创新新材
Innovation New Material

2025 Environmental, Social, and Governance Report

Stock Code: 600361

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Innovation New Material

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About This Report

Report Introduction

This Report is the third Environmental, Social, and Governance (ESG) report prepared and issued by Innovation New Material Technology Co., Ltd. (hereinafter referred to as "Innovation New Material", "the Company", or "we"). This Report focuses on the ESG issues of concern to stakeholders and is intended to present the Company' s ESG strategies, management practices and performance in an objective, fair and transparent manner, thereby helping stakeholders gain a more comprehensive understanding of Innovation New Material' s progress in sustainable development.

Reporting Scope

The scope of this Report is the same as that of the annual report, including Innovation New Material and all subsidiaries controlled by Innovation New Material [1]. The statistical scope of the data is indicated throughout this Report and data is calculated in accordance with national regulations or international standards. Unless otherwise stated, the amounts in this Report are denominated in RMB.

Reporting Period

This Report covers the period from 1 January 2025 to 31 December 2025 (hereinafter "2025" or "this year"). For the comparability and completeness of this Report, the period has been extended forward and backward as appropriate.

Basis of Preparation

This Report is prepared in reference to the *Global Reporting Initiative Standards (GRI Standards), Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)* by the Shanghai Stock Exchange, and the United Nations Sustainable Development Goals (UN SDGs).

Access and Feedback

This Report can be downloaded and viewed on the Company' s website (http://www.innovationmetal.com/) and the Shanghai Stock Exchange' s website (http://www.sse.com.cn/).
If you have any valuable suggestions on this Report or would like access to other relevant information, please contact us through the following channels:
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1 This includes separable parts of the Company and its investee entities, as well as structured entities controlled by the Company.

Index of Abbreviations for Company Members

Company Abbreviation	Full Company Name
Innovation New Material, the Company, we	Innovation New Material Technology Co., Ltd.
Innovation Metal	Shandong Innovation Metal Technology Co., Ltd.
Innovation Sheet Materials	Shandong Innovation Sheet Materials Co., Ltd.
Chuangfeng New Material	Shandong Chuangfeng New Material Technology Co., Ltd.
Innovation Beihai	Shandong Innovation Beihai Co., Ltd.
Chuanghui New Material	Shandong Chuanghui New Material Technology Co., Ltd.
Yuanwang Electrotechnics	Shandong Yuanwang Electrotechnics Co., Ltd.
Innovation Alloy	Shandong Innovation Alloy Materials Co., Ltd.
Chuangyuan Renewable	Shandong Chuangyuan Renewable Resources Co., Ltd.
Innovation Renewable	Shandong Innovation Renewable Resources Utilisation Co., Ltd.
Chuangtai Renewable	Shandong Chuangtai Renewable Resources Co., Ltd.
Chuanghui Recycled	Shandong Chuanghui Recycled Resources Co., Ltd.
Chuangyuan Recycling	Shandong Chuangyuan Recycling Co., Ltd.
Chuangran Recycling	Shandong Chuangran Recycling Co., Ltd.
Hengwang Cable	Shandong Hengwang Cable Co., Ltd.
Innovation Foil	Shandong Innovation Foil Technology Co., Ltd.
Fulian Innovation	Fulian Innovation Technology (Shandong) Co., Ltd.
Innovation Additive	Shandong Innovation Additive Technology Co., Ltd.
Innovation Precision	Shandong Innovation Precision Technology Co., Ltd.
Liwang Precision	Qingdao Liwang Precision Technology Co., Ltd.
Mengchuang Light Materials	Inner Mongolia Innovation Lightweight New Materials Co., Ltd.
Inner Mongolia Yuanwang	Inner Mongolia Yuanwang Metal Technology Co., Ltd.
Mengchuang New Materials	Inner Mongolia Innovation New Material Co., Ltd.
Suzhou Chuangtai	Suzhou Chuangtai Alloy Material Co., Ltd.
Chuangtai Precision	Suzhou Chuangtai Precision Technology Co., Ltd.
Yunchuang Alloy	Yunnan Innovation Alloy Co., Ltd.
Yunchuang New Material	Yunnan Chuangge New Material Science and Technology Co., Ltd.
Vietnam Precision	Innovation Precision Vietnam Co., Ltd.

Chairman’ s Message

Mr. Cui Lixin

Chairman of Innovation New Material

The year 2025 marks the conclusion of China’ s 14th Five-Year Plan and the beginning of the planning phase for China’ s 15th Five-Year Plan. Against the backdrop of China’ s deepening high-quality development strategy and the accelerated pace of green transition, the global energy structure is undergoing rapid reshaping and the landscape of industrial competition is undergoing profound adjustments. The aluminium industry is now facing historic opportunities for high-end, intelligent, and low-carbon development. Innovation New Material has always upheld the core philosophy of “Innovation Shapes the Future”, resolutely advancing the development strategy of “Globalisation, High-End Orientation, Green Transformation and Digital Intelligence”. With a more forward-looking vision and more steadfast strides, we continue to write a new chapter in high-quality development. We deeply recognise that only by taking responsibility as our foundation, innovation as our driving force, and green development as our direction, can we seize the initiative amidst the tides of the times.

Recycling gives birth to new life; regeneration creates the future. Innovation New Material has consistently regarded secondary aluminium as a key pillar of green development, continuously refining its recycling and utilisation system to promote the efficient circulation of resources throughout the industrial chain, allowing every resource to continually rejuvenate within the cycle. In 2025, the Company’ s comprehensive recycling volume of secondary aluminium reached 1.1962 million tonnes, enhancing resource efficiency through a closed-loop model and expanding the scope of sustainability through circular practices, thereby injecting robust momentum into the industry’ s sustainable prosperity.

Green practices reflect our original aspirations; low-carbon initiatives lead the way to the future. Innovation New Material remains steadfast in advancing energy conservation, efficiency improvement, and the transition to clean production, continuously refining its energy management system to build a more robust foundation for green manufacturing. We persistently drive low-carbon upgrades through technological innovation, enhancing resource utilisation efficiency, and unlocking emission reduction potential through additive manufacturing exploration and process optimisation. We actively expand green pathways across the entire product lifecycle, making the path to emission reduction clearer and the trajectory of development more sustainable. By the end of 2025, the Company had four national-level green factories and three provincial-level green factories.

Innovation drives our progress; digitalisation empowers our future. Innovation New Material is firmly committed to leading industrial upgrading through technology, continuously advancing digital transformation, and developing an innovative production system. We have established the ‘54321 Pyramid’ innovation and development strategy, focusing on five major product sectors, striving to drive digital transformation, and continuously shaping a new landscape for the green aluminium industry that spans the entire supply chain. We forge core competitiveness through innovation and earn the market’ s trust through exceptional quality. Adhering to a philosophy of responsible value delivery and client-oriented development, we have maintained a client satisfaction rate of over 90% for the long term, injecting vigorous momentum into our high-end and international development.

Talent forms the foundation; hard work paves the way to the future. Innovation New Material has always adhered to a people-centred development philosophy, stimulating creativity within a diverse and inclusive culture, expanding opportunities for growth through continuous training and capability development, and ensuring peace of mind by safeguarding safety and health. The Company continues to refine its standardised safety production management system, fostering a safety culture where “safety is for everyone, and everyone contributes to safety”. In 2025, the Company’ s employee satisfaction survey covered 100% of staff, with a satisfaction rate exceeding 90%. The incidence of occupational diseases remained at zero, and the average safety training hours per employee reached 28 hours.

Unity enables us to go far; openness shapes the future. Against the backdrop of global supply chain restructuring and the acceleration of green transition, openness and collaboration are vital pathways to the future. Innovation New Material remains committed to working hand in hand with clients, partners, industry organisations, and all sectors of society to deepen collaboration within the green value chain. We also integrate social care into our development framework, conveying warmth and strength through small yet meaningful actions, such as educational support, poverty alleviation, rural revitalisation, community outreach, and mutual assistance overseas, ensuring that our sense of responsibility takes root in tangible acts of care.

Steady progress leads to long-term success; a solid foundation determines the future. Innovation New Material consistently upholds integrity as its cornerstone, and compliance as its guiding principle. We continuously refine our governance systems and risk control mechanisms, proactively practise the principles of fair competition, strictly adhere to anti-monopoly and anti-trust competition regulations, and constantly strengthen our anti-corruption defences to foster a transparent and robust business ecosystem. At the same time, the Company is deepening collaborative efforts to promote integrity within the supply chain, driving the implementation of supplier integrity guidelines, streamlining supervision and reporting channels, and improving whistleblower protection mechanisms. Through a transparent, robust, and trustworthy governance foundation, we safeguard the Company’ s enduring legacy and ensure steady long-term progress.

Looking to the future, Innovation New Material will continue to stand united with its employees, walk hand in hand with its partners, and keep pace with the times. We will stride forward with determination on the path of high-quality development, contributing our “Innovation” strength to industrial progress, social prosperity, and the building of a better planet.

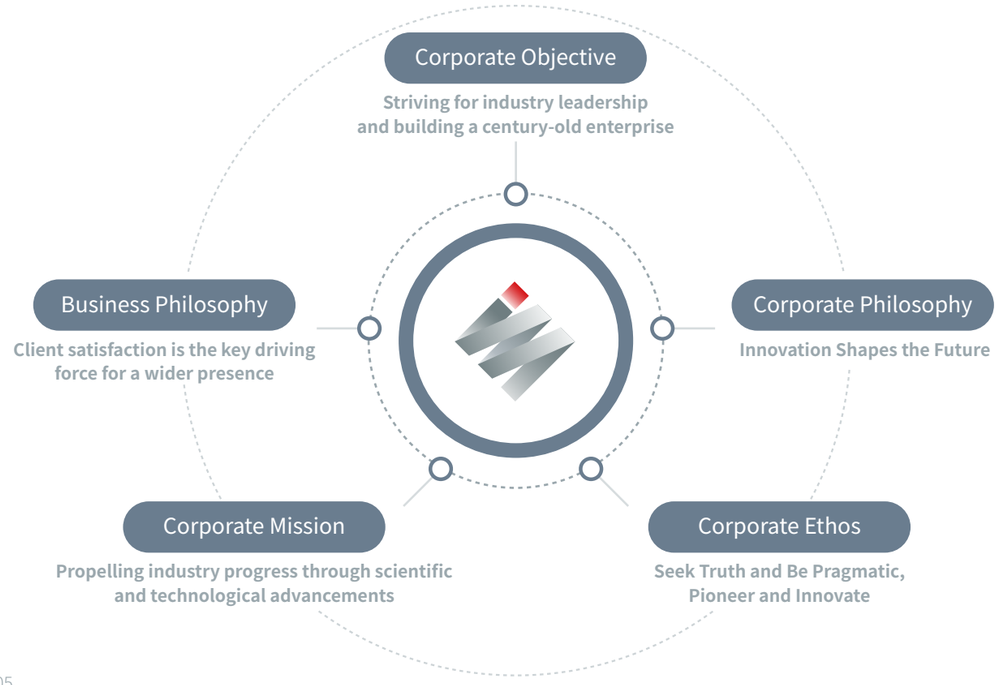
About Innovation New Material

Company Profile

Innovation New Material (Stock Code: 600361) is a large-scale, modern, and comprehensive enterprise mainly engaged in the R&D and production of 3C consumer electronics aluminium profiles, automotive lightweighting aluminium profiles, aluminium rods and cables, aluminium billets, sheets, strips, foils and structural components. The Company operates more than ten industrial parks across four provinces (autonomous regions) in China—Shandong, Jiangsu, Inner Mongolia and Yunnan, as well as overseas locations in Vietnam and Mexico, forming an industrial layout that facilitates coordinated development, both domestically and internationally. Since 2017, the Company has been ranked among the Top 500 Chinese Enterprises for nine consecutive years.

The Company focuses on the research, development and advanced processing of aluminium alloys and their products, offering clients with comprehensive solutions covering design, materials and processing. Its products are widely used in various fields, such as 3C consumer electronics, power infrastructure, automotive lightweighting, transportation, durable consumer goods, and packaging containers. Leveraging a comprehensive industrial chain and advanced technical equipment, the Company has developed into one of the leading aluminium alloy material production and R&D bases in the world. Among them, the market share of its aluminium alloy round ingots and aluminium wire products has ranked first globally.

Company Culture



Company Milestones

2007 The Founding Year, Laying the Cornerstone for a Century-old Enterprise

The Company was established, specialising in the research, development and production of aluminium alloys and related products, and set the development goal of “building a century-old enterprise”. We pioneered the “direct molten aluminium supply” procurement model and established a strategic partnership with Weiqiao Pioneering Group Co., Ltd. to provide comprehensive solutions for the aluminium alloy processing industry.

2013 Diversified Development, Advancing into the High-End Cable Market

The Company successfully overcame technical challenges in high-strength and high-conductivity aluminium alloy cables, achieving a breakthrough in key technologies. During the 13th and 14th Five-Year Plan periods, over 70% of the ultra-high-voltage conductors used in China’ s West-to-East Power Transmission project were supplied by the Company.

2018 Accelerating Global Expansion, Serving Global 3C Clients

The Company has become one of the core suppliers to global leading 3C consumer electronics research and development and manufacturing companies, undertaking the R&D, preproduction and industrialisation of aluminium alloy materials required for various new products. the Company’ s technological innovation capabilities and stable product quality earned widespread recognition from clients.

2021 Benchmarking Against Industry Leaders, Pioneering Automotive Lightweighting

The Company began supplying aluminium alloy materials in bulk to the world-leading new energy vehicle manufacturers, keeping pace with the automotive industry’ s trends towards lightweighting and electrification, and contributing material solutions to the green transition of the transportation sector.

2022 Listing and Setting Sail, Embarking on a New Phase of Development

The Company completed a major asset restructuring and successfully listed on the capital market, achieving continuous optimisation of the capital structure and sustained growth in development momentum.

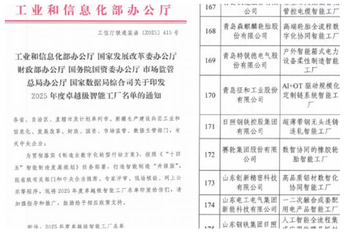
2025 Two-way breakthroughs, Accelerating Global Industrial Footprint

The Vietnam production base officially commenced operations, significantly enhancing global supply chain service capabilities. By taking a stake in the “Red Sea Aluminium Comprehensive Industrial Chain Project in Saudi Arabia”, the Company will establish an aluminium industry cluster centred on aluminium production and aluminium alloy processing, while capturing full-chain investment returns ranging from upstream electrolytic aluminium to downstream aluminium fabrication.

Honours & Awards

Innovation Metal Ranked 303rd in the 2025 Top 500 Enterprises of China

Innovation Metal Awarded the Title of Manufacturing Single Champion Enterprise



Innovation Precision Awarded the Title of National-level Excellent Smart Factory

Four Factories (Yuanwang Electrotechnics, Innovation Metal, Suzhou Chuangtai and Innovation Precision) Awarded the Title of “National-level Green Factory”

Innovation Precision Certified as a National High-Tech Expertise

Hengwang Cable Certified as a “Specialised and Sophisticated SME”

Innovation New Material Recognised by the China Nonferrous Metals Fabrication Industry Association as No.1 in Domestic and Global Market Share for Aluminium Wire Products in 2025

Innovation New Material Recognised by the China Nonferrous Metals Fabrication Industry Association as No.1 in Domestic and Global Market Share for Aluminium Alloy Round Ingots in 2025

Innovation New Material Recognised by the China Nonferrous Metals Fabrication Industry Association as a Top 5% Industry Performer in Comprehensive Green Development

Innovation New Material Named to the “Wind’ s 2025 China Listed Companies ESG Best Practices Top 100 (Small and Medium-Cap)” List

Innovation New Material Awarded the Sustainability Supply Chain Excellence Award at the 2025 Hon Hai Foxconn Sustainability Awards

Innovation New Material Awarded the Title of the 2025 Cailian Press “Zhiyuan Award · ESG Pioneer Enterprise”

Subsidiary	Award Name	Issuing Body
Innovation Metal	Manufacturing Single Champion Enterprise	Ministry of Industry and Information Technology
	Vice-President Unit of the China Nonferrous Metals Industry Association	China Nonferrous Metals Industry Association
	Vice-Chairman Unit of the China Nonferrous Metals Fabrication Industry Association	China Nonferrous Metals Fabrication Industry Association
	Vice-President Unit of the China Nonferrous Metals Industry Association Recycling Metal Branch	China Nonferrous Metals Industry Association Recycling Metal Branch
	Executive Vice-President Unit of Shandong Aluminium Industry Association	Shandong Aluminium Industry Association
	President Unit of the Binzhou Aluminium Industry Association	Binzhou Aluminium Industry Association
	National-level Excellent Smart Factory	General Office of Ministry of Industry and Information Technology, General Office of the National Development and Reform Commission, General Office of the Ministry of Finance, General Office of the State-owned Assets Supervision and Administration Commission of the State Council, General Office of the State Administration for Market Regulation, and the Comprehensive Affairs Department of the National Data Administration
Innovation Precision	Leading Enterprise in Excellent Typical Cases for Innovative Development of Future Industries	High-Tech Department of the Ministry of Industry and Information Technology
	Shandong Provincial-level Single-Champion Enterprise	Department of Industry and Information Technology of Shandong Province
	Shandong Province New Materials Leading Enterprise	Department of Industry and Information Technology of Shandong Province
	“Craftsmanship” Artisan Training Station	Office of Shandong Federation of Trade Unions
	Binzhou Municipal Key Laboratory	Binzhou Science and Technology Bureau
Innovation Sheet Materials	Shandong Provincial 2025 Digital Economy “Morning Star Factory”	Department of Industry and Information Technology of Shandong Province
Suzhou Chuangtai	2024 Jiangsu Provincial Enterprise Technology Centre	Industry and Information Technology Department of Jiangsu

2025 ESG Highlights

Circular Development for Sustainable Coexistence

01

- A total of **9** secondary aluminium projects have been planned, with long-term plans for secondary aluminium production capacity to exceed **2 million** tonnes. Of these, **6** secondary aluminium projects have already commenced operations, with an annual production capacity of **1.7 million** tonnes.
- Comprehensive secondary aluminium utilisation reached **1.1962 million** tonnes, including **0.6977 million** tonnes of market scrap and industrial offcuts, and **0.4985 million** tonnes of recycled aluminium from in-house production lines.
- The aluminium content of secondary aluminium after purification can reach up to **99.9%**.
- A total of **8** invention patents and **49** utility model patents in the secondary aluminium field have been obtained.

Green and Low-Carbon, Building a Shared Home

02

- Total procurement of molten aluminium reached **3.2794 million** tonnes, accounting for **91.92%** of the total volume of aluminium ingots and molten aluminium raw materials.
- Total investment in environmental protection reached RMB **41.2414 million**, achieving zero excessive emissions.
- **14** plants (**82%** of our 17 plants) have obtained ISO 14001 environmental management system certification.
- **8** plants (**47%**) have obtained ISO 50001 energy management system certification.
- All **17** plants (**100%**) have obtained ISO 14064 greenhouse gas verification.
- A total of **9** products obtained ISO 14067 product carbon footprint verification this year, with the cumulative number of certifications in 2024 and 2025 reaching **29**.
- **4** national-level green factories and **3** provincial-level green factories.
- **12** subsidiaries have obtained Aluminium Stewardship Initiative (ASI) certification.

Technology-Led, Jointly Driving Innovation

03

- Innovation Precision has been recognised as a **National-level Excellent Smart Factory**.
- A total of **534** patents have been obtained, including **74** invention patents applied to the principal business and **460** utility model patents.
- **84** newly authorised patents, comprising **14** invention patents and **70** utility model patents.
- **14** plants (**82%**) have obtained ISO 9001 quality management system certification.
- **12** plants (**71%**) have obtained IATF 16949 automotive industry quality management system certification.
- Annual client satisfaction survey results remained above **90%**.

