



湖南长远锂科股份有限公司
HUNAN CHANGYUAN LICO CO., LTD



ESG

CHANGYUAN LICO

Environmental, Social and Governance Report

2023

Hunan Changyuan Lico Co., Ltd.
Stock Code:688779



湖南长远锂科股份有限公司
HUNAN CHANGYUAN LICO CO., LTD



Hunan Changyuan Lico Co., Ltd.

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About the Report

○ Introduction to Report

The report is the 2023 Environmental, Social and Governance (ESG) Report released to the public by Hunan Changyuan Lico Co., Ltd. (hereinafter referred to as "Changyuan Lico", "the Company" or "we"). The report is open to all stakeholders of Changyuan Lico, and truthfully discloses the Company's responsibility performance practices towards important stakeholders such as shareholders, clients, partners, and employees in 2023, and its efforts in the ESG field based on the principles of objectivity, standardization and transparency, with the aim of responding to the expectations of stakeholders and better fulfilling social responsibilities in the future.

○ Reporting Period

From January 1, 2023 to December 31, 2023. To enhance the comparability and completeness of the report, some data and content are appropriately traced back to previous years.

○ Reporting scope

Unless otherwise specified, the report covers the ESG situation of Hunan Changyuan Lico Co., Ltd. and its wholly-owned and holding subsidiaries, and the report scope is consistent with the Company's annual report.

○ Description of usage standard

The report is prepared in accordance with the relevant requirements of the *Self-regulatory Guidelines for the Companies Listed No.1-Standardized Operation of Shanghai Stock Exchange*, the *Preparation Guidelines for Sustainable Development Report (GRI Standards)* of Global Reporting Initiative, and the *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG5.0)* of Chinese Academy of Social Sciences and other reporting guidelines or rules.

○ Data source and reliability guarantee

All information data referenced in the report is based on the in-house documentation, statistical report, financial report, etc., of Changyuan Lico. The report is issued after full review by the Board of Changyuan Lico and no presence of inaccurate records, misleading statements or major omissions will be found in the report.

○ Monetary unit

Unless otherwise specified, the monetary amounts included in the report are listed in RMB.

○ Availability of the Report

The report and its English version are available for download at the website of Shanghai Stock Exchange (www.sse.com.cn) and the company website.

○ Feedback

Please feel free to contact us if you have any comments or suggestions regarding the content of the report or the Company's performance in ESG. Your opinions and suggestions will help us further improve the report and our ESG performance.

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Message from the Chairman



The year of 2023 is the beginning year of fully implementing the spirit of the 20th National Congress of the Communist Party of China. Over the past year, the Company has adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, conscientiously implemented the spirit of the Central Economic Working Conference, actively practiced the new development concept of innovation, coordination, green, openness, and sharing, adhered to the overall keynote of seeking progress while maintaining stability, honed the original intention of struggle, adhered to the major responsibilities and tasks, focused on value creation, deepened enterprise reform, and worked hand in hand with its partners to promote high-quality development, contributing the "Lico power" to the sustainable development of the industry and society.

In 2023, we firmly followed the road of green development and confirmedly promoted the environmental protection. Actively implement the main responsibility of ecological environmental protection, deeply carry out special inspections for safety and environmental protection and special investigations and rectification for major accident hazards, and continuously fight the battle against pollution prevention and control. Adhere to the concept of green, low-carbon and environmental protection throughout the whole production and operation management process, complete the carbon footprint certification and full lifecycle accounting of the featured products, and solidly promote energy conservation, emission

reduction and carbon reduction measures in various links such as raw material selection, technology research and development, equipment upgrading, product manufacturing, process iteration, project construction, resource recycling and management optimization. Organize theme activities such as "Fire Propaganda Month", "Energy Conservation Propaganda Week" and "National Low Carbon Day" to gather digital and intelligent empowerment, and promote the construction of a beautiful China and the achievement of the "carbon peaking and carbon neutrality" goal.

In 2023, we will effectively fulfill our social responsibilities and demonstrate the mission and responsibility of central enterprises by taking proactive and practical actions. Always keeping in mind the "greatness of the country", actively serving the national new energy vehicle strategy, strengthening key core technology research and development, accelerating the cultivation and development of new quality productivity, promoting high-level technological self-reliance and self-improvement, and ensuring that the company's social and economic benefits grow synchronously, and the development achievements are shared with society. Organize public welfare actions such as love package donations, donations for education, school enterprise cooperation, voluntary blood donation, and tree planting, and continue to participate in the targeted assistance work of Huayuan County, Hunan Province, to help consolidate and expand the achievements of poverty alleviation and effectively connect with rural revitalization. Adhere to the strategy of strengthening enterprises with talents, attach importance to the health, safety, and development of employees, advocate the concept of "efficient work, healthy life", warmly build a "home for employees", carry out diverse cultural and sports competition activities, focus on improving the work environment and quality of life, and continuously enhance the sense of gain, happiness, and security of employees.

In 2023, we will benchmark against world-class standards and enhance modern corporate governance capabilities with reform and innovation courage. Seriously implement the principle of "two consistencies" and promote the integration of Party leadership into corporate governance from the aspects of institution, system, and organization. In accordance with the decisions and deployments of the State-owned Assets Supervision and Administration Commission of the State Council and China Minmetals on the deepening and upgrading actions of the new round of state-owned enterprise reform and the value creation actions by benchmarking world-class enterprise, we will coordinate the deepening of the company's reform and the construction of world-class enterprises, focus on the goals of "excellent products, outstanding brands, leading innovation, and modern governance", continuously improve core competitiveness and enhance core functions. Strengthening the capacity building of the headquarters to "manage all kinds of affairs and grasp the overall situation", and enhancing the functions of internal control, risk prevention, and compliance promotion are becoming increasingly prominent. Develop and implement a series of policy measures to "manage the present and benefit the long term", and steadily improve the efficiency of modern enterprise governance through the two wheel drive of "reform+innovation".

Environmental protection, social responsibility, and corporate governance are the necessary paths for sustainable development of the enterprise. We will always adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, deeply implement the spirit of the 20th National Congress of the Communist Party of China, not disappoint the responsibility of central enterprises, not disappoint the expectations of the times, maintain a spirit of forging ahead and never slacking off, and an attitude of seizing every minute and pressing forward with indomitable will, pushing the Company to move forward towards the goal of "being a leader in the global new energy materials industry", and strive to write a new chapter of high-quality development of Changyuan Lico on the new journey!

**Hu Liuquan, the Secretary of the Party committee and Chairman
of Hunan Changyuan Lico Co., Ltd.**

About Changyuan Lico

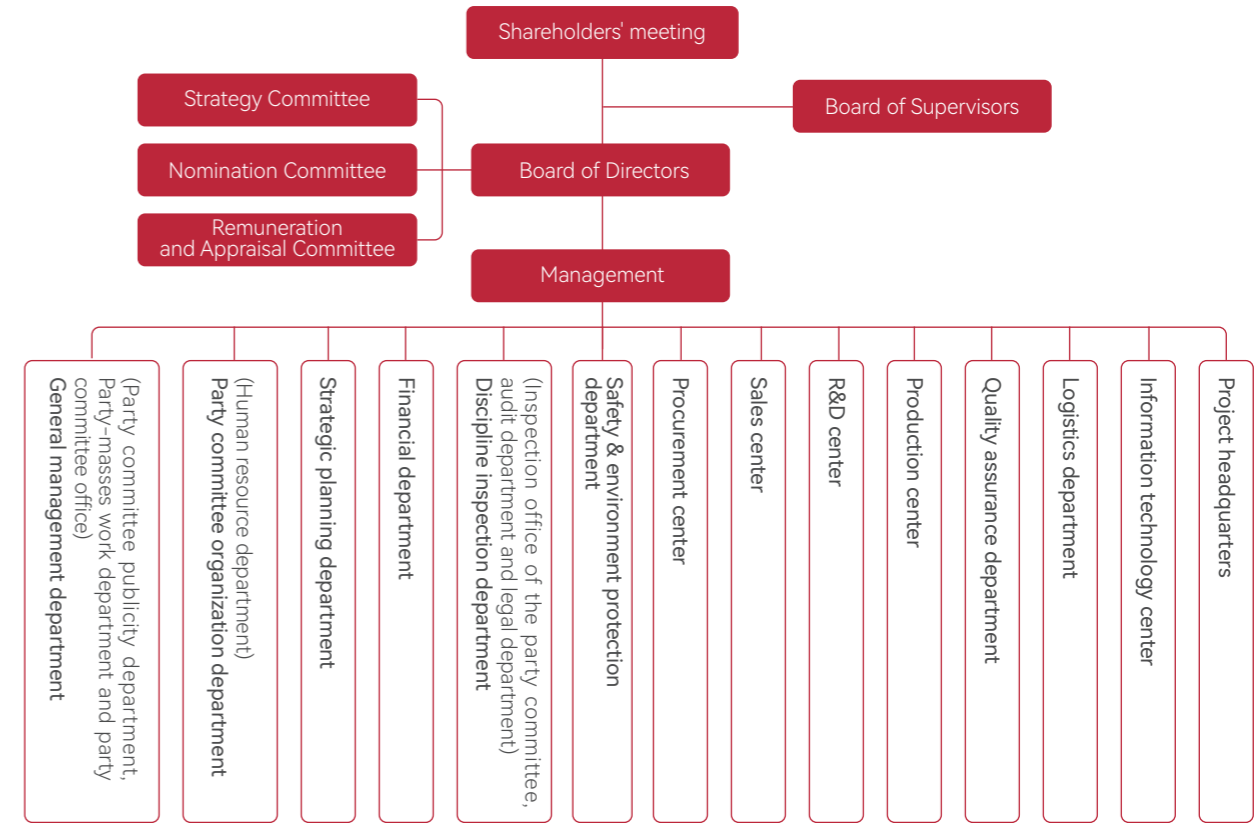
Company profile

Hunan Changyuan Lico Co., Ltd. (hereinafter referred to as Changyuan Lico, stock code: 688779) was founded in 2002. It is a directly managed enterprise of China Minmetals Corporation, a Fortune Global 500 company. It is a member enterprise of State-owned Enterprise Electric Vehicle Industry Alliance, the president unit of the Battery Association of Hunan, and the leader unit of Advanced Energy Storage Materials Industry Alliance in Changsha-Zhuzhou-Xiangtan. It was listed on the science and technology innovation board of Shanghai Stock Exchange in August 2021.

As the core support for China Minmetals to implement the innovation-driven development strategy and build a "new power for the future", Changyuan Lico adheres to the action guide, value orientation and enterprise spirit of "world-class mission and responsibility, leading role of independent innovation, problem-oriented work thinking, quality of excellence, and the striving spirit of daring to win". With the strategic positioning of "domestic first-class and internationally renowned new energy material supplier", it focuses on major responsibilities and tasks, adhering to righteousness and innovation, being brave in undertaking and daring to take actions and creating world-class, and is committed to making the enterprise stronger, better and bigger, sharing development achievements with a wider range of stakeholders.

In the future, the Company will actively practice the new development concept of innovation, coordination, green, openness and sharing, hone its original intention, strengthen its advantages, and work hand in hand with its partners to become "a leader in the global new energy material industry". We will continue to contribute to meeting the growing needs of the people for a better life, serving the implementation of the national new energy vehicle strategy and taking on the responsibility of promoting high-quality economic and social development. We will also make new and greater contributions to achieving the goal of the second century!

Organizational structure



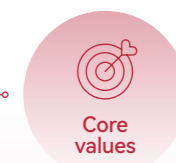
Corporate culture

The Company has always adhered to the corporate philosophy of "world-class mission and responsibility, leading role of independent innovation, problem-oriented work thinking, quality of excellence, and the striving spirit of daring to win". Taking the road of independent innovation, we are committed to building a characteristic corporate culture, standardizing organizational governance, earnestly fulfilling social responsibilities, promoting a continuous and sound development of the Company, creating a business environment that pursues client satisfaction and efficient operation, and playing a decisive role in the continuous pursuit of excellent performance management for the enterprise.



Enterprise mission

Becoming the leader in the global new energy material industry



Core values

Faithful, win-win, efficient and innovative



Business overview

The Company is mainly engaged in the R&D, production and sales of cathode materials of high-efficiency battery. The Company's main products include multi-material precursors, multi-component cathode materials, lithium iron phosphate, lithium cobalt oxide and other Li-ion cathode materials, as well as Ni-MH battery cathode materials. It has a complete product system of lithium multi-component material precursors, lithium multi-component cathode materials and lithium iron phosphate cathode materials, and has always maintained an industry-leading market share in the power ternary materials. The Company is headquartered in Changsha, Hunan Province, with three production bases: High-tech, Lugu and Tongguan.

Corporate strategy

Changyuan Lico takes "adhering to strengthen the main business of Li-ion battery cathode material industry, adhering to diversified industrial allocation policy and adhering to global development direction" as the basic principle, and takes "becoming domestic first-class and internationally renowned new energy material supplier" as the strategic positioning. The Company is market-oriented, based on the precise analysis of the market, to reasonably allocate corporate resources, clarify future development paths, and formulate the Company's development strategy in combination with internal and external environment and its own advantages.

Constructing and improving business portfolio

Aiming at the diversified development of the cathode material industry, based on the existing ternary cathode material, lithium iron phosphate cathode material, lithium cobalt oxide cathode material and ball nickel business, we will strengthen the layout of cutting-edge products, construct an industry chain for raw material guarantee, material production and recycling, improve the industrial layout, and enhance the Company's comprehensive competitiveness and discourse power in the industry.

Stabilizing the domestic market and entering the international market

The Company adheres to the world-class mission and responsibility, and continues to expand its cooperative relationship with top domestic power battery manufacturers on the basis of stable cooperation with existing clients. At the same time, it strengthens the expansion of the international market and actively competes and exchanges with international counterparts. Based on the cooperation of production and sale, cooperation of technical R&D, it explores diversified forms to bind strategic partners.

Continuously promoting the integration of industry and finance

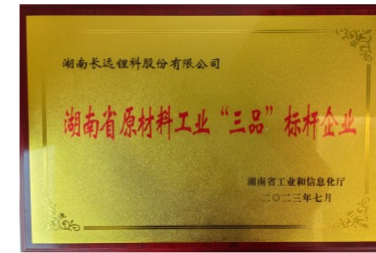
The Company has the ability to use multiple equity and debt financing tools, with strong financing capacity, it can effectively support the Company's technical progress, capacity expansion and rapid growth in business scale.

Implementing the strategy of cost leadership and technology leadership

Technological innovation is also the fundamental guarantee of the Company's competitiveness. The Company continues to invest funds in technical R&D, continuously optimizes core products, actively researches and develops cutting-edge products, and actively explores future technical directions.

Cost is the core capability of the Company's competitiveness. The Company continues to promote full cost control, with careful calculation and strict budgeting, allowing every penny to be spent effectively and play a greater role, and eliminating cost waste.

Social recognition



"Increasing Varieties, Improving Quality and Creating Brands" Benchmarking Enterprise of Raw Material Industry in Hunan
Industry and Information Technology Department of Hunan Province



University-enterprise Cooperation Innovation and Entrepreneurship Education Base in Hunan
Education Department of Hunan Province



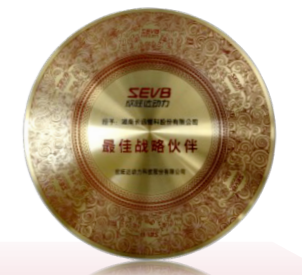
China's Top 50 Most Promising Enterprises
China Automotive Battery Innovation Alliance



ESG Pioneer Practitioner
Securities Daily



Quality Excellence Award for CATL Supplier in Q1 of 2023
CATL



Best Strategic Partner
Sunwoda



2023 "Green Partner"
EVE



Golden Bull Science and Technology Innovation Board Top 50
China Reform Holdings Corporation Ltd.
China Securities Journal



Science and Technology Award in China's Nonferrous Metals Industry
China Nonferrous Metals Industry Association and the Nonferrous Metals Society of China

ESG management

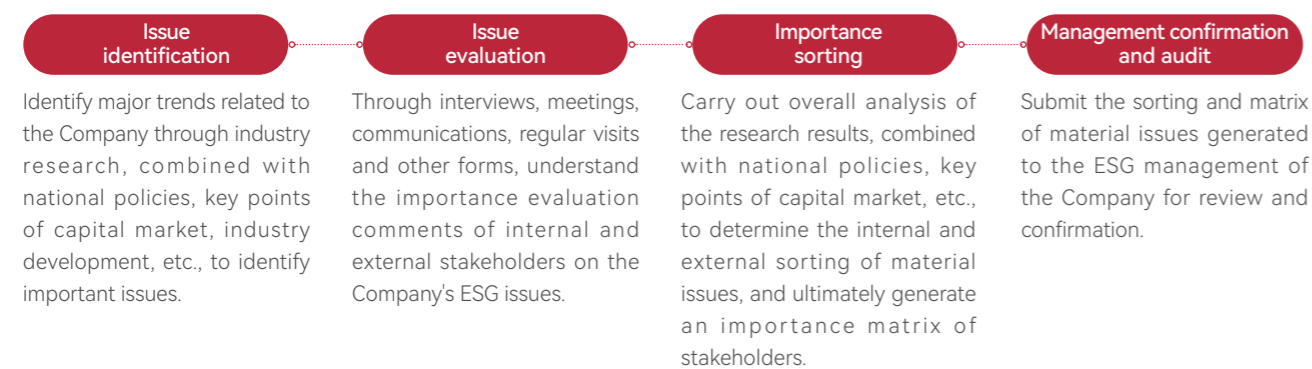
ESG governance architecture

Changyuan Lico establishes an ESG management system with structural integrity, clear hierarchy, clear rights and responsibilities, and efficient operation. It clarifies the job responsibilities of personnel in each position and provides organizational guarantee for the Company's ESG work.

