, working hours and holidays, so as to effectively protect the basic rights and interests of employees. On the basis of the Group's standardized regulation system, the three business units formulate specific management regulations to accommodate their own operating conditions and carry out appropriate employment management.

Employment Management Regulations

<p>Recruitment and Dismissal</p> <ul style="list-style-type: none"> Recruitment: "Recruitment Management Measures" and "Employment Contract Management Measures" are applied to ensure the recruitment complies with national laws and regulations. Dismissal: The dismissal process is standardized in accordance with the laws and regulations of the place of operation. 	<p>Pay and Promotion</p> <ul style="list-style-type: none"> Pay: We comply with national and local wage standard regulations, adhere to equal pay for equal work, and formulate the "Wage Distribution Management Measures" and other systems to regulate the Company's pay management. Promotion: Regulations such as the "Promotion and Transfer Management Measures" and the "Guidelines for the Management of Promotion and Wage Adjustment" are developed to regulate the management of staff promotion. 	<p>Working Hours and Holiday</p> <ul style="list-style-type: none"> Working hours: The "Attendance Management Measures" is developed to ensure that the Company complies with the provisions of the applicable laws regarding working hours. Holiday: The "Employee Leave Management Measures" is developed to provide various paid leave as required by laws, including annual leave, maternity leave, child-care leave, and paternity leave for male employees.
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The Company declares the prohibition of child labor and forced labor in the "Recruitment Management Measures" and other regulations, and ensures that there is no use of child labor and forced labor through strict screening and daily management. The Company clearly stipulates that harassment and discrimination are prohibited, and that no one shall be harassed by words, texts, images, physical behavior and other ways. It is determined to avoid discrimination against any employee or applicant for employment on the basis of differences in ethnicity, race, gender, religious beliefs and other aspects, ensuring that every employee and applicant for employment has equal opportunities.

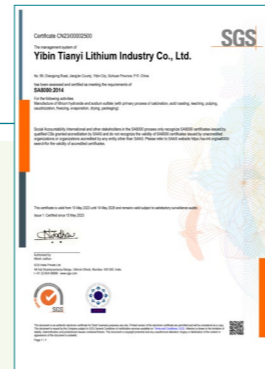
The Company provides employees with confidential complaint channels, in which there are designated personnel receiving and handling complaints and reports about harassment and discrimination. When necessary, a special task force will be established to evaluate the received reports and to build and resolve the cases where there is an explicit violation of laws and regulations. Every issue reported by the employees is responded. In order to protect the

whistle-blower and prevent retaliation, the Company develops a standardized whistle-blower protection mechanism to safeguard the legitimate rights and interests of whistle-blowers by minimizing those who are in the know, dedicating full-time personnel for keeping the reporting materials and taking other confidentiality management measures.

During the reporting period, the Company attached great importance to the prevention of human rights risks. There was no case related to the use of child labor and forced labor, nor violation of the law in recruitment and dismissal of employees, pay and promotion, working hours and holidays and other labor norms.

Tianyi Lithium Passed SA 8000 Certification

In the era of sustainable development, corporate social responsibility has become a popular topic attracting more and more attention from the society. SA 8000® has been widely used as the first international standard in social responsibility that can be used for auditing and third-party certification. Tianyi Lithium was successfully awarded a certificate of SA 8000® social responsibility management system in May 2023.



Employee Benefits and Care

In addition to fulfilling the legal obligations to pay social insurance and providing employees with a full five essential insurances and housing provident fund, the Company is also committed to building a set of comprehensive and perfect benefit system, and actively organizes cultural and sports activities, aiming to help build work-life balance for the staff and to enhance their sense of belonging and team spirit.

Employee Benefits System



General benefits

- The staff is provided with health check-up, additional medical insurance, commercial insurance, subsidized benefits, meal benefits, dormitory and team-building expenses.



Cultural and sport activities

- Diverse cultural and sport activities are offered for the staff, including company annual meeting, public holiday activities, fun games, basketball game, tug of war. There are diverse clubs and associations for the staff, including basketball team, football team, calligraphy club and troupe.

Some of the Cultural Activities in 2023



Sichuan CATH Mid-Autumn Festival Party

- Sichuan CATH held a Mid-Autumn Festival party, in which the festival scenes were set up in the park. Festive gifts "Jade Rabbit Bamboo Lamps" were prepared. Employees could enjoy festive food and take photos in the whole "Mid-Autumn Festival Street".



Tianyi Lithium "Factory-wide Basketball Games"

- Tianyi Lithium held the first "factory-wide basketball game", 4 teams from various departments of a total of 40 players presented a passionate contest.



Suzhou TA&A Fun Games

- Suzhou TA&A held the second Fun Games, offering fun sports such as rope skipping, tug-of-war, steel ring race, pot throwing, and hoop games. Individual and team prizes were awarded to enhance staff teamwork.



Yeso-med Spring Team-building

- Yeso-med carried out spring team-building activities, organizing various team games to help the staff chill out and enhance the teamwork spirit.

Apart from those general benefits, we offer further diverse benefits such as setting up an employee mental health support program, female care program and an assistance mechanism for employees in difficulty. Those additional efforts are intended to create a work environment full of humanistic care and enhance the overall happiness and satisfaction of our employees.

During the reporting period, Yeso-med was awarded the title of Wuxi Exemplary Happy Enterprise in 2023 and Wuxi Three-Star Enterprise for Collective Bargaining. Its Labor Union Committee was awarded the title of Wuxi Model Workers' Home in 2023.

Employee Care System

Ordinary care

- Cool summer and warm winter campaign for front-line workers
- Care campaign for staff of ethnic minorities
- Army Day veteran care campaign
- Complimentary gifts for Labor Day, Dragon Boat Festival, Mid-Autumn Festival and other holidays and festivals
- Employee onboarding gift
- Employee children education assistance program
- Employee birthday parties

Mental health care

- Psychological assistance and mental health training are offered to the staff.

Care for female employees

- Maternity rooms are built with appropriate facilities to accommodate the breastfeeding of female employees.
- In each March 8th International Women's Day, gifts and wishes are presented for female employees.

Help for employees in difficult

- We develop the "Management Measures for the Support of Employees in Difficulty", establish the Love Foundation, carry out family visits, and provide financial support for employees in difficulties.

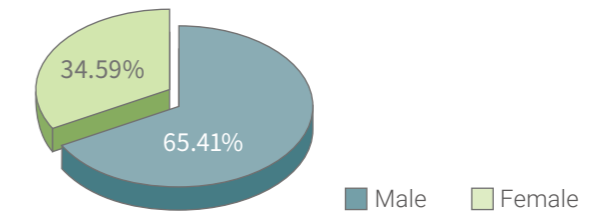
Some of the Employee Care Activities in 2023

- Tianyi Lithium and Sichuan CATH run the Golden Autumn Scholarship Program to dispense scholarships to the children of employees who were enrolled by full-time undergraduate colleges and universities.
- Sichuan CATH paid home visits to the workers in difficulties, provided them with financial allowances, and helped apply for government aid and assistance for employees in difficulties and/or their sick relatives.
- Suzhou TA&A organized group birthday parties for employees every month, offering good games and birthday gifts.
- Yeso-med engaged professional psychological counselors to provide employees with psychological counseling supports such as work pressure relieving and academic pressure relieving of employees' children, in an effort to care for the mental health of employees and their family members. In 2023, a total of 52 employees participated in mental health training programs.
- Yeso-med set up a Love Foundation, to which party members and the management took the lead and pooled the start-up fund and employees voluntarily donating love money. Such a group effort helped the employees and their immediate family members who are in poverty or have suffered from severe illnesses or accidents.

Diversity and Equal Opportunity

The Company attaches importance to the diversity of employees in gender, disadvantage and minority group. Diversity and equal opportunities are defined in the "Employee Handbook" and integrated into recruitment, salary incentives, cultivation and promotion to ensure the process is fair and impartial. The Company is committed to building a diverse workforce and sharing the concept of diversity with its stakeholders. As at the end of the reporting period, Canmax was employing 3,122 workers in total. The gender distribution of them is shown below:

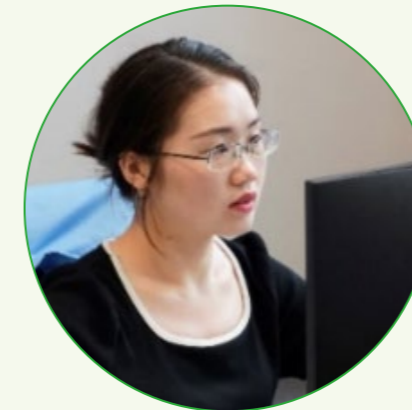
Genders of the Staff



Besides, the Company gives female employees full and equal support for growth and development. For breastfeeding female employees, the Company has set up a humanistic attendance mechanism, maternity rooms and breastfeeding leave, among others, and provides paternity leave for male employees in accordance with the requirements of laws and regulations in order to balance their responsibilities for family and work.

Her Power is Limitless

Female employees is an essential workforce for the high-quality development of the Company. The Company is committed to providing fair training and promotion opportunities for female employees, propelling the advancement and diversification of their skills, and encouraging and training female employees to take up managerial positions, breaking the career ceiling and ensuring more engagement and development opportunities for female employees in various operating and managerial positions of the Company.



“High standard and strict requirements are the work attitude that I’m pursuing.”

—By Ms Wang Yuping, from the HR Department of Sichuan CATH



“Brave, meticulous and action-oriented, delivering outstanding performance on ordinary post.”

—By Ms Guo Xiaoqing, from the Production Department of Sichuan CATH

Her Power is Limitless



“Dedicated to spot checks every day, eliminate all potential safety hazards.”

—By Ms Zhang Yuzhu, from the Environment, Health and Safety (EHS) Department of Tianyi Lithium



“Strive for excellence and ensure accurate testing of every sample.”

—By Ms Luo Lan, from the Testing and Analysis Department of Tianyi Lithium



“Hone the work skills, give accurate cost calculation and provide accounting basis for decision-making.”

—By Ms Ping Weimin, from the Accounting Department of Yeso-med



“Carry out production counting diligently.”

—By Ms Ma Wenfang, from the Production Department of Yeso-med

Communication with Employees

The Company is committed to building an equal and transparent communication platform. It applies an open dialog mechanism, sets up employee opinion boxes, organizes regular grass-roots employee seminars, staff congresses and trade union activities, and conducts employee satisfaction surveys. With those diversified interaction channels, the Company actively listens to the voices of its employees, gains in-depth insights into the needs of its employees, and continues to optimize and improve the Company’s management level.

Employee Communication Channels

Open communication

- Employees can express their concerns or give their opinions and suggestions to the Company through open communications such as telephone or face-to-face talk. The Company encourages employees to communicate with their immediate supervisor first. If the issue involves their immediate supervisor or is not satisfactorily resolved after communicating with their immediate supervisor, they may communicate with the next level of management, up to senior management.

Employee opinion box

- The Company encourages employees to give feedback through e-mail, WeChat public account, general manager’s mailbox, and the opinion boxes set at the unmonitored corner of the cafeteria. Employees may express their concerns or give their opinions and suggestions in anonymity.

Workers’ congress and trade union

- The Company establishes a workers’ congress and a trade union participated by 100% of the employees to guarantee the employees’ rights to be informed, to participate, to be heard and to oversee, and to provide institutions, standards and procedures for the Company’s democratic management.

Employee satisfaction survey

- The Company carries out satisfaction surveys for all employees on logistic support, work safety, corporate culture, team-building, pay and benefits, collects the real ideas and needs of the employees, responds or replies to the employees in a timely manner, and adds the issues that need to be improved into the Company’s management agenda.