Empowering Employees, Co-creating Prosperity

04

- **14** plants (**82%**) have obtained ISO 45001 occupational health and safety management system certification.
- **4** subsidiaries have completed Level 2 safety standardisation acceptance, whilst **6** subsidiaries have passed Level 3 safety standardisation acceptance.
- Compliance rate for the work safety responsibility system, hazard source control rate, emergency drill completion rate, facility integrity rate, special operation personnel certification rate all reached **100%**.
- Average safety training hours per person reached approximately **28** hours, with a **100%** pass rate for safety education and training.
- Occupational disease incidence rate was **0%**.
- Total number of employees: **11,125**, with female employees accounting for **32%**.
- Employee satisfaction survey covered **100%** of staff, with employee satisfaction rate exceeding **90%**.

Open Cooperation for a Win-Win Future

05

- ESG due diligence on suppliers, which account for over **80%** of the total annual procurement value, has been conducted.
- Localised employment ratio in operating locations has long remained stable at over **80%**.
- The "Sanyi" Student Assistance Program has been running for **7** consecutive years, benefiting a total of **350** student sponsorships.
- Consumption assistance has been conducted for **3** consecutive years, with a cumulative procurement of **75,000** kg of Huaniu apples, an agricultural assistance product.

Sustainable Development Management

Innovation New Material adheres to the core philosophy of “Innovation Shapes the Future”, continuously deepening its development strategy of “Globalisation, High-End Orientation, Green Transformation and Digital Intelligence”, and systematically advancing sustainable transformation. This year, the Company completed a double materiality assessment, systematically identifying and ranking the dual financial and impact values of various sustainability issues. Concurrently, the Company upgraded its three-tier governance structure—comprising the Decision-making Level, Management Level and Execution Level—and formulated the *Environmental, Social, and Governance (ESG) Work Guidelines,* embedding ESG requirements throughout the entire process of strategy, operations and risk management. Furthermore, leveraging regular stakeholder engagement mechanisms and annual action plans, the Company continues to quantify ESG strategic goals, break down tasks, and track performance, ensuring that various measures take root and deliver results, thereby solidifying the Company’ s long-term value foundation.

Sustainable Development Management

Sustainability Strategy

As a member of the Aluminium Stewardship Initiative (ASI), Innovation New Material follows the ASI Performance Standards and deeply advances its "NOVEL" sustainability strategy. Guided by the established framework of "One Core, Five Pillars", the Company refines its annual task list and establishes a closed-loop supervision mechanism of "monthly tracking, quarterly evaluation, and annual assessment" to ensure the effective implementation of strategic initiatives. In 2025, building upon this framework, the Company systematically advanced a series of key ESG enhancement projects, integrating intelligent and green manufacturing, talent scaling, and high-end market positioning into daily operations, responding to the UN Sustainable Development Goals through concrete actions.

1 Strategic Core

With "Globalisation, High-End Orientation, Green Transformation, and Digital Intelligence" as the strategic direction for our business, we aim to become a world-class developer and manufacturer of aluminium alloy materials.

5 Strategic Pillars

Green and Low-Carbon, Building a Shared Home (Nature-based approach)

- Continuously increase the proportion of low-carbon raw materials such as green electricity aluminium, whilst reducing upstream carbon emissions through a "short-distance transportation of molten aluminium" model.
- Power production lines with renewable energy, including hydropower and photovoltaics, while implementing refined upgrades to processes and equipment, unlocking the green potential of every kilowatt-hour of electricity and every gram of aluminium.
- Widely apply lightweight alloys in new energy vehicles, photovoltaics and 3C electronics, collaborating with upstream and downstream partners to reduce emissions and collectively paint a new green landscape for the industry.

Open Cooperation for a Win-Win Future (Open-minded collaboration)

- Integrate key indicators such as green practices, compliance, and labour rights into the entire lifecycle of supplier management, conduct regular on-site audits and capacity enhancement support for core suppliers to build a responsible and resilient supply chain.
- Help clients achieve lightweighting, energy consumption reduction, and efficiency improvement goals through high-standard aluminium alloy products.
- Actively carry out public welfare projects such as educational support, rural revitalisation, and public facility improvement, ensuring that corporate development resonates with community prosperity.

SUSTAINABLE DEVELOPMENT GOALS

Empowering Employees, Co-creating Prosperity (Values-based leadership)

- Continuously improve the employee rights protection system, fostering an equal, respectful, and diverse work atmosphere.
- Continuously enhance occupational health and safety management, smooth training and promotion pathways, enabling employees to thrive with peace of mind and grow together with the Company toward a better future.

Circular Development for Sustainable Coexistence (Eco-efficiency solutions)

- Utilise world-leading recycled aluminium sorting and decoating equipment, combined with proprietary composition control and purification processes, to achieve the grade preservation and upgraded utilisation of production line offcuts, client scrap, and market scrap.
- Leverage industrial chain collaboration to extend green lightweighting concepts upstream and downstream, allowing aluminium resources to circulate perpetually in a closed loop.

Technology-Led, Jointly Driving Innovation (Leading-edge innovation)

- Accelerate R&D system development, concentrating efforts on high-strength, high-toughness aluminium alloys to provide domestic alternatives for critical areas such as power transmission, aviation, and rail transit, safeguarding technological self-reliance and self-strengthening.
- Optimise production processes using digital tools, shifting decision-making from "experience" to "algorithms", and collaborate with clients to broaden industrial application boundaries through higher-performance, lower-energy-consumption aluminium alloy products.

Sustainable Development Management

Sustainability Governance

In 2025, the Company formulated the ***Environmental, Social, and Governance (ESG) Work Guidelines***, upgrading the ESG governance structure in an institutionalised manner, further clarifying responsibilities, work procedures, and work requirements at each level, thereby providing institutional assurance for the achievement of ESG goals.

Currently, the Company has established a three-tier ESG governance structure comprising "Decision-Making Level, Management Level, and Execution Level". Within this framework, the Board of Directors serves as the highest authority responsible for the Company' s ESG management operations, whilst the Strategy and ESG Committee of the Board of Directors oversees ESG matters. At the management level, the Company has established an ESG Management Leading Group and an ESG Management Leading Office to coordinate and oversee all specific ESG initiatives. At the execution level, the Company has established an ESG Working Group led by Innovation Metal, as well as Subsidiary ESG Working Groups comprising ESG liaison officers from each subsidiary, ensuring that all initiatives are efficiently implemented at the grassroots level and achieve closed-loop results.

Decision-Making	Board of Directors *(Primary Responsible Body)*	▪ Review and approve the Company' s ESG strategies, goals and work plans, oversee the operation of the Company' s ESG management; ▪ Review and approve the public disclosure of the ESG report and other material ESG information; ▪ Ensure the effectiveness of the ESG risk management and internal control systems; ▪ Oversee the Company' s ESG management operations.
	Strategy and ESG Committee *(Guidance and Supervision)*	▪ Study and make recommendations on the Company' s ESG-related matters, including but not limited to ESG strategies and goals, work plans, etc.; ▪ Review response plans for ESG-related risks that have a material impact on the Company; ▪ Review the public disclosure of the ESG report and other material ESG information; ▪ Oversee the Company' s commitments and performance on key issues such as climate change.
Management	ESG Management Leading Group *(Management and Supervison)*	▪ Research and draft the Company' s ESG strategies, action plans and goals; ▪ Coordinate policy formulation, management optimisation and training empowerment to ensure the effective implementation of ESG strategies and plans; ▪ Coordinate the preparation of the ESG report and other public ESG materials; review the outcomes of material preparation.
	ESG Management Leading Office *(Coordination and Supervison)*	▪ Based on the ESG strategies, action plans and goals determined by the ESG Management Leading Group, ensure the implementation of ESG strategies and plans through policy drafting, management optimisation, training empowerment, and other means; ▪ Establish a supervision mechanism for ESG work tasks, regularly tracking the implementation progress of the ESG Working Group; ▪ Organise and coordinate the preparation of the ESG report and other public ESG materials.
Execution	ESG Working Group *(Coordination and Execution)*	▪ Break down the ESG strategies, action plans and goals into annual work execution plans; ▪ Track the operation of the ESG system and the completion status of phased goals for each matter, and report regularly goal achievement progress to the ESG Management Leading Group; ▪ Participate in the preparation of the ESG report and other public ESG materials.
	Subsidiary ESG Working Group *(Joint Execution)*	▪ Implement the work plans of the management level and the ESG Working Group, maintaining effective communication with the ESG Working Group, and ensure that relevant tasks are effectively executed at the subsidiary level; ▪ Participate in the preparation of the ESG report and other public ESG materials.

Innovation New Material adopts an internal ESG reporting mechanism combining "regular summaries and immediate reporting" to ensure the efficient operation of the ESG governance structure. The ESG Working Group and Subsidiary ESG Working Group submit key performance data to the ESG Management Leading Group on a quarterly basis; the ESG Management Leading Group compiles an annual report for submission to the Board of Directors for review. For major ESG matters, such as environmental compliance incidents or significant social responsibility-related public opinion, we will activate an immediate reporting mechanism to ensure information reaches the decision-making level in the shortest possible time so that the Company responds promptly and effectively.

To ensure that ESG requirements are genuinely integrated into daily operations, the Company has implemented a rolling management model comprising "planning at the start of the year, quarterly reviews, and an annual comprehensive review". At the beginning of each year, the management issues the annual ESG work plan, which is broken down into task lists by business segments and milestones, with corresponding quantitative indicators. The execution personnel submits progress reports to the management on a quarterly basis and provides a comprehensive report to the decision-making personnel at the end of the year, thereby forming a closed-loop cycle of "Plan-Do-Check-Act". In 2025, the Company formulated a total of 18 ESG improvement plans, all of which were implemented as scheduled.

The Company has integrated ESG performance into the executive remuneration incentive system, incorporating key indicators, such as the occupational injury rate, the number of environmental violations, and the number of supply chain disruptions, into the annual performance appraisal framework, and linking them to executive performance-related incentives. By aligning sustainability objectives with executive interests, the Company has strengthened top-level accountability for ESG management, ensuring that environmental, social, and governance requirements are effectively cascaded from the strategic level to the operational level.

To comprehensively enhance the capabilities of the execution personnel, the Company organised three specialised training sessions in 2025 for the ESG Working Group and the Subsidiary ESG Working Group. The sessions covered topics including fundamental ESG concepts, interpretations of the latest policies and regulations, the mainstream ratings logic, key clients' sustainable access requirements, and technical pathways for achieving the "dual carbon" goals. The training reached over 300 participants, significantly strengthening the professional competence and operational capabilities of frontline teams. In addition, the Company invited external specialist ESG institutions to deliver two specialised training sessions for the ESG Management Leading Group and the ESG Working Groups. The training focused on ESG compliance requirements in the aluminium industry, ESG practice case studies from peer companies, and pathways for implementing ESG strategies, further deepening the teams' understandings of key industry issues. We have also actively participated in ESG specialised training, organised by the Shanghai Stock Exchange and industry associations, keeping abreast of regulatory developments and industry best practices to continuously improve the Company' s ESG management standards.

Concurrently, the Company has established an annual ESG risk assessment mechanism. Referencing international standards such as the International Financial Reporting Standards (IFRS) S1 and S2 on sustainability disclosure, and combining industry trends with our own operational data, the Company conducts both qualitative and quantitative analyses of risks and opportunities related to key issues, such as climate, compliance, and supply chain. Corresponding mitigation measures and accountability registers are also formulated to ensure that ESG principles are embedded into the Company' s operations throughout the entire process from top to bottom. This year, the Company defined the timeframes for short-term, medium-term, and long-term impacts in accordance with sustainable development requirements and its own strategic planning.

Timeframe	Year	Reason for Setting
Short-term	2025 to 2027	The Company has formulated a three-year sustainable development action plan.
Medium-term	2028 to 2030	The Company' s medium-term sustainable development strategy and financial planning are aligned with the national target of reaching the carbon peak by 2030.
Long-term	2031 to 2060	The Company' s long-term sustainable development strategy and financial plan are aligned with the national target of achieving carbon neutrality by 2060.

Automotive Lightweighting Business Group Conducted "Automotive Lightweighting ESG Fundamentals Training"

In 2025, the Company' s ESG team delivered an ESG fundamentals training programme for the Automotive Lightweighting Business Group. Over 50 colleagues from the two subsidiaries, Suzhou Chuangtai and Mengchuang Light Materials, participated in the training via both online and offline formats. The training covered topics including the definition of ESG, the latest supply chain access requirements for the leading automotive enterprises, greenhouse gas accounting, the carbon reduction benefits of secondary aluminium, and the Company' s production capacity layout. This initiative laid the groundwork in terms of talent and corporate culture for the Automotive Lightweighting Business Group to secure international orders and implement the Company' s dual carbon goals.

Photo from the training session

Sustainable Development Management

Stakeholder Engagement

Innovation New Material attaches great importance to two-way communication with stakeholders, continuously refining communication mechanisms, actively responding to expectations from all parties, and constantly enhancing the Company' s capability for sustainable development. The Company places stakeholders at the forefront and has formulated the ***Company Environment and Stakeholder Control Procedure*** to clarify the scope of work, division of responsibilities and implementation standards for stakeholder relationship management. On this basis, the Company establishes long-term and stable cooperative relationships with various stakeholders. Based on the characteristics of its own business and the specific concerns and expectations of different stakeholders, the Company has systematically identified various stakeholder groups. By establishing a diversified communication platform, the Company promptly understands and responds to relevant concerns, consolidates the foundation of mutual trust and cooperation, and achieves a win-win situation with stakeholders.

Stakeholders	Engagement Methods		Key Areas of Focus		Engagement Frequency
Shareholders and Investors	Shareholders' Meetings Annual/Interim Reports Corporate Announcements/-Press Releases	Field trips Research and Questionnaire SSE E-Interaction Platform Investor Hotline and Email	R&D and Innovation Product Management Client Service	Climate Change Response Carbon Emissions Management	Quarterly/Ad hoc
Government and regulators	Regular Meetings of Regulatory Authorities Seminars Regular Information Reporting	Site Visits High-level Meetings Policy Advisory	Business Ethics and Compliance Water Resource Management Occupational Health and Safety	Public Welfare Initiatives Biodiversity Conservation	Quarterly/Ad hoc
The Board of Directors and Corporate Management	Reporting High-level Meetings Site visits	The Board of Directors Regular Questioning	ESG Governance Product Management R&D and Innovation	Business Ethics and Compliance Sustainable Supply Chain Energy Management	Half-yearly/Ad hoc
Employees	Staff Council Symposium Employee Feedback Mailbox Internal Office Software	Employee Satisfaction Survey Training Internal Publication	Employee Rights and Diversity Occupational Health and Safety	Employee Training and Development Compensation and Benefits	Annual/Ad hoc
Clients	Business Communication Client Feedback	Client Satisfaction Survey Social Media	Product Management Client Service Circular Economy and Waste Management	Carbon Emissions Management Climate Change Response Energy Management	Annual/Ad hoc
Partners	Bidding and Procurement Access and Cooperation Evaluation	Field Trips Seminars and Forums	Sustainable Supply Chain Product Management	Occupational Health and Safety	Annual/Ad hoc
Community and Public	Public Welfare Activities Community Activities	Social Media Seminars	Public Welfare Initiatives R&D and Innovation	Climate Change Response Carbon Emissions Management	Quarterly/Ad hoc

Sustainable Development Management

Double Materiality Assessment

The Company conducts a double materiality assessment annually and incorporates the results of ESG material issues into its Enterprise Risk Management (ERM) process. During this Reporting period, Innovation New Material continued to benchmark against domestic and international ESG policies and industry standards. Referencing ***Guideline No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies — Sustainability Report (Trial)*** and the Global Reporting Initiative (GRI) Standards, and in conjunction with its core business layout and medium-to-long-term development plans, the Company systematically identified 20 environmental, social, and governance (ESG) issues relevant to its sustainable management. The Company scored each issue from two dimensions: "financial materiality" and "impact materiality", and identified a total of four issues of double materiality.

Double Materiality Assessment Process

To ensure that the identification results are scientific, comprehensive and aligned with the Company' s actual development, the Company conducts the materiality assessment in accordance with three key steps: "Mapping Own Business Operations – Establishing the Issue List – Double Materiality Assessment".

Mapping Own Business Operations

Based on the current state of development and future strategic planning, the Company systematically maps the entire aluminium alloy industry chain, clarifies the core businesses such as secondary aluminium and operational characteristics of production bases both domestically and internationally, and identifies the resource, environmental, and social impacts at each stage. By mapping the upstream and downstream value chains, the Company systematically identifies key stakeholders, including suppliers, clients, and employees, as well as the key concerns of each stakeholder group regarding the Company. The Company closely monitors national policies and industry trends to assess the impact of the external environment on the Company.

Establishing the Issue List

Based upon the generic issues established by the Shanghai Stock Exchange, and taking into account the characteristics of the aluminium alloy industry and the Company' s development strategy, we further expand the ESG issue list identified in the previous year by referencing international ESG standards and industry ESG requirements, thereby laying the groundwork for subsequent analysis.

Double Materiality Assessment

For each issue on the list, the Company conducts an assessment based on two dimensions: impact materiality and financial materiality. The assessment results are reviewed by third-party experts and submitted to Strategy and ESG Committee of the Board of Directors for deliberation and confirmation.

- Impact Materiality Assessment: Considering the extent of each issue' s environmental and social impact, its scope, irreversibility and likelihood of occurrence, the Company collects and quantifies the opinions from various stakeholders through questionnaire surveys.
- Financial Materiality Assessment: By synthesising the opinions of internal and external experts, the Company establishes financial materiality thresholds. The potential impact of each issue on the Company' s revenue, costs, assets and cash flows over the short, medium and long term, as well as the likelihood of such impacts occurring, is analysed. A combination of qualitative and quantitative methods is employed to determine the degree of financial materiality.

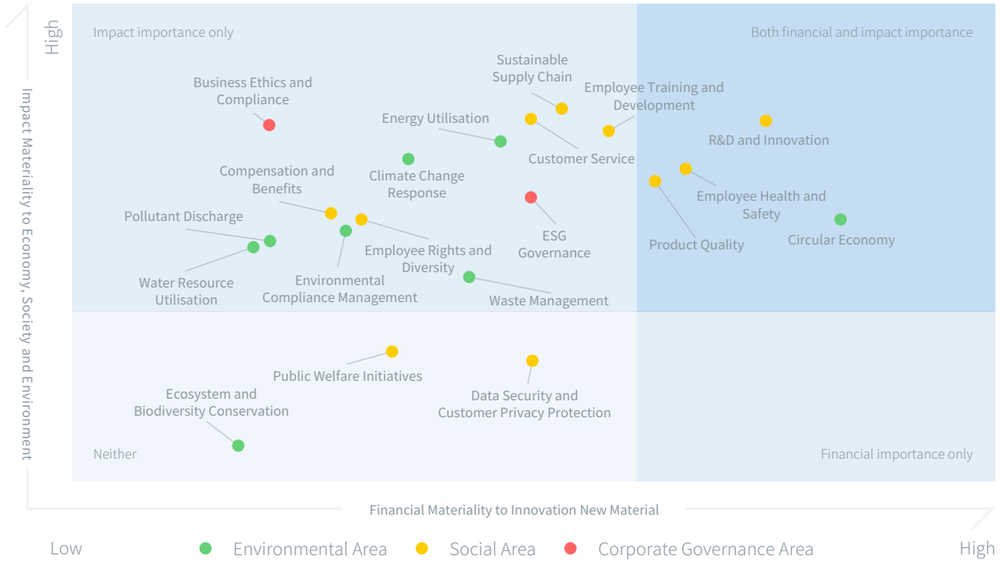
Results of Double Materiality Assessment

The results of the double materiality assessment indicated that four issues—R&D and Innovation, Circular Economy, Employee Health and Safety, and Product Quality—are of double materiality to Innovation New Material. Through the materiality assessment, the Company identified the three material issues with the greatest impact on its business and they are R&D and Innovation, Circular Economy, and Employee Health and Safety, whilst the two issues that are deemed most material to external stakeholders are Sustainable Supply Chain and Client Service.