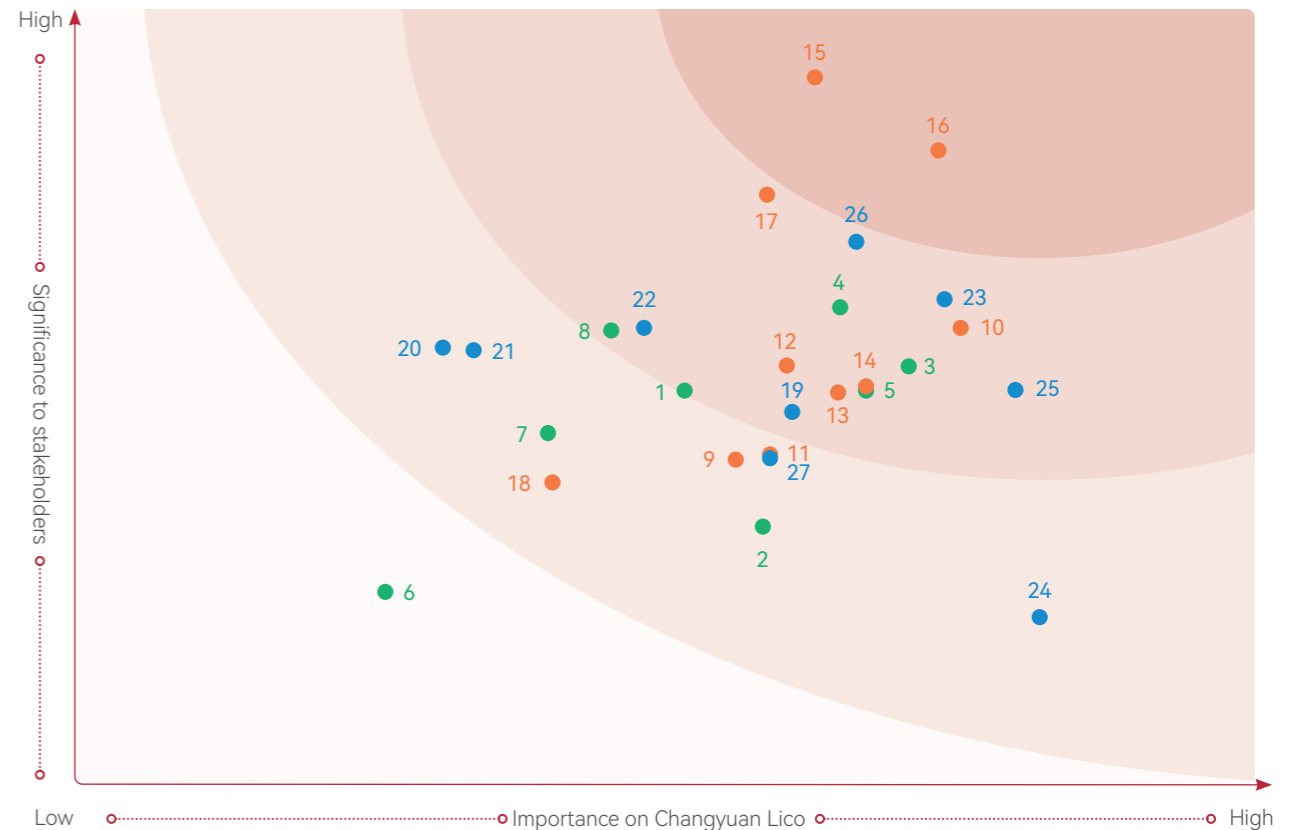


Analysis of material issues

In order to better respond to the expectations and demands of stakeholders, Changyuan Lico regularly conducts the analysis of ESG material issues. Through various ways, identify, evaluate, sort and confirm ESG issues, accurately understand the concern extent of stakeholders on related issues, and their expectations for the ESG management of Changyuan Lico. In 2023, the process of material issues of the Company is as follows:










In 2023, the judgment matrix of material issues of Changyuan Lico is as follows:



We will strengthen the disclosure of importance issues in the report according to the evaluation results on importance. In the daily business activities, we also take the evaluation results of ESG issues as a guide for future work, constantly improve it to respond to the expectations of stakeholders, enhance trust and cooperation, and jointly promote the sustainable development of the Company and the society.

Stakeholder communication

Changyuan Lico actively fulfills its social responsibility, attaches great importance to the expectations and demands of stakeholders, carries out in-depth exchanges with the help of different channels, fully understands the opinions and suggestions of stakeholders such as government and regulatory agencies, shareholders and investors, clients, suppliers and partners, employees, environment, community and the public, and improves the ESG performance of Changyuan Lico in a targeted manner, to continuously adjust the sustainable development strategies and actions of the enterprise.

Stakeholders	Expectations of stakeholders	Communication and response
 <p>Government and supervisory body</p>	<p>Compliance operation Integrity construction Intellectual property protection</p>	<p>Improvement of compliance system construction Strengthening education and training on combat corruption and uphold integrity Intellectual property protection system</p>
 <p>Shareholders and investors</p>	<p>Improvement of corporate governance Protection of shareholders' rights and interests Investor relations management Information disclosure Risk management</p>	<p>Improve the level of operation and management Investor research and communication Issuing regular reports, temporary announcements and performance briefings Comprehensive risk control</p>
 <p>Customer</p>	<p>Scientific and technological innovation Customer's rights and interests Product quality and safety</p>	<p>R&D management system Client satisfaction survey and complaint channel Strict governance and management Maintaining information security</p>
 <p>Suppliers and partners</p>	<p>Supply chain management Fair competition Integrity and reciprocity</p>	<p>Improvement of purchasing system Faithful performance of contracts Sign the cooperation agreement.</p>
 <p>Employees</p>	<p>Basic protection of rights and interests Personal development Employee welfare Employee caring</p>	<p>Establishment of fair promotion channel Professional training and career development Employee satisfaction survey Guarantee work safety Daily communication</p>
 <p>Environment</p>	<p>Green and low-carbon development Protect the ecological environment</p>	<p>Green transformation development Green technological innovation</p>
 <p>Community and the public</p>	<p>Participation in rural revitalization Supporting educational business</p>	<p>Pairing co-building Poverty alleviation in consumption Donation for education</p>

ESG honors



Environment

Low carbon and environmental protection, harmonious coexistence

Changyuan Lico deeply implements Xi Jinping's Thought on ecological civilization, fully implements the major decisions and arrangements of the Party Central Committee and the State Council on the ecological civilization construction, adheres to the main responsibility of the enterprise, establishes and improves the responsibility system for energy conservation and ecological environmental protection, adheres to green and high-quality development, actively practices the concept of green and low-carbon circular development, continuously enhances its strength in the efficient use of energy and resources as well as its strength in low-carbon development, and solidly carries out energy conservation and emission reduction to contribute to responding global climate challenge and realizing the "carbon peaking and carbon neutrality" goals.

SDGs



Improvement of environmental management

The Company adheres to the concept of lucid waters and lush mountains are invaluable assets, and firmly follow the road of green and low-carbon sustainable development. The Company continuously improves its environmental management system, strengthens energy conservation and environmental protection, and strives to build the Company into a model enterprise for efficient utilization of resource and harmonious coexistence of environment.

To ensure the comprehensive promotion of energy conservation and environmental protection, the Company continuously improves the responsibility system for energy conservation and environmental protection, follows the principle of "unified leadership, hierarchical management and clear responsibilities", and ensures that the main responsibility for energy conservation and environmental protection of the Company is fully implemented. To this end, the Company establishes a work safety, energy conservation and environmental protection committee as the leading core of environmental management, and the safety and environmental protection department takes on the daily management. By formulating a detailed responsibility list, we have ensured collaboration, coordination and joint management with various subordinate units in energy conservation and environmental protection, forming a comprehensive and efficient energy conservation and environmental protection management system.

Relevant systems of environmental protection of Changyuan Lico

- Management Measures for Responsibility System for Energy Conservation and Ecological Environmental Protection
- Measures for the Management of Comprehensive Emergency Plan for Sudden Environmental Incidents
- Management Measures for Energy
- Management Practices of Energy Conservation
- Management Measures of Solid Waste



Emergency plan for sudden environmental incidents

In order to further strengthen the ecological environmental protection of the Company, enhance its coping capacity to sudden environmental incidents, and enhance its strength to prevent and handle environmental pollution incidents, the Company formulates the Emergency Plan for Environmental Emergencies and completes the filing in the competent department of ecological environment. This plan aims to minimize environmental pollution, ensure the environmental safety of the Company and the life and health of employees and surrounding residents, and provide the Company with a comprehensive and efficient environmental risk management and emergency response mechanism.

The Company organized 9 emergency exercises for waste water leakage, solution leakage and hazardous waste leakage throughout the year. In November, it collaborated with the Ecological Environment Bureau of Hunan Xiangjiang New Area to organize an "emergency exercise for electrical short circuit induced hazardous waste fire - fire waste water leakage emergency environmental incident". Through the exercise, the emergency response ability of employees was improved.



The Company organized **9** emergency exercises for waste water leakage, solution leakage and hazardous waste leakage throughout the year.



Environmental objectives and implementation in 2023

As of the end of the reporting period, the Company and its subsidiaries have not experienced any general and above environmental pollution incidents, have not been punished by the competent departments of ecological environment, have not engaged in any major environmental violations, and have 100% implemented the annual environmental protection objectives.

Environmental objectives and implementation in 2023

- Violation of laws and regulations on environmental protection : 0
- Administrative penalty of environmental protection related: 0
- Up-to-standard waste gas emission 100%
- Up-to-standard waste water emission 100%
- Up-to-standard noise emission 100%
- Safe disposal of hazardous waste 100%

100%
completed

Certification of environmental management system

Changyuan Lico is committed to continuously optimizing its environmental management system and achieving sustainable development goals of environmentally friendly, low-carbon and efficient. Based on the ISO14001:2015 environmental management system and related standards, the Company comprehensively identifies internal environmental factors and formulates targeted environmental protection control measures and management systems. As of the end of 2023, the Company and 2 subsidiaries have all passed ISO14001:2015 environmental management system certification.

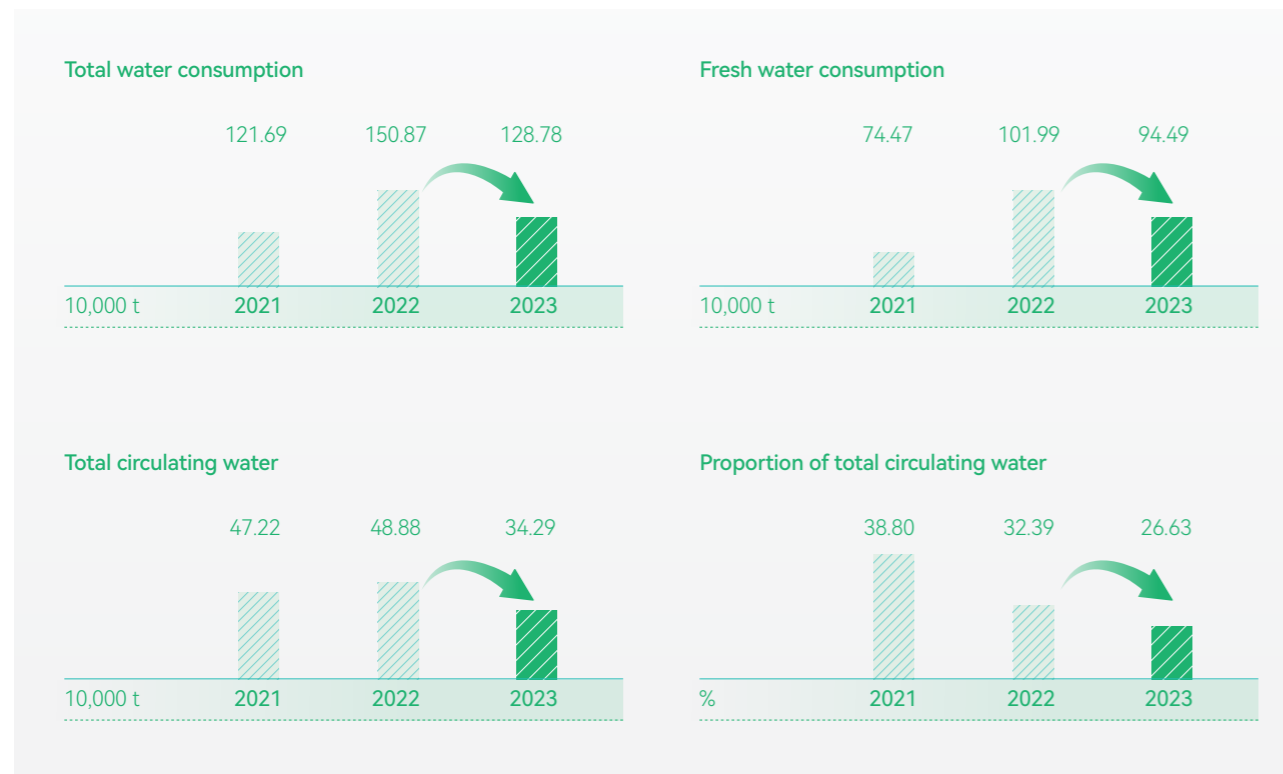
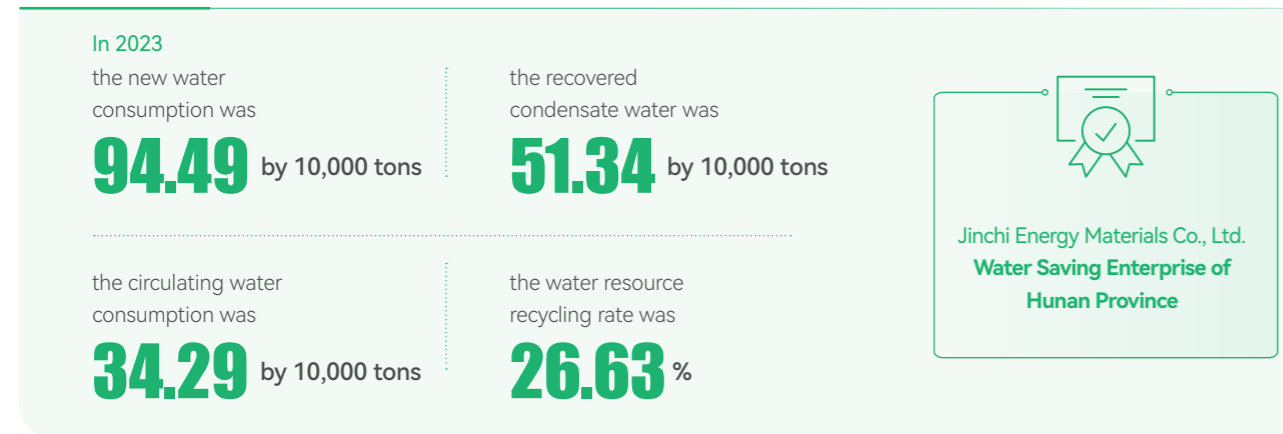
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Reduction of resource consumption

Usage management of water resource

In terms of water resource management, Changyuan Lico actively adopts water-saving measures to reduce water resource consumption from the source, encourages all employees to participate in water resource management, enhances their awareness of water resource protection, and jointly promotes the continuous improvement of water resource management, striving to build a water resource-saving enterprise. Its subsidiary, Jinchi Energy is awarded a water-saving benchmark enterprise by the Industry and Information Technology Department of Hunan Province.



Energy usage management

Changyuan Lico mainly uses electric energy, natural gas and steam as the energy supply during the production. In order to actively respond to the global call for energy conservation and emission reduction and promote the sustainable development of the Company, the Company attaches great importance to energy management. Ensure the compliance and efficiency in energy usage by formulating *the Energy Management Measures and Management Practices of Energy Conservation*. Changyuan Lico will continue to be committed to optimizing energy structure, improving energy utilization efficiency, and making unremitting efforts to achieve green and low-carbon production operation.



Participation in green electricity transaction

With environmental issues becoming more and more obvious, people's demand for clean energy is increasing every day. As a new energy transaction mode, green electricity transaction has gradually attracted people's attention due to its environmentally friendly and renewable characteristics. The Company actively promotes the clean and low-carbon transformation of its energy structure, actively participates in green electricity transaction, and its subsidiary, Jinchi Energy signs contracts with the electricity power company, which stipulates that the proportion of green electricity for the whole year shall not be less than 80%. By purchasing green electricity, we ensure the green and environmental protection of electricity used from the source, while promoting the development and utilization of new energy and reducing reliance on traditional energy.

Cleaner production

The Company actively promotes the cleaner production and promotes the development of recycling economy. According to the *Management Measures for Energy Conservation and Ecological Environmental Protection* of the Company, priority is given to the use of clean energy, and processes and equipment with high resource utilization and low pollutant emissions are adopted. Comprehensive waste utilization technology and harmless pollutant treatment technology are promoted to reduce the generation of pollutants and effectively strengthen the management of the Company's cleaner production.



Case of clean technology

The Company continues to promote green manufacturing and circular development. In the field of waste battery recycling, the Company continuously promotes technological innovation and completes the production application of priority lithium extraction and extraction lithium new technology demonstration production lines. Increase the lithium recovery rate by more than 10%, to achieve higher lithium recovery rate and lower carbon emission.

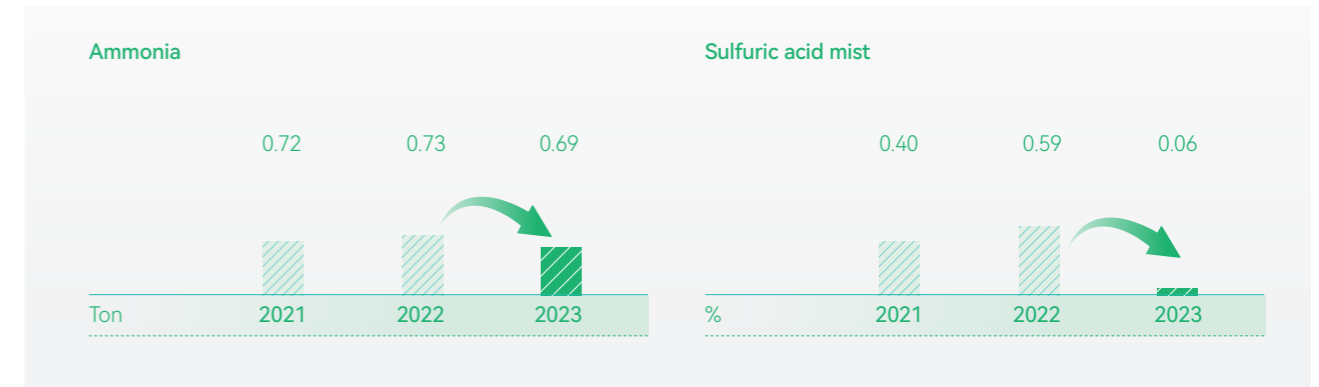
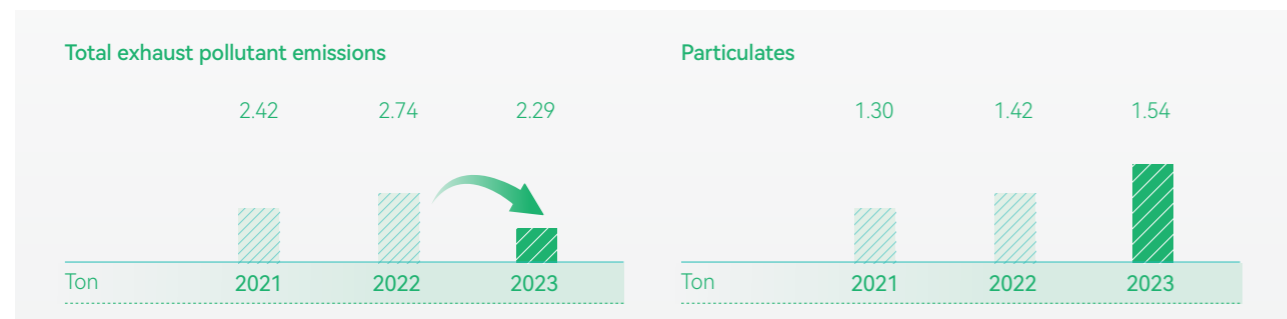
The subsidiary, Jinchi Energy upgrades the waste water MVR mother liquor evaporation system and conducts grading and separating treatment of purified water and concentrated water. The condensate water is treated by reverse osmosis and then made into purified water for reuse in production. Part of the purified water and concentrated water is used for leaching replenishment in the waste battery recovery workshop, while the other part is used for water replenishment in the circulating water cooling tower of the oxygen production station and cathode workshop. By implementing advanced treatment and comprehensive utilization of waste water, we can achieve emission reduction at the source of waste water while reducing water resource consumption.