Some of the Employee Communication Activities in 2023

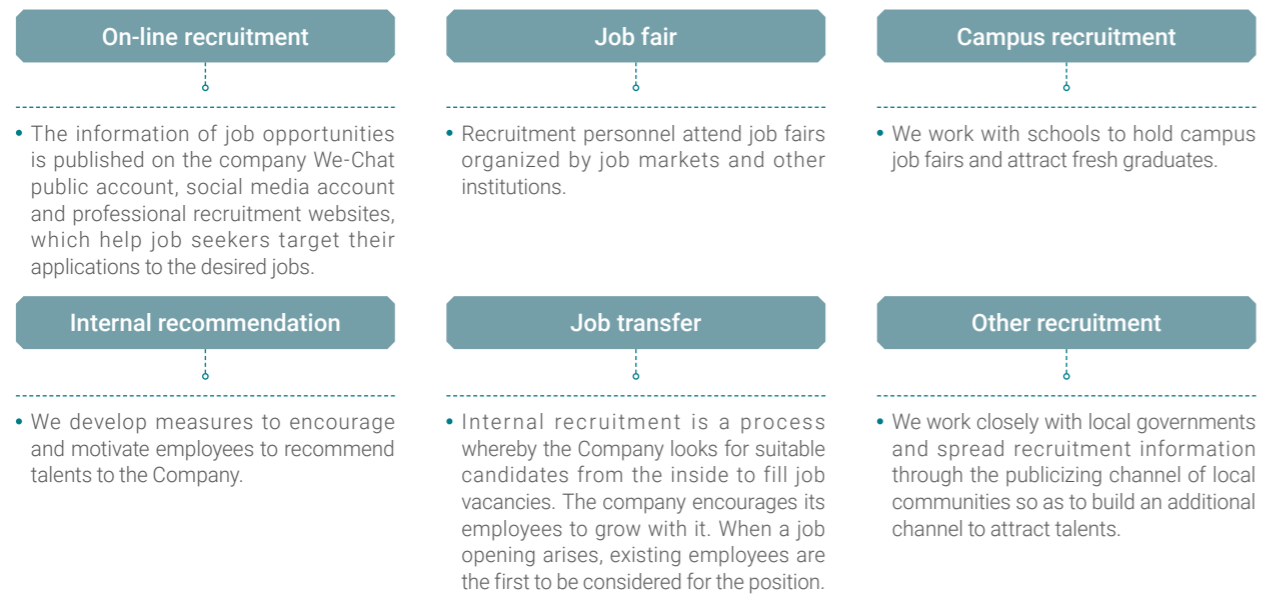
- Tianyi Lithium set up a suggestion mechanism in which the employees fill out a “Suggestion Form”, and drop it to the opinion box or submit it to the trade union. The trade union refers the suggestion to the relevant departments based on the content of suggestion, oversees the implementation of the suggestion based on feedback from the relevant personnel, and report to the evaluation team. The evaluation team rates the suggestion based on the implementation and consequential benefits and gives cash prizes according to the “Suggestion Incentive Standard”. In 2023 it has received 15 suggestions through this mechanism.
- Sichuan CATH conducted quarterly “Grassroots Employee Discussions” in which the management and grass-root employees had a face-to-face communication about their ideas, perceptions and opinions, to understand the real needs of the employees. The head of each department is required to review the records of the employee meetings, adopt good ideas, refer the problems to the department or company level to solve, and look back the implementation of the improvement action plan on a regular basis and share it in the employee shift meetings and department meetings.
- The Lithium Chemicals Business Unit carried out an annual satisfaction survey for all employees covering logistics, work safety, team-building, pay and benefits, and got a score over 4.0 out of 5.0.
- Yeso-med conducted quarterly employee satisfaction surveys on work, income and benefits, life, environment, and food, and got a score over 80% out of 100% in each season. It took a number of improvement measures based on the survey results, including providing more holiday benefits and building a softball team.

Talent Training and Development

Development of Talent System

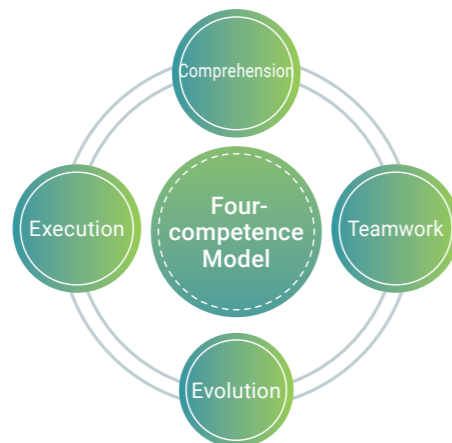
In order to introduce high-quality talents with efficiency, the Company builds a diverse recruitment channel system, attracting all kinds of excellent talents through on-line recruitment platforms, off-line job fairs, campus recruitment activities and internal staff recommendations. This strategy is intended to align talents with organizational needs, thereby injecting a constant flow of vitality and innovation into the Company's sustainable development.

Recruitment Channels



For the building of talent system, Tianyi Lithium has constructed an innovative management competence model which defines the core competence, behavioral characteristics and leadership requirements needed for different management levels. Based on the metrics set in the model, the actual performance of each manager is carefully gaged and evaluated, thus forming a key competence profile of each manager. Through in-depth integration and analysis of overall team data, we customize talent development programs to promote the healthy development of the talents.

Tianyi Lithium Built A "Management Competence" Model



Sichuan CATH Campus Recruitment

Working with Meishan Vocational & Technical College, Sichuan CATH established in October 2022 a "Sichuan CATH Apprenticeship Program" in a class of the college and was awarded the "Industry-University Integration and Innovation Practice Base".

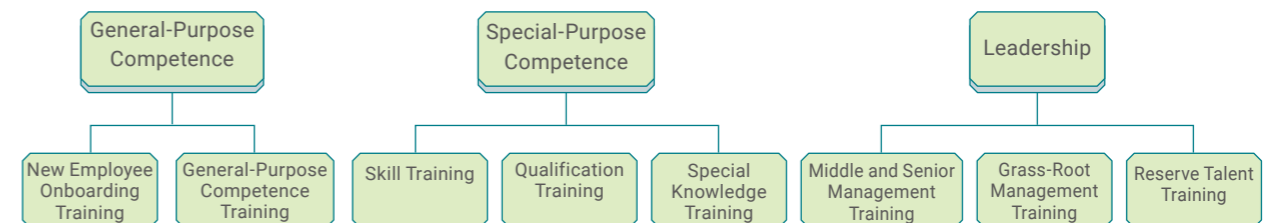
Based on study and communication in talent cultivation program integration, curriculum reform, internship, textbook drafting and other appropriate topics, a professional cooperation and talent cultivation program was formulated. Sichuan CATH sent technical personnel from the QA Department, EHS Department and Technology Department to the college to give lectures. They integrated their field work experience into the curriculum and helped the students have a deep understanding of Sichuan CATH and their future internship. To enable a close connection between the company and the students, Sichuan CATH has invited students of the program to make a visit to the company. It has also developed the Intern Cultivation Program for the students. In 2023, Sichuan CATH has arranged onboarding for 32 students from the program. They have since started their one-year internship in Sichuan CATH.



Talent Training

The Company attaches importance to talent development strategy, pays close attention to the business transformation and the needs of all employees for upgrading capabilities in different phases of career development. Each business unit of the Company has systematically designed and is implementing a diverse training system which covers general-purpose skills training, special-purpose skills training and leadership capacity building. They are committed to promote comprehensive development and evolving of the employees and shaping up a learning-oriented organization which is proactive and sticks to continuous learning.

Employee Training System



General-purpose competence

- The Company conducts new employee onboarding training and general-purpose competence training to help new employees fit into the Company quickly with upgraded general-purpose competence.
- Boasting a 100% onboarding training rate for the new employees, the bases of each business unit carry out training on general information, policies and regulations of the Company.

Special-purpose competence

- The Company attaches importance to the upgrading of employees' special-purpose skills and offers process operation, equipment automation, quality assurance, testing, analysis, safety, environmental protection, warehouse storage, logistics, procurement, finance, human resources and administration, and other training programs in the way of skills training, qualification training and special knowledge training. Aiming at the need of the employees, those training helps strengthen their special-purpose competence.

Leadership

- The Company gives leadership training for employees at different levels, including middle and senior management training, grass-root management training and reserve talent training, so as to upgrade the leadership of the management, train potential leaders and build a team with excellent leadership.

Some of the Employee Training in 2023

General-purpose Competence

- Tianyi Lithium organized the first induction training for fresh graduates and developed a systematic fresh graduates cultivation program.

Special-purpose Competence

- Sichuan CATH held skills training for all employees of the E&I (Electrical & Instrument) Workshop, Testing and Analysis Department and Purchasing Department, organized qualification training for special equipment safety officials, welders, boiler operators and water treatment workers. Besides, six sigma (green belt) training, Total Quality Management (TQM) training and equipment knowledge training were offered.
- Tianyi Lithium organized multiple skills upgrading training including Atomic Absorption Spectroscopy (AAS) and ICP training, spectrophotometer training, analysis of finished products and in-process samples, analysis of raw materials and auxiliary materials and preparation of standard liquid, etc. The employee capability matrix is updated according to their training performance.
- Suzhou TA&A conducted job skills training and qualification training for each department. The training was made in both lectures and practice. The examination included field operation, field drill and written test. The employee training pass rate was 100%.
- Yeso-med gave skills training in quality, safety, environment, instrument and equipment. Special knowledge training covered work processes, technical specifications and knowledge of microbiology. Workers of special jobs were required to take qualification training.

Leadership

- Each base of the Lithium Chemicals Business Unit carried out capacity review and training for middle and senior management personnel, conducted management capacity training for team leaders for grass-roots management personnel, established management programs for key positions and reserve talents, and carried out the selection and cultivation of reserve talents.
- Yeso-med enhanced the management collaboration and leadership skills of its team by conducting Project Management Professional (PMP) training and sponsoring key management personnel to pursue study in PMBA program.

The Company continues to optimize and expand its employee training system, builds and empowers a team of internal trainers, and continuously improves internal training level. Taking Sichuan CATH as an example, in 2023 it organized the "Internal Trainer Capability Enhancement Training Camp", helping 44 participants to improve their capabilities in making presentation materials and giving lectures, and further building a high-quality learning-oriented team.

The Company cooperates with external professional organizations to hold customized training courses and carries out special support programs for employees' professional title promotion and academic upgrading, which is committed to providing all employees with a strong backing for their career development.

Other Training Mechanism

Training by External Organizations

- We work with external organizations to carry out targeted training and improve the training system.

Support for professional title promotion and academic upgrading

- We encourage the employees to learn proactively and reward them for their learning achievements. Employees may apply for corresponding rewards with valid documents such as academic graduation certificates, vocational qualification certificates, professional title certificates, national skill level certificates, national registration qualification certificates or other training completion certificates that they have obtained.
- We offer academic upgrading program to sharpen the competitive edge of the employees.

Some of the Other Training in 2023

Training by External Organizations

- Tianyi Lithium worked with professional human resource training organizations to carry out various types of training, such as general leadership, on a monthly basis to empower employees' management ability.
- Sichuan CATH organized relevant personnel to participate in training related to testing skills provided by external institutions. Totally 4 such courses were given in 2023.

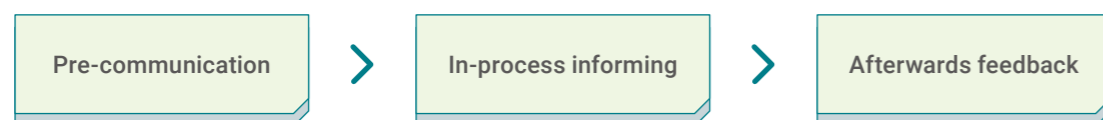
Support for Professional Title Promotion and Academic Upgrading

- The Lithium Chemicals Business Unit formulated management measures related to certification incentives and academic education support, such as the "Training and Development Management". It rewarded employees with cash prizes if they obtained appropriate vocational qualification certificates, professional title certificates, national skill level certificates, national registration qualification certificates or other training completion certificates. It reimbursed partial tuition for employees who obtained associate, undergraduate and postgraduate degrees in their effort of academic upgrading. As of the end of the reporting period, Sichuan CATH has 41.53% of its current staff holding associate degree or above, 17.20% holding vocational qualification certificates for skilled personnel, 3.05% holding professional and technical titles, and 1.27% holding national registration certificates.
- Yeso-med supported the continuous upgrading of employees' skills and gave rewards for the employees who obtained professional title evaluation. In 2023, 18 employees successfully obtained certificate of assistant engineer. Besides, it provided the employees with opportunities to study with pay. In its first academic upgrading program, it rewarded 8 employees who received the university acceptance letters (4 from the University of Shanghai for Science and Technology and 4 from Jiangnan University) and 26 other employees who received the acceptance letters from Wuxi Institute of Technology.

Performance Management and Incentives

In performance management practice, the Company has established sound employee performance appraisal management regulations and customized appraisal indicators for all positions. Superior managers are directly responsible for discreetly evaluating the performance of their subordinates and ensuring that appraisal results are communicated back to each employee in a timely and accurate manner. If an employee is in doubt about his/her performance rating, the employee is encouraged to communicate with his/her immediate supervisor first and granted the right to initiate a cross-hierarchy feedback process in accordance with the "Employee Communication Program" if the issue is not properly resolved, which ensures his/her claims are effectively responded. In 2023, the Company's job performance appraisal process achieved full coverage with a 100% completion rate.

Performance Communication and Feedback Mechanism



The Company has formulated the "Employee Promotion and Salary Adjustment Management Plan" to standardize the conditions of promotion nomination, promotion process, promotion assessment mechanism and other conditions, and make the promotion results known to all staff, ensuring the fairness and impartiality of promotion and salary adjustment.