Innovation New Material ESG Issue Summary Table

Environmental Area	Social Area	Corporate Governance Area
Circular Economy	R&D and Innovation [1]	Business Ethics and Compliance [4]
Energy Utilisation	Employee Health and Safety	ESG Governance
Climate Change Response	Product Quality	
Environmental Compliance Management	Employee Training and Development	
Pollutant Discharge	Sustainable Supply Chain [2]	
Water Resource Utilisation	Client Service	
Waste Treatment	Employee Rights and Diversity	
Ecosystem and Biodiversity Conservation	Compensation and Benefits	
	Data Security and Client Privacy Protection	
	Public Welfare Initiatives [3]	

Innovation New Material 2025 Double Materiality Matrix



1 The Company does not engage in scientific research, technological development, or other activities in sensitive areas of technology ethics, such as life sciences and artificial intelligence, nor is it involved in technology ethics issues
2 Covers two issues: supply chain security and the equitable treatment of SMEs
3 Covers two issues: rural revitalisation and social contribution
4 Covers three issues: anti-commercial bribery and anti-corruption, anti-unfair competition, and due diligence

01

Circular Development for Sustainable Coexistence

As a fully recyclable basic material, aluminium’ s potential for recycling represents a vital resource for supporting the green transition. As a key player in the aluminium alloy industry, Innovation New Material has deeply integrated the concept of sustainable development into its corporate strategy, with the large-scale and high-value application of secondary aluminium as its core development direction. By continuously improving our multi-channel recycling network, driving upgrades to key equipment and process technologies, and actively participating in the development of industry standards, the Company provides downstream clients with low-carbon, high-quality secondary aluminium products. At the same time, through systematic circular solutions, we work with partners across the industrial chain to drive the aluminium industry’ s evolution towards a sustainable model that is resource-efficient and environmentally friendly.

Circular Development for Sustainable Coexistence

Developing a Circular Economy

Innovation New Material remains committed to the efficient development and utilisation of secondary aluminium resources, an area that represents a vital component of the Company' s core business, thereby providing ongoing support for the low-carbon transition of the industry and the downstream industrial chain.

Calculations show that the carbon emission intensity of secondary aluminium products over the entire life cycle is less than 6% of that of primary aluminium. For every tonne of secondary aluminium used to replace primary aluminium, greenhouse gas emissions are reduced by approximately 94.2%, whilst saving 3.4 tonnes of standard coal, reducing water consumption by 14 cubic metres, and avoiding the generation of approximately 20 tonnes of solid waste.

This achievement not only demonstrates the emission-reduction benefits of the Company' s circular economy model, but also provides quantifiable and traceable green value for the sustainable development of clients and the entire industrial chain. Currently, the Company' s production and recycling systems have obtained authoritative domestic and international certifications for recycled materials, and its relevant products have been recognised by numerous internationally renowned 3C and automotive enterprises.

Governance

The Company has established a three-tier governance structure for secondary aluminium comprising strategic oversight, specialised coordination, and operational execution, ensuring efficient synergy and compliant advancement of the business at the strategic, operational, and resource levels.

Strategic Oversight Level

The Strategy and ESG Committee of the Board of Directors, as the highest authority for circular economy management, is responsible for overseeing the strategic implementation and target execution of the secondary aluminium business.

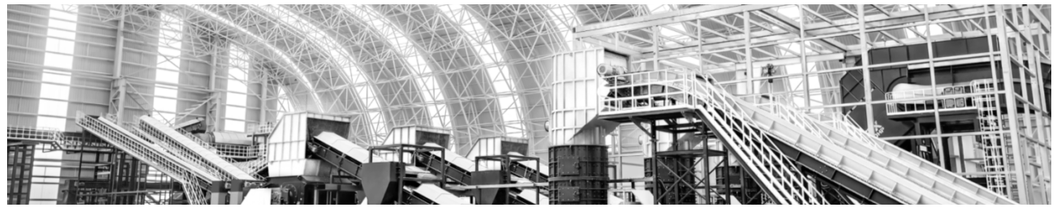
Specialised Coordination Level

General Managers of the Company and its subsidiaries are responsible for day-to-day management and overall coordination, overseeing production planning, capacity allocation, and the achievement of sales targets within their respective units. To ensure resource integration and economies of scale at the corporate level, the Company has established the Bulk Materials Management Committee this year, which is responsible for centralised procurement strategies, cross-departmental resource coordination, and supply chain stability management for secondary aluminium.

Operational Execution Level

Core departments including the R&D Centre, Marketing Centre, Project Management Department, Equipment Department, and Production Department collaborate closely to manage the entire process, covering product R&D and process optimisation, market development and client engagement, project implementation and resource allocation, equipment maintenance and energy efficiency improvement, as well as lean production and quality control.

To ensure the efficient operation and closed-loop management of the secondary aluminium business, the Company has established a regular reporting mechanism. The operational execution level compiles raw material requirements every fortnight to provide a basis for resource coordination; it also aggregates core operational data—including production, sales and quality—on a monthly basis and reports to the specialised coordination level.



Strategy

The Company systematically analyses the impact of circular economy issues on its operations, thoroughly assesses the potential risks and opportunities these issues may present across various dimensions, and accordingly plans and implements a series of targeted measures to promote the sound and sustainable development of its business.

Risk Type	Risk Description	Potential Impact	
		Operational Impact	Financial Impact
Market Supply Price	Raw material prices are subject to volatility due to macroeconomic factors, policy changes and recycling volumes	Increased difficulty in procurement forecasting and inventory management	Higher operating costs
Raw Material Quality	The inconsistent quality of secondary aluminium, mixed grades and unstable composition present challenges for subsequent utilisation	Increased difficulty in pre-production sorting and pre-treatment	Increased losses and pre-treatment costs
Technology and Production	The smelting and grade preservation and recycling processes for secondary aluminium are complex, with high technical barriers	New product development cycles are lengthy, and production pace is slow	Increased R&D and manufacturing costs

Opportunity Type	Opportunity Description	Potential Impact	
		Operational impact	Financial Impact
Market Expansion	Enter the high-end green supply chain to meet the carbon reduction needs of top clients	Transitioning from a supplier-client relationship to a partnership, enhancing the long-term nature and stability of orders	Increased revenue
Policy and Financing Support	Alignment with the national dual carbon development strategy facilitates access to government subsidies and green finance support	Providing direct financial support for capacity expansion and technological upgrades	Reduced financing costs
Brand Equity	Build a green secondary aluminium brand by enhancing technical and management capabilities	Establishing a differentiated market image, laying the foundation for product premium pricing and serving high-end clients	Increased revenue

Expanding Secondary Aluminium Production Capacity

Innovation New Material regards the secondary aluminium business as one of its strategic priorities and is vigorously advancing the construction of secondary aluminium production lines. By introducing world-class processing equipment and continuously investing in R&D to optimise key technologies, such as secondary aluminium smelting and grade preservation recycling, the Company has significantly improved production efficiency and metal recovery rates. By the end of 2025, the Company had established a total of nine secondary aluminium projects, with long-term plans for a secondary aluminium production capacity exceeding 2 million tonnes. Of these, six projects have already commenced operations, with an annual production capacity of 1.7 million tonnes.

Expanding Recycling Channels

The Company has established a diversified recycling network encompassing internal production processes, downstream clients and external market resources, forming a stable and efficient supply system for secondary aluminium raw materials.

This year, the Company has continued to enhance its recycling capacity across all channels, achieving a total comprehensive secondary aluminium recycling volume of 1.1962 million tonnes for the year, comprising 697,700 tonnes of market scrap and industrial surplus materials, and 498,500 tonnes of aluminium reused for its own production lines.

- **Regarding internal production recycling,** the Company systematically collects and reuses various types of aluminium waste generated during production, such as aluminium shavings and offcuts, striving to maximise the resource utilisation of production waste. By continuously optimising internal recycling processes and technical methods, the Company has consistently improved the reuse efficiency and value of its own aluminium waste.
- **Regarding the recovery of industrial surplus materials from downstream sectors,** the Company actively promotes collaborative circularity within the industrial chain. It has signed long-term resource circulation agreements with downstream clients, establishing a six-in-one circular industry model encompassing R&D, design, production, sales, service, and recycling.
- **Regarding external market recycling,** the Company has deployed specialised recycling teams in key regions, such as Jiangsu and Sichuan, implementing a regional, site-specific recycling strategy. By integrating downstream clients' procurement channels with third-party recycling resources, the Company has established a large-scale recycling model.

Optimising Aluminium Scrap Treatment Technology

Secondary Aluminium Shavings Processing

To enhance the recycling efficiency and environmental benefits of aluminium shavings, Innovation New Material has developed and implemented differentiated, refined treatment technologies tailored to the specific characteristics of various types of aluminium shavings.

For aluminium shavings free of plastic, the Company employs a multi-stage physical treatment method. Through a magnetic separation process, iron impurities are effectively separated and removed; this is followed by spin-drying and heat-drying to eliminate oil and moisture adhering to the aluminium shavings, thereby producing clean, dry raw material that serves as high-quality pre-treatment material for subsequent smelting and casting operations.

For aluminium shavings containing plastic, the Company has established a comprehensive treatment system to achieve efficient resource utilisation of the waste. This process involves three stages of solvent washing, vacuum drying, air classification, grinding, magnetic separation, and electrostatic separation, gradually stripping away impurities and precisely controlling particle size, ultimately achieving efficient separation of plastic from the aluminium shavings. Throughout the process, solvents are recycled via distillation, significantly reducing treatment costs and environmental footprint.

With the exception of the feeding stage, which requires manual operation, the entire production line has achieved near-full automation. Real-time monitoring via sensors for pressure, temperature and liquid level ensures the stability, safety, and efficiency of the production process.

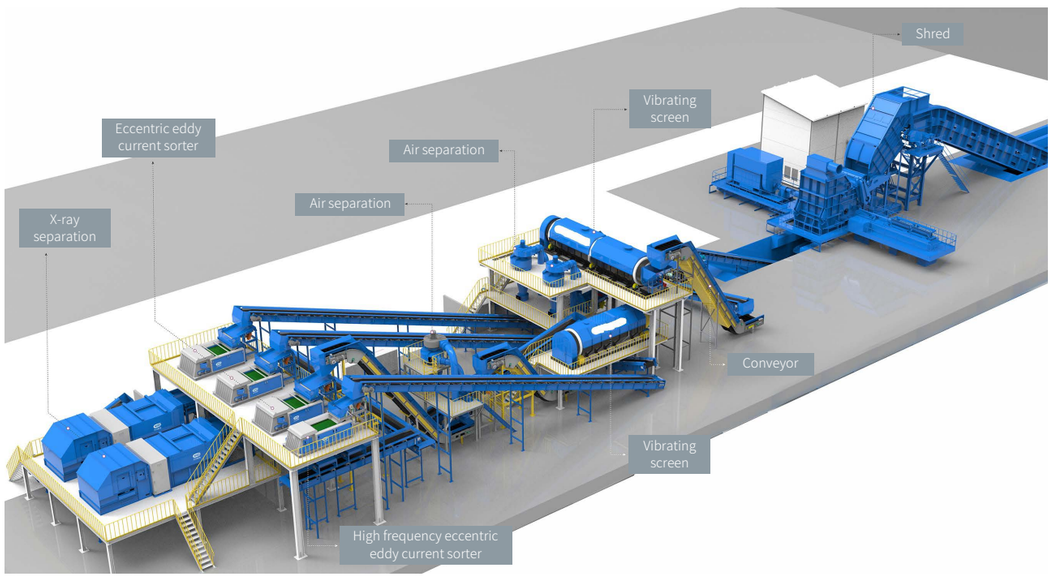
Following the above treatment,
the finished products of secondary aluminium shavings contain ⩽0.6% oil and water, ⩽0.1% plastic, and over 99% aluminium.

Secondary aluminium shavings processing

Post-consumer Aluminium Scrap Processing

The Company has established an automated, multi-stage integrated system for the precise sorting of post-consumer aluminium scrap, encompassing processes such as crushing, screening, magnetic separation, air classification, eddy current separation and X-ray sorting, thereby forming a continuous, closed-loop material handling process. This system is designed to efficiently separate materials of different compositions and particle sizes, ultimately obtaining high-purity secondary aluminium alloys and improving resource recovery quality.

Post-consumer aluminium scrap processing



After crushing, the aluminium scrap first undergoes magnetic separation to remove ferrous impurities, followed by multi-stage screening using primary and secondary trommels. Larger materials are subjected to air classification to remove lightweight impurities, such as film, before proceeding to secondary magnetic separation alongside the finer material. All materials are processed through an eddy current sorter to separate non-ferrous metals, such as aluminium, copper and zinc. Materials within the critical particle size range are then subjected to an X-ray sorter to precisely remove residual impurities, such as copper and zinc, ultimately yielding high-purity aluminium alloy products. The sorted aluminium alloys are conveyed to a storage silo for centralised storage, whilst fine non-ferrous metal materials are categorised and managed separately.

Upgrading and Purification of Secondary Aluminium

Innovation New Material has mastered industry-leading technologies for the high-value utilisation of secondary aluminium. By applying the principle of metallurgical segregation, we have successfully established an efficient system for the purification and utilisation of secondary aluminium. During the solidification of molten aluminium, impurity elements undergo selective separation due to differences in their distribution coefficients; by regulating the solidification process, we achieve efficient separation of impurities from high-purity aluminium.

During production, raw materials first undergo pre-treatment in a melting and holding furnace. Once specifications are met, they are transported via a holding launder to the purification furnace. The Company has developed a solidification control system capable of precisely regulating the solidification rate of molten aluminium. Combined with a dynamic extrusion-remelting process, this ultimately yields secondary aluminium products that meet high-standard requirements.

Through advanced purification techniques, the aluminium content of secondary aluminium can reach up to 99.9%, enabling its application in high-quality products, which marks a significant breakthrough in the field of secondary aluminium grade preservation and upgraded utilisation, and establishes technical and process capabilities that reach an advanced industry level.

Comparison of the main chemical composition between secondary aluminium and purified aluminium ingots

	Secondary aluminium content (%)	Purified ingots content (%)
Silicon	⩾0.42	⩽0.04
Iron	⩾0.15	⩽0.004
Magnesium	⩾0.52	⩽0.04
Aluminium	⩽98.80	⩾99.9

Upgrading Processing Equipment

To continuously improve the recycling efficiency and product quality of secondary aluminium resources, the Company has prioritised investment in the upgrading and construction of intelligent, low-energy-consumption pre-treatment and smelting equipment. Through refined sorting and high-efficiency purification technologies, we have significantly reduced production energy consumption and metal loss.

Innovation Precision

Innovation Precision has equipped two advanced pre-treatment production lines for secondary aluminium shavings, designed to process shavings generated during machining. The equipment efficiently removes adhering moisture and oil contamination, achieving a removal efficiency of 92%, thereby effectively enhancing the cleanliness of raw materials for subsequent smelting and improving energy utilisation efficiency.

Chuangyuan Renewable and Innovation Metal

Chuangyuan Renewable and Innovation Metal have built green, intelligent pre-treatment production lines integrating crushing and multi-stage sorting. These lines can process various types of aluminium scrap, including beverage cans and scrap profiles, achieving a comprehensive removal efficiency of 90% for all types of metallic and non-metallic impurities. The production line is also equipped with a paint-removal furnace, which utilises a continuous pyrolysis process to remove paint and dry the crushed waste, whilst ensuring the complete incineration of pyrolysis gases to reduce exhaust emissions.

Suzhou Chuangtai

Suzhou Chuangtai has completed the renovation and expansion of its production line for secondary aluminium alloy billets with an annual capacity of 250,000 tonnes. By implementing energy-saving upgrades to the existing eight smelting furnaces and two casting systems, overall energy consumption has been reduced by over 20%. The project has added one paint-removal furnace and two homogenisation lines, further enhancing raw material pre-treatment and product homogenisation capabilities, with an expected reduction of 2% in smelting losses for secondary aluminium.

Upgrading Processing Equipment to Enable Efficient Resource Utilisation

In November 2025, Innovation Precision launched a project to upgrade the supporting pre-treatment facilities of aluminium alloy materials and molten aluminium recovery systems. Through technical upgrades, the Company phased out five outdated units of equipment, including the existing online aluminium shavings heating unit and aluminium dross separator, and installed eight new units of equipment, such as drying furnace, magnetic separator, feeder, high-efficiency rotary kiln, and cooling screener. Following the upgrade, the drying efficiency and stability of aluminium shavings have been significantly improved, whilst the recovery rate of molten aluminium has increased by approximately 15%, effectively enhancing resource utilisation efficiency.

Technological Breakthroughs and Intellectual Property Strategy

Innovation New Material attaches great importance to technological innovation and intellectual property strategy in the secondary aluminium sector. Through continuous investment in research and development, the Company has secured a series of patents in key areas such as the pre-treatment, purification and comprehensive utilisation of aluminium scrap, providing robust technical support for improving the quality of secondary aluminium and reducing production energy consumption and carbon emissions.

In 2025, the Company was granted a patent for the invention "A Device for the Reuse and Treatment of Aluminium Waste Residue". This patented technology utilises an optimised crushing and grading structure to achieve fine screening of aluminium waste residue particles, which facilitates uniform heating of the material during subsequent smelting, reduces the risk of localised oxidation, and improves metal recovery rates and the purity of secondary aluminium.

The Company's achievement, "Research and Application of Green, Low-Energy, and Intelligent Pre-treatment Manufacturing Technology for Secondary Aluminium", was included in the Shandong Provincial Major Scientific and Technological Achievements Database in 2025. By integrating multi-stage sorting with intelligent recognition, this technology efficiently removes various impurities from aluminium scrap and supports classified pre-treatment by material grades, significantly improving the raw material utilisation efficiency and product quality consistency of secondary aluminium, whilst providing reliable process support for large-scale and cleaner production.

By the end of 2025, the Company had obtained multiple patents related to secondary aluminium:

- **8** invention patents and **49** utility model patents

By the end of 2025, the Company had participated in the formulation and revision of several national and industry standards related to secondary aluminium:

- *Recycled Aluminium*
- *Aluminium and Aluminium Alloy Terms and Definitions-Part 4: Aluminium Scrap*
- *Renewable Material for Cast aluminium Alloys*
- *Recycling Materials for Wrought Aluminium Alloys*
- *Recycling Materials for Pure Aluminium*

Secondary Aluminium Certification

Innovation New Material has made significant progress in establishing a green certification system. Several of its products and business lines have obtained certification under globally recognised recycling standards, providing global clients with traceable and reliable low-carbon aluminium solutions. By the end of 2025, a number of the Company's products can be made from 100% renewable materials.