Prevention and control of pollution emissions

Waste gas emission management

Changyuan Lico strictly abides by the national and local laws and regulations on the prevention and control of waste gas pollution, implements the main responsibility of ecological environmental protection, continuously optimizes production processes, reduces waste gas output, and ensures that waste gas emissions meet standards by introducing advanced waste gas treatment technology and equipment. The Company establishes a strict monitoring mechanism for waste gas emissions, regularly monitors and evaluates the waste gas emissions to ensure the accuracy and reliability of waste gas emission data. Changyuan Lico will continue to strengthen waste gas emission management, continuously improve the level of waste gas control, to achieve the goals of green, low-carbon and circular development. In addition, in 2023, the subsidiary, Jinchi Energy implemented ammonia absorption tower water scrubbing to acid pickling, and Changyuan Lico New Energy upgraded and renovated dust control facilities to further reduce the impact on the atmospheric environment.

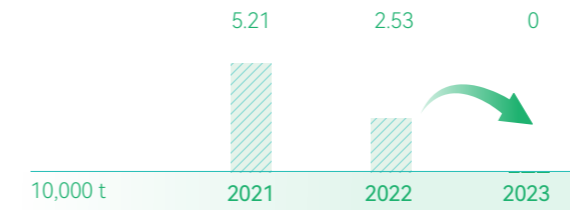
During the reporting period, all types of waste gas treatment facilities were operating well, with complete operating records and up-to-standard waste gas emission.



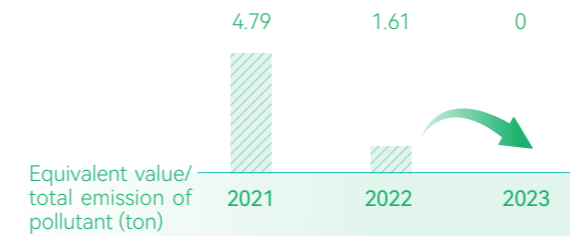
Wastewater discharge management

Changyuan Lico actively promotes advanced waste water treatment, strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, and formulates the *Waste Water Management Measures* based on the actual situation of the Company to ensure that all waste water is effectively treated. In addition, the Company establishes an improved waste water management ledger to monitor the operation of waste water facilities in real time. The Company's production waste water is treated and reused without discharge.

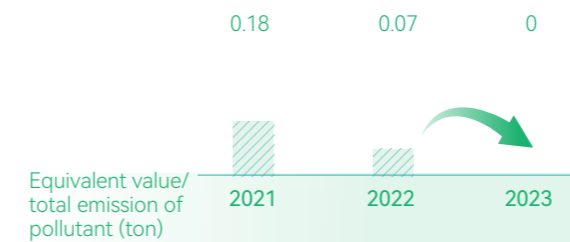
Industrial waste water emission



COD



Ammonia nitrogen



In 2023

the industrial waste water treatment capacity was **53.95** by 10,000 tons

the purified water and concentrated water for cascade utilization was **19.66** tons

the recovered condensate water was **34.29** by 10,000 tons

the waste water emission was **0**

Solid waste management

Changyuan Lico aims to achieve the reduction, resource and harmless for solid waste by taking relevant measures to reduce the output of solid waste, promote the comprehensive utilization of solid waste, and reduce the hazard of solid waste. The Company follows the relevant provisions of the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and formulates the *Management Measures of Solid Waste*. Through technological upgrading and process optimization, the output of solid waste is significantly reduced. Meanwhile, the Company establishes an improved solid waste classification, storage and transportation system to ensure that waste is treated in a standardized manner.

All subsidiaries establish temporary storage warehouses for household waste, general industrial solid waste and hazardous waste. The temporary storage warehouses for general industrial solid waste and hazardous waste shall be standardized constructed in accordance with the requirements of the *Standard for Pollution on the Storage and Disposal Site for General Industrial Solid Wastes* (GB18599-2001) and the *Standard for Pollution Control on Hazardous Waste Storage* (GB18597-2001), respectively. For household waste, it is collected at designated locations and entrusted to environmental sanitation for timely removal; for general industrial solid waste, it is classified and collected, temporary stored appropriately, and handed over to professional processing units for recovery processing; for hazardous waste, it is classified and collected, stored in different zones, with hazardous waste signages posted. A registration ledger for entry and exit is established. Units with corresponding hazardous waste disposal qualifications are entrusted for harmless disposal, and transfer forms are handled. In 2023, 383 tons of hazardous waste and 336 tons of general solid waste were safely disposed.

Waste classification and treatment measures

Waste type	Types of wastes	Annual disposal capacity (ton)	Disposal method
Hazardous wastes	Waste residue containing nickel	29.52	Outsourced disposal
	Damaged waste packaging bag and undamaged inner bag	347.53	Outsourced disposal
	Waste mineral oil	3.0	Outsourced disposal
	Laboratory hazardous waste	2.95	Outsourced disposal
General solid waste	Packaging materials for raw and auxiliary materials	336	Selling out for comprehensive use

General industrial solid waste management

The Company optimizes the cleaning equipment of waste saggar and adopts automatic sandblasting machines to promote the resource utilization of waste saggar.

Resource utilization of waste saggar is
5,138 tons throughout the year

Noise prevention and control

The Company strictly abides by the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*, and strictly controls the generation and transmission of noise by adopting various noise reduction measures. Meanwhile, the Company regularly carries out noise monitoring to understand the current noise status and actively carries out noise reduction and improvement to continuously improve the control efficiency of noise. In 2023, the subsidiary, Changyuan Lico New Energy High-tech Base further reduced the noise at boundary by adding noise reduction compartments to the noise generating equipment of the oxygen production station and adding acoustic panels to the air compressor room to separate the noise.



Climate risk response

Based on Xi Jinping's Thought on Ecological Civilization, Changyuan Lico adheres to the green development direction and strives to become a "resource-saving and environmental-friendly" enterprise. The Company continues to pay attention to global climate change and actively evaluates the risks and opportunities brought by climate change, as well as its impact on enterprises.

Risk

Extreme weather	Policies and law risks	Raw material supply	Energy consumption
Potential impacts on supply chains and production facilities, causing asset loss, and even causing potential employee safety incidents;	The adjustment of climate policies may affect the production and operation of enterprises.	The key raw materials for lithium batteries may be affected by the resource shortages or price fluctuations caused by climate change.	The energy demands during processing and production may increase with the climate change, leading to rising costs.
Promote sustainable development	Strengthen climate risk assessment	Diverseness in supply chain	Energy efficiency improvement
Take energy conservation and emission reduction measures, improve resource utilization efficiency, reduce carbon emission, and continuously improve emergency response mechanism for natural disasters.	Pay close attention to the changes in regulations and policies related to carbon peaking and carbon neutrality, understand its own vulnerability to climate change, and formulate corresponding risk management strategies.	Ensure the stability of raw material supply and search for substitute materials or partners.	Optimize production process, reduce energy consumption and improve energy efficiency.

Opportunity

Growth in demand for clean energy	Technological innovation drive	Brand image promotion	Development of electric transportation
With the increasing demand for clean energy, the markets for lithium battery enterprises in fields such as batteries may expand.	Climate related technological innovation may bring new development opportunities for enterprises.	Actively responding to climate change can enhance the social image of enterprises.	The popularization of electric vehicles will promote the demand for high-performance lithium battery.
Technological research investment	R&D innovation	Active disclosure	Expansion of production scale
Strengthen the R&D of high-performance and low-cost lithium battery technology to meet market demands.	Invest in R&D strength to develop more environmentally friendly and efficient products and technologies.	Regularly release ESG reports of the Company, disclose the completion of the Company's energy conservation and emission reduction goals, and enhance the green image of the Company.	Improve production efficiency and ensure synchronous supply of lithium battery with the growth of the electric vehicle market.

Responding to the "carbon peaking and carbon neutrality" strategy

Changyuan Lico actively responds to the national carbon peaking and carbon neutrality strategy, striving to reduce its own carbon emissions and promote green and sustainable development. The Company strives to reduce carbon emissions during the production by optimizing energy structure, improving energy utilization efficiency and developing green manufacturing technologies. At the same time, in order to further optimize and improve the energy conservation and emission reduction statistical system of the Company, and improve the control level of energy conservation and emission reduction, the Company establishes a monthly report system for production energy consumption and carbon emission. Changyuan Lico continues to increase green investment and efforts, contributing its own efforts to achieve carbon peaking and carbon neutrality goals, and promoting the development of global green, low-carbon and recycling economy.

The total greenhouse gas emission of the Company in 2023 was

33.08
by 10,000 tons



Remarks: 1. Natural gas is mainly used in the stationary combustion devices such as boilers, canteen gas stoves, and workshop drying equipment; 2. Gasoline is mainly used for official business vehicles of the Company and picking up clients; 3. Electricity and heat are outsourced, of which the heat is steam; 4. Carbonate greenhouse gas is the carbon dioxide generated by the carbonate reaction in the production process.

Case Emission reduction measures and actions for greenhouse gas

In 2023, the subsidiary, Changyuan Lico New Energy promoted technical improvement projects such as kiln single-layer to double-layer and sealing renovation, increasing bowl loading capacity, dilute alkali to concentrated alkali of precursor for Jinchi Energy and MVR condensate water to purified water and concentrated water reuse; through special research on refrigeration and energy consumption in High-tech Base of Changyuan Lico New Energy, organized relevant units to analyze and guided them to establish macro thinking. While focusing on production energy consumption and reducing non-production energy consumption, take the online energy monitoring as an opportunity to analyze the energy consumption of major energy consuming equipment such as kilns, air compressors, oxygen production, refrigeration and dehumidification, as well as the energy consumption ratio during "peak valley" period, optimize energy management measures and reduce low efficient energy consumption.

Changyuan Lico New Energy transforms some cathode material sintering kilns from single-layer structure to double-layer structure, reducing energy consumption of unit product and increasing energy utilization rate by about 30%, achieving energy conservation and benefit creation.

Jinchi Energy adjusts the precursor production line synthesis process from dilute alkali to concentrated alkali, reducing the dilute alkali preparation process and waste water output, so as to reduce energy consumption and cost of waste water treatment.

The Company actively responds to the national call and closely focuses on the theme of "green, low-carbon, energy conservation first" during the energy conservation propaganda week. Based on the actual situation of the Company, various publicity and education activities are carried out, such as posting theme posters, playing promotional videos with electronic displays and cafeteria televisions, to promote the concept of energy conservation, low-carbon and related knowledge, advocate green, low-carbon production and lifestyle, enhance the low-carbon and environmental protection awareness of all employees, and create a proactive and total involved atmosphere for energy conservation and carbon reduction.



Energy conservation and carbon reduction monitoring, statistical reporting and evaluation system

In order to further optimize and improve the energy conservation and emission reduction statistical system of the Company, improve the control level of energy conservation and emission reduction, in accordance with relevant laws and regulations such as the Law of the People's Republic of China on Energy Conservation, the Supervision and Management Measures for Energy Conservation and Ecological Environment Protection of Central Enterprises, as well as the relevant work management requirements of the group company, the Company formulates the Management Measures for Statistical Report of Energy Conservation and Ecological Environmental Protection, which clarifies the responsibilities and work requirements for energy conservation and carbon reduction monitoring, measurement, statistics and reporting of each unit, and establishes a monthly report system for production energy consumption and carbon emission.

In order to implement the strategic deployment of carbon peaking and carbon neutrality, the Company continuously improves its basic capacity construction of energy measurement. In 2023, the construction of online monitoring system of energy consumption was completed and accepted by government regulatory departments, to achieve the Company's level I and level II energy consumption data automatically uploaded to the provincial development and reform commission platform, the MES energy management construction was simultaneously promoted, the information input of energy measuring instruments was completed, as well as the level I, level II and level III electricity and gas data was automatically collected, water electricity and gas data was dynamically displayed, and energy consumption and peak valley data statistics were conducted to provide effective support for the rational use of energy by various departments of the Company. Develop the whole plant board, early warning and alarm functions, and improve the automatic collection Function of energy data to achieve the track management of energy system, and enhance the Company's informatization and refinement level of energy management.



Governance

Efficient governance with stable footsteps and forward thinking

Changyuan Lico strives to establish a sound management system, optimize governance structure and business strategies, adhere to business ethics, improve internal control and risk management, enhance compliance capabilities and anti-corruption education, safeguard the rights and interests of shareholders and investors, ensure the Company's long-term and stable development, and regard this as an important starting point for actively assuming environmental and social responsibility.

SDGs



Adhere to the guidance of Party building

Under the correct leadership of the China Minmetals Party Group, the Changyuan Lico Party committee has always adhered to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, continuously strengthened party building and ideological and political work, and promoted the deep integration of party building and enterprise development. By organizing diverse party building activities, we aim to improve the political quality and ideological consciousness of party members, and stimulate their exemplary role as pioneers. The Company continuously strengthens grassroots guidance, strictly and practically regulates the construction of the "three basics", implements the responsibility of grassroots party building work, revises and builds six new party building work systems, further improves and perfects the party building work system, and regularly supervises the implementation of the "three meetings and one lesson" and theme party days of the party branch; inviting teachers from the Provincial Party School to provide special guidance, organizing members of the Party committee team to go deep into grassroots Party organizations and contact points to promote the spirit of the 20th National Congress of the Communist Party of China; organize a training demonstration class for the improvement of the quality of the Company's party branch secretaries and grassroots party affairs personnel in 2023, using platforms such as "three meetings and one lesson", special lectures, and smart party building APP learning to ensure that the education hours for party members meet the standards.

Political construction

Political construction is the soul and foundation of a company, and the fundamental guarantee for promoting its healthy, stable, and sustainable development. Therefore, the Company's party committee continuously strengthens political theory learning, improves political sensitivity and political execution ability, and ensures that the Company always moves forward in the correct political direction. In order to further strengthen party building, improve the ideological consciousness and political quality of party members, the Company actively carries out various party building activities. In 2023, the Company held 24 party committees, and the party committee's theoretical learning center group conducted 10 activities including concentrated discussions, expert guidance, and reading classes.

In 2023,
the Company held
24
party committees

Organization construction

In 2023, the Company organized 12 meetings of the Party building work leadership group, and standardized the development of 11 new Party members; normalized the implementation of the reminder mechanism for the adjustment of party organization changes, guided 2 directly affiliated party branches to complete the election of changes, established 1 new party general branch, and established 2 party branches under it; promptly supervised the transfer of relationships and Party statistical work, established a Party expense management ledger, and strictly regulated the use and management of Party organization work funds.

In 2023,
the Company organized
12 meetings of the Party
building work leadership group,
and standardized the development
of **11** new Party members

Case

Changyuan Lico conducts special study and guidance on the spirit of the 20th National Congress of the Communist Party of China

In order to deepen the study, publicity, and implementation of the spirit of the 20th National Congress of the Communist Party of China, and further strengthen the ideological foundation for holding democratic life meetings for party members and leading cadres and Party (general) branch organizational life meetings, in February 2023, the Changyuan Lico Party committee invited Professor Yang Zhenwen from the Hunan Provincial Party School to provide special study and guidance on the spirit of the 20th National Congress of the Communist Party of China. Hu Liuquan, Secretary of the Party committee and Chairman, attended the meeting and delivered a speech. Zhang Zhen, general manager and deputy secretary of the Party committee, as well as members of the leadership team at home, attended the meeting.



Optimize governance architecture

In strict accordance with the requirements of the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies*, *Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange* and other laws and regulations, Changyuan Lico has established a regulatory system based on the *Articles of Association of Hunan Changyuan Lico Co., Ltd.* with the *Rules of Procedure for Shareholders' Meeting of Hunan Changyuan Lico Co., Ltd.*, *Rules of Procedure for Meeting of the Board of Directors of Hunan Changyuan Lico Co., Ltd.*, *Rules of Procedure for Meeting of the Board of Supervisors of Hunan Changyuan Lico Co., Ltd.*, and *Measures for Management of Independent Directors of Hunan Changyuan Lico Co., Ltd.* as the main structure; and the Company has formed the Shareholders' Meeting, the Board of Directors, and the Board of Supervisors as the institutions for power, decision-making and supervision. The Company pays attention to the clear division of responsibilities of the organizational structure, mutual cooperation and effective operation of the check and balance mechanism.

The Company fully considers the gender, professional experience, background and other factors of the members of the Board of Directors to ensure that the Board of Directors is fair and diversified, and the decision-making is scientific and comprehensive, so as to respond to challenges more efficiently and promote the sustainable development of the Company. Presently, the Company's Board of Directors consists of 9 members, including 3 independent directors. The Board of Supervisors consists of 5 members, including 2 employee representative supervisors, and the proportion of female in the Board of Supervisors is 40%.

Besides, the Company highly emphasizes the strategic leading role of the Board of Directors. The Board of Directors of the Company has set up four special committees, namely the Audit Committee, the Nomination Committee, the Strategy Committee and the Remuneration and Assessment Committee, and has formulated the terms of reference and implementation rules of each committee in detail, which gives full play to its professional advantages and effectively ensures the legitimacy, scientificity and correctness of the collective decision-making of the Board of directors, thus significantly reducing the operational risks of the Company. These special committees not only enhance the transparency and efficiency of corporate governance, but also provide a solid guarantee for the Company's long-term sound development.