The Company's compensation package consists of base salary, performance pay, and bonuses. Performance pay is subject to changes of organizational performance and individual performance. Bonus level is assessed and determined on the basis of milestone organizational performance and individual performance. The Company motivates the employees by linking incentives to their performance.

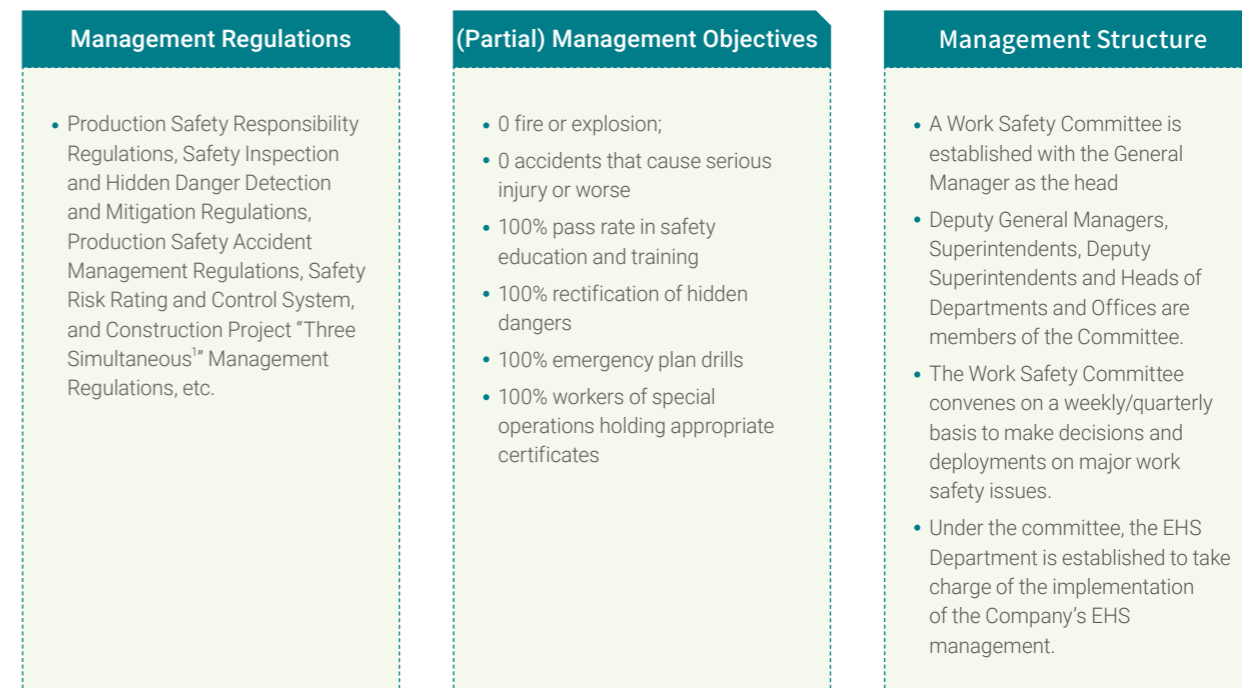
The Company has established and effectively implemented the Key Talent Retention Program, which is closely aligned with the overall talent strategy, and offers an equity incentive mechanism for some of the employees in core positions and members of the management team, aiming to ensure that the employees have access to share the fruits of the long-term growth in value with the Company, and realizing a win-win situation for both parties.

Occupational Health and Safety

Operation Safety Management

The Company strictly abides by national laws and regulations such as the "Work Safety Law of the People's Republic of China" and "Regulations on Emergency Response to Work Safety Accidents". Each base of business unit has formulated management regulations such as the "Work Safety Responsibility Regulations" and established a comprehensive safety management system to ensure safety in all workplaces and to minimize all types of safety accidents. During the reporting period, the Company did not have any safety accidents such as fire, explosion and chemical poisoning. The number of fatalities due to work-related injuries was zero.

Work Safety Management System



[1] Note: Three simultaneous means that the work safety and health facilities of new construction, renovation and expansion projects must be designed, constructed, put into use at the same time as the main project.

Tianyi Lithium's Effort in Employee Engagement and Opinion Solicitation for Safety Management Regulations

Tianyi Lithium set up a process of employee engagement and opinion solicitation during the development of the safety management regulations. Firstly, each department collected the opinions of its employees and submitted for the preliminary review of the department head; secondly, the opinions were discussed extensively in the company, where the department heads joined the discussion for the opinions about top-level regulations, and the opinions related to the operating procedures were discussed by the professionals and key position holders. When the opinions were adopted, the regulations need be examined for its applicability from the top level to grass-root level. The implementation of the regulations need be fed back.

The Company enforces work safety management, and implements a series of comprehensive initiatives such as strict safety inspection and hidden danger investigation, scientific work safety and emergency management, as well as systematic safety education and training, and safe culture activities to fully safeguard the life and property safety of all employees and to create a stable, reliable and safe working environment.

Work Safety Management Measures

Regular safety meeting and inspection

- We hold regular safety meetings at company level, work-team level and other levels to ensure that personnel at all levels are involved in the discussion of corrective measures for hidden safety hazards at the work site, so as to minimize the situation of hidden safety hazards and enhance the awareness of work safety.
- Each base carries out daily safety inspections, and monthly comprehensive safety inspections, among others, in accordance with the "Safety Inspection and Hidden Danger Detection and Mitigation Regulations", hires external experts from time to time to carry out inspections and give suggestions, implements safety risk grading and control, identifies hidden safety dangers in each base, makes rectification plans and follows up the completion of rectification in a timely manner.

Production safety management

- Safety management is implemented in the production process to ensure that employees work safely. The equipment is selected with proper materials and specifications based on risk assessment results and is inspected and maintained on a regular basis. Some bases have deployed intelligent systems for production safety management, further improving the efficiency of production safety management.

All-Staff engagement of work safety management

- The Company signs a "Safety Responsibility Commitment" with all the staff, lays out assessment indicators, and links work safety to the salary of the management.
- We review the safety qualifications of suppliers and contractors, hold safety training and safety management meetings, carry out safety inspections on them in daily work, and request suppliers and contractors to complete safety rectification for hidden dangers by a deadline.

Emergency management

- We develop emergency management regulations, lay out contingency plans, and conduct regular training for members of the emergency response team to improve the commanding capability of the Emergency Response Command and enhance the handling capability of the emergency response team.
- We carry out emergency drills for firefighting and chemical spill to enhance the safety precaution awareness and emergency response capability of all staff.

Safety culture

- The Company actively fosters safety culture, formulates the management regulations for safety training and education, carries out the three-stage pre-job safety education for new employees and the safety training and education for the whole staff, and reviews the effectiveness of the safety training, so as to enhance the safety awareness of the whole staff.
- It establishes a safety culture system that includes a variety of contests, skills competitions, training, and quizzes with prizes. It plays safety promotion videos, and holds safety knowledge competitions, fire skills competitions, and other related activities to respond to the National Work Safety Month and Fire Prevention Publicity Month.



Some of the Work Safety Management Activities in 2023

Safety Mechanism

- The Lithium Chemicals Business Unit has launched the construction of a dual-prevention mechanism featured with work safety risk classification and control as well as hidden danger detection and mitigation since June 2023. It built a preliminary risk identification database, formulated the corresponding control measures, and has passed the government's special review and acceptance. In the future, the dual prevention mechanism will be continuously reviewed and evaluated every year. The risks and hidden dangers will be continuously analyzed, identified and evaluated during the operation of the mechanism, so as to keep improving the risk control capability.

Emergency Management

- In 2023, Tianyi Lithium conducted a total of 142 emergency drills of 12 categories, which includes 135 accident site response drills (mechanical injuries, electrocution accidents, fire accidents, chemical spills, etc.), 5 specialized drills (natural gas leaks, sulfuric acid spills), and 2 comprehensive drills (fire accidents, sulfuric acid spills).
- In 2023, Sichuan CATH conducted a total of 86 emergency drills, including accident site response drill, special drills and company comprehensive drills. It has established an emergency response team of 30 members to continuously strengthen the Company's emergency response capability.
- In 2023, Suzhou TA&A carried out first-aid personnel training to accommodate the first-aid needs of the production workshops. Through the training, 38 personnel obtained first-aid license which expanded the workforce of the company's front-line first-aid personnel. It also carried out fire control room duty response training, mini-fire-station hands-on training and other training to improve the emergency response capability of fire duty personnel.
- In 2023, Yeso-med conducted a total of 20 emergency drills, including accident site response drill, special drills and fire control simulation drill. It built an emergency response team according to the requirements of the contingency plan.

Safety Culture

- In 2023, Tianyi Lithium conducted a total of 139 safety training sessions in 13 categories for all levels of employees, with a total of 7,535 participants and a 100% completion rate of the safety training program.
- In 2023, Sichuan CATH carried out a total of 17 training sessions about safety risk classification and control and hidden danger investigation and management, covering more than 620 employees from production front section, production back section, equipment maintenance workshop, E&I workshop, etc. 6 relevant exams were organized, with a total of more than 600 participants. Those employees who did not attend the exams were transferred to other training by the head of each department.
- Sichuan CATH carried out safety production month activities such as Speech Contest for Safety and Emergency and the 1st Fire Fighting Games in June 2023, Safety Knowledge Contest in September, Fire Fighting Awareness Month activities such as the 2nd Fire Fighting Games in November, and work-team safety activities every month to improve the safety awareness and ability of the whole staff through those diverse activities.



Sichuan CATH 1st Fire Fighting Games



Sichuan CATH Speech Contest for Safety and Emergency



Sichuan CATH Safety Knowledge Contest



Sichuan CATH Work-team Safety Activities

As at the end of the reporting period, the Company's business units were working actively to facilitate the certification of ISO 45001:2018 Occupational Health and Safety Management System for the subsidiaries. During the reporting period, Suzhou TA&A of the ESD Control Business Unit has passed the (Level 2) safety production standardization assessment; Tianyi Lithium from the Lithium Chemicals Business Unit, Stone Tech (Putian Road Factory) from the ESD Control Business Unit, among others, have obtained the (Level 3) safety production standardization certification.



Subsidiaries That Have Obtained ISO 45001: 2018 Occupational Health and Safety Management System Certificate

- Canmax Technologies Co., Ltd.
- Sichuan CATH Co., Ltd.
- Yibin Tianyi Lithium Industry Co., Ltd.
- Wuxi Yushou Medical Appliances Co., Ltd.

Occupational Health Management

Each business unit of the Company identifies the occupational disease hazards involved in its business and the key positions exposed to risks of occupational disease, and strictly complies with the requirements of the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases", the "Measures for the Supervision and Administration of Occupational Health" and other laws and regulations, and formulates and implements a series of complementary management measures, such as the "Occupational Health and Safety Management Regulations". The Company has set a goal of "zero new case of occupational diseases" to ensure the occupational health and safety of employees with high standards.

Occupational Hazards

Business Unit	Physical Hazards	Chemical Hazards
Lithium Chemicals Business Unit	Noise, heat and low temperature, etc.	Lithium oxide, carbon monoxide and carbon dioxide, etc.
ESD Control Business Unit	Noise, etc.	2-butanone and ethyl acetate, etc.
Medical Devices Business Unit	Noise, heat and ultraviolet ray, etc.	Ethyl acetate, ethylene oxide and xylene, etc.

The Company continues to deepen its occupational health management and optimizes and improves its occupational health management measures through the implementation of regular testing of occupational disease hazards, comprehensive occupational health checkups and systematic occupational health and safety training. Each base actively promotes the certification of occupational health and safety management system, and strengthens and implements occupational health management with actions to ensure its effectiveness and standardization.

Occupational Health Management Measures

Testing of workplace occupational disease hazards

- A certified occupational health technical service organization is engaged to monitor the Company's occupational disease hazards. The results of the monitoring are publicized with on bulletin board.

Internal testing of occupational disease hazards

- Internal testing of occupational disease hazards (such as noise) is carried out with the test results publicized.

Occupational health check-up

- Pre-job, on-job and off-job occupational disease check-up is carried out.

Job rotation for workers exposed to key occupational disease hazards

- Regular job rotation is arranged for workers exposed to key occupational disease hazards.

Evaluation of PPE fitness for purpose for field works

- Personal protection equipment (PPE) is evaluated for its fitness for purpose, wear comfort and rationality. PPE list is updated timely.

Occupational health and safety training

- We carry out occupational health and safety training covering knowledge about occupation health and PPE. The EHS Department provides assistance for departments that have workers exposed to occupational hazards to conduct training of occupational health knowledge.

Notification and warning of occupational hazards

- The Company gives notice about the workplace occupational hazards, and provides warning signs, occupational hazard notification cards and the test results of workplace occupational disease hazards at conspicuous locations in the occupational hazardous areas.