GRS Global Recycled Standard GRS 4.0 Certification

★★★★★

Innovation Metal, Innovation Sheet Materials

SCS Recycled Content Certification

★★★★★

7 products

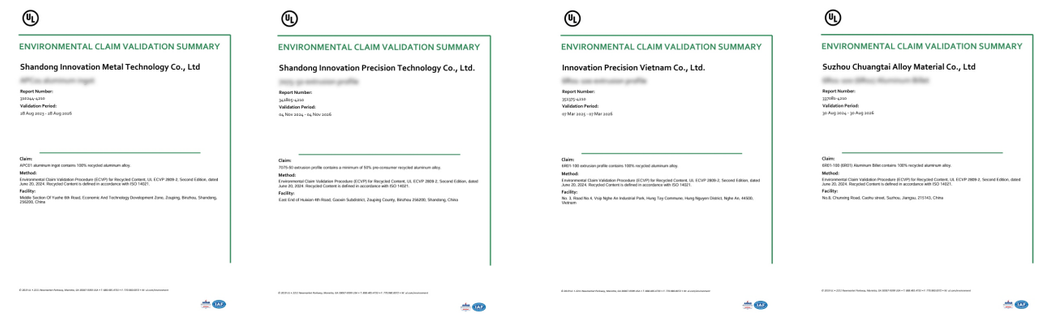
UL 2809 Recycled Content Validation

★★★★★

27 products

Innovation Sheet Materials and Innovation Metal
have been certified to GRS 4.0 (Global Recycled Standard)

Products from Innovation Precision
have obtained SCS Recycled Content Certification



Products from Innovation Metal, Innovation Precision, Vietnam Precision and Suzhou Chuangtai
have obtained UL 2809 Recycled Content Validation

Impact, Risk, and Opportunity Management

The Company has incorporated the impacts, risks and opportunities associated with secondary aluminium into a systematic management process, covering the entire operational chain from raw material procurement and production processing to product sales. By establishing professional management mechanisms and monitoring systems, we ensure dynamic tracking of relevant issues and scientific decision-making. Leveraging an information platform, the Company tracks and records the sources of secondary aluminium, its composition, production processes and product distribution. It also conducts dynamic monitoring and multi-dimensional analysis of internal and external information, including supply chain stability, raw material price fluctuations, changes in environmental policies, and market demand trends. This system not only enables early warning of potential risks but also provides data support for identifying market opportunities and directions for technological innovation within the context of the circular economy.

Metrics and Targets

2025 Circular Economy Targets	2025 Achievement
Chuangyuan Renewable to achieve a secondary aluminium raw material usage rate of 40% in 2025	Achieved
Suzhou Chuangtai to achieve a secondary aluminium raw material usage rate of 55% in 2025	Achieved

2026 Circular Economy Targets

Innovation Metal to achieve a secondary aluminium raw material usage rate of 35% in 2026

Suzhou Chuangtai to achieve a secondary aluminium raw material usage rate of 60% by 2030

Chuangyuan Renewable to achieve a secondary aluminium raw material usage rate of 45% by 2030

02

Green and Low-Carbon, Building a Shared Home

Against the backdrop of ongoing global climate governance and the deepening green transformation of industries, Innovation New Material remains committed to green development as its guiding principle, actively addressing the challenges of climate change. Whilst strictly adhering to environmental compliance requirements, the Company is deepening its low-carbon layout across the entire value chain, from source emission reduction to end-use applications. By developing a high-quality portfolio of green products, the Company continues to create low-carbon value for global clients, safeguarding the ecological environment through concrete actions and contributing to a green future.

Green and Low-Carbon, Building a Shared Home

Climate Change Response

Climate Change Governance System

The Company has established a three-tier climate change governance structure comprising the "Decision-making Level, Management Level and Execution Level", and has formulated the ***Innovation New Material Climate Change and Carbon Management System.*** This system clearly defines the responsibilities, workflows and assessment criteria for each level and department, forming a management model characterised by "system-led, structure-supported and process-closed-loop" operations to ensure that climate-related impacts are identified and managed.

Decision-making

Board of Directors | Strategy and ESG Committee

The Board of Directors bears ultimate responsibility for climate management. The Strategy and ESG Committee of the Board of Directors oversees the formulation and implementation of climate strategies, discusses climate-related issues, reviews annual carbon targets and emission reduction pathways, and deliberates on major climate-related matters.

Management

ESG Working Group

The ESG Management Leading Group coordinates the Company's climate management efforts, supervises the implementation of tasks by the execution level, promotes the compilation and disclosure of climate-related information, provides timely feedback on climate-related risks, and reports progress to the decision-making level on a quarterly basis.

Execution

Carbon Management Working Group | Subsidiary Carbon Manangement Working Groups

The execution level comprises the Carbon Management Working Group and the Subsidiaries' Carbon Management Working Groups. The Carbon Management Working Group is responsible for coordinating climate change-related work and exercising centralised management over the Subsidiary Carbon Management Working Groups. The Subsidiary Carbon Management Working Groups are responsible for data collection, the implementation of carbon reduction measures, and the tracking of carbon reduction targets within their respective subsidiaries.

Capacity Building and Strategic Integration

Specialised Training

The Company regularly organises specialised carbon management training sessions covering topics such as carbon emission accounting methods, carbon data management requirements, and interpretation of climate and carbon management systems, thereby continuously enhancing the professional capabilities of relevant personnel.

Strategic Decision-Making

The Company conducts climate impact assessments prior to major investments and mergers and acquisitions, as well as during factory operations, incorporating carbon costs, transition risks, and low-carbon opportunities into decision-making processes.

Progress Monitoring

The Company' s Strategy and ESG Committee continuously monitors the progress of carbon peaking and carbon neutrality targets, and proposes improvement measures in response to any deviations from these targets.

Performance Appraisal

The Company incorporates climate-related indicators into the remuneration assessment system for business heads, including the achievement of carbon reduction targets, data quality, and the effectiveness of emission reduction projects, thereby incentivising the management to actively drive low-carbon transformation and ensuring the effective implementation of the climate strategy.

Innovation New Material Hosted Specialised Carbon Management Training to Empower Green and Low-Carbon Development

In December 2025, Innovation New Material conducted specialised training on green and low-carbon management for all members of the Carbon Management Working Groups, providing systematic explanations on carbon management policy directions, job responsibilities and division of labour, and internal operational mechanisms. The training combined policy interpretation with simulated practical exercises to strengthen participants' professional capabilities and practical skills in carbon management, with a 100% pass rate in the assessment. This training was aligned with the Company' s operational needs, effectively enhancing the team' s capabilities in carbon accounting and carbon management, and laying the foundation for the subsequent advancement of carbon accounting and low-carbon operations.

Innovation New Material Specialised Carbon Management Training

Strategy

Climate-Related Impacts

The Company's climate actions are closely aligned with the policy direction of green development and industry transformation trends, generating multi-dimensional positive impacts across economic, social and environmental aspects.

- **Economic Trends:** The Company actively seizes growth opportunities in low-carbon industries, such as new energy vehicles and photovoltaic power generation; focuses on the R&D and supply of lightweight, high-value-added aluminium alloy materials; and supports emission reduction in downstream industries through green products.
- **Social Factors:** The Company responds to the need for optimising the employment structure under the "Dual Carbon" goals, and continues to cultivate professionals in the low-carbon sector; enhances its capacity to respond to extreme weather events to ensure supply chain stability.
- **Technical Factors:** The Company, with low-carbon technological innovation as a core driver, advances the digitalisation and intelligent upgrading of production processes to build green manufacturing capabilities.
- **Policies and Laws:** The Company strictly adheres to national policies on energy conservation, carbon reduction, and circular economy, implements the Shanghai Stock Exchange's ESG disclosure requirements, and proactively aligns with the International Sustainability Standards Board (ISSB) standards.

To systematically manage the climate impact of its operations, the Company has established and refined a comprehensive "monitoring-prevention-management" control system.

- **Monitoring:** In accordance with the ISO 14064 standard, the Company has established a carbon emissions accounting system covering Scopes 1, 2, and 3 to track energy consumption and emission data in real time.
- **Prevention:** New projects are benchmarked against energy efficiency benchmarks; the Company has improved processes and equipment to reduce the negative impact of production systems on the climate; simultaneously, the Company has promoted renewable energy projects, such as distributed photovoltaic systems, to increase the proportion of non-fossil energy used; and continuously improved the aluminium scrap recycling system to steadily increase the proportion of recycled aluminium used.
- **Management:** The Company has established a climate and carbon management structure, implemented a "double materiality" assessment mechanism for climate-related matters, and conducts regular analyses to identify climate risks and opportunities.

Climate Risk Assessment and Response

In 2025, building on the previous year's work, the Company further deepened its understanding of the impacts of climate change, continued to advance our assessment work, and was committed to building a more systematic climate management system. By deeply integrating climate resilience into corporate governance and strategic planning, the Company continuously optimised and implemented a dynamic management cycle comprising "risk identification – scenario analysis – strategic response – tracking and evaluation". On the one hand, the Company expanded the scope and depth of assessments, updated its analysis of transition risks and opportunities under different temperature rise scenarios, and conducted more detailed climate risk assessments of its own factories and office premises; on the other hand, by combining strategic direction, the latest climate science consensus and recommendations from internal and external experts, and through cross-departmental collaboration to integrate feedback from the front lines of our operations, the Company prioritised and dynamically assessed identified risks and opportunities, providing decision-making support for the iteration of response measures.

Physical Risk Assessment Results

Risk Type	Risk Identification[1]	Potential Impact: Operational Impact	Potential Impact: Financial Impact	Potential Impact: Timeframe[2]	Potential Impact: Risk Level	Response Strategies
Acute risks	Typhoon	Strong winds, heavy rain and storm surges caused by typhoons may damage buildings, disrupt production and transportation, and in severe cases may result in casualties.	Increased operating costs and reduced revenue	Short-term	Low	▪ Assess climate risks in advance when selecting sites for new facilities and operational locations; ▪ Refine emergency response plans for extreme weather events, such as evacuation procedures; ▪ Enhance capacity to respond to extreme weather events, such as stockpiling emergency supplies.
Acute risks	Extreme rainfall/flooding	Extreme rainfall or flooding may result in damage to infrastructure, water and power cuts, and disruption to logistics, potentially preventing the Company from operating normally and leading to financial losses.	Increased operating costs	Short-term	Low	▪ Upgrade the site's drainage system and construct flood barriers; ▪ Establish an early warning system and contingency plans.
Acute risks	Extreme heat	Under extreme heat conditions, outdoor staff may be at risk of heatstroke and dehydration; the demand for additional refrigeration and cooling facilities increases.	Increased operating costs	Short-term	Low	▪ Enhance early warning capabilities and establish contingency plans for extreme heat; ▪ Incorporate extreme weather conditions into the assessment of new project proposals.
Acute risks	Extreme cold	Under extreme cold conditions, the operating efficiency of production equipment decreases, affecting production schedules; outdoor staff may be at risk of frostbite; the demand for additional heating/warming facilities increases.	Increased operating costs	Short-term	Low	▪ Enhance early warning capabilities and develop contingency plans for extreme cold conditions; ▪ Incorporate extreme weather conditions into the assessment of new project proposals.
Chronic risks	High temperature/drought	Prolonged high temperatures may reduce precipitation, resulting in water scarcity and strained water supply.	Increased operating costs	Long-term	Low	▪ Upgrade the recirculating water cooling system to improve water reuse rate; ▪ Conduct research and development into water-saving technologies to reduce water consumption in production processes; ▪ Raise staff awareness of water conservation.
Chronic risks	Sea-level rise	Rising sea levels lead to coastal erosion, saltwater intrusion and the inundation of coastal areas, which may damage coastal infrastructure and affect the operation of coastal businesses and the safety of personnel.	Increased operating costs and reduced revenue	Long-term	Low	▪ Monitor climate change in the project's operational area; ▪ Conduct an environmental impact assessment during the preliminary feasibility study and site selection phases of the project.

1 The Company's reference to key climate change trends includes research findings and reports published by authoritative bodies such as the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) and the Network for Greening the Financial System (NGFS), as well as their descriptions of various emission scenarios.

2 Taking into account core business planning, the timeframe of societal low-carbon development goals, climate-related disclosure standards and management recommendations, we have defined the timeframes as follows: within one year of the end of this Reporting period, inclusive of one year (short term); one to five years after the end of this Reporting period, inclusive of five years (medium term); and more than five years after the end of this Reporting period (long term). This approach enables a reasonable assessment on how the Company's business development is affected by climate change across different timeframes.

Transition Risk Assessment Results

Risk Type	Risk Identification	Potential Impact				Response Strategies
		Operational Impact	Financial Impact	Time-frame	Risk Level	
Policy and Legal risks	Carbon Trading and Carbon Border Adjustment Mechanism	Carbon allowances must be supplemented through market trading, increasing compliance costs; expansion into overseas markets is constrained by rising carbon costs.	Increased costs of purchasing carbon allowances and carbon credits	Short to medium term	Medium	▪ Actively participate in the carbon trading market and formulate a rational strategy for purchasing carbon emission allowances; ▪ Plan ahead and explore low-carbon production models to reduce reliance on emission allowances.
	Disclosure	Disclosure requirements from international and domestic bodies are becoming stricter, leading to rising costs for data collection and verification.	Increased costs for personnel, information tracking and maintenance	Short-term	Low	▪ Establish a policy research team to monitor disclosure requirements; ▪ Use digital tools to improve the efficiency of information disclosure; ▪ Strengthen stakeholder engagement.
Technological risks	Technological Change	Traditional technologies are ill-suited to users' new low-carbon demands, necessitating research, development and investment in low-carbon transition technologies and projects, which may carry a risk of failure.	Increased R&D costs	Short to medium term	Medium	▪ Collaborate with research institutions to develop clean technologies; ▪ Establish a technology assessment framework; cultivate technical talent and enhance technical adaptation capabilities.
Market risks	Demand for Green Products	Downstream clients are raising their low-carbon requirements for products and operations, requiring the Company to source more green raw materials and energy, and upgrade low-carbon technologies.	Increased Operating Costs	Medium term	Medium	▪ Strengthen market research and expand into the green product market; ▪ Collaborate with suppliers to explore green raw material sourcing and enhance the environmental performance of products.
Reputational risk	Stakeholder Feedback	If the Company's actions are inconsistent with its low-carbon principles, it may lead to negative assessments of the Company by the market and investors.	Reduced revenue and goodwill	Long-term	Low	▪ Establish stakeholder engagement mechanisms to respond promptly to concerns; ▪ Strengthen brand development, highlighting green and low-carbon principles and practices.

Climate Opportunity Assessment Results

In 2025, against the backdrop of the deepening of the 'Dual Carbon' goals and the acceleration of the global low-carbon transition, demand for low-carbon aluminium products across the industrial chain has further expanded. At the same time, policy support for green technologies and renewable energy has increased significantly. Relying on technological iteration and industrial chain synergy, the Company has deepened its green energy deployment and continuously promoted the low-carbon upgrading of its products, thereby proactively seizing market opportunities and building long-term competitive advantages.

Opportunity Type	Operational Impact	Financial Impact	Probability	Response Strategy
Products and Services	By introducing green, renewable energy and optimising production processes, the Company develops low-carbon products to meet market demand. At the same time, it enters into strategic cooperation agreements with downstream clients on aluminium recycling, thereby facilitating the production of greener aluminium alloy products.	Increase product premiums and boost sales profits	High	▪ Strengthen R&D and innovation, optimise product performance and processes, and enhance competitiveness; ▪ Expand market channels, strengthen brand promotion, and build a green and low-carbon industrial chain ecosystem.
Market	Shifting consumer attitudes and accelerating market transition towards low-carbon solutions drive increased demand for green aluminium alloys.	Growing demand for low-carbon products drives an increase in revenue	High	▪ Drive the low-carbon transition, cultivate new market opportunities, and achieve growth in green business revenue.
Resource Efficiency	Implement energy-saving technical upgrades, improve production efficiency, reduce resource consumption and energy loss, and increase output per unit.	Reduce production costs and increase sales profits	Medium	▪ Gradually implement energy-saving technical upgrades and optimise the utilisation of resources and energy.
Energy Sources	Deploy green energy facilities such as wind, solar and energy storage; expand the proportion of hydropower used in Yunnan Province and increase the share of renewable energy.	Reduce energy costs	Medium	▪ Expand investment in green energy and increase the proportion of energy procured and utilised for facilities such as wind, solar and energy storage; ▪ Strengthen energy management and optimise energy allocation.
Resilience	Deploy new energy sources to enhance resource resilience; expand the green market to strengthen market competitiveness, meet downstream client needs and generate new revenue.	Increase operating revenue	High	▪ Deepen industrial chain collaboration, establish long-term partnerships, and jointly address market changes; ▪ Increase investment in R&D to improve the low-carbon performance of products; ▪ Establish a risk early-warning mechanism to identify and address potential risks in advance.

Climate Scenario Analysis

We continuously conduct climate scenario analysis to dynamically track the risks and opportunities facing the Company under different climate scenarios. By integrating climate change trends, policy updates and business developments over the past year, the Company assesses the evolution of physical and transition risks across its operational locations under low-emission and high-emission scenarios, providing a scientific basis for the Company's medium to long-term strategic decision-making and risk management. We continue to utilise a scenario framework that is highly aligned with our industry characteristics, policy sensitivity and operational footprint. We assess physical risk resilience using the IPCC SSP1-2.6 (low-emission scenario) and IPCC SSP5-8.5 (high-emission scenario), whilst evaluating transition risks using the IEA Net Zero Emissions by 2050 Scenario (NZE2050) and the Stated Policies Scenario (STEPS).

Scenario Selection

	Low-emission Scenario	High-emission Scenario
Physical Risks	IPCC SSP1-2.6 Assuming that global emission reduction efforts are actively pursued and the targets of the *Paris Agreement* are achieved, global warming this century will not exceed 2°C above pre-industrial levels (1850).	IPCC SSP5-8.5 Assuming no climate policy intervention, global temperatures by the end of this century will rise by more than 4.4°C compared to pre-industrial levels, with frequent extreme weather events.
Transition Risks	IEA Net Zero Scenario (NZE2050) Assuming global carbon neutrality is achieved by 2050, with rapidly rising carbon prices and the widespread adoption of clean technologies.	IEA STEPS Assuming only announced policies and regulatory frameworks are taken into account, with energy demand continuing to grow and conventional fuels remaining dominant.

Risk Categories		Key Scenario Factors and Potential Impacts: Low-emission Scenario	Key Scenario Factors and Potential Impacts: High-emission Scenario
Physical Risks	Extreme Weather	If temperature rise is limited to within 2°C, the probability and intensity of extreme weather events (such as floods, heavy rainfall and typhoons) decrease.	With a temperature rise of 4.4°C, the probability and intensity of extreme weather events (such as floods, heavy rainfall and typhoons) increase.
	Water Resource Pressure	The supply of water for production remains relatively stable, and the risk of water scarcity is low.	Particularly in regions prone to frequent droughts, the supply of water for production may be severely affected, and the risk of water scarcity intensifies.
	Supply Chain Stability	The supply chain logistics system and raw material supply are relatively unaffected by rising temperatures, and the risk of supply chain disruption is low.	Climate-related disasters may lead to supply chain backlogs and shortages of raw materials, resulting in a higher risk of supply chain disruption.
Transition Risks	Policy Pressure	With the accelerated implementation of domestic and international low-carbon policies, enterprises need to accelerate energy-saving technical upgrades and the transition to green electricity.	Failure to strictly implement carbon neutrality plans in various countries and regions, coupled with significant fluctuations in energy prices, results in insufficient incentives for carbon reduction.
	Market Demand	With demand for low-carbon products on the rise, enterprises need to accelerate the low-carbon transformation of production and operations.	Growth in demand for low-carbon products slows, with traditional aluminium products still dominating the market; returns on low-carbon initiatives for enterprises fall short of expectations.
	Carbon Trading Prices	With carbon prices remaining at a high level, enterprises need to rapidly implement renewable energy solutions to replace traditional energy consumption.	Carbon prices remain at a low level, reducing the urgency for enterprises to invest in renewable energy.

Scenario Analysis Process and Results

Taking into account the Company's latest business layout and risk management measures, we have updated our assessment of the risk impact levels for 2030 and 2050.