Regulatory system of governance of Changyuan Lico

- Articles of Association of Hunan Changyuan Lico Co., Ltd.*
- Rules of Procedure for Shareholders' Meeting of Hunan Changyuan Lico Co., Ltd.*
- Rules of Procedure for Meeting of the Board of Directors of Hunan Changyuan Lico Co., Ltd.*
- Rules of Procedure for Meeting of the Board of Supervisors of Hunan Changyuan Lico Co., Ltd.*
- Measures for Management of Independent Directors of Hunan Changyuan Lico Co., Ltd.*



Shareholders' meeting

It is the highest authority that decides on the Company's business policy and investment plan.
Supervise the business of the Company, and raise proposal or inquiry.



Board of Directors

It implements the resolutions of the Shareholders' Meeting in accordance with the *Articles of Association* and *Rules of Procedure for Meeting of the Board of Directors*.



Board of Supervisors

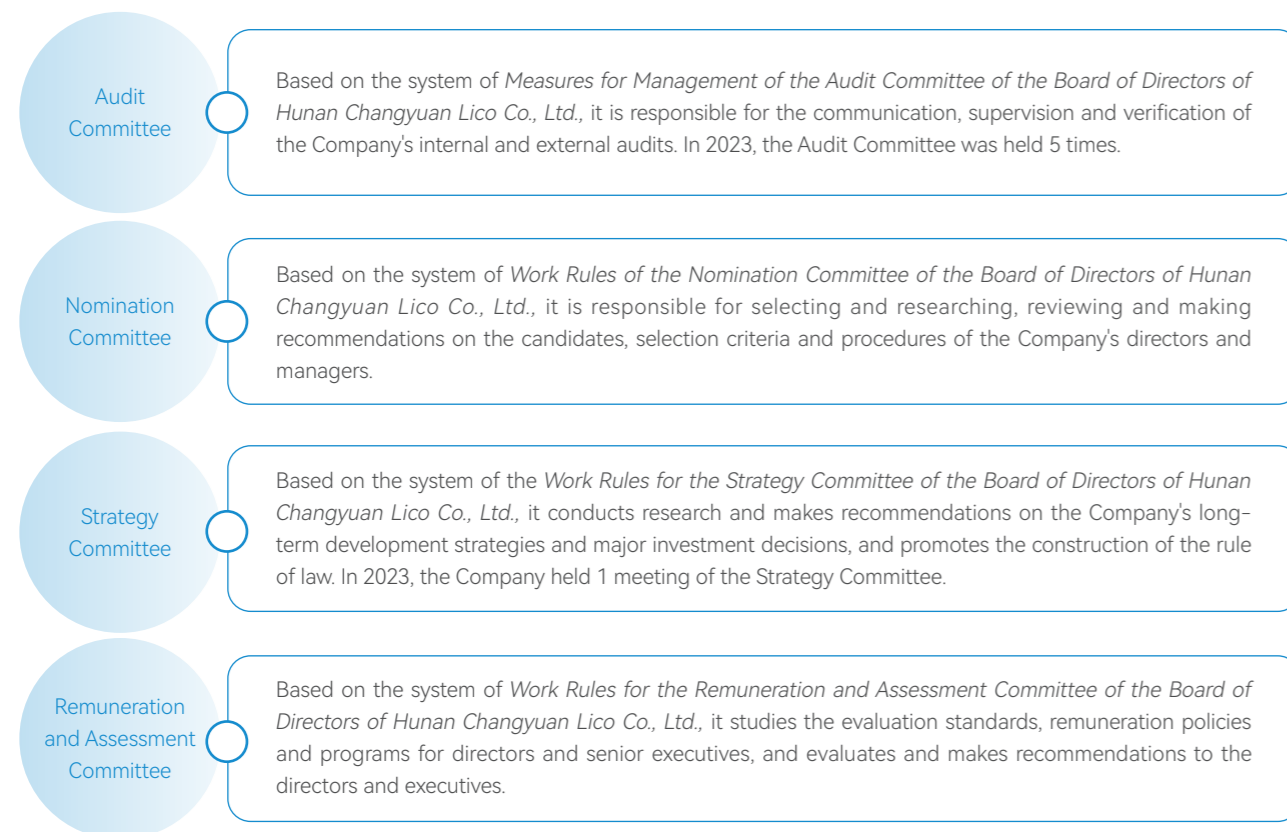
It supervises the Company's finances and the compliance of directors and senior executives in performing their duties.



Management

It implements the resolutions of the Board of Directors and organizes the Company's business activities such as production and operation.

In 2023, the Company held 1 meeting of the Strategy Committee of the Board of Directors and 5 meetings of the Audit Committee of the Board of Directors. The Special Committees of the Board of Directors performed their duties conscientiously in accordance with the relevant provisions of the *Code of Corporate Governance for Listed Companies*, the *Articles of Association* and the *Measures for the Management* of the Special Committees, further standardized the governance structure of the Company, actively researched and discussed professional items, and put forward relevant opinions and recommendations for the Board of Directors' decision-making reference and assisted the Board of Directors in its work.



Remuneration and training

The Company has established a Remuneration and Assessment Committee (including the Chairman and two non-executive directors), whose main responsibilities include recommending the remuneration policy and its formulation process to the Board of Directors. The Committee also considers and decides on the salary and incentive programs for senior executives, taking into account a variety of factors related to remuneration, such as industry salary levels, position responsibilities, length of tenure, company performance and potential risks. Besides, the Board of Directors of the Company attaches importance to improving the professional competence of the directors, supervisors and senior management by arranging them to participate in professional training on a regular basis, including specific training provided by the SSE as well as diversified training programs provided by other relevant organizations, so as to enhance their understanding and execution of corporate governance and ESG management through various training methods. In 2023, the training coverage rate of serving directors, supervisors and senior management personnel had reached 100%.



Strengthen risk management

Changyuan Lico constantly improves its risk management system; continuously improves the organizational structure of risk management; implements the closed-loop management mechanism of comprehensive assessment and timely warning beforehand, dynamic monitoring and key monitoring during the process, and timely reporting and hierarchical response after the process; makes efforts to promote the construction of information systems such as Treasury, BI, MES, WMS, etc.; and continuously promotes the internal control system to gradually change from "human control" to "technological control", so as to enhance the platform's ability of preventing risks.

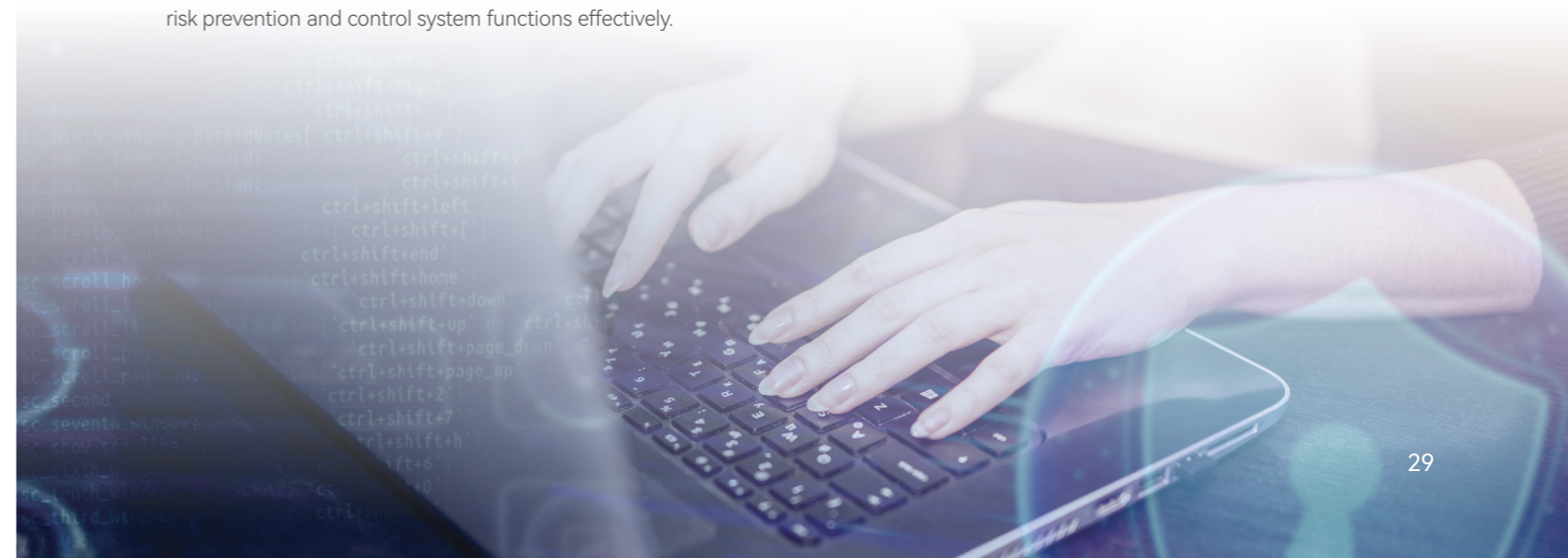
In 2023, the Company continued to operate the five-in-one supervision system. The risk control, audit, and discipline inspection departments collaborated to carry out whole-process risk identification and assessment, internal control self-evaluation and job integrity risk identification from the internal control standards, covering 23 functional boards, 31 business processes and 786 control nodes, and revealing the key risks and weaknesses of the Company through a "comprehensive physical examination and scoring" to provide guidance on the rational inclination of management resources.

The Company has always adhered to the risk strategy of advance steadily, adhering to the safety bottom line of the new development pattern, focusing on the management of major decisions, major risks, major events and the internal control of important processes, and implementing sort, layer and centralized management of risks. Focusing on 10 major risks, the Company has established a responsibility ledger on major risk prevention and control, clarified the responsible units, prevention and control objectives and responses, implemented the risk management responsibilities of all employees, and supervised the implementation of monthly investigation, quarterly tracking, and annual review, so as to realize strict defense of key risks.

During the reporting period, the Company does not incur any major losses, no general or above safety accidents, no external litigations or penalties from regulatory authority and risk control was effective.

Risk trend	Number of risks	Risk description
Upward trend	1	Credit risk, raw material and product price risk
Remaining stable and at the same level as the previous period	8	Health, safety and environmental protection risk, project investment risk, intellectual property risk, capital risk, compliance operation risk, public opinion risk, etc.
Downward trend	1	Risk of insufficient supply of human resources

The Company further optimizes the working mechanism of risk management reporting, highlights the requirements of closed-loop management, improves the emergency reporting of major risk items, and ensures that the all-employee, whole-process, and all-system risk prevention and control system functions effectively.



Adhere to compliance operation

Institutional construction of compliant operation

Changyuan Lico has formulated the *Compliance Management Measures* and issued the *Guidelines for Intellectual Property Compliance*, *Guidelines for Personal Information Protection Compliance*, *Guidelines for Economic Sanctions and Export Controls Compliance*, *Guidelines for Anti-Commercial Bribery Compliance*, *Guidelines for Business Partners Compliance*, *Guidelines for Anti-Monopoly Compliance*, *Guidelines for Corporate Governance Compliance*, *Guidelines for Guarantee and Surety Practice Compliance*, *Guidelines for Contract Compliance Review Key*, *Guidelines for Overdue Accounts Receivable Management*, and *Guidelines for Selection of International Arbitration Institution* and other specialized compliance guidelines.

In 2023, the Company further improved the compliance programmatic system *Compliance Management Measures*, added (revised) 42 systems, and improved the organizational structure, operation mechanism and others. The Company has sorted out rules and regulations internally, closely followed the legislative developments externally, internalized laws and regulations or regulatory requirements in a timely manner, and added (revised) 146 systems throughout the year. The Company is committed to making the system penetrate the hierarchy and embedding it into the business processes of the front-line production and operation units, so as to realize the deep integration of compliance and business from the system level.

Construction of compliance management system

The Company's compliance management is based on the concept of "respecting laws, abiding by rules and creating value". By linking top-down, connecting left-right, establishing and improving compliance organization, formulating and perfecting compliance system, preventing and controlling compliance risks, cultivating and strengthening compliance culture, the Company has built an effective compliance management system covering all aspects, levels and fields of the Company, and gradually integrated compliance development into the Company's strategy, compliance requirements into the business process, and compliance culture into the corporate values; the Company has kept the bottom line of no major compliance risks, shaped compliance soft power and compliance competitiveness, and escorted and created value for the construction of a global leader in the new energy materials industry.

The Party Committee of the Company has played a leading role in controlling the direction, managing the overall situation and guaranteeing implementation, strengthened the top-level design, fully implemented the work program for the in-depth implementation of compliance management, promoted the strict implementation of compliance requirements, and continuously improved the level of operation and management in accordance with the law and compliance; the Board of Directors has played the roles of determining strategies, making decisions and preventing risks, and fulfilled its duties of considering and approving the basic system of compliance management, compliance programs and other documents, studying and deciding on major events of compliance management, and listening to reports on compliance management on a regular basis; the Board of Managers has played the roles of planning operation, grasping implementation and strengthening management, and has been responsible for formulating the compliance management system construction plan, the basic system of compliance management and approving the annual plan, etc., formulating the specific system of compliance management, responding to major compliance risk events, and guiding and supervising the compliance management work of various departments and subordinate units.

Compliance culture construction

Relying on training and publicity, strengthened protection has enhanced the soft power of compliance management. The Company studied Xi Jinping Thought on the Rule of Law 14 times throughout the year, and has mastered the thought; it has achieved the Party's leadership throughout the whole process of law construction and operation and management. The Company organizes 12 compliance training sessions on national security and confidentiality, labor relations, tendering and bidding law, data protection, financial management, contract management, intellectual property, work safety, and supply chain for workshop managers, business personnel, and project personnel, covering a total of 488 people/times. The Company integrates compliance requirements into business and projects, and penetrates into front-line production and operation units. Meanwhile, the content related to compliance training is embedded in the existing training scheme of the Company. All units carry out 45 internal compliance training activities in the year, 855 person-times involved, based on the concept "standardization and full coverage". The Company carries out compliance publicity actively. The staff is trained with compliance culture by the mode of display board, LED screen, "Lico Ideal School", knowledge competition, singing of letter of commitment, etc., to strengthen the integrity and compliance awareness of the staff, establish the value of compliance and integrity, and secure the ideological basis of compliant operations.

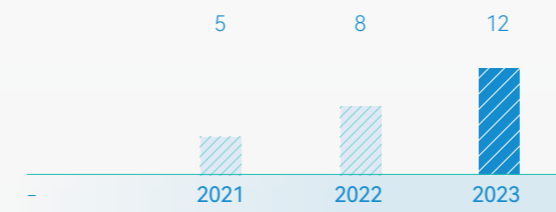


All units carry out **45** internal compliance training activities in the year, **855** person-times involved

Compliance review

The Company takes the compliance review as the important carrier for compliance management, and strengthens the control force of compliance review comprehensively. The Company keeps the 100% legal review rate on rules and regulations, economic contract, authorization and entrustment, and important decision in the year. The compliance review is carried out on 1,172 contracts, 125 letters of authorization, 146 systems and 186 important decisions. More than 3,000 legal compliance opinions are put forward, with the adoption rate up to 98%. The Company is committed to building a complete chain of compliance risk prevention mechanism, it embedded the compliance review nodes in the official document system and decision-making process, and runs through the legal compliance review into the importance decisions. The compliance personnel deeply participate large investment projects, to review the preliminary consultation, arrangement and interim document, and to routinely attend the business negotiation, project meeting, technical meeting, etc. Under the background of strengthening supervision and focusing on compliance, the Company resolutely implements the decision-making mechanism of "supervise the legal compliance before decision-making, and do not make decisions in case of violation of the law".

Times of law-abiding and compliance training



Hours of law-abiding and compliance Training



Number of person-times receiving training on law-abiding and compliance



Conduct internal audit

In 2023, the Company had comprehensively implemented all works deployed by the group company, continuously deepened the internal audit works, actively performed the supervisory duty on internal audit, carried out positioning based on economic supervision first, focused on major responsibilities and tasks, played the unique role of audit in promoting the self-revolution of the Communist Party of China, firmly followed and practiced "integrity, responsibility, sharing and coordination", fully promoted the establishment of "The cultural tourism industry has developed by raising standards and improving efficiency; agriculture and animal husbandry has developed in an incremental and qualitative manner; emerging industries have developed intensively; ecological industries have developed along with the trend; traditional industries have developed to strive for innovation and excellence" and "innovative, efficient, digital, safe and branded Minmetals", and contributed the internal audit power to establish the Company to the leader in the global new energy material industry by closely focusing on the overall development plan of the Company.

High-level leading

In 2023, under the leadership of the audit department and accountability system leading group of the Company, the internal audit department of the Company had always adhered to the work philosophy of strengthening supervision, promoting management, preventing risk and creating value; followed the key strategic direction of the Company; carried out the audit works by closely focusing on the strategic goal and overall development plan, to give full play to the audit business capability, audit management capability and audit service capability. One is to organize leading group meetings, to deeply study and implement the spirit of the 20th National Congress of the Communist Party of China and 1st Meeting of the 20th Central Audit Committee, and the spirit of important speeches and important instructions of the General Secretary Xi Jinping on audit works, and to study and implement the relevant audit works; another is that Hu Liuquan, the Secretary of the Party committee and Chairman of the Company, always adheres to the high-level leading, attaches great importance to the audit works, arranges, deploys, tracks and supervises works by himself, actively promotes National Audit Office, State-owned Assets Supervision and Administration Commission of the State Council and the group company to arrange, deploy and implement works related to audit.

System optimization

In 2023, the Company has revised and completed 2 internal audit systems. One is *Measures for Management of Rectification for Audit Problems and Internal Control Defects*, and another is *Implementation Measures for Accountability of Illegal Operation and Investment of Hunan Changyuan Lico Co., Ltd.*



In 2023, the Company has revised and completed **2** internal audit systems

Optimization function

In 2023, to highlight the independence principle of audit works, the Company had adjusted and optimized the management responsibility of the original discipline inspection and audit department, i.e. the functions of discipline inspection, audit, inspection and law are separated and managed by respective department, to ensure the specialization of audit works and the concentration of audit power; the Company had merged the cost review responsibility for construction project of strategic planning department into the audit department, and 2 new engineering auditors are employed, by which the audit power is further optimized and strengthened.