Occupational hazards declaration

- The "Declaration Form of Occupational Disease Hazards in Workplaces" is filled according to the evaluation of the current conditions of occupational disease hazards in the company or the report on the testing and evaluation of occupational disease hazards, making a declaration of occupational disease hazards to the local work safety supervision authorities.

Building and updating occupational health archive and worker health monitoring archive

- Occupational health archive and occupational health monitoring archive (one for each worker) are established according to the requirements of laws and regulations.

Green Operation and Harmonious Development

Environment Management System

The Company strictly abides by the "Environmental Protection Law of the People's Republic of China", "Water Law of the People's Republic of China", "Water Pollution Prevention and Control Law of the People's Republic of China", "Air Pollution Prevention and Control Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes", and other national laws and regulations, as well as laws and regulations of the places where it operates. It builds an environmental management system and ensures its effective operation.

The bases of each business unit have established an environmental protection organizational structure with the general manager as the first person responsible for environmental protection, defined the environmental protection responsibilities of departments and personnel at all levels, and set up the EHS Department to effectively implement and enforce various environmental management objectives and measures. In order to strengthen the implementation of environmental responsibilities, the Company has creatively linked environmental performance indicators directly with the performance appraisal of all employees and senior management, especially in the Lithium Chemicals Business Unit. Each base has incorporated key indicators such as hazardous waste management and control, effectiveness of rectification of environmental hazards, prevention of environmental accidents, and compliance with environmental emissions standards into the monthly performance appraisal system. The scope of the appraisal extends to the personnel of functional departments along the entire business chain, including executives. Effective control of pollutant emissions and sustainable utilization of energy resources are achieved through the establishment of management structure, improvement of system construction, formulation and implementation of environmental protection objectives, and certification of the environmental management system.

Environment Management System

Management Regulations	(Partial) Management Objectives	Certification of Environment Management System
<ul style="list-style-type: none"> "Environmental Protection Responsibility System", "Environment Mitigation Management Regulations", "Environmental Protection Management Regulations for Construction Projects", "Environmental Protection Education and Training Management Regulations", and "Management Regulations for the Operation of Environmental Protection Facilities", etc. 	<ul style="list-style-type: none"> 0 environmental pollution accident Environmental testing pass rate: 100% 3-wastes (waste gas, wastewater and solid wastes) up-to-standard discharge rate: 100% 	<p>Subsidiaries that have obtained the certificate of ISO 14001: 2015 Environment Management Systems</p> <ul style="list-style-type: none"> Canmax Technologies Co., Ltd. Putian Road Factory of Suzhou Stone Electronic Technology Co., Ltd. Sichuan CATH Co., Ltd. Yibin Tianyi Lithium Industry Co., Ltd. Zhenjiang Zhonglei New Material Technology Co., Ltd. Wuxi Yushou Medical Appliances Co., Ltd.

Environment Management Measures

Environment management inspection	<ul style="list-style-type: none"> The environmental protection specialist is designated to regularly inspect the production site and environmental protection facilities, and supervise the rectification of the problems detected.
Environmental impact assessment and acceptance	<ul style="list-style-type: none"> New projects and expansion of existing projects are subject to environmental impact assessment, acceptance and response.
Environmental pollution accident response drill	<ul style="list-style-type: none"> The Company formulates the "Contingency Plan for Environmental Emergencies", provides emergency rescue materials and supplies, builds an emergency rescue team, and organizes regular emergency drills to improve the level of environmental emergency response.
Training of environmental protection knowledge	<ul style="list-style-type: none"> Training of environmental protection is carried out to strengthen the employees' awareness of environmental protection.

Some of the Environment Management Practices in 2023

Environment Management Inspection	<ul style="list-style-type: none"> Tianyi Lithium carried out weekly inspections of environmental protection facilities for a total of 51 times, and conducted monthly comprehensive safety, environmental protection and occupational health inspections for a total of 12 times. In addition to those internal inspections, Tianyi Lithium and Sichuan CATH received a total of 47 external inspections including 4 inspections by the central government, 7 provincial level inspections, and 36 city/county level inspections in 2023. A "Action Plan for Preparation for External Environmental Protection Inspection" was established to standardize the preparation for inspections. In 2023, Yeso-med received a total of 13 district/city level environmental safety inspections.
Environmental Impact Assessment and Acceptance	<ul style="list-style-type: none"> The Research Institute of Canmax Group carried out an environmental impact assessment for ion-exchange membrane R&D project and had received the response from the environmental protection bureau of the industrial park. Suzhou TA&A conducted an environmental impact assessment and acceptance for the new coating line.
Environmental Pollution Accident Response Drill	<ul style="list-style-type: none"> In 2023, Sichuan CATH carried out one 1 comprehensive environmental emergency response drill, 2 special drills, and over 10 other kinds of accident site response drills. In 2023, Yeso-med carried out one 1 comprehensive environmental emergency response drill, 2 fire control management drill, and 18 different accident site response drills.
Training of Environmental Protection Knowledge	<ul style="list-style-type: none"> In 2023, the Lithium Chemicals Business Unit conducted a total of 46 environmental protection training with different levels and target audiences through either on-line or off-line platform attended by 1,447 participants, covering environmental protection regulations, environmental pollution hazards, and standardized management of solid waste, etc. In 2023, Yeso-med carried out 4 environmental protection training for 162 participants.

In 2023, the Company invested a total of RMB 40,492,400 for the operation and maintenance of environmental protection facilities, research and development of environmental protection-related technologies, environmental protection training and other related capital expenditures. During the reporting period, Tianyi Lithium was recognized as an "Environment-Friendly Enterprise" of Sichuan Province and was included in the "Positive List of Enterprises for Law Enforcement" by the Yibin Municipal Bureau of Ecology and Environment; and Yeso-med was awarded the Certificate of Law-abiding by the Bureau of Ecology and Environment of Xishan District, Wuxi City. The Company has not been penalized by competent authorities for violating laws and regulations related to environment management, such as pollutant discharge, pollutant spill, and waste generation. No accidents with significant environmental impacts occurred in the aforementioned areas.

Response to Climate Change

Climate Change Governance System

The Company is actively responding to the global response to climate change. It carries out climate information disclosure based on the advice of the Task Force on Climate-Related Financial Disclosure (TCFD) and reviews its climate change governance system in four aspects: governance, strategy, risk management, indicators and targets.

The Company's ESG Committee, under the guidance of the Board of Directors, develops climate change related strategies, identifies climate risks and opportunities that have a significant impact on the Company's business, and monitors and examines the implementation of climate change response actions. It integrates climate risk management into daily work management, sets indicators and targets for climate change management work, and further promotes the effective operation of its climate change governance system.

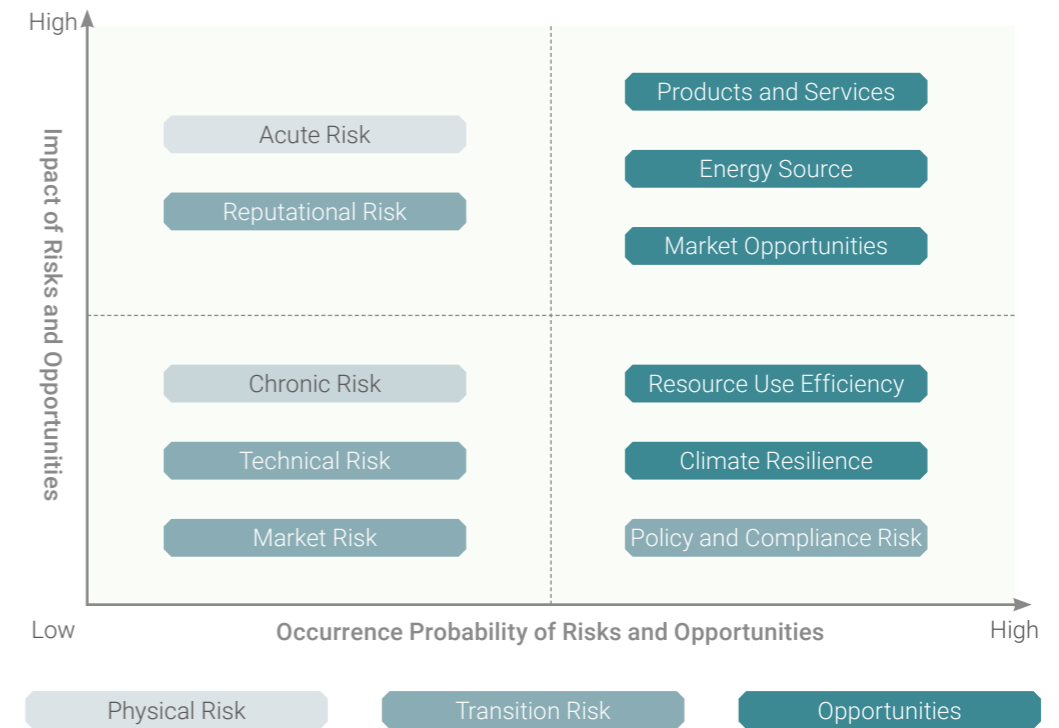
Climate Change Governance System

Governance	Strategy	Risk management	Indicators and Targets
<ul style="list-style-type: none"> The ESG Committee is responsible for providing review of and making decisions on the management work related to climate change, evaluating the budget and achievements of climate change related work, identifying climate risks and opportunities that have a significant impact on the Company's business, and monitoring and examining the implementation of climate change response actions. 	<ul style="list-style-type: none"> The Company identifies and analyzes significant climate-related risks and opportunities and assesses their strategic and financial implications for the Company's business; It develops adaptive strategies in green product R&D and innovation, green and low-carbon production and operation, and green supply chain construction, etc. 	<ul style="list-style-type: none"> The Company identifies, prioritizes and analyzes the climate risks and opportunities according to their probability of occurrence and level of impact; The Company develops targeted mitigation and adaptation measures based on the prioritizing results. The climate risk management is integrated into the risk management process of multiple departments of the Company. 	<ul style="list-style-type: none"> The Company checks and calculates greenhouse gas emissions and offset performance in regular terms; The Company quantifies greenhouse gas emission targets and evaluates the progress of the targets; The Company tracks the climate risk management process through metrics such as energy use efficiency, and incorporates relevant KPIs into remuneration policies.

Analysis of Climate Risks and Opportunities

In 2023, the Company continued to conduct research on climate-related policies. It identified, prioritized and analyzed climate risks and opportunities related to the Company's operations considering its own business development strategy, domestic and international industry development trends, internal and external experts' opinions, and the demands of various stakeholders. It assessed the impact of significant climate risks and opportunities on its strategies and finances, and formulated corresponding management measures.