Risk Description		Risk Impact Level: Low-emission Scenario 2030	Low-emission Scenario 2050	High-emission Scenario 2030	High-emission Scenario 2050
Acute Risks	Typhoons	●	●	●	●
	Extreme rainfall/floods	●	●	●	●
Chronic Risks	High temperatures/ drought	●	●	●	●
	Sea-level rise	●	●	●	●
Policy and Legal Risks	Carbon trading and carbon adjustment mechanisms	●	●	●	●
Technology Risks	Clean technology substitution	●	●	●	●

Risk Impact Level

● Low ● Medium ● High

In terms of physical risks, the Company has effectively enhanced its capacity to respond to extreme weather events through facility upgrades, optimisation of contingency plans, and water-saving technological improvements. Although the risk of high temperatures and drought is increasing, it remains within manageable limits overall.

Regarding transition risks, under a low-emission scenario, the Company accelerates the transition to renewable energy and the deployment of low-carbon products, and has established a carbon management system to address rising carbon costs; under a high-emission scenario, the Company maintains policy sensitivity and dynamically adjusts the pace of transition to ensure risk resilience across different scenarios.

Moving forward, the Company will continue to deepen its climate scenario analysis by incorporating more regional climate models and business scenarios. Through quantitative analysis, we will further enhance the accuracy of risk assessments and promote the deep integration of climate risk response measures with the Company's strategic planning.

Risk Management

The Company has fully integrated climate risk management into its overall risk control framework and value chain decision-making to address the challenges posed by climate change to business operations. By establishing cross-functional teams, the Company conducts proactive monitoring, assessment, and response to climate risks. The Board of Directors and the Strategy and ESG Committee regularly review the results of relevant risk assessments, incorporate them into strategic decision-making, and provide ongoing guidance for management improvement. Currently, the Company has established a systematic climate risk management mechanism covering the entire value chain.

Upstream

- The Company actively collects data on the full life cycle carbon footprint (LCA data) of suppliers' products, establishes a supplier LCA environmental performance database, dynamically monitors environmental standards and requirements across relevant industries, and conducts in-depth assessments and analyses of the climate change impacts within the supply chain.

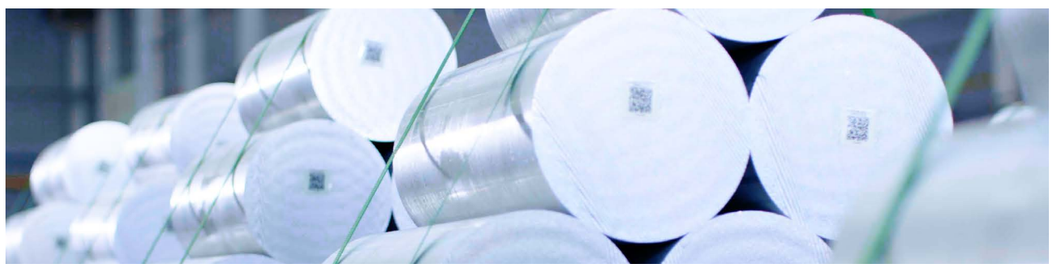
Operations

- The Company tracks carbon emission indicators and the progress of carbon reduction projects on a quarterly basis to manage potential risks; It comprehensively assesses investments in low-carbon technology R&D and operational costs, and reviews R&D funding and project priorities.
- The Company steadily advances low-carbon projects in accordance with the established roadmap; regularly evaluates implementation effectiveness and interim outcomes to ensure the achievement of carbon reduction targets.
- The Company conducts in-depth analysis of policies related to carbon peaking and carbon emission reduction, and assesses their potential impact on the Company' s business operations and development.
- The Company conducts analyses related to the low-carbon transition to identify the Company' s strengths and weaknesses, as well as the opportunities and risks it faces, thereby laying a solid foundation for the application of low-carbon technologies.

Downstream

- The Company systematically collects and complies specific client requirements regarding carbon reduction within the supply chain.
- The Company deepens industry-academia-research collaboration, promotes green and low-carbon product design concepts, and works closely with clients to advance carbon reduction design efforts across the entire supply chain.

The Company regularly reviews and optimises the aforementioned processes to ensure their continued integration with the overall risk management system; should any adjustments be made, the updated content and reasons will be disclosed in a timely manner.



Metrics and Targets

Carbon Reduction Target Setting

The Company has established a company-wide medium to long term carbon target management system. Taking 2025 as the base year, the Company has clearly defined the core objectives of "Carbon Peaking by 2030 and Carbon Neutrality by 2050". The Company will continue to deepen its low-carbon transition strategy and contribute to achieving the national "Dual Carbon" goals through technological innovation, management optimisation, and industrial chain collaboration.

	Carbon Reduction Targets of the Subsidiaries	Progress in 2025
Mengchuang Light Materials	Taking 2024 as the base year, greenhouse gas emission intensity (Scope 1 + Scope 2) was reduced by 5% in 2025	Achieved
Yunchuang Alloy	Taking 2024 as the base year, greenhouse gas emission intensity (Scope 1 + Scope 2) will be reduced by 2% by 2030	Ongoing
Mengchuang New Materials	Taking 2024 as the base year, greenhouse gas emission intensity (Scope 1 + Scope 2) will be reduced by 2% by 2030	Ongoing

In 2025, the Company' s total greenhouse gas emissions increased year-on-year, primarily reflecting the enhanced precision of the Company' s carbon emissions management and the continued expansion of its business scale. On the one hand, the Company has systematically optimised its carbon data monitoring and accounting system across all scopes, resulting in a more complete and accurate emissions inventory. On the other hand, the smooth commissioning of new production lines and the ramp-up of capacity at existing sites have led to a corresponding increase in the volume of operational activities, causing a temporary rise in emissions. In this process, by continuously optimising energy efficiency and promoting emission reduction projects, the Company has achieved a sustained reduction in carbon emission intensity per unit of product across its aluminium rods, wires and cables, profiles, and FRP products.

Carbon Emissions Accounting and Disclosure

To strengthen the Company' s target management capabilities and effectively track the Company' s carbon reduction performance, we have established a routine monitoring system for Scope 1, 2 and 3 greenhouse gas emissions and emission intensity. At the same time, in accordance with ISO 14064-1:2018, the Company has engaged a professional third-party organisation to conduct annual verification of greenhouse gas emissions within the scope of operational control and to issue a third-party verification statement.

2025		
Scope 1 total greenhouse gas emissions	Scope 2 total greenhouse gas emissions (location-based)	Scope 2 total greenhouse gas emissions (market-based)
422,061.53	414,142.17	402,572.40
tonne of CO_2 equivalent	tonne of CO_2 equivalent	tonne of CO_2 equivalent

Greenhouse gas emission intensity

Metric	Unit	2025
Total greenhouse gas emissions per million RMB revenue (Scope 1 and Scope 2)	tonne of CO_2 equivalent per million RMB of revenue	10.85

Product greenhouse gas emission intensity

Aluminium billets & rods, wires and cables

0.13

tonne of CO_2 equivalent /tonne

Aluminium profiles

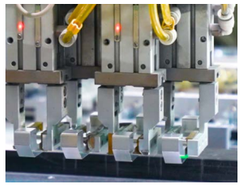
0.71

tonne of CO_2 equivalent /tonne

FRP products

0.50

tonne of CO_2 equivalent /tonne



Structural components

7.11

tonne of CO_2 equivalent / 10,000 pcs

The Company' s greenhouse gas accounting strictly adheres to ISO 14064-1:2018 and the GHG Protocol *Corporate Greenhouse Gas Accounting and Reporting Standard*, adopting the operational control approach to define organisational boundaries. All production bases, ancillary facilities, and business units under the Company' s operational control are included in the accounting scope, ensuring coverage of all emission sources directly managed by the Company. Scope 1 emissions are calculated using a combination of the direct measurement method and the emission factor method. Scope 2 emissions are calculated using both location-based and market-based approaches. Location-based emissions are calculated using annual regional grid emission factors released by the Ministry of Ecology and Environment, whilst market-based emissions are calculated based on the Company' s green electricity procurement contracts and the actual consumption of Renewable Energy Certificates (RECs). Scope 3 emissions are calculated using a combination of supplier-specific factors and industry-average emission factors. Key assumptions include the applicability of tonne-kilometre emission factors for the transportation sector and the energy consumption associated with downstream product processing. The 2025 greenhouse gas emissions data have been verified by a qualified third-party organisation.

Emissions Reduction Practices and Achievements

In 2025, the Company effectively drove the continuous optimisation of carbon emission efficiency through the implementation of a series of systematic emission reduction initiatives. In production and operations, the Company prioritised the electrification and energy-saving retrofits of key equipment, such as melting furnaces and homogenisation furnaces, whilst implementing multiple renewable energy projects, including ORC waste heat recovery power generation and distributed photovoltaic power generation. In circular economy, the Company continued to expand its capacity and technical capabilities for the grade preservation and utilisation of recycled aluminium, while refining its closed-loop recycling system to reduce the carbon footprint of products at the raw material stage. Furthermore, by establishing a three-tier carbon management framework comprising "decision-making, management and execution", and by incorporating climate considerations into strategic investment and operational decisions, the Company ensured the systematic advancement and effective implementation of its emission reduction initiatives.

Green and Low-Carbon, Building a Shared Home

Building a Green Industrial Chain

Innovation New Material adheres to a full-life cycle carbon reduction approach, integrating green and low-carbon requirements throughout the entire process—from green procurement and manufacturing processes to end-use applications—to establish an integrated green industrial chain across the upstream and downstream value chain.

Source Decarbonisation: Embedding Green Principles into Raw Materials

Green Aluminium

The Company integrates green and low-carbon principles into its selection of raw materials, continuously advancing its strategic partnerships for green electricity aluminium. It focuses particularly on regions rich in wind and solar power and hydropower resources, such as Inner Mongolia and Yunnan province, and actively engages in deep cooperation with suppliers that produce electrolytic aluminium using renewable energy, working together to reduce carbon emissions at the source.

The aluminium alloy round ingots (hydropower-based aluminium) produced by the subsidiary Yunchuang Alloy utilise hydropower-based aluminium as raw materials. Compared to traditional coal-fired power-based aluminium, this approach effectively reduces the product' s carbon footprint by approximately 56% during the raw material stage.

Green Transportation

Leveraging the advantages of the aluminium industry cluster, the Company has established an "Innovative Model" based on the "short-distance transportation of molten aluminium", effectively reducing carbon emissions generated during both the transportation process and the remelting of aluminium ingots. By adopting a "door-to-door" procurement and processing model for molten aluminium, approximately 70 m^3 of natural gas can be saved for every tonne of molten aluminium utilised, compared to remelting aluminium ingots.

In 2025, the Company procured a total of 3.2794 million tonnes of molten aluminium, accounting for 91.92% of the total volume of aluminium ingots and molten aluminium raw materials used.

Process Decarbonisation: Forging a New Engine for Low-Carbon Manufacturing

In accordance with the *Energy Conservation Law of the People's Republic of China* and ISO 50001, the Company has established systems such as the *Energy Management System Manual and the Energy Review and Control Procedure*, continuously refining its energy performance evaluation and improvement mechanisms. In 2025, eight of the Company' s plants obtained ISO 50001 Energy Management System certification, further expanding the scope of the energy management system.

To systematically enhance energy efficiency, the Company has established a comprehensive three-tier energy governance structure comprising the "Board of Directors – Management – Executive Level".

Board of Directors

Strategy and ESG Committee of the Board of Directors

As the highest governing body, the Committee is responsible for overseeing the Company' s energy development policies and overall carbon neutrality strategy.

Management

Energy Management Leading Group

Chaired by the Deputy General Manager, this group is responsible for formulating specific energy management policies, approving phased energy-saving and carbon reduction targets, and coordinating the operation of cross-departmental systems.

Execution Level

Subsidiary Energy Management Groups

Extending management requirements to the production front line, the groups are responsible for the implementation of the energy management system, routine energy performance monitoring, and refined on-site management.

Renewable Energy Utilisation

Innovation New Material continuously optimises its energy mix and actively increases the proportion of renewable energy used, driving process decarbonisation through a combination of renewable energy substitution and the in-house green electricity generation. In resource-rich regions such as Yunnan Province and Inner Mongolia, the Company makes full use of renewable energy sources including hydropower, wind power, and solar power to provide green electricity for production operations. At the same time, the Company continues to expand the scope of its rooftop photovoltaic installations, harnessing solar energy to power production lines and advancing the development and utilisation of renewable energy.

By the end of 2025, the Company had installed a cumulative total of 64.39 MW of photovoltaic power generation equipment, generating 66,659.88 MWh of electricity annually, with an estimated annual reduction of approximately 41,269.13 tonnes of carbon dioxide emissions. In 2025, the Company consumed 64,834.87 MWh of rooftop photovoltaic power generation, an increase of 58% compared to 2024.

Furthermore, Innovation New Material actively purchased green certificates in 2025, corresponding to 21,656 MWh of green electricity. Through market-based trading of green electricity and green certificates, the Company continues to increase its utilisation of renewable energy, gradually moving towards the replacement of fossil fuels.

Energy Management Objectives	Progress in 2025
By 2030, the proportion of renewable energy in the Company's total energy consumption will reach 15%.	12.32%

Hengwang Cable: Photovoltaic Expansion Project

Hengwang Cable continues to deepen its green energy strategy and has been systematically advancing its solar expansion project. In 2025, Hengwang Cable added 3.41 MW of installed capacity; once fully operational, the project is expected to generate 4.4 million kWh of electricity annually.

Hengwang Cable continues to advance its rooftop solar projects

Traditional Energy Conservation

The Company is continuously advancing technical upgrades for energy conservation and carbon reduction. By identifying opportunities for carbon reduction, optimising production processes, and enhancing equipment energy efficiency, it is continuously strengthening the internal momentum of green manufacturing.

The Company is further exploring energy-saving potential. Focusing on the entire aluminium processing production cycle, it conducts internal and external audits on raw material utilisation efficiency, energy consumption levels, process losses, and pollutant generation stages. This has resulted in a list of improvement measures for energy conservation, consumption reduction, pollution control, and carbon reduction, continuously enhancing process decarbonisation capabilities and resource utilisation efficiency. In 2025, five subsidiaries conducted cleaner production audits.

The Company encourages employees to propose improvement plans centred on energy conservation, emissions reduction, pollution control and efficiency enhancement, and incorporates feasible measures into its continuous improvement plan. This has gradually led to the formation of multi-tiered initiatives covering process optimisation, process control, and resource recovery, thereby improving the efficiency of energy and resource utilisation.

To systematically advance energy conservation and low-carbon transition, the Company prioritises energy-saving technological upgrades as a key focus area. It continues to implement multiple energy-saving demonstration projects to drive a shift in energy utilisation from "high consumption" to "high efficiency".

Application of Regenerative Combustion Technology

By efficiently recovering thermal energy from high-temperature flue gas to preheat combustion air, this technology raises the temperature of the combustion air to a temperature just 50–100°C below the furnace temperature, whilst reducing the exhaust flue gas temperature to 200°C. The application of this technology has significantly improved thermal efficiency in the Company's production processes, saving approximately 5.5 standard cubic metres of natural gas per tonne of aluminium, thereby effectively reducing fuel consumption and carbon dioxide emissions.

In-depth Cascading Utilisation of Energy

The Company mixes and recovers high-temperature flue gas generated by both the recycled aluminium decoating furnace and the smelting furnace, and feeds it into a waste heat boiler to produce steam. In addition to being used for onsite heating and certain production workshops, the steam is also fed into a waste heat power generation system after pressure and flow stabilisation, where it is converted into high-quality electricity. The first phase of this project is expected to generate 9.6 million kWh of electricity annually, converting industrial waste heat into renewable energy for production use.

Green Lighting for Energy Conservation and Emissions Reduction

The Company is steadily advancing the energy-efficient upgrade of site lighting, gradually replacing lighting fixtures in workshops and office areas with high-efficiency and energy-saving LED lamps to enhance the energy utilisation efficiency of the lighting system.

Furthermore, the Company organised specialised training for all staff in energy management roles, covering topics such as cutting-edge energy-saving technologies, industry energy efficiency benchmarking, and the optimisation of energy management systems. By integrating external experts with internal case studies, the team's professional skills and practical capabilities have been effectively enhanced.

Innovation Beihai: Smelting Furnace Waste Heat Recovery Project

Innovation Beihai implemented technical upgrades for smelting furnace waste heat recovery, introducing high-efficiency regenerative burner technology. This system utilises heat storage media to recover heat from high-temperature flue gas, preheating ambient combustion air to a temperature just 100°C lower than that of the furnace flue gas, thereby achieving a significant improvement in combustion efficiency. Since the project's commissioning, the Company has reduced annual natural gas consumption by 1 million cubic metres, substantially lowering production energy consumption.

Innovation Renewable: Waste Heat Power Generation Upgrade Project

Innovation Renewable implemented a technical upgrade for waste heat power generation, upgrading the heating medium to a low-boiling-point organic working fluid and introducing a magnetic levitation turbine-generator integrated unit for power generation. This project has substantially improved thermal energy conversion efficiency, with an estimated annual electricity generation of 12 million kWh. Through the efficient recovery of industrial waste heat, the project saved 3,788 tonnes of standard coal annually and reduced carbon dioxide emissions by 9,441 tonnes, achieving a win-win outcome of energy recycling and low-carbon benefits.

Yunchuang Alloy: Multi-faceted Approach to Promoting Refined Energy-Saving Management

To further reduce electricity consumption, Yunchuang Alloy procured new energy-efficient sawing equipment and optimised its operating parameters. By combining staff consolidation with shift adjustment strategies, the Company implemented centralised management of multiple sawing machines, significantly reducing idle time. Operational data indicates that for every sawing machine reduced, the Company saves approximately 39,000 kWh of electricity per month.

Furthermore, Yunchuang Alloy installed water temperature monitoring devices on the cooling towers in the casting workshop to enable precise temperature control, ensuring equipment is only activated when set thresholds are reached, thereby effectively reducing unnecessary electricity consumption. The Company also carried out external insulation upgrades on its homogenisation furnaces to enhance thermal retention, minimise heat loss, and achieve a year-on-year reduction in gas consumption of 1.5 m^3.

Inner Mongolia Yuanwang: Smart Control Upgrade and Energy Efficiency Improvement for Smelting Furnaces

Inner Mongolia Yuanwang thoroughly explored the energy-saving potential of the smelting process by retrofitting the furnace with an automatic control system. The Company prioritised the installation of high-efficiency heat storage devices to improve furnace chamber temperature uniformity and thermal utilisation efficiency, with an estimated annual reduction in natural gas consumption of approximately 600,000 m3. Furthermore, the project is equipped with furnace doors and dust recovery systems, effectively reducing fugitive dust emissions by approximately 80% and further optimising process performance.

Material Conservation

Innovation New Material implements a resource-conservation philosophy by establishing a new production system, achieving a transition and optimisation from extrusion to forging processes. This transformation has effectively overcome the material consumption constraints of the original production model, marking an upgrade from ‘Process 1.0’ to ‘Process 2.0’. Based on the final product geometry, the Company has optimised the raw material form from round ingots to square billets, and adopted a production method combining forging with minimal CNC finishing. This has effectively optimised the machining path for high-deformation precision components, reduced machining allowances, and significantly lowered scrap generation and resource wastage.

The Company actively explores additive manufacturing technologies, which not only effectively shorten R&D cycles but also enable the integrated forming and lightweight manufacturing of complex precision components. Through additive manufacturing processes, material utilisation rates can be increased from 30%–60% in traditional subtractive processes to over 90%. Currently, the Company’ s additive manufacturing products focus on high-precision components, empowering high-end application scenarios such as aerospace, biomedicine, industrial automotive, and consumer electronics.

Through the synergistic advancement of process optimisation and additive manufacturing technology, the Company has achieved an 85% reduction in aluminium alloy usage for comparable products, alongside a substantial decrease in carbon emissions. It continues to provide the industry with high-performance, low-carbon green material solutions, thereby supporting the high-quality development of a green industrial chain.