Deepen honesty construction

Changyuan Lico strictly adheres to the Party constitution, disciplines and rules, and national laws and regulations; establishes a series of rules and regulations, including *Measures for Management of Handing Complaints and Reporting*, *Measures for Supervision and Inspection of "Important Matters, Appointment and Dismissal of Cadres in Important Positions, Arrangement of Important Projects, Use of Large Amount of Money" Decision-making System*, *Work Rules for Supervision and Inspection of the Implementation for Spirit of Eight-point Decision of the CPC Central Committee*, *Measures for Handling Hand-in and Registration of Gifts, Cash Gifts and Souvenirs*; standardizes the honest practices of all cadres and employees of the Company; carries out production and operation activities in the open and transparent modes. We take a clear-cut stand against corruption, against "micro-corruption" around all production, operation

and management cadres and front-line employees, and resolutely have "zero tolerance" for corruption, and strictly forbidden to resist any form of commercial bribery. The Company's Discipline Inspection Committee insists on performing responsibilities of supervision on discipline enforcement and accountability; adheres to comprehensively strengthening party discipline; complies with disciplines, laws and regulations; learns from past mistakes to avoid future ones, and cure the sickness and save the patient; accurately and effectively conducts "four forms" of supervision on discipline enforcement; implement ideological and political work throughout the whole process of supervision on discipline enforcement; focuses on educational transformation; prevents and corrects violations of discipline by cadres and employees; work hard to a build a clean and upright atmosphere.

In 2023, the Company made a thorough warning education; persistently developed the strengthening of Party self-discipline in depth and breadth; made careful organization and deployment; actively enriched and expanded the forms of honesty education; solidly carried out more than 30 warning education activities with various forms and rich contents, such as the series of monthly warning education activities in 2023, the training of new employees and young cadres on honesty, and the special conference on combat corruption and uphold integrity; made great efforts to build the ideological defense line for all Party member, cadres and employees of the Company against corruption and degeneration.

During the reporting period, the coverage rate of participants reached **100%**

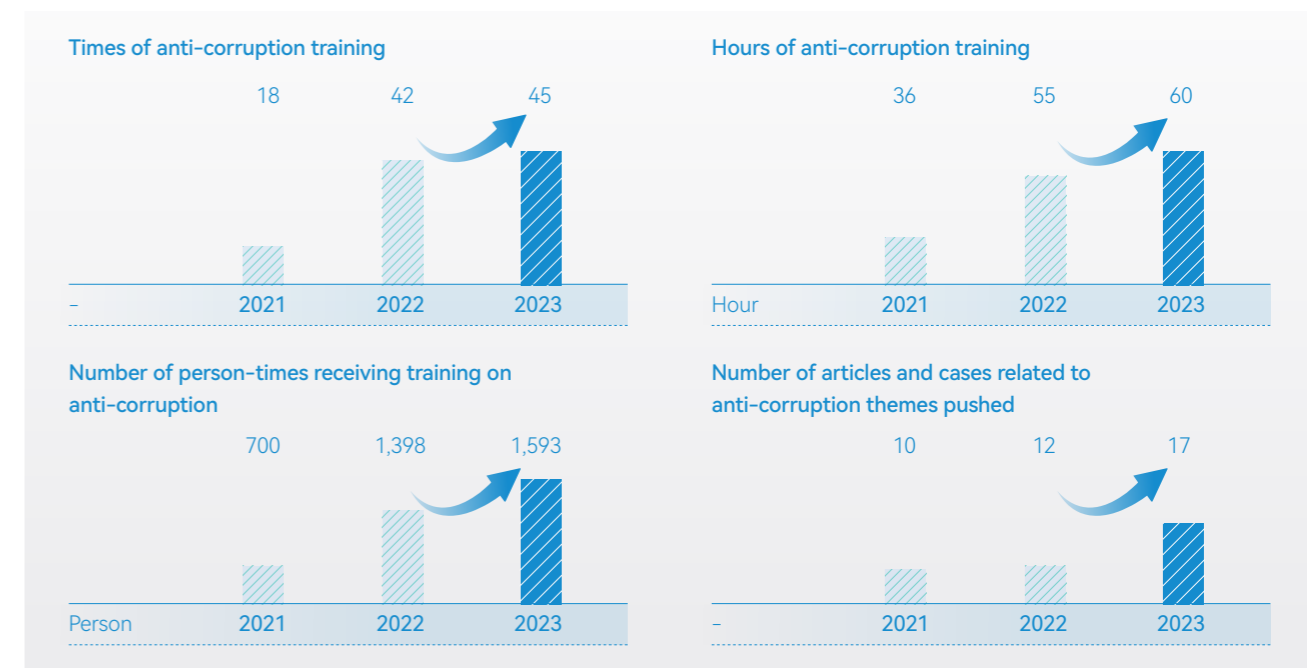


Supervision and reporting mechanism

The Company has established a comprehensive supervision system based on discipline inspection and inspection to ensure the effective implementation of the anti-corruption system. According to practical guidelines, such as *Working Rules for Handling Reports and Accusations by Discipline Inspection and Supervision Organ* issued by China Minmetals, the Company has formulated *Measures for Management of Handing Complaints and Reporting*, and defined the reception, judgment and specific handling procedures for complaints and reporting. The Company resolutely implements the principle of hierarchical handling and dedicated management, and set up a special telephone, email and reception desk for the public to report. Whether it is anonymous or not, the Company strictly abides by the discipline of work and confidentiality, protects the identity and information security of whistle-blowers, prevents whistle-blowers from being retaliated in any form and protects their legitimate rights and interests.

Anti-monopoly

The Company strictly abides by *Anti-monopoly Law of the People's Republic of China*, *Provisions of the State Council on the Standard for Declaration of Concentration of Business Operators*, *Interim Provisions on Prohibition of Monopoly Agreements*, *Interim Provisions on Prohibition of Abuse of Dominant Position of the Market*, and other laws, regulations and relevant provisions; strengthens and improves the anti-monopoly compliance management based on *Anti-monopoly Compliance Guidelines of China Minmetals Corporation* to effectively prevent the legal risks of anti-monopoly.



Case Series of monthly warning education activities of Changyuan Lico

In October 2023, Changyuan Lico carried out a series of monthly warning education activities; organized seminars, topical Party lectures and theme exhibitions; concentrated on watching warning education videos; organized Party members, cadres and employees to carry out study and discussion, so as to guide Party members and cadres to firmly establish a correct view of power and interests; correct their cognitive deviations and ideological concepts; enhance their ability against corruption and degeneration, to escort the Company to become a global leader in new energy material industry.



Changyuan Lico held the 2023 Meetings on Party Conduct and Upholding Integrity Construction and Anti-corruption Work, and Warning Education Conference

On March 18, Changyuan Lico held the 2023 Meetings on Party Conduct and Upholding Integrity Construction and Anti-corruption Work, and Warning Education Conference; fully implemented the spirit of the 20th National Congress of the Communist Party of China and 2nd Plenary Session of 20th CPC Central Commission for Discipline Inspection; conscientiously implemented the requirements proposed in 2023 Meetings on Party Conduct and Upholding Integrity Construction and Anti-corruption Work, and Warning Education Conference of the group company; summed up the works in 2022; carried out warning education; studied and deployed key tasks in 2023.



Protect Shareholders' equity

Investor relations management

To strengthen the management of investor relations, maintain the Company's honest, fair and transparent external image, improve the governance level and realize the fair enterprise value of the Company, Changyuan Lico has formulated *Measures for Management of Investor Relations* according to *Company Law*, *Securities Law*, *Guidelines for Relations Between Listed Companies and Investors*, *Articles of Association of Changyuan Lico*, and other laws and regulations, and normative documents.

The Company attaches great importance to information communication with investors and potential investors, answers investors' questions in time through SSE E-interactive, e-mail and investor hotline, and sets up an investor relation column in official website (website: www.cylco.com), through which investors can check the Company's stock information, corporate governance, periodic reports, temporary announcements and investor contact information. The Company organizes various activities, such as performance briefings, collective reception day for investors, and approach to listed companies, to strive to strengthen the benign interactive relationship between the Company and investors, enhance investors' understanding of the Company and recognition of the Company's value, form a good corporate culture that rewards investors and effectively protect investors' interests. In 2023, the Company held four performance briefings and participated in irregular research and strategy meetings for many times, and communicated with more than 800 investment institutions. In addition, the Company responded nearly 200 questions from investors in SSE E-interactive, and actively answered calls from investors. Investors communicated on the Company's operating performance, development planning and other matters fully and timely.

Information disclosure

The Company attaches great importance to the information disclosure, strictly abides by various regulatory requirements of listed companies, strengthens main responsibilities, continuously strengthens the information disclosure management, and always adheres to the fair, impartial and open information disclosure standards, and proactively and timely releases all information that may have a significant impact on the decisions of shareholders and other stakeholders. The Company was granted an A-level rating in the evaluation of information disclosure for listed companies in Shanghai Stock Market of Shanghai Stock Exchange from 2022 to 2023. The Company designates *China Securities Journal*, *Shanghai Securities News*, *Securities Daily*, and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) as special channels for information disclosure, to ensure that all shareholders can obtain company information equally and conveniently, and to provide a solid guarantee for the transparency of corporate governance and the balanced protection of the interests of all parties.

In 2023, the Company issued four regular announcements, more than 50 temporary announcements and a number of public online disclosure documents, including performance forecast, affiliate transaction, use and management of raised funds and other announcement categories, effectively fulfilling the information disclosure obligations of listed companies.

Social

Putting people first and creating a better future

The year of 2023 is the beginning year of implementing the spirit of the 20th National Congress of the Communist Party of China. The Company fully implements the spirit of the 20th National Congress of the Communist Party of China, resolutely implements the decisions and deployments of the Company's Party committee, focuses on the talent team construction based on the actual production and operation of the Company, provides high-quality client services, strengthens data security and privacy protection, sets up sustainable supply chain, promotes digital innovation and conveys positive social energy.

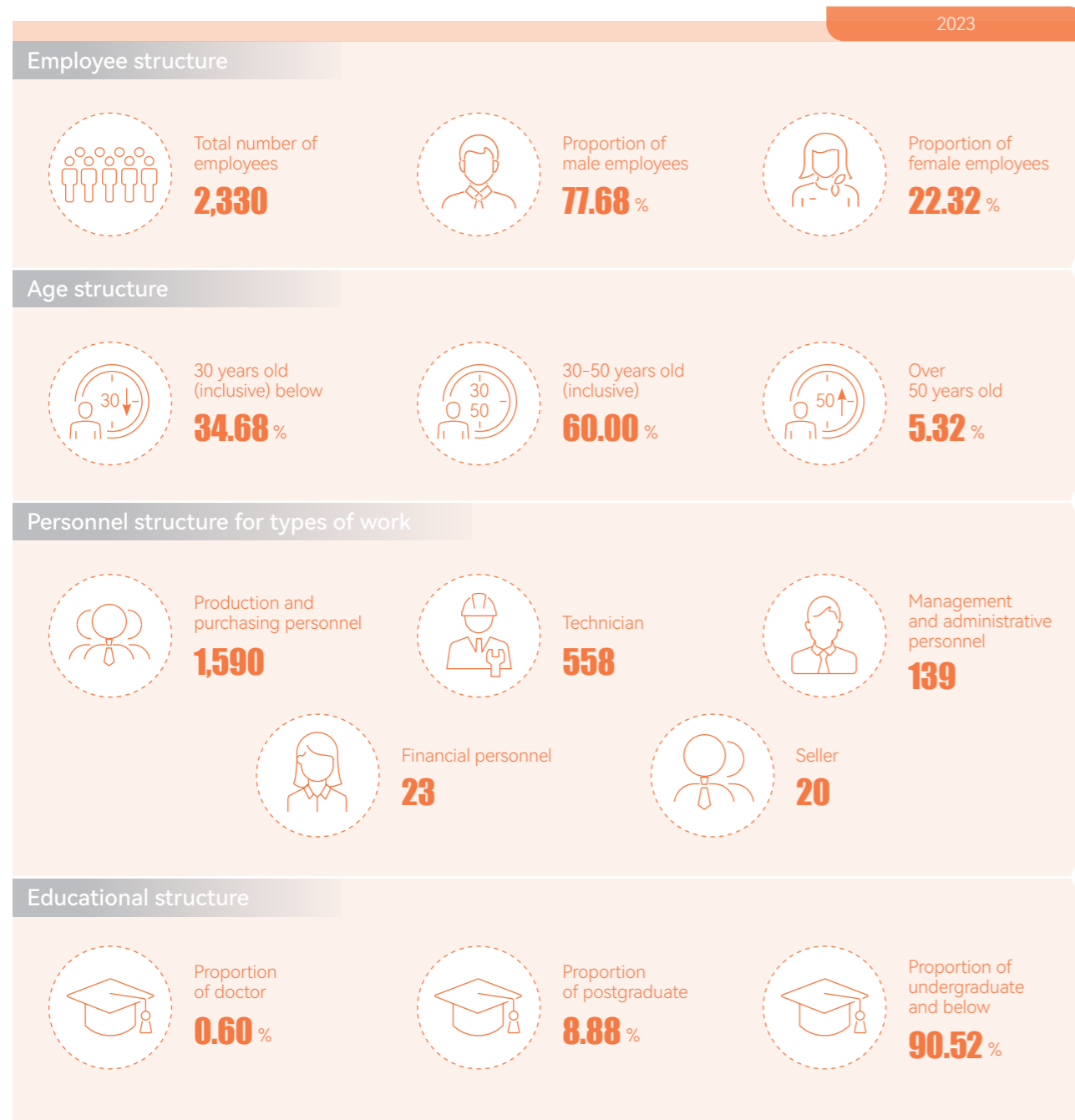
SDGs



Protect employee happiness

Legal employment

Changyuan Lico attaches great importance to social responsibility in employment and strives to create a fair, just and inclusive working environment for employees. The Company adheres to the principles of equality and respect, and does not discriminate against any job seeker based on age, gender, race, etc., providing equal development opportunities for all employees. In the process of recruitment, the Company pays attention to the diverseness and inclusiveness of talents, and encourages talents from different backgrounds and majors to join the team of Changyuan Lico. As of the end of 2023, the Company has 2,330 employees and 148 employees from minority groups.



Talent team training

In 2023, Changyuan Lico vigorously implemented special talent cultivation projects such as the Elite 300 talent project, Lico new star talent project and skilled talent cultivation project. Through a series of measures such as job rotation exercise, mentorship and skill competitions, we aim to accelerate employee growth and strive to build a talent team with sufficient quantity, reasonable structure and excellent quality, to reserve and accumulate strength for the high-quality development of Changyuan Lico.

In the employees' career development, based on the growth law of talents, the Company combines with the advanced practice in the market, scientifically plans the career development channel and development path of employees, guiding their growth. The Company provides employees with a multi-channel career development system, including management sequence, professional sequence, specialist sequence and operation sequence. The Company also provides employees with a systematic training system and organizes skill competitions to assist in their career development and ability enhancement.

Talent concept

In the field of new energy material, as a member enterprise of the World's Top 500, we strive to become an industry leader and a promoter. We hope that outstanding talents will work together with us to strive ahead and create a green new world together with technology, wisdom and sweat.

The Company is committed to building a high-quality employee team with passion, emotion, ambition, competence, success. Scientifically formulate appraisal and incentive mechanism of the Company, providing opportunities for those who is ambitious, platforms for those who is competent and incentives for those who is successful.

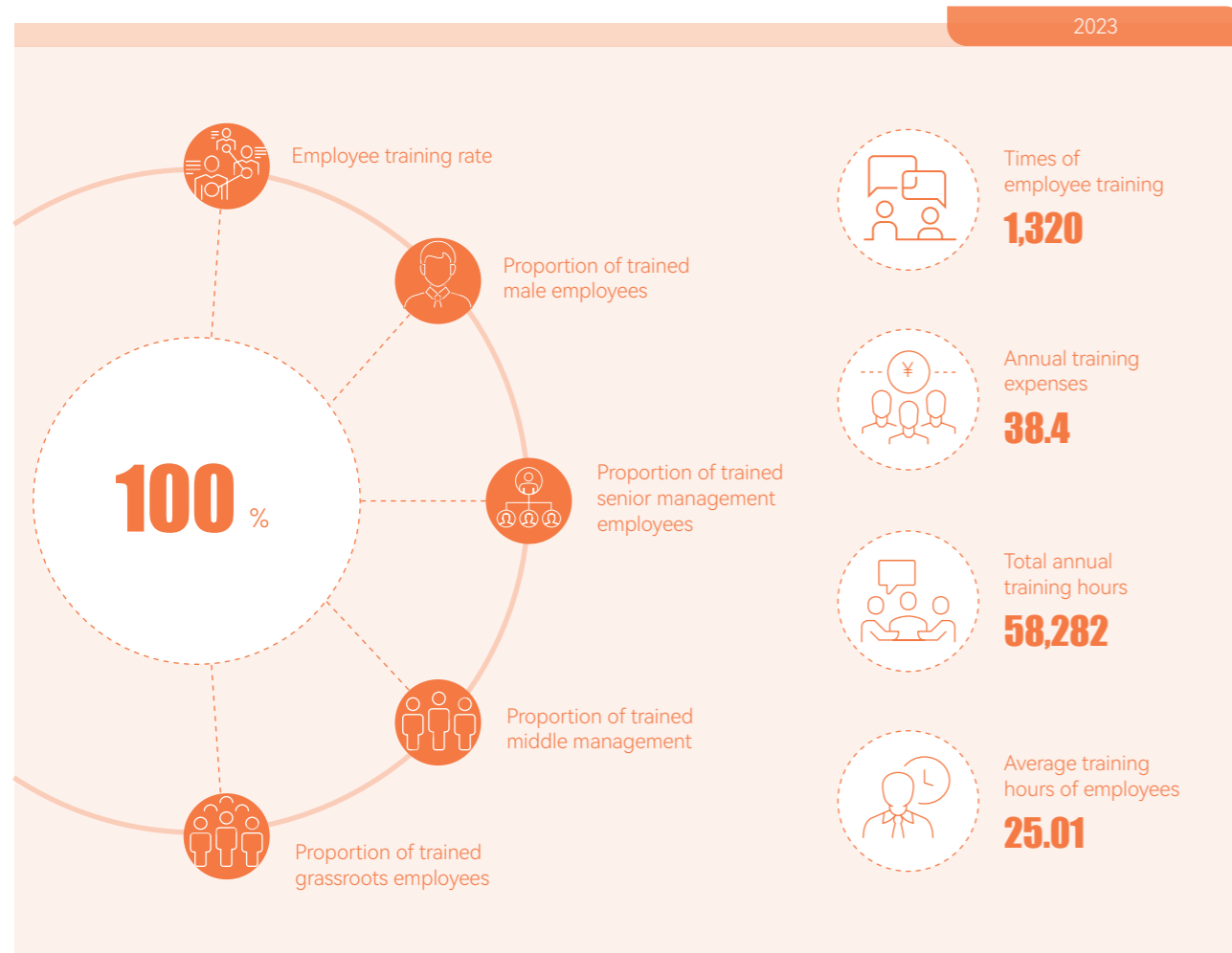


Development channel

The Company pays attention to the common growth of employees and the enterprise. Based on the nature and characteristics of the post, combined with the career and expertise of employees, we establish multiple career development channels, including management, technology, production (operation), etc. Through vertical job promotion, horizontal channel transition, and horizontal movement towards core posts, we provide multiple career development channels for various talents, ensuring that the career development of employees is consistent with the development of the Company to the maximum extent. At the same time, the Company establishes the relatively scientific talent evaluation mechanism and the selection and elimination mechanism, promoting the echelon construction of talent teams and the plan for reserve management cadres, providing a broad platform for employee growth.