2023 Matrix of Climate Risks and Opportunities

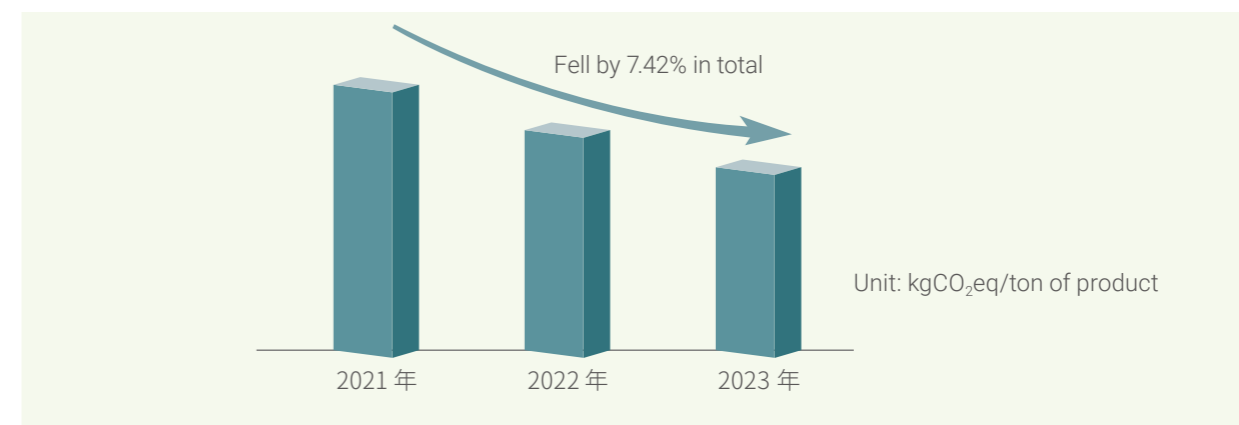


Significant Climate Risks and Opportunities

Risks/ Opportunities	Description	Potential Financial Implication	Measures
Physical Risk			
Acute risk	<ul style="list-style-type: none"> Extreme weather such as typhoon and floods are becoming more frequent and more severe. If the Company's bases are hit, it may face depreciation of fixed assets, loss of labor or disruption to supply chain. 	Rising cost ↗ Falling income ↘	<ul style="list-style-type: none"> Incorporating consideration of the impact of climate hazards in the environmental impact assessment of new plant construction Improving the emergency management mechanism for environmental emergencies
Transition Risk			
Reputational risk	<ul style="list-style-type: none"> Customers, consumers and other interested parties are paying greater attention to the performance of companies in addressing climate change. If the Company fails to take swift actions to address climate change, it may not be able to meet stakeholder expectations, resulting in damage to its image and reputation. 	Falling income ↘	<ul style="list-style-type: none"> Disclosing a series of measures taken by the Company in time to address climate change, including strategic planning, target setting, actions and performance, etc.
Policy and compliance risk	<ul style="list-style-type: none"> Climate-related regulatory requirements are becoming increasingly stringent. Laws and regulations published from time to time impose pressure on compliance. If the Company fails to meet regulatory compliance requirements in production, operations and sales, it will be exposed to risks such as litigation and penalties. 	Rising cost ↗	<ul style="list-style-type: none"> Identifying and paying attention to relevant laws, regulations, standards, norms, among others, and developing corresponding internal management documents Disclosing information on the topic of "response to climate change" through ESG reports and other channels
Opportunities			
Products and services	<ul style="list-style-type: none"> In the backdrop of low-carbon transition, the demand for green and low-carbon products and services from customers and consumers at home and abroad has further increased. The Company will attain additional operating revenue and growth if it develops and provides low-carbon products and services to meet the emerging needs of its customers. 	Rising income ↗	<ul style="list-style-type: none"> Paying attention to new environment-friendly raw materials, production technology and products of the industry Strengthening investment in research and development of new environment-friendly materials and cleaner production technologies Optimizing product design to reduce the consumption of raw materials
Energy source	<ul style="list-style-type: none"> With green technology research and development and supportive policies in place, renewable energy becomes more accessible and the price may gradually decline. If the Company uses renewable energy in its manufacturing and operations, it will reduce direct energy costs and respond to climate-related regulatory requirements and market expectations. 	Falling cost ↘	<ul style="list-style-type: none"> Gradually increasing the proportion of renewable energy sources, such as solar power, hydro power and wind power, used in production and operation processes Actively engaging in green power market trading
Market opportunities	<ul style="list-style-type: none"> Against the backdrop of greater carbon constraints at home and abroad, climate-friendly products and services are preferred by the public sector, customers, consumers and communities, etc. If the Company accelerates the development of new energy and other emerging markets, and provides more products and services that meet market demand and expectations, it will bring additional growth and lower financing costs. 	Rising income ↗ Falling cost ↘	<ul style="list-style-type: none"> Getting insight into domestic and international market demands, actively promoting the development of new energy and other emerging markets, and accelerating technological innovation Conducting in-depth cooperation with the upstream and downstream of the industry chain and the public sector on low-carbon technology development, market engagement and other topics, to empower the low-carbon transformation of the industry.
Resource use efficiency	<ul style="list-style-type: none"> Resource efficiency can be improved through initiatives such as energy management of the production and operations and recycling of water and materials. If the company adopts an efficient resource management system, it will be able to effectively avoid waste and reduce operating costs. 	Falling cost ↘	<ul style="list-style-type: none"> Realizing efficient management of energy, water and materials through digital technology
Climate resilience	<ul style="list-style-type: none"> Upgrading climate change adaptability will enhance the Company's capability to capitalize on climate opportunities. By building infrastructure, realizing renewable energy substitution, and upgrading supply chain climate risk management, the Company will be able to enhance sustainable operating capability and ensure that green and low-carbon products and services open up new opportunities for the Company. 	Rising income ↗	<ul style="list-style-type: none"> Contemplating carbon neutral targets Building green, low-carbon and digital infrastructure Moving towards renewable energy substitution step by step Building a sustainable supply chain

As a member of global battery industry chain, the Lithium Chemicals Business Unit is active in embracing market opportunities and addressing transition risks. The subsidiary Tianyi Lithium has completed the carbon inventory and certification work at the organizational level and product level for three consecutive years since 2021, achieving a continuous decline of the product carbon footprint for two consecutive years by 7.42% in total.

Product carbon footprint



Low-carbon Production and Operation




The reduction of greenhouse gas (GHG) emissions from manufacturing operations is critical in the core actions to combat climate change. The Company regards energy management as a key means to cut direct emissions and is committed to achieving a low-carbon development path through scientific energy use strategies. During the reporting period, the main types of energy that the Company relied on for its operations included natural gas, diesel, gasoline, electricity, and steam.

Main Energy and Applications

Direct Energy			
Natural gas: Production, R&D, employee's canteens	Diesel: Company-owned vehicles and back-up diesel power generator	Gasoline: Company-owned vehicles	
Indirect Energy			
Purchased electric power: Production and R&D	Electric power from company-owned photovoltaic power generation facilities: Production and R&D	Purchased steam: Production and R&D	Internally generated steam: Production and R&D

The Company improves energy management system according to ISO 50001 and other appropriate standards, and formulates energy management manuals and relevant control documents to further standardize its own energy use. As at the end of the reporting period, 100% of the energy management systems of Tianyi Lithium and Yeso-med had passed the audit and were in conformity with the requirements of the ISO 50001:2018 energy management system. They had obtained relevant certificates.

Energy Conservation Achievements of Each Business Unit and Base

 Lithium Chemicals Business Unit	 ESD Control Business Unit	 Medical Devices Business Unit
<ul style="list-style-type: none"> • Tianyi Lithium: With the year of 2022 as the benchmark, the comprehensive energy consumption per unit of product in 2023 fell by 5%, i.e., 1.31 tons of standard coal equivalent/ton 	<ul style="list-style-type: none"> • Suzhou TA&A: Suzhou TA&A: With the year of 2022 as the benchmark, the power consumption in 2023 fell by 3% 	<ul style="list-style-type: none"> • Yeso-med: With the year of 2022 as the benchmark, the comprehensive energy consumption per unit of product in 2023 fell by 2 tons of standard coal equivalent/100 million pcs

The Company is active in applying energy efficiency improvement strategies, implementing equipment energy efficiency upgrades, introducing advanced energy-saving equipment, and carrying out research on innovative energy-saving processes to seek maximized energy use efficiency and significant reduction of greenhouse gas emissions. The Company has also made great efforts in energy management. Taking the Lithium Chemicals Business Unit as an example, it taps digital technology to strengthen energy consumption monitoring and equipment operation efficiency management, exploring and releasing the potential of carbon reduction in a deeper way.

Energy Conservation and Carbon Reduction Measures

Upgrading equipment energy efficiency	<ul style="list-style-type: none"> • The Company regularly identifies the main energy-using equipment, analyzes the data of the equipment with great potential for energy saving, and achieves energy efficiency improvement by optimizing process parameters and energy-saving technological renovations.
Introducing energy-saving equipment	<ul style="list-style-type: none"> • The Company introduces energy-efficient equipment, establishes a decommissioning plan for energy-inefficient equipment and implements the plan gradually.
Research and development of energy conservation technology	<ul style="list-style-type: none"> • The Company develops energy conservation technology to bring down energy consumption and carbon emissions of manufacturing.
Digitalized energy management	<ul style="list-style-type: none"> • Digitalized management is applied for energy use analysis and improvement. Automated control programs are used to reduce unscheduled downtime and improve energy use efficiency.
Energy conservation training and publicizing	<ul style="list-style-type: none"> • Energy conservation training is conducted to propel the employees to build energy-saving awareness, including energy management system training, energy management internal auditor training and energy-saving skills training. • The concept of green-office is publicized, calling on employees to participate in the green power use initiative, implementing green printing control measures, and carrying out water and electricity use inspections in public areas.

Some of the Energy Conservation and Carbon Reduction Efforts in 2023

Upgrading Equipment Energy Efficiency
<ul style="list-style-type: none"> • Sichuan CATH erected waste-heat boilers at the transformation kiln tail outlet flue gas cooling section and the grate cooler heated air cooling section to recover the waste heat of the flue gas and heated air. And the steam generated by the waste heat boilers were reused for the production of the project. • Tianyi Lithium generated steam from waste-heat boilers, reducing the amount of purchased steam by approximately 25%. • Suzhou TA&A added inverter control to central air-conditioning fans, saving 28,227 kW-h of electricity for the year. • Yeso-med retrofitted the injection molding machine with ceramic plate power saving technology and recovered waste heat from the air compressors, saving 319,100 kW-h of electricity a year.
Introducing Energy-Saving Equipment
<ul style="list-style-type: none"> • Tianyi Lithium introduced 355 sets of high energy-efficiency electric motors, saving about 750,000 k-Wh of electricity consumption throughout the year. • Sichuan CATH introduced energy-efficient evaporation equipment featured with Mechanical Vapor Recompression (MVR) technology. • Suzhou TA&A replaced the non-inverter air compressor with permanent magnetic inverter air compressor, saving 40,703 k-Wh of electricity in a year; and upgraded the combustion furnace of the new coating machine to direct-fired type, saving 13,525 m3 of fuel gas in a year.
Research and Development of Energy Conservation Technology
<ul style="list-style-type: none"> • Sichuan CATH improved primary refrigeration and defrosting technology and reduced the consumption of steam. • Wuxi TA&A developed the low temperature cold splitting technology and reduced the consumption of steam.
Digitalized Energy Management
<ul style="list-style-type: none"> • The Lithium Chemicals Business Unit built an intelligent equipment management platform and enabled intelligent operation and maintenance to improve the efficiency of equipment operation and reduce the comprehensive energy consumption per unit of output value.

Recovering Waste Heat from Hot Tail-Gas and Realizing Efficient Use of Energy

The lithium concentrate transformation process involves high temperature roasting at 1,000°C, which generates a large amount of high-temperature tail-gas during the heat-up process. In order to attain effective use of heat, Sichuan CATH added a waste-heat boiler system in the design of the roasting kiln and material cooling system, which recovers and converts the heat in the high-temperature flue gas and generates steam through the boiler system. Through waste heat recovery, about 0.2 tons of steam could be generated in the roasting of 1 ton of lithium concentrates. In 2023, about 40% of the steam used by Sichuan CATH was generated by its own waste heat recovery system.

The Company is active in promoting the construction of renewable energy infrastructure and steadily lifting the share of all types of renewable energy used in the energy mix. As of the end of the most recent reporting period, the Company has built Distributed Photovoltaic (PV) projects in its bases with a total of 2.8 MW of installed PV capacity up and running and connected to the power grid. In 2023, the PV system generated over 2,747,400 kW-h of electric power in total, which is equal to the reduction of about 1,566.84 tons of carbon dioxide emissions.

The Company is active in innovating and practicing in the utilization of non-fossil energy. Tianyi Lithium, for example, taps its power supply mainly from hydropower and is also actively promoting bio-energy substitution strategies to further replace traditional fossil fuels, thereby significantly reducing the overall level of carbon emissions. It proceeds with its efforts in energy conservation and environmental protection. Its energy management team won the third prize in the 2023 Sichuan Province Industry and Information Technology Skills Competition (Sichuan and Chongqing Energy Conservation and Environmental Protection Contest).

Resource Management

Water Resource Management

The Company's main source of water supply is municipal water supply. And some bases have built water reservoirs to reuse rainwater. It doesn't pose any direct or indirect significant impacts on water resources caused by changes in the amount of water drawn, consumed, discharged or stored. The Company has formulated the "Management Regulations for Environment Governance" to define the requirements for production water discharge control, water pollution control, rainwater and sewage separation, and emergency prevention and control.

Each base of the Company sets scientific targets for water use efficiency based on their operating conditions, and conducts annual evaluations and assessments. The Company doles out rewards for projects that successfully save water and energy.

Water Conservation Achievements of Each Business Unit and Base

Lithium Chemicals Business Unit	ESD Control Business Unit	Medical Devices
<ul style="list-style-type: none"> Tianyi Lithium: Water consumption per unit of product fell by 2.10 tons 	<ul style="list-style-type: none"> Wuxi TA&A: Water consumption fell below 10.35 tons per tank of cloth 	<ul style="list-style-type: none"> Yeso-med: Water consumption per unit of product declined by 0.03 tons of standard coal equivalent/100 million pcs

The bases are actively carrying out water conservation and recycling projects to effectively upgrade the utilization rate of water resources through process optimization and wastewater treatment and re-use technologies, significantly reducing fresh water consumption and realizing both environmental protection and economic benefits.