Additive Manufacturing Process

R&D and Design	The Company independently develops formulations for aluminium alloy powders and creates 3D digital models to directly drive the production process, thereby achieving seamless integration between design and manufacturing.
Powder Preparation	Utilising the VIGA (Vacuum Induction Gas Atomisation) process, the Company independently produces micron-sized aluminium alloy powders, ensuring the quality of raw materials remains stable and controllable.
Additive Forming	Utilising a high-energy laser beam to melt and deposit material layer by layer along a cross-sectional path, combined with coordinated control via a multi-layer airflow field system, to ensure forming accuracy and consistency.
Process Monitoring	Real-time monitoring of the printing status via powder spreading inspection systems and oxygen content alarm systems ensures a stable and safe operation of the process.
Closed-loop Powder Management	Excess powder is transferred under inert gas protection to a collection tank, screened, and returned to the powder supply system, achieving full isolation between personnel and powder, and enabling continuous recycling.
Solidification	Following heat treatment and surface finishing, the formed components are transformed into fully dense, high-strength solid products that meet the requirements of high-end applications.

Application Decarbonisation: Unleashing New Momentum for the Green Industry

Green Product Applications

The Company demonstrates a strong understanding of the urgent demand for green supply chains in downstream industries. By fully utilising hydropower-based aluminium, wind and solar power-based aluminium, and recycled aluminium resources, the Company develops low-carbon and zero-carbon aluminium alloy products, thereby enabling end clients to achieve value chain emission reduction targets.

In the 3C consumer electronics sector, the Company continues to achieve technological breakthroughs. By optimising material properties and iterating process parameters, the Company has successfully enabled the mini PC products to achieve carbon neutrality for the first time and enter large-scale production. The Company has pioneered the application of clean recycling technology for plastic-containing aluminium scrap in consumer electronics production, significantly reducing carbon emissions across the product' s entire life cycle.

In the automotive lightweighting sector, the Company accelerates the research, development and certification of materials for key components, such as side sills, crash beams, and battery packs, with products already in use across domestic and international vehicle models. By supplying high-strength, high-toughness, lightweight aluminium alloy materials, the Company effectively supports the reduction of vehicle weight and the enhancement of energy efficiency in new energy vehicles.

Showcasing the "Renewable Energy – Recycled Materials – Zero-Carbon Smart Manufacturing" Paradigm at the Expo

As a member of Apple' s supply chain, the Company participated the 3rd China International Supply Chain Expo in July 2025, showcasing the outstanding achievements of China' s manufacturing sector in its transition towards green and intelligent transformation. The Company established a closed-loop system for the recycling of scrap aluminium and its 100% grade-retaining utilisation. It has developed green electricity-based aluminium projects utilising hydropower, wind power, and photovoltaic energy, and worked with partners to advance process optimisation and technological innovation. This has led to the successful realisation of grade-retaining utilisation of recycled aluminium, the production of low-carbon aluminium alloys, and the continuous refinement of equipment and processes. In the future, the Company will continue to deepen its low-carbon supply chain cooperation with key partners such as Apple, supporting the large-scale development of high-performance, low-carbon aluminium alloy products.

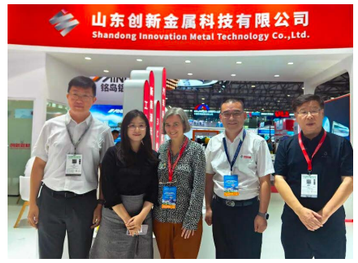
Photo from the Chain Expo

Industry Exchange and Industry-Academia-Research Integration

We actively build open and shared platforms for industrial exchange, joining hands with partners across the supply chain to unleash new momentum for the green industry and drive the global aluminium sector towards a carbon-neutral future.

Deepening ASI Collaboration to Build a Responsible Aluminium Value Chain

In July 2025, the Company showcased its high strength and toughness aluminium alloy products at the 2025 International Aluminium Industry Exhibition- Aluminium China, highlighting applications across 3C electronics, automotive, power grids, and aerospace sectors. During the exhibition, Dr Fiona Solomon, Chief Executive Officer of the Aluminium Stewardship Initiative (ASI), and her delegation visited the Company' s exhibition stand to gain a detailed understanding of the Company' s globalisation strategy and ASI certification plan. Dr Solomon recognised the Company' s practices in green raw material sourcing, renewable energy application, and the establishment of a closed-loop recycling system for recycled aluminium. She expressed her expectation that the Company would continue to expand its ASI certification coverage, jointly refine the Responsible Aluminium standards, and contribute further to the sustainable development of the global aluminium industry.



Dr Fiona Solomon visits the Company' s exhibition stand

We maintain close collaboration with leading domestic universities and research institutions, focusing on joint research into cutting-edge topics such as pathways to carbon neutrality, the efficient utilisation of renewable energy, and the construction of digital zero-carbon factories. We are committed to bridging academic research and industrial application, transforming cutting-edge theories into practical outcomes that drive the green upgrading of the industry.

University-Industry Collaboration: Building a Zero-Carbon Aluminium Supply Chain

In 2025, a delegation of staff and students from Tsinghua University visited Innovation Precision to conduct a practical research activity themed "Research on Pathways for Zero-Carbon Aluminium Manufacturing Plants: Based on Clean Electrification", focusing on enhancing carbon neutrality capabilities. The delegation visited the production sites, including the scrap aluminium recycling workshop, the R&D centre, and the automated warehouse, to gain a systematic understanding of the Company' s innovative practices in areas such as recycled aluminium utilisation and the construction of zero-carbon factories. With zero-carbon aluminium production as their research objective, the university and the Company jointly evaluated the carbon reduction potential and economic benefits of various clean electrification schemes, identified challenges regarding key equipment upgrades and cost constraints, and ultimately proposed development pathways and key performance indicators for a zero-carbon aluminium factory, providing guidance for the subsequent implementation of the project.

Tsinghua University staff and students visits the production site

Green and Low-Carbon, Building a Shared Home

Environmental Compliance Management

Innovation New Material consistently regards environmental protection as a key task for the Company' s sustainable development. We comply with laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, whilst continuously optimising its environmental management system and enhancing its environmental risk control capabilities.

In 2025, the Company continued to refine its internal management systems, revising and publicly releasing the *Environmental Management System Policy,* and formulating the *Monitoring Data Quality Management System*, covering areas such as pollution prevention and control, resource conservation, environmental risk management, and supply chain environmental management. To strengthen environmental protection management for external contractors, the Company issued the *Environmental Protection Notice* to all external construction personnel, clearly outlining the primary environmental protection responsibilities of external contractors and the Company' s management requirements. By the end of 2025, 14 factories had obtained ISO 14001 Environmental Management System certification, achieving a coverage rate of 82%.

Environmental Management System

Innovation New Material adheres to a management approach of "top-level coordination, mid-level execution, site-level implementation and full participation", establishing a three-tier environmental management structure comprising "the Board of Directors and management, the HSE Supervision Department, and the HSE departments of each subsidiary", ensuring that environmental responsibilities are cascaded down through each level and that management measures cover the entire process. The Strategy and ESG Committee of the Board of Directors serves as the highest authority for the Company' s environmental coordination and supervision, overseeing issues including waste gas emissions, wastewater discharge, waste disposal, water resource utilisation, energy utilisation, and biodiversity conservation.

Innovation New Material' s Environmental Management Structure and Responsibilities

Board of Directors and Management	▪ Planning and Policies: Approves medium- and long-term plans, annual targets, and core policies. ▪ Major Matters: Approves major capital investments, major risk response plans, and contingency plans. ▪ Resource Provision: Ensures the allocation of human resources, funding, technology, and equipment. ▪ Compliance Oversight: Ensures compliance with laws, regulations and supervisory requirements, and mitigates major environmental risks.
Health, Safety and Environment (HSE) Department	▪ Planning and Implementation: Formulates annual plans in accordance with decisions made by the Board of Directors and management, and drives the implementation of environmental protection policies and plans across subsidiaries. ▪ Inspection and Rectification: Organises specialised inspections, routine inspections and hazard identification; maintains hazard register and tracks rectification progress. ▪ Compliance and Support: Monitors environmental laws, regulations and standards; provides technical support to subsidiaries; organises environmental awareness training. ▪ Coordination and External Communication: Coordinates internally with production, technical, and equipment departments to fulfil environmental responsibilities; cooperates externally with regulatory authorities regarding inspections and data submission.
Subsidiary HSE Departments	▪ Policy Implementation and Target Allocation: Implements policies and work plans issued by the Health, Safety, and Environment (HSE) Supervision Department, and ensures the achievement of environmental protection targets. ▪ On-site Management and Emissions Control: Responsible for the day-to-day management of production sites, and the control of environmental risk points and emission points. ▪ Hidden Hazard Identification and Record Management: Conducts daily environmental risk and hazard inspections, and drives the implementation of corrective measures. ▪ Training, Awareness-Raising, and Emergency Response: Organises environmental protection training for staff, develops specific response plans and conducts drills. ▪ Data Collection and Traceability: Standardises the collection of environmental data and the management of daily records.

Through the above system, the Company has established a closed-loop mechanism of "decision-making, execution, supervision, and assessment", continuously enhancing its environmental governance capabilities and compliance management levels.

Environmental Risk Assessment and Management

The Company conducts environmental risk assessments in accordance with relevant technical guidelines and standards for environmental risk control, such as the *Technical Guidelines for Environmental Risk Assessment of Construction Projects* and the *Method for Classifying Risks of Sudden Environmental Incidents in Enterprises*. It identifies key environmental risks and opportunities, and implements graded and categorised control measures to ensure precise risk prevention and control.

Risk Assessment

Innovation New Material has established an integrated environmental risk assessment mechanism, encompassing three forms: regular assessments, dynamic assessments, and specialised assessments, which are jointly carried out by internal working groups and external organisations or industry experts. By cross-analysing the conclusions of internal and external assessments, the Company continuously identifies management weaknesses, incorporates identified issues into a rectification list, sets clear rectification deadlines, thereby forming a closed-loop management system. In 2025, the number of issues identified during internal environmental supervision and inspection decreased by 29.63%, with a rectification rate of 100%. In 2025, the Company commissioned third-party organisations to conduct assessments of the standardised environmental management of hazardous waste at its subsidiaries, with all subsidiaries achieving a 100% compliance rate.

Forms of Risk Assessment

- **Regular Assessments:** The Company conducts a comprehensive risk assessment at least once a year, covering all production processes, environmental protection facilities, potential risk points, etc.
- **Dynamic Assessments:** The Company conducts dynamic assessments immediately in the event of upgrades or modifications to environmental protection facilities, adjustments to the boundaries of sensitive protected areas in the vicinity, or the occurrence of environmental incidents or non-compliant emissions.
- **Specialised Assessments:** The Company conducts specialised assessments of high-risk areas, such as hazardous waste storage and waste gas treatment systems every six months.

Risk Assessment Entities

- **Internal Assessments:** Internal working groups comprising environmental protection, production, technical, and safety departments carry out risk identification, rectification tracking, and verification of the feasibility of contingency plans.
- **External Assessments:** The Company engages qualified third-party organisations or industry experts annually to conduct assessments, thereby enhancing the independence and objectivity of the assessments.

Risk Management

Based on the results of environmental risk assessments, the Company has established a risk classification and categorisation management system. By defining risk levels and categorising risk types, the Company has formulated and implemented differentiated control mechanisms aimed at achieving dynamic risk prevention and control, as well as efficient risk response.

Risk Grading Management

- **Major Risks (risks that may trigger mass incidents, cross-regional pollution, or significant economic losses):** Develops dedicated contingency plans, assigns dedicated teams, and implements 24-hour monitoring.
- **Significant Risks (risks that may cause localised pollution or result in regulatory penalties):** Designates responsible departments, reviews progress on rectification measures monthly, and strengthens the operation and maintenance of environmental protection facilities.
- **General Risks (risks with a limited scope of impact and easily rectifiable):** Manages through daily controls by frontline staff, with quarterly inspections.

Risk Categorisation Management

- **Emissions-related Risks:** Strengthens supervision and inspection, establishes a daily patrol mechanism, and utilises online monitoring systems to achieve targeted control over pollutant emissions and facility operations.
- **Hazardous Waste Leakage Risks:** Constructs standardised storage facilities and conducts regular leakage drills.
- **Emergency Response Risks:** Refines emergency response plans, stockpiles emergency supplies, and conducts regular drills.

Environmental Emergency Management

During this Reporting period, Innovation New Material continued to improve its environmental emergency management system. Based on the results of environmental risk assessments, the Company organised the preparation of safety risk reports for pollution control facilities and emergency response plans for sudden environmental incidents. At the same time, the Company established an environmental emergency response team, equipped it with necessary emergency supplies, and organised regular emergency drills in accordance with the 'three-tier prevention and control' requirements. In 2025, the Company conducted a total of 45 emergency drills for sudden environmental incidents, including hazardous waste leakage, natural gas leakage, and fire accidents, effectively enhancing the emergency response capabilities and coordination of all employees.

Hengwang Cable Conducted Emergency Drill for Waste Gas Treatment Equipment Failure

In October 2025, Hengwang Cable organised an "Emergency Drill for Waste Gas Treatment Equipment Failure". This drill simulated on-site response scenarios following a failure of the waste gas treatment system, helping relevant personnel familiarise themselves with the emergency response procedures. The Company simultaneously evaluated the feasibility of its environmental emergency response plan, identifying and addressing any weaknesses. The drill effectively enhanced staff safety awareness, enabled employees to understand emergency procedures, and improved emergency response capabilities.

Hengwang Cable Emergency Drill

Environmental Training

The Company places great emphasis on the continuous improvement of employees' environmental awareness and compliance capabilities. In 2025, the Company systematically organised 47 environmental training sessions covering topics such as environmental laws and regulations, environmental management systems, risk and emergency response procedures, pollution prevention and control technologies, standardised hazardous waste management, and biodiversity conservation. A total of 18,594 employee attendances were recorded, covering all levels of the Company and all staff in environmental management-related roles. Through methods such as classroom sessions, on-site briefings, and case studies, the Company helped employees stay abreast of the latest environmental regulations and policy requirements at both national and local levels, thereby effectively enhancing their awareness of environmental compliance and responsibility awarenessz.

In 2025, The Company conducted a total of 47 environmental protection training sessions, with 18,594 employee attendances

Yuanwang Electrotechnics Conducted Specialised Environmental Compliance Training

In July 2025, Yuanwang Electrotechnics organised specialised environmental compliance training, focusing on systematic explanations of environmental laws and regulations, operating procedures for environmental protection equipment, and hazardous waste management. Through this training, employees gained a deeper understanding of the requirements for environmental emergency response plans, effectively enhancing their compliance awareness and operational compliance. The training covered 298 production-related staff members, achieving a 100% participation rate, and enhancing employees' overall environmental protection capabilities.

Yuanwang Electrotechnics Environmental Compliance Training

Green and Low-Carbon, Building a Shared Home

Pollutant Discharge Reduction

The Company strictly complies with national and local laws and regulations regarding the management of emissions of various pollutants, including waste gas, wastewater, and noise, and continuously improves the standardisation level of emissions management. The Company adheres to a control framework based on the principle of "top-level coordination, mid-level execution, site-level implementation, and full participation", establishing a three-tier management structure comprising "the Board of Directors and management, the HSE Supervision Department, and the HSE departments of each subsidiary", thereby clarifying the responsibilities for pollutant management at each level. The Company's Strategy and ESG Committee of the Board of Directors serves as the highest authority responsible for the control of waste gas, wastewater, and noise pollution, overseeing the Company's annual management plans, targets, and progress. The Company's senior management is responsible for guiding the day-to-day implementation of waste gas, wastewater and noise management plans, and for monitoring and managing monthly changes in performance indicators.

The Company formulates monitoring plans covering waste gas, wastewater, and noise in accordance with environmental impact assessment documents for construction projects, as well as technical specifications and standards for environmental monitoring, such as the *Technical Specifications for the Application and Issuance of Pollutant Discharge Permits* and the *Technical Guidelines for Self-Monitoring by Pollutant Dischargers*. The Company organises monthly, quarterly, or annual monitoring in accordance with the monitoring plans and maintains original monitoring data in a standardised manner. During this Reporting period, the Company's self-monitoring implementation rate was 100%, with compliance rates for waste gas emissions, wastewater, and noise all at 100%, and the on-time submission rate for compliance reports was 100%.

The Company installs and operates automatic monitoring equipment in accordance with legal and regulatory requirements, ensuring that the equipment complies with national standards, and is connected to the network of the competent ecological and environmental authorities. During this Reporting period, the operational rate of the Company's Continuous Emission Monitoring System (CEMS) and Water Quality Monitoring System (WQMS) was 100%, and the compliance rate of monitoring data was 100%.

The Company regularly conducts environmental safety risk assessments of its environmental protection facilities, maintains environmental safety risk registers, and continuously improves its environmental compliance management level. During this Reporting period, all types of pollution control facilities operated stably, with emissions of waste gas, wastewater, and noise consistently meeting regulatory standards. The Company's production bases are all located within local industrial parks, far from residential areas and densely populated zones, with minimal impact on the surrounding environment and communities.

Air Pollution Control

In accordance with the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the Company has formulated and continuously refined its *Waste Gas Pollution Prevention and Control Management Policy*. In 2025, all categories of air pollutants achieved 100% compliance with emission standards, and the total emission volume met the requirements for total pollutant control. Building upon compliance with relevant national emission standards, the pollutant emission concentrations at some subsidiaries were further reduced compared to local regulatory limits, with reductions exceeding 40%.

2026 Air Emissions Management Targets

- By 2026, the Company will ensure 100% compliance with emission standards for sulphur dioxide, nitrogen oxides, and particulate matter.
- By 2026, the Company's emission concentration of sulphur dioxide will be below 90% of the limit value for new pollution sources specified in the *Integrated Emission Standard of Air Pollutants* (GB16297-1996).
- By 2026, the Company's emission concentration of nitrogen oxides will be below 55% of the limit values for new pollution sources specified in the *Integrated Emission Standard of Air Pollutants* (GB16297-1996).
- By 2026, the Company's emission concentration of particulate matter will be below 90% of the standard limit value specified in the *Integrated Emission Standard of Air Pollutants* (GB16297-1996).

Types of Air Pollutants	Limit values for new pollution sources under the *Integrated Emission Standard of Air Pollutants* (GB 16297-1996)	Company's Actual Emission Concentration in 2025
Sulphur Dioxide	550mg/m^3	⩽50mg/m^3
Nitrogen Oxides	240mg/m^3	⩽100mg/m^3
Particulate Matter	120mg/m^3	⩽10mg/m^3

The Company has implemented a series of waste gas management measures, driving a continuous reduction in pollutant emissions through the simultaneous upgrading of technology and equipment.

- **Precision configuration of treatment facilities:** Based on the characteristics of different pollutants, the Company upgraded low-pressure pulse high-efficiency baghouse dust collectors, wet dust collectors, and oil mist and flue gas purification systems to ensure efficient treatment of particulate matter and volatile organic compounds in waste gas. Following the replacement of the low-pressure pulse baghouse dust collectors, dust removal efficiency increased by 0.5% compared to pre-upgrade levels, with particulate matter emission concentrations consistently maintained below 5 mg/m^3.
- **Advanced treatment of smelting waste gas:** A lime powder injection system and alkali spray system were installed to enable the synergistic treatment of acidic gases such as sulphur dioxide and fluorides.
- **Energy conservation and emission reduction in the combustion system:** The smelting furnace employed regenerative combustion technology to recover waste heat from waste gas for preheating combustion air, enabling high-temperature, low-oxygen combustion. This reduces fuel consumption whilst effectively lowering nitrogen oxides emission concentrations.
- **Source control of fugitive emissions:** The aluminium dross separation equipment was replaced with a high-efficiency rotary kiln, increasing dust collection efficiency to over 99% and further reducing the impact of on-site dust.