Employee training

-  **Management learning and training**
Pre-job training, regular post business guidance, shift training and school-enterprise cooperation training
-  **Skilled talents training**
Mentorship guidance, case analysis, simulation drill and shift training
-  **Backbone talents (professional and technical personnel, middle management and reserved talents) training**
Industry training exchange meeting, personnel further study, and academic and degree improvement platform



Case 2023 Electrician skills competition

In order to fully implement the decision and deployment of the 20th National Congress of the Communist Party of China to strengthen the construction of skilled talent teams, deeply implement the requirements of the 2023 working conference of China Minmetals, effectively promote the action plan of innovative Minmetals construction and strengthening enterprises with talents, and accelerate the implementation of the "Craftsman Casting Plan of Minmetals", the Company organized the 2023 electrician skills competition. The Company will actively establish a broad platform for skilled talents to show themselves, and actively build a high-quality skilled talent team to support the Company's high-quality development in the new era.



Occupational health of employees

Occupational health system certification

Both of Changyuan Lico and Jinchi Energy have obtained industry related occupational health and safety management activity certification.



Prevention and control of employee safety risk

In 2023, the Company continued to promote the construction of a dual prevention mechanism of classified management and control of risk and investigation and control of potential hazard, integrating party building and safety production. Taking theme education as an opportunity, we conduct research on the dual prevention mechanism of classified management and control of safety risk and investigation and control of potential hazard, summarize advanced practices, identify problems and propose solutions. Take the construction of a dual prevention mechanism as an important starting point to improve the safety management level of the Company, and organize hazard identification and normalized potential hazard investigation. According to the process flow, identify the safety risks in production processes, equipment and facilities, operating environment, personnel behavior and management system in a comprehensive and full process manner, with a total of 1,088 identified risks. Divide the identified risk points into levels, formulate control measures, and incorporate them into normalized supervision. Through the "one meeting, three cards (pre-shift meeting, key operation point card, risk warning card and emergency instruction card)", promote the implementation of the dual prevention mechanism, and enable employees to understand the basic situation of their post risk points and preventive and emergency measures. Throughout the year, a total of 26 special investigations and quarterly, monthly and holiday safety inspections on fire-fighting, gas safety, hazardous chemicals, special equipment, special operations, certified special operations and flood prevention were carried out. 604 hidden dangers were identified, and the completion rate of hazard rectification reached 100%.

604
hidden dangers were identified

the completion rate of hazard rectification reached **100%**

Number of participants in emergency exercises **3,306**

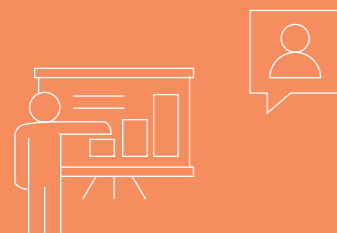
Each subsidiary formulates and improves the emergency response plan system for sudden risks based on actual production situations, revises and improves emergency rescue plans for work safety accidents, and files them with government regulatory departments. Continuously strengthen risk prediction and warning, issue warning information 24 times, and improve emergency management organization and emergency duty mechanism. In 2023, the Company carried out 87 emergency exercises in 14 categories, including hazardous chemical leakage, flood prevention, fire evacuation, confined space, solution leakage and gas leakage, with a total of 3,306 participants. There were no serious injuries or above work safety accidents throughout the year.

Chemical safety management

The Company focuses on key safety links such as the storage, use and disposal of hazardous chemicals during the production. In accordance with relevant laws and regulations on work safety, the Company carries out the potential risk identification on the full process of hazardous chemicals such as natural gas, liquid oxygen and hydrogen peroxide, lists problems and formulates rectification measures to ensure that the rectification is implemented effectively. At the same time, we pay special attention to the recycling of waste batteries and the safety management of high-risk production areas. Strictly implement the recruitment standards, raise the approval level for fire work in the area, strengthen the on-site security access control system, and formulate an enhanced version of management regulations for work safety in special areas.

Employee safety education and training

The Company has established a Level III training system for occupational health and safety. In 2023, a total of 756 people completed the Level III safety training before starting work and passed the exam. In 2023, national activities such as "Work Safety Month", "Fire Propaganda Month", "Energy Conservation Propaganda Week", "National Low Carbon Day", "Online Knowledge Competition", and online "Escape Exercise Training Camp" were organized. Changsha fire safety propaganda and education experts were invited to conduct special training on *Fire Safety Knowledge* and other related topics. New media such as "Lico Ideal School" were used to organize online training in rotation of laws and regulations such as *Work Safety Law of the People's Republic of China*, *Amendment to Criminal Law and Judicial Interpretation*. Through a series of online and offline education and training, we further guide employees to establish a solid concept of work safety and enhance their awareness of safety responsibility. A total of 161 trainings are conducted throughout the year, with a total of 13,930 person-time participants. At the same time, based on the accident cases that have occurred in the Company and peers, a warning education manual is prepared and sent to each team, and warning education is organized for all employees. Through reviewing the accidents, efforts are made to promote improvement and governance through case studies.

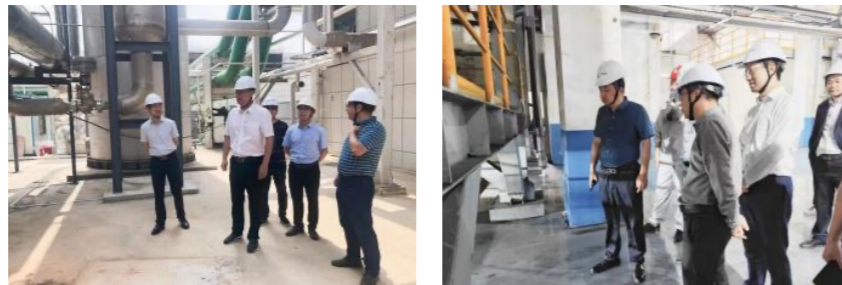


Case Series of activities of Changyuan Lico "Work Safety Month"

June 2023 is the 22nd National "Work Safety Month". Changyuan Lico continues to deeply study and implement the important discourse and instructions of General Secretary Xi Jinping on work safety, and closely revolves around the spirit of the China Minmetals Work Safety Committee meeting and the theme of "everyone talks about safety, everyone knows emergency" to carry out various forms and rich content activities, further solidifying the safety bottom line and red line, consolidating the responsibility chain from the main principal "the first kilometer" to the on-site management "the last kilometer", and consolidating the foundation of the Company's work safety.

The main principal's "Five Leading" activity

Hu Liuquan, the Secretary of the Party committee and Chairman of the Company, leads a team to conduct on-site inspections of investigation and remediation for accident hazards, work safety post responsibilities, implementation of hazardous operations, management of outsourced units, and implementation of emergency exercises. Zhang Zhen, the general manager and deputy secretary of the Party committee of the Company, leads a team to conduct a comprehensive investigation and sorting of major accident hazards, focusing on special operations such as confined spaces, storage and use of hazardous chemicals, metal dissolution, lithium battery storage, extraction production lines, oxygen production stations, special equipment, and certified personnel, in order to prevent and resolve safety risks.



Lecture on the theme of work safety

On June 30, Zhang Zhen, the general manager and deputy secretary of the Party committee of the Company, gave a public lecture on the "Important Discourse of General Secretary Xi Jinping on Work Safety".



Work safety accident warning education and training

During the Work Safety Month, the main principals of the subsidiary conducted four "Work Safety Accident Warning Education and Training" sessions.



Emergency exercise skills competition and special exercises

On June 16, the Company organized and participated an emergency exercise skills competition organized by the government department. The participating team of the Company won the first prize in the electric shock accident exercise and the third prize in the mechanical injury accident exercise with excellent professional skills and a calm competition mentality.



At the same time, each subsidiary has carried out emergency exercises such as sudden fire accidents, heat stroke, confined space rescue, and gas leaks in accordance with the current key controlled risks, effectively improving the comprehensive response and rapid response capabilities for emergencies.



Work safety promotion activities

The Company has solidly carried out work safety promotion activities, including the launch ceremony of the Work Safety Month, themed signatures, and safety publicity consultation days. Through hanging promotional slogans and distributing promotional materials, the Company has widely promoted knowledge of safety laws and regulations, fire safety, occupational health, and post work safety responsibilities to employees.



Employee's rights and interests

Remuneration and benefits

The Company provides competitive salaries in the industry, allowing employees who strive for their ideals to have no worries. It has established a scientific and reasonable incentive oriented salary distribution model and dynamic adjustment mechanism, respecting the value differences of each post, and adopting different salary systems for different post categories. Intend to enhance the Company's research and development and scientific and technological innovation capabilities, and stimulate the work enthusiasm, positivity, and creativity of professional and technical personnel. The Company provides relevant rewards for various scientific and technological innovation awards, inventions and creations that have been granted patent rights, national or industry standards that have been officially promulgated and implemented, academic monographs that have been officially published, scientific papers published, and approved technology projects outside the group. At the same time, it provides medium - and long-term incentive plans and education and training funding plans for core talents.

The Company has a comprehensive welfare system, pays various social insurance and housing provident fund, commercial supplementary medical insurance, conducts regular health examinations, provides free work meals, holiday life benefits, shuttle buses to and from work, organizes a variety of activities, and enriches the employees' life outside of work. The Company's work environment is clean and comfortable, green and environmentally friendly, equipped with fully equipped employee apartments (equipped with internal sanitation, air conditioning, water heater, WiFi), and complete cultural and entertainment facilities (football field, basketball court, badminton court, table tennis room, dance room, gym, etc.), allowing employees to enjoy and relax their body and mind in their spare time.


Democratic management

Changyuan Lico focuses on democratic management, safeguarding the democratic rights and legitimate rights and interests of employees. Changyuan Lico strictly regulates the construction of the Staff & Work Conference and improves the democratic management system and mechanism, organizes three Staff & Work Conferences during the reporting period to hear and review important issues such as the Company's work report, as well as important matters such as the detailed implementation rules of the enterprise pension plan.

Employee care and communication

In 2023, labor union of Changyuan Lico earnestly studied and implemented the spirit of the 20th National Congress of the Communist Party of China and the 18th National Congress of the Chinese labor union, deeply implemented Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era and General Secretary Xi Jinping's important discourse on the work of the working class and labor unions, adhered to the work orientation of centering around the center and serving the overall situation, adhered to the work orientation of putting employees at the center, highlighted main responsibilities and main business, seized key points and difficulties, conscientiously fulfilled their duties, and promoted the Company's labor union work to achieve higher quality development, adding new momentum to the Company's high-quality development. This year, the Company was awarded the "May 1st Labor Medal for Hunan Provincial Units in 2022", the civil engineering team of the Company's 80,000 ton project was awarded the "Advanced Team in Hunan Province Key Project Labor Competition", and Zhang Jinjin, the assistant to the general manager of the Company and the general manager of its subsidiary Hunan Changyuan Lico New Energy Co., Ltd., was awarded the "May 1st Labor Medal for Hunan Provincial Units in 2022"; The Company's labor union was awarded the "Advanced Labor Union Committee of the Ninth Provincial Area in 2023"; Li Gang, the vice chairman of the Company's labor union, has been awarded the title of "Most Trusted Member from Mother's Family of Workers in Hunan Province" by the provincial labor union.

The Company's labor union, based on practical work, closely focuses on solving the "urgent and difficult needs" of the workers and masses, solidly promotes the practical activity of "I do practical things for the people", and achieves practical results, further deepening the deep integration of labor union work and production and operation.



We organized condolence activities such as "labor unions providing coolness, heatstroke prevention and health protection" to supervise the distribution of high-temperature allowances and heatstroke prevention and cooling supplies, and coordinate the logistics support for heatstroke prevention and cooling.

Case Sending coolness activities

In the scorching summer, the scorching sun is like fire. Labor union of Changyuan Lico deeply studies and implements the spirit of the 20th National Congress of the Communist Party of China, the important discourse of General Secretary Xi Jinping on the work of the working class and labor unions, and the important instructions of General Secretary Xi Jinping on the eve of the International Labor Day. We solidly carry out the "I do practical things for the people" practical activity, and combine with the actual production situation of the Company to organize the "labor union sends coolness, heatstroke prevention and health protection" heatstroke prevention and cooling activity.



We organize activities such as "single gatherings" and convenient services in the park to continuously enhance the sense of belonging and happiness of employees.

Pay attention to the life, health, and safety of employees

We organize over 240 employees to participate in annual health examinations and assisted the Company's safety and environmental department in conducting occupational health surveys for employees. Organize and participate in employee medical mutual assistance activities to enhance employee medical security.

Highlighting the achievements of women and genuinely caring for the growth of female employees

Carry out the 2023 Women Workers Legal Popularization Month activity, earnestly study and implement Xi Jinping Thought on the Rule of Law, promote and implement *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, and vigorously create a good atmosphere of respecting the law, learning the law, abiding by the law, and using the law. Carry out a series of activities on "charming women and happy women", organize female workers health care lectures on "caring for the health of female workers, being beautiful and happy women" and "lotus lecture room" employee health lecture - *How to Balance Work and Life*.

Case "Charming women and happy women" series activities



"Caring for the health of female workers, being beautiful and happy women" female worker health lecture activity



"Lotus lecture room" employee health lecture activity

Exciting and diverse cultural and sports activities

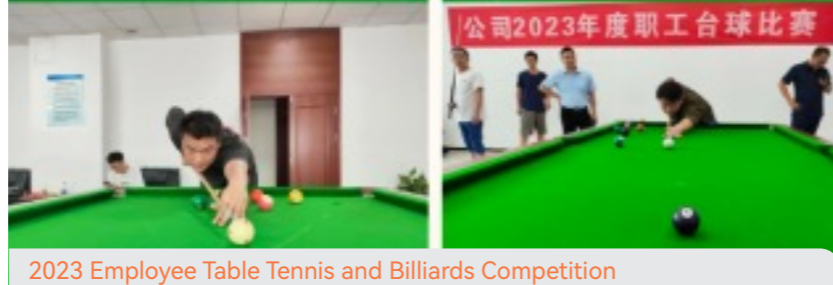
Organize participation in superior labor union activities. Actively participate in various cultural and sports activities in the ninth area of the provincial labor union. Participated in the "ten thousand steps per day" brisk walking activity and the "accompanied day and night, valuable companion" marathon, with multiple members receiving rewards; organize participation in the provincial station race of 2nd provincial employee badminton carnival in 2023 and the 10th "Hunan Development Cup" badminton team competition of Hunan listed companies; organized participation in the Xiangjiang new area basketball league and won the second prize. At the beginning of the year, we formulated a activity schedule for the 2023 "Building a Lico Dream Together, Every Month is Red in Cultural and Sports Activities" event for the Company, and held cultural and sports activities such as tug of war, volleyball games, badminton games, the "Changyuan Lico Cup" basketball games, chess tournament, football games, table tennis games, and billiards games to enrich the sparetime life of cadres and employees, improve their physical fitness, showcase the spiritual style of employees in the new era, and create a harmonious and healthy working atmosphere.



Adhere to inclusive use of funds for employees

In 2023, 94.29% of the labor union expenditure is used for the welfare of the Spring Festival, the Dragon Boat Festival, the Mid-Autumn Festival, birthday benefits and other inclusive benefits for employees, as well as daily visits and condolences.

Case 2023 Employee recreational and sport activities



2023 Employee Table Tennis and Billiards Competition



2023 Employee Badminton Games



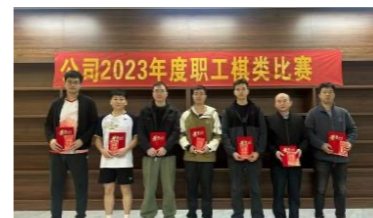
2023 Workers tug of war competition



The 6th "Changyuan Lico Cup" employee basketball game of "Always Follow the Party and Make Merits in a New Era"



Holding a Changyuan Lico Football Friendship Tournament



2023 Employee Chess Activities



2023 Employee Volleyball Games

Strictly adhere to product quality

Product quality control system

Changyuan Lico has introduced ISO9001:2015 and IATF16949:2016 quality management system standards, developed systems such as *Control Procedure for Product and Service Release*, *Product Exception Management Measures*, and *Product Control Line Management System*, and established a comprehensive and effective quality control system. The system covers the entire process of product and service quality control, from raw material management, process management, finished product quality control, to final product inspection and release. It scientifically and rigorously manages the quality of products and services. By continuously improving institutional mechanisms and establishing an excellent management evaluation system, we promote the enhancement of our quality management awareness and capabilities, and implement quality assurance from all dimensions including Client requirement identification, product development, production manufacturing, product delivery, and service.