Some of the Water Conservation Efforts in 2023

<p>Process optimization</p> <ul style="list-style-type: none"> Sichuan CATH: In a technological transformation program, the steam condensate, instead of soft water, is fed into the open-loop circulating water as supplement after cooling and heat exchange, whereas in the past the returned steam condensate was too warm to be used as a soft water supplement. This new process is expected to reduce the use of fresh soft water by 240 m³ per day.
<p>Recycle and reuse</p> <ul style="list-style-type: none"> Lithium Chemicals Business Unit: Each base has been recycling and reusing 100% of the production wastewater and discharging none of them. Yeso-med: Cooling water of the chilling machine is used to cool the molds and recycled for reuse.

Water Balance Analysis Gives Guidance for Water Conservation Renovation

In 2023, Sichuan CATH carried out data counting and analysis of water balance consumption of the production process, drew water balance diagrams, conducted feasibility analysis for the optimization of major water consumption points, prepared a plan for control and technological renovation of water balance, launched systematic water conservation management, and explored the possibility for water conservation. By the end of 2023, it had carried out technical transformations such as steam condensate reuse based on water balance analysis. It is expected to have reduced fresh water use per unit of product from 10.8 m³/t to 8.4 m³/t, a decline of 22.2% in fresh water consumption.

Management of Packaging Materials

Packaging materials used by the Company for finished product shipments include cardboard boxes, plastic bags and plastic pallets. The Company attaches importance to the recycling of packaging materials and reuses recyclable packaging materials. In 2023, the Company worked on reducing the amount of packaging materials, using lighter weight packaging materials and recycling packaging materials to bring down cost, prop up efficiency while reducing resource consumption.

2023 Key Management Program of Packaging Materials

<p>Remove inner boxes of PU shoes</p> <ul style="list-style-type: none"> Suzhou TA&A: It stopped using inner boxes for PU shoes and used 56,560 less such boxes in 2023 than in 2022. 	<p>Remove PE film shims</p> <ul style="list-style-type: none"> Stone Tech: Molds are changed for small double-blister product packing. PE film shims are no longer used to minimize the use of films. 	<p>Packaging recycling</p> <ul style="list-style-type: none"> Tianyi Lithium: Packaging bags are taken as waste materials and 100% recycled by a professional third-party for reuse.
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Management of Emissions and Wastes

The Company strictly abides by national and local laws and regulations, and has formulated a comprehensive internal management regulations for wastewater, waste gas, plant noise, solid wastes, hazardous wastes, among others, which are generated in the process of production and operation. It adopts targeted pollution prevention and control measures and disposal methods for different categories of emissions and wastes, so as to ensure the effective management of them.

Requirements and Disposal for the Management of Emissions and Wastes

Wastewater	<ul style="list-style-type: none"> • Management regulations: Wastewater Management Regulations, etc. • Discharge: Production wastewater and domestic sewage • Testing indicators: pH value, Chemical Oxygen Demand (COD), Biochemical Oxygen Demand (BOD), Suspended Solid (SS), Ammoniacal Nitrogen (NH₃-N), Total Phosphorus (TP), etc. • Pollution control facilities: Factory wastewater treatment facilities, septic tanks, wastewater pipe network, etc. • Disposal: For production wastewater, Tianyi Lithium and Sichuan CATH have achieved zero discharge; Suzhou TA&A, Stone Tech and Zhenjiang Zhonglei have no production process that generates wastewater; Wuxi TA&A applies physical, chemical and biochemical treatment until the production wastewater reach the standard of water reuse; Yeso-med identifies sterilization workshop wastewater as hazardous waste and engages certified third-party to treat it according to appropriate hazardous waste disposal regulations. For domestic sewage, each base carries out the pre-treatment within the factories and deliver it to wastewater treatment plant of the industrial parks where the bases are located before discharging in a compliant manner.
Waste gas	<ul style="list-style-type: none"> • Management regulations: Waste Gas Management Regulations, etc. • Emissions: Lithium Chemicals Business Unit mainly emits furnace flue gas and dust; ESD Control Business Unit mainly emits waste gas from injection, glue brushing, coating, plastic granulation, cutting and drying; Medical Devices Business Unit mainly emits waste gas from injection molding and printing; there are waste gas wastewater treatment plant and cooking fumes from canteens. • Testing indicators: Sulfa dioxide (SO₂), nitrogen oxides (NOx), Particulate Matter (PM), soot, dust, smoke blackness, sulfuric acid mist, ammonia (NH₃), Non-Methane Hydrocarbon (NMHC), ethylene oxide (C₂H₄O), etc. • Pollution control facilities: Activated carbon adsorption unit, waste gas monitoring system, concentration detector, dust removal equipment, bio-trickling filtration unit, canteen cooking fume filtration system, etc. • Disposal: Waste gas is treated with the waste gas treatment facilities to meet the emission standards before emitted. The Lithium Chemicals Business Unit emits waste gas in accordance with the pollutant ultra-low emission standards of inorganic chemical industry.
Ordinary industrial solid wastes	<ul style="list-style-type: none"> • Management regulations: Solid Waste Management Regulations, etc. • Discharge: The Lithium Chemicals Business Unit mainly discharges leaching residue and domestic sludge, wasted pallets; the ESD Control Business Unit mainly discharges wasted packaging materials, product wastes and domestic wastes; the Medical Devices Business Unit mainly discharges product wastes, etc. • Pollution prevention and control facilities: Ordinary industrial solid wastes containers, etc. • Disposal: Sale on concession, disposal by contracted certified third party or reuse.
Hazardous wastes	<ul style="list-style-type: none"> • Management regulations: Hazardous Waste Management Regulations, etc. • Discharge: The Lithium Chemicals Business Unit mainly discharges Waste lubricating oil, contaminated wastes, waste catalysts, waste activated carbon, waste lead batteries, analytical waste liquids; the ESD Control Business Unit mainly discharges waste mineral oils, oil-water mixture or hydrocarbon-water mixtures, dye or coating wastes, organic resinous wastes, waste activated carbon, waste packaging containers; the Medical Devices Business Unit mainly discharges ink and other hazardous waste containers. • Pollution prevention and control facilities: Hazardous waste containers, etc. • Disposal: Disposed by contracted certified third party.

In 2023, the Company took process optimization measures to effectively reduce pollutant and waste emissions in the production process, and promoted solid waste re-use to convert waste into reusable resources. It established a real-time emission data monitoring system which provided accurate early warning of abnormal values, prevented environmental pollution risks in time and comprehensively upgraded the level of emission and waste management.

Some of the Emission and Waste Reduction Monitoring Efforts in 2023

Process optimization	<ul style="list-style-type: none"> • Suzhou TA&A replaced ethyl acetate with ultrasonic machine to clean anilox rolls for its coating line, reducing the annual consumption of ethyl acetate while cutting down the emissions of related hazardous wastes. • Tianyi Lithium introduced positive pressure gas-tight protective sealing technology to avoid ash leakage and gas leaks and reduce dust pollution. Under negative pressure, it could minimize the entry of cold air outside the kiln to reduce the formation and emission of nitrogen oxides, so as to make nitrogen oxides emissions lower than the target value.
Recycling	<ul style="list-style-type: none"> • In the Lithium Chemicals Business Unit, lithium residue was sold to cement, ceramics or commercial concrete makers which use it as alternative clinker and product activity booster and spare the use of more fresh clinker, achieving the 100% comprehensive utilization of lithium residue. Other general packaging materials were sold to material recycling companies for resource recovery. And waste mineral oil was treated by certified recycling company before reuse.
Digitalized management	<ul style="list-style-type: none"> • The Lithium Chemicals Business Unit established an waste gas on-line monitoring system which is connected to the central control information platform and government environmental protection departments. Full-time environmental management personnel were designated to conduct daily patrol inspections of the on-line monitoring. Besides, the Lithium Chemicals Business Unit set up the off-limit warning value in the waste gas on-line monitoring system. In particular, the warning value of sulfur dioxide and nitrogen oxides is set below 60% of the specified national emission level.

Biodiversity Protection

Biodiversity is a strategic resource for the survival of human beings and sustainable development of the society. The Company has formulated the "Environmental Protection Management Regulations for Construction Projects", attaches importance on the protection of biodiversity in the whole process of project feasibility assessment, construction and operation, and strictly restricts the destruction of biodiversity by production and operation. In the reporting period, it was not found that any of the Company's production, operation, products or services had caused severe impact on biodiversity.

Location selection	<ul style="list-style-type: none"> • Strictly following the national "Three Lines and One List" ecological environment zoning control requirements, the Company avoids locating its facilities in protected areas such as nature reserves, scenic spots, cultural heritage reserves, world cultural and natural heritages, forest parks, geo-parks and wetland parks. • The Company carries out environmental impact assessment. It investigates, predicts and evaluates the adverse impact that the location, design and running of construction projects may have on the surrounding environment, and proposes preventive and mitigation measures.
Engineering	<ul style="list-style-type: none"> • The Company adheres to the philosophy of prevention and mitigation at source, adopts new technologies, techniques and equipment in the process design that do not produce pollution at all or produce less pollution, maximizes the utilization rate of resources and energy, and reduces pollutant emissions and ecological impacts at the source.
Construction	<ul style="list-style-type: none"> • The Company strictly implements the environmental protection measures in the environmental impact report, and supervise and inspect the implementation of "Three-Simultaneous" of the project.
Completion	<ul style="list-style-type: none"> • Based on the planting characteristics and ecological environment around the project, the Company introduces plants suitable for the local environment and increases the greening area as much as possible. • Before the trial production or commissioning, the Company submits the environmental impact report or environmental impact form to the competent environment authorities and applies for the completion acceptance of the project's environmental protection facilities.
Operation	<ul style="list-style-type: none"> • The Company develops the "Environmental Protection Facilities Operation and Management Regulations" to standardize the operation and maintenance management of different types of environmental protection facilities, strengthen patrol inspection of environmental protection facilities, and make proper maintenance of environmental protection facilities and ensure those facilities are 100% sound, and reduce the impact of emissions on the surrounding environment.

[1] Note: "Three Lines and One List" refers to the red line of ecological protection, the base line of environmental quality, the top line of resource utilization and the list of ecological and environmental access.

Cooperation and Co-existence

Promotion of Industry Development

Industry Exchange and Cooperation

The Company actively participates in industry associations, exhibitions, standard updating seminars and other industry communication activities, and deepens the Industry-University-Research integration through extensive cooperation with colleges and universities, scientific research institutes and partners and promotes technological innovation and industrial progress. Those close partnerships have provided strong support for the Company's development in the fields of new energy and medical devices, and made positive contribution to the industry's scientific and technological development and transition of management mode.

Industry Exchange and Cooperation Highlights in 2023

Lithium Chemicals Business Unit

- Attended GB/T11064 *Methods for Chemical Analysis of Lithium Carbonate, Lithium Hydroxide Monohydrate, Lithium Chloride* Update Seminar organized by the National Technical Committee for the Standardization of Nonferrous Metals
- Attended the China International Battery Fair (CIBF)
- Attended the World Power Battery Conference organized by Sichuan Provincial People's Government and the Ministry of Industry and Information Technology of the People's Republic of China
- Attended meetings and seminars of the Sichuan Power Battery Innovation Consortium
- Attended the Sichuan Lithium Industry Chain and Supply Chain Cooperation Promotion Conference
- Attended seminars of the Sichuan New Energy Battery Manufacturing Innovation Center as a corporate councilor
- Attended the annual conference of Responsible Business Alliance (RBA) and gave speech in the keynote discussion as the first lithium chemicals player that has passed the certification of Responsible Minerals Assurance Process (RMAP)
- Joined the International Lithium Association (ILiA) and worked as a drafter of the first Global Guidance for Determining the Product Carbon Footprint of Lithium Products (PCF)
- Attended SMART ENERGY WEEK in Tokyo, Japan

ESD Control Business Unit

- Attended 2023 China ESD On-Line Forum as a designated partner of Electrostatic Discharge Association
- Attended Plenum and Working Group Meetings of the International Electrotechnical Commission Electrostatics Technical Committee (IEC/TC 101) as a member of the Chinese delegation
- Undertook the 25th National Electrostatics Academic Annual Conference
- Undertook the 1st National ESD Protection Summit

Medical Devices Business Unit

- Attended the 87th and 88th China International Medical Equipment Fair

In the reporting period, Tianyi Lithium was awarded the corporate councilor of the Sichuan New Energy Battery Manufacturing Innovation Center, corporate councilor of the Sichuan Power Battery Innovation Consortium, and member of the Third Council of the China Nonferrous Metals Industry Association Lithium Branch, etc.

Development of Industry Standards

As an industry pioneer, the Company always stands at the forefront of industry development, deeply engages in and actively promotes the development and optimization of relevant industry standards. Based on deep professional knowledge and rich practical experience, the Company is active in contributing ideas and solutions to the development of scientific and advanced industry norms, leads the positive competition of the industry with high standards, and vigorously promotes the sustainable, healthy and orderly development of the industry.