Innovation Sheet Materials Upgraded Dust Removal and Smelting Processes to Reduce Pollutant Emission Intensity

In 2025, Innovation Sheet Materials upgraded its existing baghouse dust collectors by replacing filter bags with high-standard filter bags. The new bags feature acid and alkali resistance, as well as high-temperature resistance. Following the upgrade, particulate matter capture capacity was significantly enhanced, effectively reducing particulate matter emission concentrations. At the same time, the Company installed a high-efficiency molten aluminium recovery unit, reducing the number of ash scrapers and exhaust stacks, thereby further lowering pollutant emission intensity. Particulate matter emission intensity decreased by 5% year-on-year, whilst sulphur dioxide emission intensity decreased by 0.1% and nitrogen oxides emission intensity by 1%.

Wastewater Management

In accordance with the *Water Pollution Prevention and Control Law of the People's Republic of China*, the Company has formulated and implemented the *Wastewater Pollution Prevention and Control Management Policy*, continuously strengthening wastewater treatment and discharge management. The Company strictly enforces the separation of rainwater and sewage, continuously improving wastewater treatment and reuse level to ensure that all pollutants in the wastewater consistently meet regulatory standards. In 2025, the Company achieved 100% compliant discharge of wastewater, with 14 factories obtaining ISO 14001 certification. The Company' s production and operations do not involve the generation or discharge of acid mine drainage.

2026 Wastewater Management Targets	Progress in 2025
▪ By 2026, the Company will ensure 100% compliance with wastewater discharge standards. ▪ By 2026, the Company' s wastewater recycling rate will be no less than 60%.	▪ In 2025, the Company achieved 100% compliance with wastewater discharge standards. ▪ In 2025, the Company' s wastewater recycling rate was 55%.

At sites with in-house wastewater treatment systems, the Company installs metering devices at discharge points and commissions external monitoring every six months to ensure that the volume and quality of effluent meet regulatory standards. For key discharging units, the Company installs automatic online monitoring systems at wastewater discharge points to monitor effluent quality in real time, ensuring consistent compliance with discharge standards.

In terms of industrial wastewater management, the Company employs a comprehensive approach combining on-site treatment, co-disposal, and cascading reuse to achieve wastewater reduction.

- Yunchuang Alloy operates an on-site wastewater treatment system, achieving 100% wastewater reuse and zero discharge.
- Mengchuang Light Materials adopts a co-disposal model, where wastewater is treated using facilities at neighbouring enterprises and then reused within its own production systems, achieving zero external discharge.
- At bases such as Innovation Metal and Innovation Sheet Materials, wastewater from pure water production is collected and settled before being used for site greening, road sprinkling, and washing. In 2025, reuse rates reached 60% and 80% respectively. Mengchuang New Materials, Inner Mongolia Yuanwang, and Chuangyuan Renewable collected industrial wastewater into cooling water tanks and reused it entirely in production, achieving a 100% recovery rate.
- Innovation Foil, Chuanghui New Material, and Liwang Precision all achieved a 100% wastewater reuse rate.

Regarding domestic wastewater management, the Company' s domestic sewage is treated in grease traps and septic tanks to meet regulatory standards before being discharged into the municipal sewerage network, thereby minimising environmental impact.

Noise Control

In accordance with the *Law of the People's Republic of China on the Prevention and Control of Noise Pollution*, the Company has formulated and implemented the *Noise Pollution Prevention and Control Management Policy*, continuously strengthening the control of industrial noise at source and process control. During the equipment selection phase, the Company prioritised the use of low-noise equipment to reduce noise generation at source. For high-noise equipment such as fans and air compressors, the Company installed damping pads and soundproof enclosures, and implemented necessary enclosure measures to reduce the noise impact of equipment operation. The Company paved the roads within the factory premises, fitted vehicles with silencers, and implemented speed limits to reduce noise disturbance during transportation operations. Through these measures, daytime noise emissions at the factory boundary are consistently maintained below 65 dB(A), whilst night-time emissions are consistently kept below 55 dB(A), thereby meeting the relevant requirements of the *Emission Standard for Industrial Enterprises Noise at Boundary*.

Standardising Waste Management

Innovation New Material strictly complies with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* and the *Regulations on the Prevention and Control of Environmental Pollution by Solid Waste*, and continuously improves its solid waste management system. The Company has formulated the *General Solid Waste Management Policy* and the *Hazardous Waste Management Responsibility Policy*, clearly defining the responsible entities and duty requirements for the generation, collection, storage, and transportation of waste.

The Company has established a three-tier management structure comprising the "Waste Management Leading Group – Health, Safety, and Environment (HSE) Supervision Department – HSE Departments of Subsidiaries". The Waste Management Leading Group, comprising the Strategy and ESG Committee of the Board of Directors and senior management, oversees the overall planning of the Company' s waste management and the implementation of relevant policies. The HSE Supervision Department is responsible for coordinating supervision, inspection and monitoring activities, identifying and controlling key risks in a timely manner, and conducting regular training for subsidiaries. The Health, Safety, and Environment Departments of each subsidiary are responsible for the classification, source reduction and centralised disposal of waste within their respective subsidiaries.

2025 Waste Management Targets	2025 Achievement
▪ 100% compliance rate for the disposal of hazardous waste ▪ 100% on-site retention rate for general industrial solid waste (aluminium shavings, scrap offcuts, scrap aluminium blocks)	▪ Achieved ▪ Achieved

2026 Waste Management Targets	Progress in 2025
▪ 100% compliance rate for the disposal of hazardous waste ▪ Resource utilisation rate of hazardous waste exceeds 95% ▪ 100% on-site retention rate for general industrial solid waste (aluminium shavings, scrap offcuts, scrap aluminium blocks)	▪ 100% compliance rate for the disposal of hazardous waste ▪ Resource utilisation rate for hazardous waste exceeded 90% ▪ 100% on-site retention rate of general industrial solid waste (aluminium shavings, scrap offcuts, scrap aluminium blocks)

Management of General Solid Waste

The Company classifies general solid waste into two categories: general industrial solid waste and domestic waste, and implements standardised management according to these categories. The Company maintains records for industrial solid waste with utilisation value, fully documenting the type, quantity, flow, storage, utilisation, and disposal of solid waste to ensure full traceability throughout the process. Regarding packaging materials, the Company actively collaborates with downstream transportation companies and clients to promote the recycling of packaging items such as used wooden pallets and waste paper cores, working together to reduce the generation of waste packaging. As for domestic waste, the Company sorts and centrally collects domestic waste from the factory premises and transfers it to the environmental sanitation department for regular collection and disposal.

In 2025, the Company achieved 100% on-site reuse of offcuts, scrap profiles, and aluminium shavings generated during the production process.

Yunchuang Alloy Promoted Secondary Recycling of General Solid Waste

Yunchuang Alloy joins forces with downstream partners to actively promote the secondary recycling of general solid waste. In 2025, the Company recycled a total of 790 used oil drums, whilst the volume of reused waste materials, including cardboard boxes, packaging bags, wooden pallets, scrap iron, and steel bars, reached 411.32 tonnes. This effectively enhanced the resource utilisation level of general solid waste and reduced the pressure on waste disposal.

Yunchuang Alloy Promotes the Recycling of General Solid Waste

Innovation Sheet Materials Achieved Resource Recovery through Scrap Iron Core Recycling

In 2025, Innovation Sheet Materials recovered and reused iron cores embedded in purchased small coils at the casting and rolling workshop, with a total of 63.16 tonnes of recycled iron cores. This reduced the procurement of iron additives by an equivalent amount, effectively improving resource utilisation efficiency.

Hazardous Waste Management

The Company has established a dedicated Hazardous Waste Management Group, headed by the General Manager, to drive closed-loop management of hazardous waste throughout its entire life cycle, from generation to disposal. The hazardous waste handled by the Company includes waste oil, aluminium dross, dust from dust collection systems, waste emulsion, and waste cutting fluid. The Company implements categorised record-keeping, segregated storage, and refined management based on the characteristics of each type of hazardous waste. The Company has strengthened hazard identification and inspection mechanism for hazardous waste treatment facilities, and carried out regular waste audits and ledger maintenance to ensure the stable operation of these facilities. The Company strictly manages the transfer and disposal of hazardous waste, entrusting its standardised disposal to third-party organisations with the appropriate professional qualifications. In 2025, the Company achieved a compliance rate of 100% for the disposal of hazardous waste.

The Company adheres to the principle of source reduction, minimising the generation of hazardous waste as much as possible through equipment innovation, process upgrades, and the establishment of recycling systems.

Liwang Precision

Liwang Precision has commissioned two new phosphoric acid recycling units to enhance its phosphoric acid recovery and recycling levels. During this Reporting period, the Company's procurement of new phosphoric acid decreased by 43.21% year-on-year, whilst the generation of waste phosphoric acid decreased by 30%. For waste phosphoric acid that cannot be reused in the original production process, the Company expanded diverse internal and external utilisation channels, using it in the production of cleaning and personal care products, water treatment agents, metal surface treatment materials, and building material additives.

Mengchuang Light Materials

Mengchuang Light Materials explores the potential for the recycling of waste cutting fluids. By introducing high-speed centrifuge equipment, the Company effectively removes impurities such as metal particles from waste cutting fluids, restoring them to production standards. During this Reporting period, the Company's waste cutting fluid recycling rate exceeded 90%, whilst the volume of waste cutting fluid generated decreased by 89.95% year-on-year.

Innovation Beihai

Innovation Beihai continuously enhances its capacity for the resource utilisation of aluminium dross. It has constructed a new rotary kiln for aluminium dross separation and adopted a dual-process approach of "ball milling and screening + manual screening" for refined sorting, ultimately achieving a 6% increase in aluminium recovery rate compared to previous levels.

The Company collaborates with hazardous waste disposal operators holding comprehensive utilisation qualifications to enhance the recycling value of waste and reduce the discharge of hazardous waste. In 2025, the Company achieved 100% resource utilisation of aluminium dross, dust collector ash, oil-containing diatomaceous earth, nickel-containing sludge, and waste mineral oil.

- **Aluminium dross:** The Company utilises high-temperature or wet processing methods to convert it into high-value-added products such as smelting additives and water treatment chemicals, whilst incorporating an ammonia recovery system to ensure the entire treatment process is rendered harmless.
- **Nickel-containing sludge:** The Company uses specialised extraction techniques to recover nickel for the production of recycled products, whilst the treated sludge residue is utilised in the manufacture of building materials.
- **Waste mineral oil:** The Company utilises refining and purification processes to produce high-quality mineral oil for use in the blending of high-purity oils or for general industrial applications.
- **Oil-containing diatomaceous earth:** The Company treats oil-containing diatomaceous earth using a pyrolysis process to separate the oil from the earth, with the recovered earth used as a raw material for construction.

Collaborating with Partners to Achieve the Advanced Resource Utilisation of Aluminium Dross

Innovation New Material has established in-depth cooperation with specialist partners to jointly explore pathways for the comprehensive resource utilisation of aluminium dross. Relying on mature integrated pyrometallurgical and hydrometallurgical processes, the Company converts aluminium dross generated during production into high-value-added products such as calcium aluminate, polyaluminium chloride, and ammonium sulphate. This model precisely addresses the challenge of ammonia emissions from aluminium nitride in aluminium dross, achieving targeted recovery and resource utilisation of harmful components. Through this industrial symbiosis that turns waste into valuable resources, the Company reduces emissions of hazardous waste, and transforms environmental protection costs into product revenue, while contributing to a green circular economy.

The Company organises specialised training sessions on the standardised management of solid waste and pollution prevention responsibilities, systematically enhancing employees' compliance awareness and professional management capabilities, thereby further consolidating the effectiveness of standardised solid waste management.

Hengwang Cable Specialised Training on "Waste Reduction at the Workplace"

In April 2025, Hengwang Cable conducted specialised training on the theme of "How to Reduce Waste at My Workplace". Through case studies and on-site explanations, the training identified the sources of waste in each production process and outlined specific reduction measures at the workplace level. In the wire drawing and stranding processes, employees reduced the generation of metal shavings by standardising threading operations and optimising tension control to lower wire breakage rates. At the same time, the Company strengthened daily equipment inspections and maintenance to prevent lubricant leaks, and required all metal scrap to be placed in dedicated collection bins to avoid contamination with oil. In the extrusion process, employees reduced excess material by strictly adhering to standardised procedures for machine start-up, shutdown, and material changeovers. This training further enhanced staff awareness of waste reduction and improved operational compliance.

Green and Low-Carbon, Building a Shared Home

Optimising Water Resource Utilisation

Innovation New Material attaches great importance to the efficient use of water resources and strictly complies with laws and regulations such as the *Water Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China*, and the *Water Conservation Regulations*. The Company has established and implemented the *Water Use Management Policy* and the *Water Resources Management Plan*, integrating water conservation requirements into the entire production and operations. In 2025, the Company did not experience any adverse incidents related to water resources management.

The Company continues to refine its water resource management framework. The Strategy and ESG Committee of the Board of Directors serves as the highest authority for water resource management, responsible for overseeing the Company's overall water resource management. The Water Resource Management Leading Group, comprising senior management, is responsible for coordinating departments such as production, equipment, and procurement, identifying key water-consuming processes and potential risks of wastage, driving the implementation of water-saving measures, and regularly reviewing water resource management targets.

2026 Water Resource Management Targets
Excluding natural evaporation, the Company's circulating cooling water utilisation rate reaches 100%.

Progress in 2025
Excluding natural evaporation, the Company's circulating cooling water utilisation rate reached 100%.

Water Resource Risk Management

Innovation New Material adheres to a multi-source water supply strategy, primarily utilising water from the municipal network supplemented by water from the Yellow River for production purposes. Water sources are not located in water-scarce regions or water source protection zones. During this Reporting period, the Company did not undertake any new projects in drinking water source areas or sensitive zones, nor did it experience any operational disruptions caused by water scarcity.

The Company conducts annual water resource risk assessments using the AQUEDUCT Water Risk Atlas to identify whether its operational areas fall within high-risk water resource zones and formulates targeted response strategies based on the findings. The Company regularly assesses future water availability and quality, using hydrological data and climate models to forecast supply trends and optimise production layout. The Company concurrently carries out impact assessments on local stakeholders to ensure that water abstraction and usage practices are aligned with the livelihood needs of the community. The Company continuously monitors potential future regulatory changes regarding water use at the local level, adjusting compliance strategies in advance to effectively address policy uncertainties, and is committed to achieving coordinated development with the region's water resource carrying capacity whilst safeguarding operations.

Regarding groundwater and soil protection, the Company adheres to the principle of "source control and zoned prevention and control", dividing the plant site into key anti-seepage zones, general anti-seepage zones, and simple anti-seepage zones. In high-risk areas such as hazardous waste storage facilities, the Company employs dual engineering measures comprising "HDPE impermeable geomembranes and impermeable concrete" to effectively block pollution pathways. The Company has established groundwater monitoring wells downstream of the site and conducts routine monitoring at least twice a year to ensure water quality meets the requirements of Class III under the *Groundwater Quality Standards*.

To safeguard the health of employees' drinking water, Innovation New Material strictly adheres to the *Drinking Water Management and Control Procedure*. The Company regularly cleans and disinfects water supply facilities and commissions third-party organisations to conduct water quality testing covering key indicators such as colour, turbidity, pH, and faecal coliforms, thereby ensuring the safety of drinking water.

Water Metering Management and Discharge Monitoring

The Company has installed metering devices at key water intake and discharge points, establishing a three-tier metering management system covering the main water inlet, company level and workshop level, thereby achieving precise metering and real-time data tracking. The Company conducts quarterly statistics and analysis of water intake and discharge volumes to provide a basis for water management and water-saving improvements.

Conservation and Recycling

The Company focuses on reducing fresh water intake and increasing reuse rates, whilst continuously advancing the retrofitting of water-saving and consumption-reducing facilities.

- Yunchuang Alloy collects rainwater for production based on local climate conditions, reducing average monthly fresh water use by 47.21%.
- Innovation Precision utilises reverse osmosis and ion exchange processes to produce purified water and collects the clean effluent generated during this process for reuse in washing and road sprinkling, reducing annual fresh water use by 5,475 tonnes.
- Liwang Precision recycles condensate for use in the boiler room, saving 3,300 tonnes of fresh water annually. Additionally, the Company utilises the concentrate from the purified water treatment system for flushing toilets in the staff accommodation and watering greenery on the factory premises, achieving annual water savings of approximately 6,000 tonnes.
- Liwang Precision has upgraded its anode line washing system. Water collected from the daily replacement of water in the washing tanks is pumped via submersible pumps to be recycled in washing processes with lower water quality requirements, reducing daily water consumption from 180 tonnes to 145 tonnes, and saving 11,600 tonnes of pure water annually.

The Company places great emphasis on fostering water conservation awareness among staff, continuously organising training on water management and holding “water-saving brainstorming sessions” to encourage frontline employees to propose feasible measures for water-saving. For proposals that are evaluated and adopted, the Company offers incentives, thereby promoting a shift in water management from institutional constraints to voluntary action. In 2025, the Company collected and implemented eight water-saving ideas from frontline employees, providing incentives to 15 staff members.

From “Constant Running Water” to “Water on Demand”: Employee Proposals Drove Water-Saving Upgrades

During a company-wide water-saving proposal campaign initiated by Innovation Precision, employees observed water wastage caused by continuous flushing in some of the factory’ s toilets. Consequently, they proposed specific measures, including the installation of smart infrared sensors and the implementation of water-saving retrofits. The Company attached great importance to this proposal and upgraded the original continuous-flow system to a sensor-activated, on-demand water supply. This retrofit significantly reduced unnecessary water use, achieving annual water savings of 5,940 tonnes.

Innovation Sheet Materials Conducted Company-wide Training on Water Conservation Awareness

Innovation Sheet Materials organised a specialised “Energy and Water Conservation” training session for all staff. The training provided a systematic explanation of the importance of water conservation and, drawing on practical scenarios from both production and office environments, introduced specific, feasible water-saving measures and practical methods. Through case studies and behavioural guidance, it effectively enhanced employees’ understanding of the sustainable use of water resources. Employees have enhanced their awareness of water conservation in their daily work, actively reducing unnecessary water use and implementing water-saving practices.

Green and Low-Carbon, Building a Shared Home

Biodiversity Protection

Ecosystems form the foundation upon which human survival and development depend. Innovation New Material regards the protection of biodiversity as a vital component of its corporate social responsibility. The Company takes proactive measures to minimise the negative impact of its operations on ecosystems and is committed to contributing to the conservation and restoration of biodiversity.

Management Systems and Structure

The Company adheres to international and domestic biodiversity conservation frameworks such as the ***Convention on Biological Diversity***, the ***Kunming-Montreal Global Biodiversity Framework*** and the ***China National Biodiversity Conservation Strategy and Action Plan (2023–2030)***, and has formulated and published the ***Innovation New Material Biodiversity Conservation Statement*** and the ***Biodiversity Conservation Management System***. The Company commits to avoiding deforestation and refraining from conducting operations in ecologically sensitive and fragile areas, whilst requiring suppliers to comply with the Company’ s relevant management measures regarding biodiversity conservation. The Company’ s operational sites do not overlap with ecologically sensitive areas such as national parks, nature reserves, World Natural Heritage sites, nature parks, or ecological protection red lines; the Company’ s production and business activities do not have a significant adverse impact on ecosystems or biodiversity.

Innovation New Material has established a three-tier biodiversity management system comprising the “Board of Directors – Management – Specialist Departments”. The Strategy and ESG Committee of the Board of Directors, as the highest decision-making body, is responsible for overseeing major biodiversity matters and monitoring the progress of management’ s implementation. Management is responsible for driving the implementation of the biodiversity strategy, including setting specific targets and coordinating cross-departmental resources. At the level of specialist departments, biodiversity conservation working groups have been formed comprising the Health, Safety, and Environment (HSE) Supervision Department and the HSE departments of subsidiaries, which are responsible for day-to-day management, project execution and risk management.