Product quality management policy

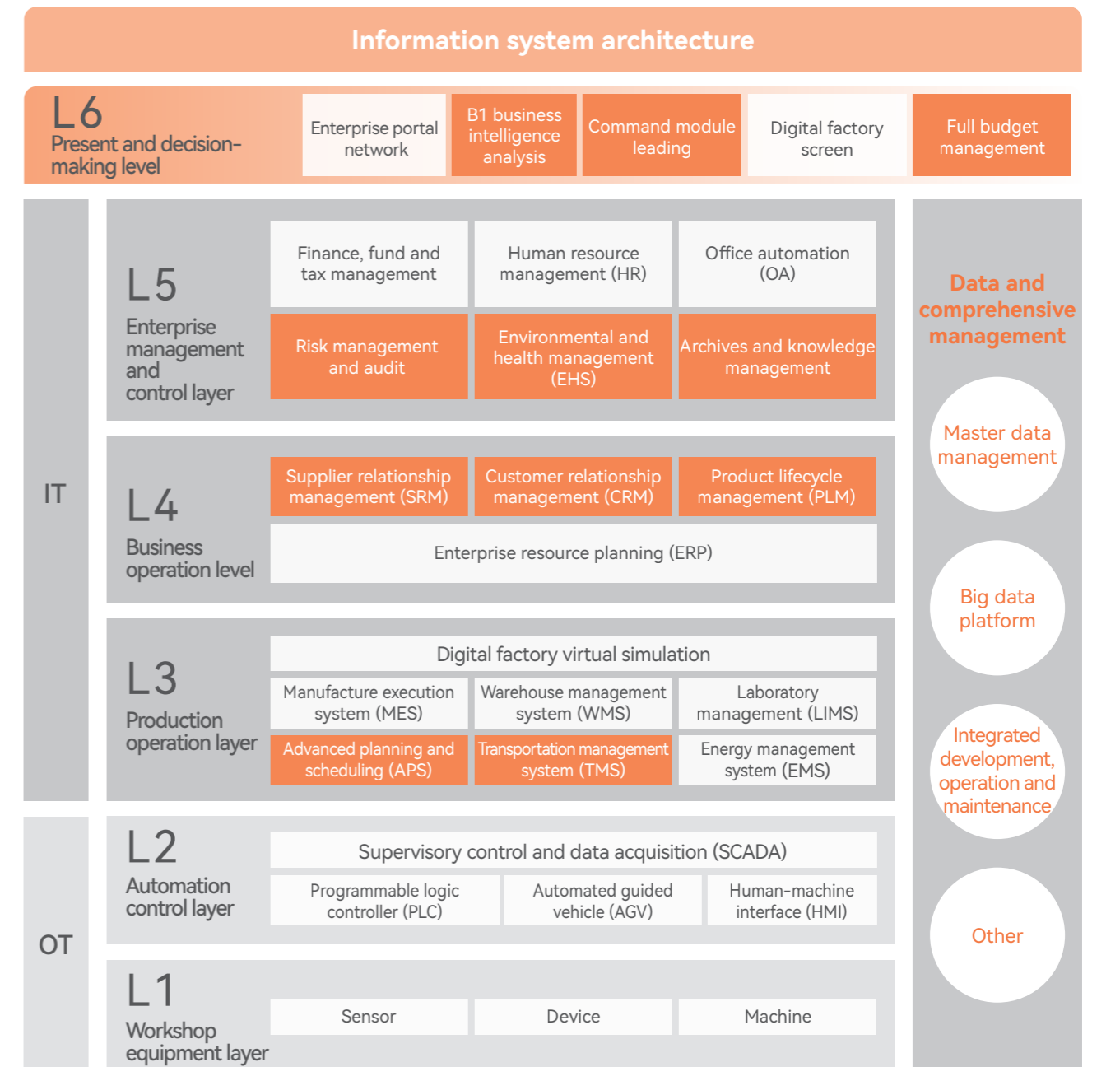
Changyuan Lico takes the spirit of craftsmanship to create products and services that exceed Client expectations as its quality management policy. Adhering to Client needs as the guide, with a professional attitude, standardized management, precise control, continuous innovation in management mode, and continuous improvement motivation, we strive to create products and services that exceed Client expectations and achieve common development.

In order to implement the Company's quality management policy, the Company has formulated the *Quality Management Manual*, *Quality Management Measures of Hunan Changyuan Lico Co., Ltd.*, as well as various levels of procedural documents, management methods, and quality objectives; The system clarifies the quality responsibilities at the general manager level, department director level, engineer level, and team employee level, ensuring standardized quality on duty and implementing a multi-level and multi-dimensional quality responsibility control system.

Digitalization empowers quality management

Big data platforms help achieve quality visualization

The Company fully recognizes the importance of information empowerment, with the construction of intelligent factories as the core and the integration of business and finance as the foundation, continuously improving the level of delicacy management, process automation, and business collaboration. At present, OA, SAP, MES, DCS, LIMS, WMS and other systems have been completed or are under construction. In the future, we will continue to promote the construction of PLM, EHS, contract management platform, cost control system and other systems to continuously promote the Company's digital transformation and constantly empower business. All information systems, with MES as the core and driver, achieve data exchange and linkage through API interfaces, and create the full process information platform for the Company's core business.



Full chain data collection and analysis

Changyuan Lico has carefully studied and understood the strategic decision-making and deployment of the Party Central Committee on the development of the digital economy and the requirements for the construction of the "Digital China Minmetals" of the group company. Combining with the actual needs of the Company's business, it has vigorously promoted intelligent and digital transformation, and has formed rich practical achievements in data collection, detection and analysis throughout the entire business process and chain on various fronts.

The Company's "Test Center LIMS System and Smart Laboratory System" integrates MES, LIMS, and Smart Laboratory systems through 4G/5G networks or data interfaces, interconnecting various types of data and achieving full process visualization of data collection, transmission, calculation, storage, display, and analysis. It solves the problems of difficult data collection, manual control methods, and lack of traceability in the experimental process, effectively improving the supervision efficiency of quality management personnel on the laboratory, further consolidating the compliance and traceability of test work, providing necessary data support for efficient supervision of production quality, and advancing the automation, standardization, and informatization level of laboratory work to a new level.

Digitalization empowers quality management

Under the policy promotion of deep integration of informatization and manufacturing industry, the Company combines the characteristics of large production scale and high quality requirements in the industry, as well as the needs of its own high-quality development strategy, vigorously transforms and upgrades towards digitization, networking, and intelligence, creates a new capability system, on the basis of enhancing traditional value and benefits, promotes the formation of new models and formats, and obtains sustainable competitive and cooperative advantages.

The Company takes the OA system, SAP system, and MES system as its core, and constructs an automated, digital, and information-based control system for the entire process of operation - production through methods such as "full access of key equipment", "automatic capture of production data", and "automatic analysis of key data". This ensures that quality planning has data guidance, quality control has data reference, quality assurance has data support, and quality improvement has data feedback. By digitalized management of the production process, further improve the Company's quality management system and enhance its quality management capabilities.



Product quality management culture

Improving the quality atmosphere

The Company emphasizes the construction of high-quality corporate culture, establishes a leadership group for corporate culture construction, and formulates *Management Measures for Corporate Culture Construction of Hunan Changyuan Lico Co., Ltd. and Work List for Quantitative Evaluation System and Standard of China Minmetals' Corporate Culture Construction in 2023 Implemented by the Company*. Quality culture is included in the development plan of corporate culture construction, and regular research on corporate culture construction work is conducted to effectively integrate corporate culture construction into various aspects of production and operation management. In order to comprehensively publicize and implement the Company's corporate culture concept, deepen the understanding of the Company's corporate culture concept system among all employees, fully integrate corporate culture into the corporate body, enhance the support of corporate culture for the Company's development, and promote the dissemination of quality culture and the creation of a quality atmosphere in multiple places and all aspects.

Zhang Zhen, the general manager and deputy secretary of the Party committee of the Company, personally discussed the six specific requirements of 2023 for promoting high-quality work in the 2023 annual work conference, which are closely related to high quality. At the opening ceremony of the Quality Month and other opportunities, the executive directors of the two subsidiaries advocated for all employees to value quality and firmly establish the quality concept of "quality for survival, certification for the market, details for success or failure, and quality for the future".



Spread quality culture

The Company has formulated Implementation Plan for Publicizing and Implementation of Corporate Culture of Hunan Changyuan Lico Co., Ltd. Through systematic and comprehensive publicizing and implementation, the enterprise culture dissemination project, landing project, and evaluation project are implemented step by step.

Carry out the cultural "three on" work of "putting culture on the wall, culture on the internet, and culture on the speech", compile Company Corporate Culture Handbook, standardize the precise use of enterprise visual recognition systems such as slogans, markings, and Company logos in office and production places, and form a standardized material culture; complete the exhibition hall layout, set up a corporate culture display wall, continuously update promotional PPTs, create brochures and other work, enrich cultural propaganda carriers, and introduce the Company's corporate culture to partners and other parties and implement corporate culture dissemination projects through more than 60 Client visits throughout the year, organizing "State-owned Enterprise Open Days" and participating in various exhibitions, exchanges and other activities. At the same time, we carry out corporate culture propaganda, essay solicitation and knowledge contest of required technical knowledge and skills, create "culture on the wall", "cultural corridor" and other atmosphere and promotional activities, take the OA intranet and official WeChat account as the propaganda position, and all staff participate in, deepen level by level, implement the Company's mission and core values step by step and effectively, implement the corporate culture landing project, take root in the corporate culture, continue to organize and carry out various employee sports games such as basketball games, imperceptibly publicize and implement the corporate culture concept, and pool the strength of striving.

Continuously strengthening quality awareness

In order to enhance the quality awareness of all employees in the Company and create a good atmosphere where everyone pays attention to quality, Changyuan Lico attaches great importance to the publicizing and implementation of quality culture. Seizing the precious opportunity of the annual "Quality Month", a series of quality culture themed activities are widely carried out. Rolling broadcast of the feature documentary *Quality in Big Country* in the cafeterias of employees at various bases of the Company, using "fragmented" time to guide employees to pay attention to and understand the quality story; each department effectively enhances the sensitivity and sense of responsibility of employees towards quality issues by conducting quality awareness training and discussion sessions; we organize employees to participate in quality essay competitions, "Online Quizzes Activity for Central Enterprise Total Quality Management Knowledge Competition", and "Quality Month Quizzes Activity of Lico Ideal School", successfully creating a strong learning atmosphere of "enterprises pursuing quality and everyone paying attention to quality".



Conduct skill competitions

Carry out activities such as quality data analysis, test theoretical knowledge and practical operation PK, battery pack disassembly, hot melt welding, forklift skill competition, 5S evaluation, etc. Through competitions and evaluations to commend the advanced, give full play to the demonstration and driving effect, inspire employees to practice quality commitments with practical actions, deeply embed the concept of "all staff quality management" in people's hearts, further promote the continuous strengthening of company team construction, and steadily improve quality and efficiency.



Quality
management of
all personnel



Carefully organize quality debate competitions

In a series of debates with the theme of production quality and delivery efficiency, the contestants exchange with each other and talk confidently, and the audience applauds continuously and gains a lot. "The more the truth is debated, the clearer it becomes", the tense and lively debate competition not only left a deep impression on the attending employees, but also sparked active discussion and deep thinking on a series of quality management issues and standards, further pushing the learning atmosphere of quality management for all employees in the Company to a climax.



In 2023, we continued to promote leaner production work and organized various departments to conduct in-depth diagnosis and analysis of various aspects of leaner production. We collected a total of 31 lean improvement proposals from the entire Company. Through organizing 4 meetings of the lean improvement leadership group, we evaluated the feasibility of the proposals and the effectiveness of programme implementation. Finally, we selected 15 high-quality lean improvement projects to participate in the evaluation, we voted and selected 2 first prizes, 4 second prizes, and 6 third prizes. We saved over RMB 20 million in production costs throughout the year, effectively reducing operating costs of enterprise, improving production efficiency and product quality, and improving the Company's overall management level.



15 high-quality lean improvement projects

2 first prizes, **4** second prizes, **6** third prizes



We saved over RMB **20** million in production costs throughout the year

Improve the product quality

Changyuan Lico has established management systems for non-conforming products, such as *Control Procedure for Non-conforming Products*, *Control Procedures for Corrective and Preventive Measures*, *Product Exception Management Measures*, and *Incoming Material Exception Management Method*. It has established a non-conforming product review system with the quality control department as the core, realizing the handling and control process for incoming non-conforming products, process non-conforming products, finished product non-conforming products, post-delivery non-conforming products, and other non-conforming products. Clearly identify and effectively dispose of non-conforming products, prevent them from flowing into the next process, ensure the quality of products delivered to Clients, and prevent the recurrence of non-conforming products.

In 2023, the Company continued to strengthen the timeliness and effectiveness of preventing and improving non-conforming products. Through project maturity management and design risk identification, quality prevention was implemented, problem oriented and prevention oriented management were implemented to eliminate variation, implemented defect prevention, controlled hierarchical deterioration, and achieved product consistency assurance. Ensure that product indicators meet Client specifications, improve Client satisfaction, and reduce the risk of Client complaints.

Delivering high-quality services

Responding to client needs

Changyuan Lico always adheres to the service philosophy of "looking at the market with care and treating Clients with sincerity", providing Clients with high-quality products. Regarding Client service, the Company has formulated *Implementation Rules for the Client Manager Mechanism of Hunan Changyuan Lico Co., Ltd.* A high-quality Client service team based on the "Client manager system" provides Clients with full process and high-quality services, continuously improving Client satisfaction and loyalty.

The Company has established an efficient Client information processing mechanism, following the process of *Control Procedure for Client Feedbacks*, and has formed a full flow system of "information acceptance - classification transmission - feedback processing". Client feedback content is timely classified by department and responded to. The Client manager team categorizes Client feedback, organizes analysis and processing, responds to Client feedback, develops and implements corrective and preventive measures, and distributes *Client Satisfaction Questionnaire*. By providing feedback on product quality and performance from Clients, we can understand their true opinions or demands on the product, helping the Company better meet Client needs, improve Client satisfaction, and increase Client stickiness.

Quality improvement services

Changyuan Lico has established *Control Procedure for Continuous Improvement and Management Measures for Lean Improvement* in quality improvement management, covering all aspects of the product lifecycle, with Client needs as the center and service improvement as the core, striving to continuously enhance the Company's core competitiveness. To this end, a lean improvement leadership group is established to be responsible for the approval and evaluation of improvement projects. At the same time, the quality assurance department is responsible for project management and supervision, while the finance and material control departments calculate the economic benefits of the project to ensure that all departments actively participate in improvement activities. The continuous improvement project has not only comprehensively optimized product quality, environment, and occupational health and safety, but also achieved the goals of efficiency improvement, cost reduction, energy consumption reduction, and service quality improvement through measures such as process and production process improvement, environmental protection awareness enhancement, and work environment safety improvement.

Maintaining privacy and information security

Changyuan Lico strictly adheres to *Data Security Law of the People's Republic of China and Personal Information Protection Law of the People's Republic of China*, and has built and certified an information security management system based on the ISO/IEC 27001:2013 standard, demonstrating a continuous commitment and effective management of information security.

Building a sunshine chain

Supplier management principles

In order to optimize supplier resources, ensure procurement quality, reduce procurement costs, control procurement risks, and ensure procurement implementation, under the unified management of China Minmetals Corporation, in accordance with *Supplier Management Measures of China Minmetals Corporation and Procurement Management Regulations of Hunan Changyuan Lico Co., Ltd.*, the Company has formulated *Supplier Management Measures*. The Company's supplier management follows the principle of "unified management, dynamic assessment, and selecting the best and eliminating the worst":

The Company's procurement department is the unified and specialized management department for suppliers;

When the Company purchases materials, engineering, and services, in principle, it selects suppliers within the scope of qualified suppliers through the procurement e-commerce platform of China Minmetals Corporation (hereinafter referred to as the procurement platform) for procurement;

The Company achieves information management and digital monitoring of the entire lifecycle, including suppliers sourcing, admission, use, evaluation, and exit, through procurement platforms and procurement monitoring platforms, and rigorously manages suppliers offline.

Access and review of suppliers

Supplier admission adopts a review system, which is divided into two stages: preliminary review and detailed review. Preliminary review is a qualitative compliance review of the basic conditions and rejection clauses of suppliers; detailed review is a quantitative scoring evaluation of review standards. The procurement platform company implements an "admission system" management for suppliers, and only suppliers who have passed the admission approval can participate in the Company's procurement business.

The Company implements a "dynamic assessment, selecting the best and eliminating the worst" evaluation management for suppliers, and adopts a combination of daily management and quantitative assessment for evaluation. The annual evaluation mechanism serves as an important basis for supplier grading and exit. The procurement department conducts annual evaluations of suppliers who have entered or established service relationships.

The procurement department reviews and supervises the admission of qualified suppliers and the confirmation of "blacklisted" suppliers. When reopening, the supplier should provide a corresponding rectification report, open and use can only be carried out after being reviewed.

Supply chain risk management

The Company implements full cycle management of suppliers, ensuring their excellent qualifications, legality, and integrity from introduction to exit. At the same time, the compliance management requirements are extended to the daily operations of suppliers, covering multiple aspects such as environmental protection, labor law compliance, anti-monopoly, anti-corruption and commercial bribery, intellectual property protection, data security, etc., in order to comprehensively improve the level of supplier management. By strictly monitoring potential risks in the supply chain, the Company has avoided adverse consequences caused by supplier compliance issues.

Prevention and emergency plan for interruption of raw material supply

The Company has a clear distribution of primary, secondary, and subsequent suppliers in the supply of raw materials. This distribution can ensure the flexibility and stability of the Company in the supply chain, avoiding the risk of a single supplier. The Company has established close cooperative relationships with various suppliers to ensure timely and stable supply.

In addition, in order to better respond to market fluctuations and production needs, the Company establishes safety stock in advance according to the production plan. This approach can effectively prevent shortages of raw materials and delays in supply, ensuring that the Company's production demand is not affected. The Company will always maintain control and management of inventory to ensure reasonable allocation and use of inventory, in order to maximize production efficiency and Client satisfaction.

Suppliers	Unit	2023	2022	2021
Total number of suppliers	Nos.	128	108	105
Statistics of supply chain risk events	Nos.	0	0	0
Number of suppliers reviewed	Nos.	20	19	11

Strengthening innovation drive

Continuously creating a scientific and technological innovation platform

The "Hunan Province New Energy Battery Positive Electrode Materials and Recycling Engineering Technology Research Center" declared by the Company was selected as the 2023 Hunan province engineering technology research center. Changyuan Lico has been recognized as a benchmark enterprise of "increase variety, improve quality, and create a brand" in the raw material industry of Hunan Province. Changyuan Lico New Energy has been recognized as the "Hunan Province New Materials Pilot Platform" and "Hunan Province New Materials Enterprise".

Promote the transformation of scientific and technological innovation achievements

In 2023, the Company continued to invest in technological research and development, continuously achieving scientific and technological innovation and project results. The development of lithium iron phosphate business has achieved a milestone breakthrough "from 0 to 1", forming industrialization and new economic growth points. Develop mass production and delivery channels for sodium electrical materials, and achieve ton level shipments. We have firmly implemented the "going global" strategy, introduced new power type ternary material products into international Clients through mass production, made significant progress in international market development, and achieved a historic high in overseas market sales.

The Company has completed two project approvals for key manufacturing products including "open competition mechanism to select the best candidates" in Hunan Province. Three scientific and technological achievements have been evaluated, including the "development and industrialization of key technologies for the preparation of high specific energy and high nickel ternary single crystal cathode materials", and the "key technologies and industrialization for the preparation of high voltage and high rate multi-component cathode materials and their precursors for lithium-ion batteries". The Company's project "key technologies and industrialization for the preparation of high voltage and high rate multi-component cathode materials and their precursors for lithium-ion batteries" won the first prize of the 2023 China Nonferrous Metals Industry Science and Technology Award.