Engagement in the Development of Industry Standards

Lithium Chemicals Business Unit

- Participated in the development of the local standard *Determination of Magnetic Particles in Lithium Chemicals - Optical Microscopy* and outputted experiment reports

ESD Control Business Unit

- Participated in the development of GB/T 37977.51-2023 *Electrostatics—Part 5-1: Protection of Electronic Devices from Electrostatic Phenomena—General Requirements* and GB/T 37977.49-2023 *Electrostatics—Part 4-9: Standard Test Methods for Specific Applications—Garments*

Medical Devices Business Unit

- Participated in the development of the national medical industry standard YY/T 0614-2017 *Single-use High-pressure Angiographic Syringes and Accessories*
- Participated in the development of standards for Medical Polymer Product Branch of China Association for Medical Devices Industry

IUR (Industry-University-Research) Cooperation

In order to deepen the technological innovation and industrial upgrading, the Company set up the Group Research Institute which focuses on the cutting-edge exploration in the field of new products. The Institute is actively engaged in the technology research of lithium sulfide and lithium metal products, and has built preliminary intent for cooperation with a number of industry-leading enterprises to jointly develop this strategic emerging field.

In order to accelerate the transformation of scientific research results and talent cultivation, the Company has joined hands with domestic first-class research institutions and colleges and universities to build an all-round, multi-level collaborative IUR innovation system. By integrating the good resources of all parties, the Company aims to break through the key technological bottlenecks, lead the development of the industry, and realize the deep integration of scientific and technological innovation and industrial development.

IUR Cooperation Efforts

- Bringing on board cutting-edge scholars and creating small businesses to provide infrastructure and talents
- Building IUR cooperation with research institutes and universities and establishing cooperative R&D framework
- Collaborating with industry counterparts to overcome technological challenges

University-Enterprise Cooperation in 2023

Lithium Chemicals Business Unit

- Tianyi Lithium discussed with the Yibin University about university-enterprise cooperation programs, deepening the understanding of the students for new energy and work in this industry.

Medical Devices Business Unit

- Yeso-med worked with Zhejiang University, Soochow University, Jiangnan University and other universities to carry out a number of technological research and development.

Community Communication and Development

Rural Revitalization

The Company adheres to care and responsibility, actively responds to and closely follows the national policy guidance of rural revitalization, and continues to provide strong support and care for the groups in difficulties, and actively promotes the effective implementation of poverty alleviation.

Tianyi Lithium pays great attention to the development of agriculture, rural areas and farmers and actively carries out visits to neighboring villages and communities, giving economic support to poor families and helping the construction of infrastructure. Tianyi Lithium props up local employment. More than 82% of its employees are from Jiang'an and the neighboring area which are dwelt by a large number of rural population. Besides, it purchases most of the its employee holiday gifts from local farmers' planting bases, which is a practical action to support the development of local agriculture, vigorously promoting the coexistence and win-win situation between the enterprise and villages.

Some Donations for Villages in 2023

25,708 Yuan

Chinese New Year visit to residents in difficulties of Hongtu Community, Yangchun Town

50,000 Yuan

Donation for Pingfu Village waste land mitigation

100,000 Yuan

Donation for Zhaba Town, Hualong Hui Autonomous County

200,000 Yuan

Aid fund for migrant worker's left-behind children and elders

200,000 Yuan

Donation for "Yangchun Excellent Poor Students" Education Assistance Program organized by Jiang'an County Yangchun Education Development and Promotion Center

Community Communication

The Company is committed to fulfilling its social responsibility and actively advocates and motivates its employees to participate in community building and non-profit public initiatives. In order to support the employee volunteer action in a better way, the Company has set up a volunteer association and works closely with party organizations at all levels to provide a full range of services and supports. A series of community care initiatives are rolled out by the departments of the Company to build a harmonious society with joint efforts.

Some of the Community Communication Efforts in 2023

- Sichuan CATH actively responded to national government policy initiatives on caring for the elderly, promoting social harmony and strengthening community services. Its trade union committee and all the committee members paid a visit to the elderly in Xiuwen Town Lücheng Community nursing home to effectively fulfill the social responsibility and pass on the care of the enterprise.
- Sichuan CATH practiced its core policy of "building corporate culture, showing corporate responsibility and caring for employees". It launched a series of special education assistance initiatives, aiming to help train more outstanding talents with ideals, aspirations and the sense of social responsibility through substantial financial assistance.
- Yeso-med initiated a targeted initiative to provide in-depth care and service for special families in which the only child has been disabled or deceased and which choose not to give birth to or adopted another child. It built a communication channel and maintained close contact with such families, strengthening the interaction between enterprise and the community and promoting the harmonious relationship among enterprise, society and family.
- It donated RMB 65,250 worth of medical protective masks and disposable protective masks to the local bureau of civil affairs.



Double-Ninth Festival Elderly Care



Campaign Education Assistance



Campaign Special Family Care Campaign

Some Donations for Community Charity Program in 2023

30,000 Yuan

Donation for Wuxi Charity Association

60,000 Yuan

Donation for Veteran Captain Care Club of Xishan District, Wuxi City

100,000 Yuan

Donation for 99 Charity's Initiative to "Help the Exhausted Carer of Families with Disabled Members"

200,000 Yuan

2023 Autumn Education Assistance Campaign

ESG Key Performance

Economic Performance

Indicator	Unit	2023
Operating revenue	RMB 10,000 Yuan	1,046,771.67
Net profit attributable to shareholders of the Company	RMB 10,000 Yuan	165,907.62
Basic earnings per share	RMB/share	1.99

Corporate Governance Performance

Anti-corruption and Anti-unfair Competition

Indicator	Unit	2023
Number of concluded corruption lawsuits filed against the issuer or its employees during the reporting period	Case	0
Number of violations of laws and regulation in trade secret protection (including intellectual property rights)	Case	0
Number of cases in which the Company was sanctioned by competent authorities for unfair competition practices in its operations or for violations of the anti-trust and anti-monopoly laws	Case	0

Environment Performance

Environment Management System

Indicator	Unit	2023
Annual spending on environmental protection	RMB 10,000 Yuan	4,049.24
Number of developed environmental technology	Pcs	2
Number of incidents in which penalties were imposed for the violation of environmental protection laws and regulations	Case	0
Number of incidents in which penalties were imposed for exceeding pollutant standards or illegal discharge	Case	0

Energy Management

Indicator	Unit	2023
Consumption of purchased power	MW-h	321,685.62
Consumption of self-generated renewable energy	MW-h	2,747.00
Consumption of purchased steam	Ton	186,852.73
Consumption of natural gas	Cubic meter	37,812,858.18
Consumption of gasoline by company-owned vehicles	Liter	124,934.79
Consumption of diesel by company-owned vehicles	Liter	1,841.88
Consumption of diesel by stationary sources	Liter	158.06

Greenhouse Gas Emissions¹

Indicator	Unit	2023
Total Greenhouse Gas Emissions	Ton of CO ₂ Equivalent	318,816.18
Scope 1 greenhouse gas emissions	Ton of CO ₂ Equivalent	83,052.48
Scope 2 greenhouse gas emissions	Ton of CO ₂ Equivalent	235,763.70

Note:

1. Scope 1 greenhouse gas emissions include direct greenhouse gas emissions generated from the consumption of natural gas, gasoline and diesel which are calculated as per emission factor approach. The emission factors and related parameters are from the "China Energy Statistical Book" (2022), "Provincial Guideline for Preparing Greenhouse Gas List" (Trial Edition, 2011) and "Guideline of the Greenhouse Gas Emissions Accounting and Reporting—Land Transportation Enterprise" (Trial Edition, 2015). Greenhouse gases include CO₂, CH₄ and N₂O. And the GHG equivalents are calculated by selecting the IPCC AR6 GWP 100-year average (GWP 100).

Scope 2 greenhouse gas emissions include Indirect greenhouse gas emissions generated from the consumption of purchased electricity and steam which are calculated as per emission factor approach. Among them, the GHG emission factors for purchased electricity are from the "Electricity Carbon Dioxide Emission Factors for 2021" developed by the Ministry of Ecology and Environment of China in 2024, which collected the average emission factors of the power grids in China based on locations; the GHG emission factors for purchased steam are from the "Guidelines for Greenhouse Gas Emission Accounting and Reporting - Industrial Enterprises in Other Sectors" (Trial Edition, 2015) developed by the National Development and Reform Commission of China.

Water Resource Management

Indicator	Unit	2023
Water withdrawal: Municipal water supply	Cubic meter	1,112,081.00

Wastewater Management

Indicator	Unit	2023
Total discharge of wastewater	Cubic meter	312,862.40
Total discharge of industry wastewater	Cubic meter	168,070.00
Total discharge of domestic wastewater	Cubic meter	144,792.40

Waste Gas Management

Indicator	Unit	2023
Particulate Matter (PM) emissions	Kilogram	1,646.82
Sulfur oxides (SOx) emissions	Kilogram	17,036.45
Nitrogen oxides (NOx) emissions	Kilogram	16,904.25

Wastes Management

Indicator	Unit	2023
Total quantity of non-hazardous wastes	Ton	687,319.58
Quantity of non-hazardous waste classified by disposal method: Recycled/reused	Ton	687,319.58
Total quantity of hazardous wastes	Ton	191.15
Quantity of hazardous waste classified by disposal method: Incinerated without energy recovery	Ton	94.92
Quantity of hazardous waste classified by disposal method: Solidified	Ton	12.67
Quantity of hazardous waste the disposal method: Reused	Ton	83.56

Social Performance

Product and Service Quality Management

Indicator	Unit	2023
Number of incidents of violation of laws and regulations related to products and services	Case	0
Handling rate for received products and services complaints	%	100

Intellectual Property Protection

Indicator	Unit	2023
Number of trademarks approved during the reporting period	Case	2
Number of software copyright registrations during the reporting period	Case	2
Number of patents granted during the reporting period	Case	56

Recruitment and Employment

Indicator	Unit	2023	
Total number of employees	Person	3,122	
Type of employment	Labor contract	Person	3,008
	Labor dispatch	Person	14
	Others: Re-employment after retirement	Person	100
Gender	Male	Person	2,042
	Female	Person	1,080
Education background	Ph.D. degree holder	Person	3
	Master's degree holder	Person	38
	Bachelor's degree holder	Person	406
	Associate degree holder or under	Person	2,675

Employees' Rights, Interests, and Benefits

Indicator	Unit	2023
Social security insurance coverage	%	100
Employee health check-up coverage	%	100

Occupational Health and Safety

Indicator	Unit	2023
Number of employees who have attended health check-up for occupational diseases	Person	1,392
Work-day loss due to work injury	Day	177.75
Number of employees killed by work injury	Person	0
Number of incidents for which penalties were imposed for the violation of occupational health and safety laws and regulations	Case	0
Number of employees that have taken occupational health and safety training	Person	1,392
Percentage of key jobs covered by occupational health and safety training	%	100

Employee Training and Development

Indicator	Unit	2023
Total number of employees that have taken training	Person	2,895
Employee training coverage	%	100

Charity and Volunteer Service

Indicator	Unit	2023
Amount of charity donations	RMB 10,000 Yuan	39.00
Investment for rural revitalization	RMB 10,000 Yuan	57.57

Cross-reference Index

Index of Cross-Reference between the Guidelines on Social Responsibility of Listed Companies of Shenzhen Stock Exchange and This Report

Guidelines on Social Responsibility of Listed Companies of Shenzhen Stock Exchange	Disclosure	Section of this Report
Chapter I General Provisions	Article 2	Structure of Sustainable Development Governance Contribution to Global Sustainable Development Goals
	Article 3	Structure of Sustainable Development Governance Contribution to Global Sustainable Development Goals Corporate Governance
	Article 4	Compliance and Risk Management Business Ethics Intellectual Property Protection
	Article 5	Cross-reference Index About the Report
Chapter II Protection for the Rights and Interests of Shareholder and Creditors	Article 7	Corporate Governance
	Article 8	Corporate Governance
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	Article 12	Corporate Governance
Chapter III Protection of Employees' Rights and Interests	Article 13	Employees' Rights, Interests and Benefits
	Article 14	Employees' Rights, Interests and Benefits
	Article 15	Occupational Health and Safety
	Article 16	Employees' Rights, Interests and Benefits Talent Training and Development
	Article 17	Employees' Rights, Interests and Benefits
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	Article 19	Employees' Rights, Interests and Benefits

Guidelines on Social Responsibility of Listed Companies of Shenzhen Stock Exchange	Disclosure	Section of this Report
Chapter IV Protection for the Rights and Interests of Suppliers, Customers and Consumers	Article 20	Intellectual Property Protection
	Article 21	Product Quality Management
	Article 22	Product Quality Management
	Article 23	Business Ethics Supply Chain Management
	Article 24	Business Ethics
	Article 25	Information Security and Privacy Protection
	Article 26	Customer Relations Management
Chapter V Environmental Protection and Sustainable Development	Article 27	Environment Management System
	Article 28	Environment Management System Response to Climate Change Low-carbon Production and Operation Resource Management Management of Emissions and Wastes
	Article 29	Resource Management Management of Emissions and Wastes
	Article 31	Environment Management System Response to Climate Change
	Article 32	Community Communication and Development
Chapter VI Public Relations and Public Charity	Article 33	Community Communication and Development
	Article 34	Analysis of Material Topics
Chapter VII System Building and Information Disclosure	Article 35	Structure of Sustainable Development Governance Response to climate change
	Article 36	Contribution to Global Sustainable Development Goals Product Quality Management Employees' Rights, Interests and Benefits Occupational Health and Safety Environment Management System Community Communication and Development

Index of Cross-reference between Guidelines on Self-Regulation of Companies Listed in the Shenzhen Stock Exchange No. 2 - Standardized Operation of Companies Listed on GEM Board and This Report

Provisions and Disclosed Content		Section of this Report
9.1 General		Structure of Sustainable Development Governance Contribution to Global Sustainable Development Goals Corporate Governance
9.2 Operating Principles		Compliance and Risk Management Business Ethics Intellectual Property Protection
9.3 Social Responsibility Strategic Planning and Work Mechanism		Structure of Sustainable Development Governance Contribution to Global Sustainable Development Goals
9.4: (1)	Construction of Social Responsibility System	Structure of Sustainable Development Governance
9.4: (2)	Shortcoming and Issues in the Fulfilling of Social Responsibility	Contribution to Global Sustainable Development Goals
9.4: (3)	Measures and Schedule of Improvements	About the Report
9.5 Return for Shareholders		Corporate Governance
9.6 Financial Robustness		Corporate Governance
9.7 Protection of Employees' Rights and Interests		Employees' Rights, Interests and Benefits Occupational Health and Safety
9.8: (1)	Observance of Environmental Protection Laws, Regulations and Industry Standards	Environment Management System
9.8: (2)	Environmental Protection Plan	Environment Management System Response to Climate Change
9.8: (3)	Utilization of Natural Resources	Low-carbon Production and Operation Resource Management
9.8: (4)	Pollutant Disposal	Management of Emissions and Wastes
9.8: (5)	Pollution Prevention and Control Facilities	Management of Emissions and Wastes
9.8: (6)	Payment of Environment-related Taxes	Environment Management System
9.8: (7)	Environmental Security of Supply Chain	Supply Chain Management
9.8: (8)	Other Responsibilities of Environmental Protection	Response to Climate Change
9.9: (1)	Policies, Targets and Achievements of Environmental Protection	Environment Management System

Provisions and Disclosed Content		Section of this Report
9.9: (2)	Annual Total Resource Consumption	ESG Key Performance
9.9: (3)	Environmental Protection Investment and Environment Technology Development	Environment Management System Low-carbon production and operation Resource Management Management of Emissions and Wastes
9.9: (4)	Pollutant Emission Management	Management of Emissions and Wastes ESG Key Performance
9.9: (5)	Construction and Operation of Environmental Protection Facilities	Management of Emissions and Wastes
9.9: (6)	Waste Treatment, Disposal, and Waste Product Recovery and Comprehensive Utilization	Management of Emissions and Wastes
9.9: (7)	Voluntary Agreement with Environmental Protection Authorities	Not applicable
9.9: (8)	Received Awards from Environmental Protection Authorities	Environment Management System
9.9: (9)	Other Voluntary Disclosure	Response to Climate Change ESG Key Performance
9.10 Implementation of Environmental Protection Policies		Environment Management System Response to Climate Change
9.11 Environment Information Disclosure		Environment Management System
9.12: (1)	Product Safety Laws, Regulations and Industry Standards	Product Quality Management
9.12: (2)	Product Environment and Production Process	Product Quality Management Occupational Health and Safety
9.12: (3)	Product Quality Safety Assurance Mechanism and Accident Contingency Plan	Product Quality and Safety
9.12: (4)	Other Production and Product Safety Responsibilities	Product Quality and Safety Occupational Health and Safety
9.13: (1)	Employee Management Regulations and Penalties for Violation	Employees' Rights, Interests and Benefits
9.13: (2)	Occupational Hazard Precautions and Related Safety Measures	Occupational Health and Safety
9.13: (3)	Employee Training	Talent Training and Development
9.13: (4)	Other Responsibilities for Protecting Employees' Rights and Interests	Employees' Rights, Interests and Benefits Talent Training and Development Occupational Health and Safety
9.14 Ethics in Science		Research, Development and Innovation
9.15 Supervision and Oversight		Analysis of Material Topics

Index of Sustainability Reporting Standards (2021)

Statement of Use	Canmax prepared this report with reference to the GRI standards for the reporting period from January 1, 2023 to December 31, 2023.
Applied GRI	GRI 1: Foundation 2021

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	2-5	External Assurance
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	2-7	ESG Key Performance
	2-9	Corporate Governance
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GRI 3: Material Topics 2021	3-1	Analysis of Material Topics
	3-2	Analysis of Material Topics
	3-3	Compliance and Robustness
		Quality and Safety
Recruitment and Employment		
GRI 201: Economic Performance 2016	201-1	ESG Key Performance
	201-2	Response to Climate Change
GRI 203: Indirect Economic Impacts 2016	203-1	Community Communication and Development
GRI 205: Anti-corruption 2016	205-1	Business Ethics
	205-2	Business Ethics
	205-3	Business Ethics
GRI 302: Energy 2016	302-1	ESG Key Performance
	302-4	Low-carbon Production and Operation
GRI 303: Water and Effluents 2018	303-2	Management of Emissions and Wastes
	303-4	ESG Key Performance
	303-5	ESG Key Performance
GRI 305: Emissions 2016	305-1	ESG Key Performance
	305-2	ESG Key Performance
	305-4	ESG Key Performance
	305-7	ESG Key Performance
GRI 306: Waste 2020	306-1	Management of Emissions and Wastes
	306-2	Management of Emissions and Wastes
	306-3	ESG Key Performance
	306-4	ESG Key Performance
	306-5	ESG Key Performance
GRI 308: Supplier Environmental Assessment 2016	308-1	Supply Chain Management
	308-2	Supply Chain Management

GRI Standards	Disclosure	Section of this Report
GRI 401: Employment 2016	401-1	ESG Key Performance
	401-2	Employees' Rights, Interests and Benefits
GRI 403: Occupational Health and Safety 2018	403-1	Occupational Health and Safety
	403-2	Occupational Health and Safety
	403-3	Occupational Health and Safety
	403-4	Occupational Health and Safety
	403-5	Occupational Health and Safety
	403-6	Occupational Health and Safety
	403-7	Occupational Health and Safety
	403-8	Occupational Health and Safety
	403-9	ESG Key Performance
	403-10	ESG Key Performance
GRI 404: Training and Education 2016	404-1	ESG Key Performance
	404-2	Talent Training and Development
	404-3	ESG Key Performance
GRI 405: Diversity and Equal Opportunity 2016	405-1	Employees' Rights, Interests and Benefits ESG Key Performance
GRI 406: Non-discrimination 2016	406-1	Employees' Rights, Interests and Benefits
GRI 408: Child Labor 2016	408-1	Employees' Rights, Interests and Benefits
GRI 409: Forced or Compulsory Labor 2016	409-1	Employees' Rights, Interests and Benefits
GRI 413: Local Communities 2016	413-1	Community Communication and Development
	413-2	Community Communication and Development
GRI 414: Supplier Social Assessment 2016	414-1	Supply Chain Management
	414-2	Supply Chain Management
GRI 418: Customer Privacy 2016	418-1	Information Security and Privacy Protection

Assurance Statement



Independent Assurance Statement

Introduction

TÜV Rheinland (Shanghai) Co., Ltd., member of TÜV Rheinland Group, Germany (hereinafter "TÜV Rheinland", "We") has been entrusted by the management of Canmax Technologies Co., Ltd. (hereinafter "Canmax", "the company") to conduct independent assurance of Canmax 2023 Environmental, Social and Governance (ESG) Report (hereinafter "the Report"). All contractual contents for this assurance engagement rest entirely within the responsibility of Canmax. Our task was to give a fair and adequate judgment on the Report.

The intended users of this assurance statement are stakeholders who have relevance to Canmax's overall ESG performance and impacts of its business activities during year 2023 (1 January 2023 ~ 31 December 2023). TÜV Rheinland is a global service provider of Corporate Social Responsibility (CSR) & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement, and we were not involved in the preparation of the Report contents.

Assurance Standard

TÜV Rheinland undertook the assurance work in accordance with the AA1000 Assurance Standard v3 (AA1000AS v3) Moderate level of assurance.

Scope & Type of Assurance

Our assurance engagement was carried out in accordance with the AA1000AS v3, Type 1, Moderate level on Canmax's ESG performance information and data disclosed in the Report. The following assurance criteria were used in performing the assurance work:

- With reference to GRI Sustainability Reporting Standards (GRI Standards)
- Guidelines on Social Responsibility of Listed Companies (2006) published by the Shenzhen Stock Exchange
- Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 2 - Standardized Operation of Listed Companies on the Growth Enterprise Market (Revised in 2023)
- Appendix 1 "Disclosure Requirements for Social Responsibility Reports of Listed Companies" in the Business Handling Guide for Listed Companies No. 2 - Matters Related to Disclosure in Periodic Reports
- The United Nations Sustainable Development Goals (UN SDGs)
- Adherence to the AA1000 AccountAbility Principles of *Inclusivity, Materiality, Responsiveness, and Impact*

Assurance Methodology

Our assurance activities included:

- Reviewing the company's management practices and processes, to evaluate ESG management system, including corporate governance, compliance management, risk management, stakeholder communication, material issue analysis, and key performance.
- Conducting interviews with company's senior management and managers responsible for gathering and analyzing information on ESG performance.
- Reviewing and examining ESG management practices and performance information and data to test the accuracy of such information and data based on a sample basis and applied analytical procedures.
- Reporting assurance observations to management provides an opportunity for the company to take corrective actions before the assurance process is completed.
- Collecting documentary evidence and assessing management representations to support adherence to the AccountAbility Principles.

Limitations

TÜV Rheinland performed the assurance based on the scope of defined engagement agreement, and on a moderate level assurance under the AA1000AS for engagement. Information and performance data subject to assurance is limited to the contents of the Report.



Procedures performed in a moderate assurance vary in nature from, and are less in extent, than high level assurance. Our assurance work did not cover financial report and its financial data, and other information not related to sustainability.

Conclusions

Based on our methodology and activities performed within the scope of this assurance, we can reach a conclusion that no instances or information came to our attention that would be to the contrary of the statement made as below:

- Canmax 2023 ESG report and its contents adhere to the AA1000 AccountAbility Principles.
- The ESG-related information and performance indicators disclosed in this report have been evaluated and supported by documentary evidence.

TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision on Canmax based on this Assurance Statement.

Adherence to the AA1000 AccountAbility Principles

Inclusivity

The key stakeholders identified include shareholders and investors, employees, customers, governments and regulators, suppliers, cooperative partners, and communities and the public. We recommend that Canmax establish a stakeholder communication strategy and plan and measure the outcome of stakeholder engagement.

Materiality

The report discloses that Canmax conducts material analysis and evaluation of ESG issues from two dimensions: "importance to the economy, society and environment" and "impact on stakeholders". As shown in the issue matrix, high-materiality issues include, but are not limited to, compliance and risk management, chemicals management, occupational health and safety, climate change response, product quality management, R&D and innovation, supply chain quality management, and responsible mineral management, etc. The above materiality issues have been reviewed by the company's senior management, including the Board of Directors.

Responsiveness

Canmax communicates and interacts with its key stakeholders on ESG issues. These communication methods include public disclosure, customer service and meetings, employee training, supplier audits and training, industry collaborations, and community projects, etc.

This report discloses key performance indicator data covering ESG areas such as energy, greenhouse gas (GHG) emissions, water resources, pollutant emissions, waste management, employee employment and entitlement, occupational health and safety, and supply chain management, etc.

Impact

Canmax implements environmental impact assessment of new construction projects in accordance with the law, and risk identification and controls cover risk areas such as operation, environment and safety, human rights, compliance and business ethics, climate, and supply chain. We recommend that Canmax carry out an environmental and social impact analysis on the company's operations and business relationships and establish appropriate processes and methodologies to measure, evaluate and manage these impacts.

Daniel Pan
 Corporate Sustainability Service Technical Manager
 TÜV Rheinland (Shanghai) Co., Ltd
 Shanghai, China, 1 August 2024



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