Strengthen the protection of intellectual property rights

In terms of intellectual property, Changyuan Lico strengthens its enterprise intellectual property management and patent infringement warning work, introduces excellent patent engineers and patent firms, and expands the effectiveness of patent protection. Introduce a professional patent retrieval system, strengthen the internal patent retrieval and analysis work of the Company, and strengthen the construction of the Company's patent database. During the reporting period, the Company had a total of 141 valid patents, including 100 invention patents and 41 utility model patents. 32 new domestic patents have been applied for, including 25 invention patents and 7 utility model patents; apply for one patent through Patent Cooperation Treaty (PCT); 18 new authorizations have been granted, including 11 domestic invention patents, 1 Japanese invention patent, and 6 utility model patents.

The high-level protection of intellectual property rights is the institutional guarantee for innovative development, and protecting intellectual property rights is protecting innovation. In 2023, *Implementation Rules for Intellectual Property Management of Hunan Changyuan Lico Co., Ltd.* and *Implementation Rules for Scientific and Technological Achievement Management of Hunan Changyuan Lico Co., Ltd.* were revised, and the intellectual property management system certification of its subsidiary, Hunan Changyuan Lico New Energy Co., Ltd., was completed, achieving comprehensive coverage of the intellectual property management system in both the parent and subsidiary companies.



Actively participate in industry standard construction

In terms of standard construction, as a representative of the ternary cathode material industry, Changyuan Lico has always been committed to the development of the industry, actively participating in industry standard construction, and assisting in the standardized development of the industry. During the reporting period, a total of 50 technical standards drafted by it are implemented and 21 technical standards are drafted by it and implemented. This year, we have won three awards for excellence in technical standards from the National Nonferrous Metals Standardization Technical Committee. Among them, the national standards *Electrochemical Performance Test of Lithium-ion Battery Cathode Materials - High Temperature Performance Test Method* and *Powder Compressive Strength Test Method* that we participated in won the "Second Prize", and the national standards *Nickel Manganese Acid Lithium Electrochemical Performance Test - First Specific Discharge Capacity and First Charge Discharge Efficiency Test Method* that we participated in won the "Third Prize".

During the reporting period,



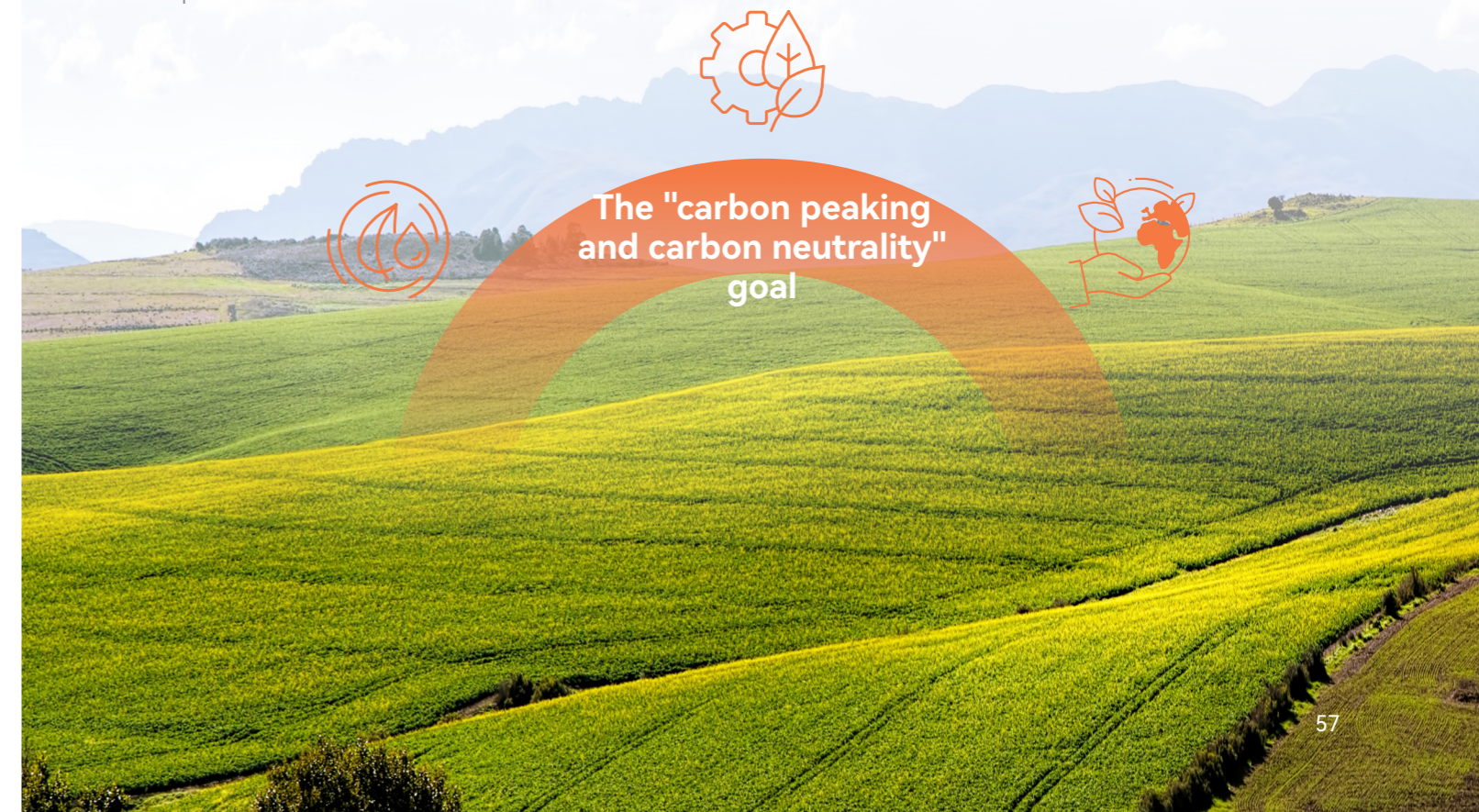
a total of **50** technical standards drafted by it are implemented



21 technical standards are drafted by it and implemented

Promote the green development of the new energy industry

The development of the lithium-ion battery industry is of great significance for achieving the transformation of the new energy industry and the "carbon peaking and carbon neutrality" goal. With the advancement of technology and the expansion of the market, lithium-ion batteries will play an increasingly important role in the future energy structure. Changyuan Lico is an important part of the lithium-ion battery industry chain, its products are mainly used in downstream energy storage systems and new energy vehicles, and is the backbone driving the overall development of the new energy industry. By building "green factories", adopting advanced cleaner production technologies and equipment, strengthening energy management, carrying out digital production construction, implementing carbon footprint supply chain traceability, and carrying out battery recycling, the Company can not only provide low-carbon and high-quality products for the new energy industry, help achieve the "carbon peaking and carbon neutrality" goals, but also promote itself to continuously advance towards carbon neutrality goals, demonstrating the Company's green responsibility and sustainable development capabilities.



Take on social responsibility bravely

Participate in rural revitalization

Investigation and survey

During the reporting period, the Company actively conducted research on rural revitalization, carefully studied and determined specific measures to implement the rural revitalization strategy, and carried out targeted assistance and partner assistance work, demonstrating the Company's sense of responsibility and mission through practical actions.

Case Changyuan Lico Party committee conducts rural revitalization research in Huayuan County

In 2023, Lu Yaohui, deputy secretary of the Party committee of Changyuan Lico, led a team to carry out rural revitalization research in Huayuan County, which is targeted for assistance. I. The research team went to Lianghe Village and Mala Village in Minle Town, visiting households to comfort the disadvantaged, understand the sources of economic income and living conditions of the disadvantaged families, and on behalf of the Company, donated RMB 10,000 and RMB 24,000 in financial aid to a college student from a martyr's family in difficulty and three high school students from disadvantaged families in Huayuan County. II. The research team went to Shuzishan preserved meat factory and morchella base in Huayuan County for on-site investigation, and also went to Changle Township to inspect the construction of rural residential environment improvement projects. In the future, Changyuan Lico will continue to deeply implement the important speeches and instructions of General Secretary Xi Jinping on the rural revitalization strategy, actively demonstrate the responsibility of state-owned enterprises, fulfill social responsibilities, give full play to their own advantages, deepen consumption support, talent education, and provide employment, and solidly promote rural revitalization work to a new level and achieve new results.



Pairing co-building

Changyuan Lico deeply understands the important significance of doing a good job in employment assistance for poverty alleviation and comprehensively promoting rural revitalization. In 2023, the research team of the Company went to Shuzishan preserved meat factory and morchella base in Huayuan County for on-site investigation, and also went to Changle Township to inspect the construction of rural residential environment improvement projects. During the research process, Lu Yaohui, deputy secretary of the Party committee of the Company, carefully listened to the introductions of relevant enterprise leaders on production capacity scale, employment situation, and sales channels. He fully recognized the contributions made by various enterprises to help the people overcome difficulties, achieve common prosperity, and build a harmonious society through the revitalization of rural industries. He also encouraged all enterprises to strengthen infrastructure construction, cultivate and introduce talents, and expand sales channels, in order to open up the market with more cost-effective and high-quality agricultural products.

Poverty alleviation in consumption

In 2023, the headquarters and subsidiaries of Changyuan Lico actively mobilized and guided cadres and employees to actively participate in consumption assistance and purchase products from poverty-stricken areas. Using the Company's holiday benefits, we purchased holiday welfare supplies from Huayuan County, a targeted assistance county, and spent more than RMB 300,000 on consumption assistance throughout the year. Organize employees to actively participate in the Central Enterprise Consumption Assistance Week and purchase materials spontaneously.

Support the education industry

Donation for education

The Changyuan Lico Party committee continues to pay attention to the education issues of impoverished students in targeted assistance counties and districts, vigorously supporting impoverished students to complete their studies, visiting Minle Town in Huayuan County, visiting villages and households to comfort disadvantaged groups, and on behalf of the Company, donating RMB 34,000 in financial aid to a college student from a martyr's family in difficulty and three high school students from disadvantaged families.



Future prospects

The year of 2024 is the crucial year for fully implementing the spirit of the 20th National Congress of the Communist Party of China and is the decisive year for deeply implementing the 14th Five-Year Plan. The Company will always adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, deeply implement the spirit of the 20th National Congress of the Communist Party of China, adhere to the overall keynote of seeking progress while maintaining stability, fully and accurately implement the new development concept. Adhere to a high position and a big pattern, systematically plan for the current and long-term, and enhance the supporting capacity of core business; adhere to increasing momentum and activating vitality, build the advantages in technology research and development, and accelerate the formation of new quality productivity; adhere to stable growth and strong profit, play a good combination of increasing income and reducing expenditure, and continuously improve the level of high-quality operation; adhere to promoting integration and gathering public feeling, promote the down-to-earth attitude, make efforts to create a high-quality team, gather strength and work practically, accelerate towards the objective of establishing a leader in the global new energy material industry, and contribute more to the comprehensive construction of the modern socialist country and the comprehensive promotion of the great rejuvenation of the Chinese nation!

Appendix

Reference remarks

Abbreviation of company	Full name of company
China Minmetals	China Minmetals Corporation
HNG	Hunan Nonferrous Metals Holding Group Co., Ltd.
China Minmetals Capital	China Minmetals Capital Co., Ltd.
CATL	Contemporary Amperex Technology Co., Limited (CATL)
BYD	BYD Co., Ltd
EVE	EVE Energy Co., Ltd.
Sunwoda	Sunwoda Electronic Co., Ltd.
Jinchi Energy	Jinchi Energy Materials Co., Ltd.
Changyuan Lico New Energy	Hunan Changyuan Lico New Energy Co., Ltd.

Key performance indicators

Indicator	Unit	2023	2022	2021
Environmental indicator				
Emission				
Exhaust pollutant emissions (particulate matters)	Ton	1.54	1.42	1.30
Exhaust pollutant emissions (ammonia)	Ton	0.69	0.73	0.72
Exhaust pollutant emissions (sulfuric acid mist)	Ton	0.06	0.59	0.40
Industrial waste water emission	10,000 t	0	2.53	5.21
COD	Equivalent value/total emission of pollutant (ton)	0	1.61	4.79
Ammonia nitrogen	Equivalent value/total emission of pollutant (ton)	0	0.07	0.18

Indicator	Unit	2023	2022	2021
Greenhouse gas emissions (category I) - emission sources owned or controlled	Greenhouse gas emissions (category I) - emission sources owned or controlled	1.71	1.28	0.20
Natural gas	10,000 m ³	295.79	66.75	13.88
	10,000 tCO ₂ e	0.64	0.14	0.03
Gasoline	Ton	0.71	0.86	1.38
	tCO ₂ e	2.16	2.62	4.2
Carbonate	10,000 t	1.82	1.92	0.29
	10,000 tCO ₂ e	1.07	1.13	0.17
Greenhouse gas emissions (category II) - purchased energy	10,000 tCO ₂ e	31.36	34.19	22.77
Outsourced electricity	100 million kWh	5.49	5.83	3.70
Outsourced heat (steam)	10,000 GJ	22.92	32.25	30.26
Resource use				
Total energy consumption	10,000 tons of standard coal	7.91	8.35	5.59
Outsourced steam converted standard coal quantity	10,000 tons of standard coal	0.78	1.09	1.03
Natural gas converted standard coal quantity	10,000 tons of standard coal	0.39	0.10	0.02
Electricity converted standard coal quantity	10,000 tons of standard coal	6.74	7.16	4.54
Total water consumption	10,000 t	128.78	150.87	121.69
Fresh water consumption	10,000 t	94.49	101.99	74.47
Total circulating water	10,000 t	34.29	48.88	47.22
Proportion of total circulating water	%	26.63	32.39	38.80

Indicator	Unit	2023	2022	2021
Social indicators				
Employment				
Total number of employees	Person	2,330	2,053	1,503
Number of full-time employees	Person	2,330	2,053	1,503
Number of employees in the Chinese mainland	Person	2,330	2,053	1,503
Percentage of male employees to total employees	%	77.68	76.86	77.45
Percentage of female employees to total employees	%	22.32	23.14	22.55
Proportions of employees by age group	---	---	---	---
Proportion of employees under 30 years old (inclusive)	%	34.68	32.49	27.88
Proportion of employees aged 30-50 (inclusive)	%	63.02	60.45	64.40
Proportion of employees over 50 years	%	5.32	7.06	7.72
Number of employees from minority groups	Person	148	117	81
Personnel structure for types of work	Person	---	---	---
Production and purchasing personnel	Person	1,590	1,454	887
Technician	Person	558	433	481
Management and administrative personnel	Person	139	129	106
Financial personnel	Person	23	19	15
Seller	Person	20	18	14
Number of new jobs	Person	---	---	---
Number of new female employees	Person	118	182	96
Number of new male employees	Person	498	615	463
Number of fresh graduate employees	Person	80	57	11
Number of employees by social recruitment	Person	536	740	548

Indicator	Unit	2023	2022	2021
Educational background of employees	---	---	---	---
Proportion of doctoral student	%	0.6	0.59	0.53
Proportion of postgraduate	%	8.88	6.97	7.32
Proportion of undergraduate and below	%	90.52	92.44	92.15
Social insurance coverage	%	100	100	100
Average days of paid leave per year per employee	Day	5	5	5
Employee satisfaction	%	97.29	93.28	96.22
Health and safety				
Work safety input	RMB 10,000	533.4	411.0	380.7
Hours of training on work safety	Hour	53,600	43,200	26,400
Times of training on work safety	---	161	104	65
Number of person-times receiving training on work safety	Person	13,930	11,350	7,965
Coverage rate of employees receiving training on work safety	%	100	100	100
Development and training				
Employee training rate	%	100	100	100
Proportion of trained male employees	%	100	100	100
Proportion of trained female employees	%	100	100	100
Proportion of trained senior management employees	%	100	100	100
Proportion of trained middle management	%	100	100	100
Proportion of trained grassroots employees	%	100	100	100
Times of employee training	---	1,320	1,254	1,155
Annual training expenses	RMB 10,000	38.4	60.3	40.2
Total annual training hours	Hour	58,282	223,874	84,339
Average training hours of employees	Hour	25.01	25.09	56.11

Indicator	Unit	2023	2022	2021
Supplier management				
Number of suppliers by geographical region	Nos.	128	108	105
Statistics of supply chain risk events	Nos.	0	0	0
Number of suppliers reviewed	Nos.	20	19	11
Scientific and technological innovation				
R&D investment	RMB 100 million	3.77	6.61	2.87
Proportion of R&D investment	%	3.51	3.67	4.19
Governance indicator				
Corporate governance				
Number of meetings of Board of Supervisors held	---	7	10	7
Board of Directors				
Number of the Board of Directors	Person	9	9	9
Number of meetings of the Board of Directors held	---	9	10	10
Compliance operation				
Times of law-abiding and compliance training	---	12	8	5
Hours of law-abiding and compliance Training	Hour	20	10	8
Number of person-times receiving training on law-abiding and compliance	Person	488	280	188
Times of anti-corruption training	---	45	42	18
Hours of anti-corruption training	Hour	60	55	36
Number of person-times receiving training on anti-corruption	Person	1,593	1,398	700
Number of articles and cases related to anti-corruption themes pushed	---	17	12	10
Management of investor relationship and shareholder rights				
Number of shareholders' meetings held	---	3	5	7

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Feedback form

Dear readers:

Hello! Thank you for reading the Environmental, Social, and Governance (ESG) Report of Changyuan Lico. To improve the quality and standard of the report, we sincerely hope to receive your valuable comments and suggestions on the report. Look forward to your reply!

Selective question (please mark ✓ in the corresponding position)

Please evaluate the degree of influence to the economy, society and environment by Changyuan Lico in the report:

Excellent Good General Poor Very poor

Please evaluate the response and disclosure on problems that stakeholders concern in the report:

Excellent Good General Poor Very poor

Please evaluate the clarity, accuracy and integrity of the information, indicators and data disclosed in the report:

Excellent Good General Poor Very poor

Please evaluate the readability of the content in the report:

Excellent Good General Poor Very poor

Please comprehensively evaluate the report:

Excellent Good General Poor Very poor

Open questions

Do you think which aspect in the report is satisfying the most:

Do you think what information that you hope to further understand needs to be disclosed in the report?

Do you have any comments and suggestions on ESG work of Changyuan Lico?

We sincerely welcome you to provide your personal information

Name: _____

Tel.: _____

Occupation: _____

Email: _____

Organization: _____

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