Risk Assessment and Management

For existing operational sites and their surrounding areas, Innovation New Material has established a biodiversity risk assessment process comprising “identification - evaluation - control - monitoring”, and conducts risk assessments and reviews on a regular basis.

Biodiversity Risk Assessment Process

(1) Scope Definition and Context Identification: Define the assessment boundaries, collect information on ecologically sensitive areas and protected species in the vicinity of the project, and establish an ecological baseline.
(2) Dependency and Impact Analysis: Systematically identify potential risk points from two dimensions: the Company’ s dependency on ecosystems and its impact on ecosystems. Risks related to dependency and impact considered by the Company include species decline caused by air and water pollution, as well as the intentional, unintentional, and natural introduction of alien species.
(3) Risk Assessment and Prioritisation: Classify risks into tiers based on factors such as impact severity and probability of occurrence, and identify priority management targets.
(4) Mitigation Measure Development and Monitoring: Following the mitigation hierarchy of “avoidance - reduction - regeneration - restoration - transformation”, the Company develops specific control measures for different operational sites, establishes monitoring indicators, and creates a closed-loop management system.

In 2025, the Company utilised the Biodiversity Impact Assessment (BIA) tool, drawing on the Natural Observation Species Distribution Database, the IUCN Species Distribution Database, the KBA Database and the WDPA Database, to identify the distribution of endangered species within a 5-kilometre radius of 12 operational sites, including Innovation Metal, Innovation Sheet Materials, Yuanwang Electrotechnics, and Chuanghui New Material. We also analysed the impact of the Company's operations on the surrounding environment and ecosystems from the perspectives of hydrology, soil, vegetation, biology, and natural resources, and compiled the *Biodiversity Assessment Report*. Based on the results of biodiversity impact identification and risk assessment, we formulated, updated, and implemented the *Biodiversity Action Plan*, fully integrating ecological protection requirements into business decision-making and operational practices. In 2025, the Company did not identify any significant impact on biodiversity at its operational sites or proximity to critical biodiversity areas; the comprehensive assessment result for biodiversity risks was low.

Throughout the entire lifecycle of new projects—from planning and construction to operation—we systematically incorporate national ecological protection red lines and relevant regulatory requirements. We commission qualified third parties in advance to conduct biodiversity impact assessments, identifying potential risks such as air emissions, water disturbance, and alien species. We establish management procedures for wastewater, exhaust gases, noise, solid waste, and hazardous chemicals to ensure that the implementation of new projects does not adversely affect local biodiversity.

The Company concurrently assesses the dependence and impact of its aluminium processing operations, as well as those of its upstream and downstream value chain, on natural ecosystems, particularly the ecological impacts of water consumption and bauxite mining, as well as the potential disturbance to surrounding habitats caused by emissions. Building on this, we further analyse the risks such as operational disruptions, tighter regulatory controls, and market access restrictions that may arise from biodiversity degradation, while identifying green growth opportunities through the development of low-carbon aluminium, recycled aluminium, and eco-friendly products. The assessment results will serve as a key basis for the Company to optimise its production capacity layout, deepen its green supply chain initiatives and participate in nature conservation actions.

During the raw material acquisition phase, the Company prioritises the purchase of ASI-certified raw materials, requiring suppliers to strictly avoid ecologically sensitive areas during bauxite mining, refrain from encroaching on nature reserves and critical habitats, and carry out ecological restoration upon completion of mining operations. During the production and processing phase, we continuously monitor key pollutants within the plant premises to minimise their impact on surrounding biodiversity, while implementing greening projects to promote regional micro-ecological balance. At the product recycling stage, the Company establishes a closed-loop recycling system with clients to implement the recycling of aluminium scrap.

Selected Biodiversity Mitigation Measures of the Company

- **Avoidance:** When selecting sites for new projects, the Company proactively avoids nature reserves, key biodiversity areas, World Heritage sites and habitats of endangered species.
- **Reduction:** The Company implements measures to reduce pollutant emissions and conserve resources, thereby minimising disruption to the surrounding ecosystem.
- **Regeneration:** The Company plants vegetation around the plant premises to enhance ecological functions.
- **Restoration:** The Company carries out targeted restoration of affected habitats, such as installing artificial nesting boxes for birds.
- **Transformation:** The Company provides biodiversity conservation training to all employees, incorporate biodiversity conservation requirements into our supplier qualification criteria, and work with partners to drive collective transformation.

Safeguarding the Azure Coast, Building an Ecological Barrier Together

In 2025, Liwang Precision organised more than 20 employee volunteers to carry out an environmental campaign titled "Safeguarding the Azure Coast, Building a Beautiful Home Together" along the coastline near the Company's premises. Working in groups, the volunteers cleared plastic bottles, foam debris, and discarded fishing nets from rocky areas, while collecting cigarette butts and packaging bags from footpaths to prevent waste from harming marine life. The campaign collected over 20 bags of marine litter, which not only significantly improved the coastal environment but also enhanced employees' awareness of marine and biodiversity conservation, demonstrating the Company's commitment to supporting ecological construction.

Liwang Precision organised volunteers to collect marine litter.

Innovation Metal, Innovation Beihai, and Mengchuang New Materials respectively organised employee volunteers to carry out environmental protection public welfare activities, creating clean spaces for biological habitats.

On the 2025 International Day for Biological Diversity, Innovation New Material organised an awareness-raising campaign themed "Coexistence of All Things, Harmony and Sustainability".

Suzhou Chuangtai installed bird nests in Tongli National Wetland Park, creating ecological stopovers for migratory birds and supporting wildlife conservation.

Yunnan Innovation Alloy installed bird nests in key areas of the Heiba Migratory Bird Corridor in Kaiyuan, providing nesting and breeding sites for birds within the nature reserve.

03

Technology-Led, Jointly Driving Innovation

Against the backdrop of technology driving industrial transformation, Innovation New Material continues to refine its R&D and innovation mechanisms, strengthen the systematic protection and transformation of technological achievements, and comprehensively advance the intelligent upgrading of production processes, focusing on building corporate competitiveness centred on technology. At the same time, the Company is deepening the construction of its full-chain quality management system. By strengthening process control and optimising service systems, it drives continuous improvements in product quality and client satisfaction, forming a development model where innovation-led growth and quality-based support advance in tandem.

Technology-Led, Jointly Driving Innovation

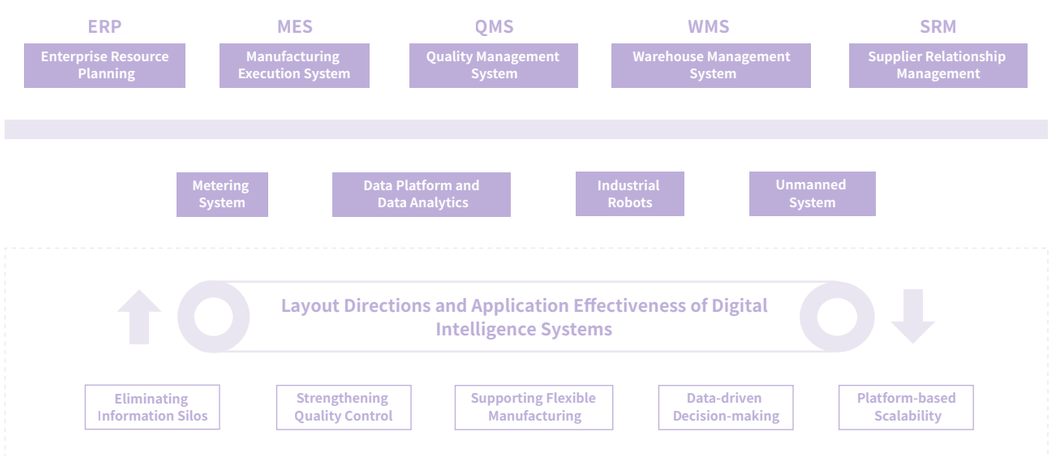
Accelerating Digital and Intelligent Transformation

During the year, Innovation New Material focused on the goal of "digital innovation", launching a comprehensive digital system renewal project. Leveraging three key systems—Enterprise Resource Planning (ERP), Manufacturing Execution System (MES), and Supplier Relationship Management (SRM)—as key pillars, and supported by automated stereoscopic warehouse, smart metering equipment, and industrial robots, the Company carried out a comprehensive upgrade of its existing digital infrastructure. Through process re-engineering, data integration, and business collaboration, the Company has further unlocked the potential of "operational excellence + smart manufacturing", driving a leap forward in lean and intelligent capabilities.

Top-level Design

Innovation New Material has established a three-tier digital governance structure comprising the "Board of Directors – Operations Centre – Specialist Working Groups". The Strategy and ESG Committee of the Board of Directors oversees the Company's digital strategy and objectives; the Operations Centre, led by senior executives, is responsible for coordinating resources, formulating roadmaps, and spearheading the construction of digital platforms. Under the Operations Centre are the Product Design Group and the Architecture Development Group: the former is responsible for standard-setting, team development, platform design, and operations, while the latter focuses on architecture design, technology selection, unified development standards, security and compliance, data collaboration, and system integration.

The Company has firmly anchored its digital transformation strategy around the core principle of "serving the Company's overall objectives", building a digital operational system characterised by full-chain integration, real-time perception, and intelligent decision-making. It drives decision-making through data and institutionalises internal controls via standardised processes, thereby continuously enhancing operational efficiency. The Company plans to establish six major standardised and full-platform application systems, including ERP, MES and SRM, while deploying intelligent production equipment and integrating the entire supply chain spanning procurement, production, warehousing, logistics, and finance. This will build a unified data asset base to drive operational decisions with data, forming a "data - insight - improvement" management closed-loop.



Direction of Digital and Intelligent System Layout

- **Enterprise Resource Planning(ERP):** Integrates business and financial data to achieve end-to-end closed-loop management "from order to delivery".
- **Manufacturing Execution System (MES):** Deploys functions such as production order management, product work instructions and process operation platforms to issue, track and record production instructions in real time.
- **Quality Management System(QMS):** Standardises quality inspection criteria, automatically collects quality data, and enables defect traceability and closed-loop improvement.
- **Warehouse Management System(WMS):** Achieves fully unmanned operations throughout the entire process from material intake to finished goods dispatch via highly automated stereoscopic warehouse and flexible logistics systems, integrating intelligent stacker cranes and conveyor lines.
- **Supplier Relationship Management (SRM):** Provides online lifecycle management of suppliers from admission and evaluation to optimisation, ensuring that raw material quality, delivery and costs remain under control at all times.
- **Metering System:** Interfaces with weighbridge hardware to automatically collect weights and print weighbridge tickets, preventing human interference and data errors or omissions.
- **Data Platform and Data Analytics:** Establishes integrated decision-making reports and data dashboard.
- **Industrial Robots:** Large-scale deployment of industrial robots across multiple stages, including extrusion, casting and surface treatment, to achieve automated cutting, precision loading and unloading, intelligent handling and labelling.
- **Unmanned System:** Enables fully unmanned management of the entire process from vehicle entry to exit by identifying license plates, retrieving pre-bound information, creating weighing tasks, linking material details and automatically assigning unloading points, thereby enhancing logistics efficiency.

Achievements of Digital and Intelligent System Applications by Innovation New Material

- **Eliminating Information Silos:** Standardises data formats and master data specifications, achieves real-time cross-system synchronisation, and accumulates reusable corporate-level data assets.
- **Strengthening Quality Control:** Collects key parameters online, provides real-time alerts, and supports forward and backward traceability, shortening defect resolution times.
- **Supporting Flexible Manufacturing:** Dynamically distributes work order parameters and achieves rapid production line changeovers to meet the demands of small-batch and multi-batch orders.
- **Data-driven Decision-making:** Builds an analytics platform to make strategic and operational metrics visible in real time, enhancing decision-making efficiency.
- **Platform-based Scalability:** Encapsulates core capabilities as microservices, allows new business scenarios to be invoked via assembly, and shortens functional iteration cycles.

Implementation

In 2025, the Company completed the rollout and operation of ERP and MES systems in selected subsidiaries, while simultaneously completing the prototype design for the SRM system. In 2026, the Company plans to roll out the ERP and SRM systems across all remaining subsidiaries, achieving a unified platform, unified portal, unified standards, and unified business norms at the corporate level.

Leveraging the seamless integration of the three core systems—ERP, MES and SRM—the Company is transforming “data” into a new factor of production, spanning planning, execution, and collaboration, thereby achieving operational upgrades and value leapfrogging in key scenarios.

Smart Manufacturing

The Company’s ERP system features modules for production planning, process management, working hour recording, quality inspection control, etc., enabling real-time monitoring of production progress. The MES system breaks down production plans issued by the ERP system into process-level tasks and intelligently optimises production scheduling and dispatch by combining real-time equipment data, thereby preventing any disconnect between production planning and execution. Intelligent unmanned handling equipment within the stereoscopic warehouse coordinates in real time with the MES system to deliver production materials on demand and on time, significantly reducing waiting times on the shop floor. Thanks to this end-to-end digital control, the Company’s production scheduling efficiency increased by approximately 30%.

Supply Chain Management

The Company’ s ERP system centrally compiles material requirements plans and issues precise purchase orders, while simultaneously verifying raw material quantities with suppliers via the metering system to ensure procurement accuracy. The stereoscopic warehouse monitors inventory in real time, and the ERP system conducts optimisation analyses based on real-time stock levels, effectively preventing both stock accumulation and shortages. Through end-to-end data coordination across procurement, production, warehousing, distribution, etc., the Company has achieved transparency of supply chain information. In 2025, supply chain response speed increased by approximately 52%, while the risk of supply chain disruptions was reduced and stability was enhanced.

Service Optimisation

Leveraging the data dashboard, the Company integrates end-to-end data covering order production, warehouse operations, logistics distribution, etc., and provides clients with access to order progress tracking portals, enabling them to view real-time production status, dispatch information, and logistics tracking. The ERP system captures client requirements and, in conjunction with the MES system, enables rapid response to customised order requests. In 2025, the Company’ s delivery cycle for customised orders was shortened by approximately 35%, significantly enhancing its service reputation.

MES-WMS-QMS Trinity: Building a Transparent and Efficient Smart Manufacturing Hub

In 2025, Innovation Metal launched an integrated MES, WMS and QMS system, achieving the seamless integration of data and business flows. Upon receiving orders from the ERP system, the MES automatically matches them with process routes and generates electronic work instructions, which are displayed paperlessly on process operation platforms. The process operation platforms are interconnected with IoT devices such as weighbridges, etc., capturing real-time weighing data and automatically recording it in the MES system, thereby enhancing warehousing efficiency and data accuracy. Operating as a subsystem of the MES, the WMS manages warehouse inventory, transfers, and sales shipments in real time, ensuring first-in-first-out (FIFO) principles and inventory visibility. The QMS simultaneously retrieves inspection procedure templates, automatically generates inspection tasks and links them to MES sample codes, completes inspection assessments, and provides minute-level localisation of quality anomalies. The three systems share material batch and furnace numbers; through electronic guidance, automated work allocation, and real-time data collection, they reduce paper-based records, prevent quality defects, lower inventory backlogs, and achieve standardised, transparent management.

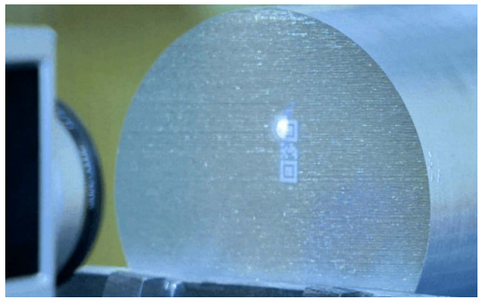
Innovation Precision Launched Process Stability Improvement Project to Make the Entire Production Chain “Predictable, Controllable and Traceable”

In 2025, Innovation Precision collaborated with downstream clients on a process stability improvement project. Through standardised processes, data monitoring, error-proofing mechanisms, and automation upgrades, the Company reduced parameter fluctuations and human error in the production process, thereby continuously enhancing product quality and production efficiency.

- Regarding MES system deployment, modules covering production execution, equipment management, quality management, warehouse management, etc., enabled end-to-end control across the “planning-production-equipment-energy” chain, resulting in a 12.5% improvement in material turnover efficiency.
- In terms of automation, 134 units/sets of automated equipment were added or retrofitted to enable functions such as automatic loading and unloading, automated production, automatic measurement, automatic report generation, etc., increasing the proportion of automated equipment to 85.96%.
- Regarding the error-proofing system, process parameter recipe management and out-of-specification alarm functions were implemented, gradually shifting from “post-event inspection” to “preventive intelligent interception”, with recipe and out-of-specification alarm coverage reaching 76.46%.
- Regarding SPC data analysis, the Company monitored production processes through data to provide early warnings of fluctuations, stabilise product quality, and reduce cost wastage; the relevant functionalities have been fully developed.

The Company has extensively adopted intelligent and automated equipment. Fully automatic coding machines assign unique codes to aluminium billets for precise traceability; automatic palletisers stack finished products; robotic arms for automatic billet feeding precisely grasp and feed materials according to MES instructions; and intelligent stereoscopic warehouse facilitate automatic material flow under WES scheduling, significantly enhancing production efficiency.

The Company's Intelligent Equipment Drives Production Quality and Efficiency Improvements

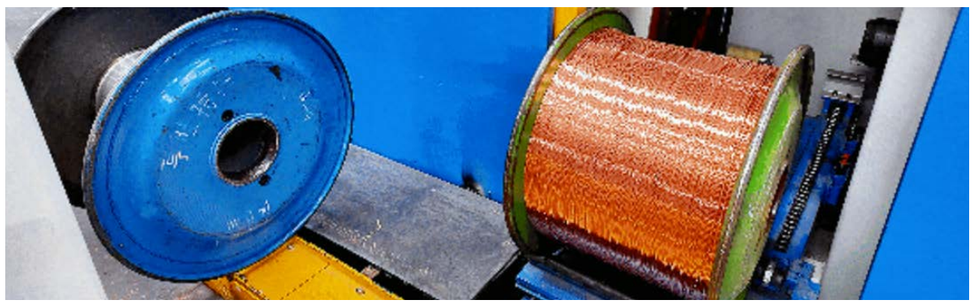


High-precision coding equipment assigns a unique identifier to every product, ensuring full traceability of product information and adding a 'safety lock' to quality control right from the source.

The intelligent palletising robot can adapt to products of varying sizes and weights, while dynamically adjusting according to production instructions, demonstrating a high degree of flexibility and intelligence.

The billet-loading robotic arms handle the automatic picking and feeding of aluminium alloy billets; combined with a real-time monitoring system, they ensure the precision and stability of the feeding process.

The intelligent stereoscopic warehouse utilises automated equipment such as high-speed stackers to achieve real-time synchronisation of material information, and precise storage and retrieval, serving as a highly informatised and intelligent logistics hub.



Dual-head high-speed wire drawing equipment can process raw materials of larger diameter through multiple drawing passes to produce wire with smaller diameters, higher precision, and superior surface quality.

Innovation Precision Recognised as a National Excellence-Level Smart Factory

In 2025, through continuous innovation and in-depth practice in the field of smart manufacturing, Innovation Precision was successfully awarded the title of "National Excellence-Level Smart Factory" by the Ministry of Industry and Information Technology, becoming a benchmark enterprise for intelligent transformation within the aluminium processing industry. By deploying a Manufacturing Operations Management (MOM) system, the Company achieved end-to-end digital control, spanning production planning and scheduling, production execution, equipment monitoring, and energy management. Leveraging its manufacturing process stability projects, it strengthened quality control and full-process traceability capabilities. The Company introduced a stereoscopic warehouse to achieve the automated management of finished products and moulds, and operated a laser engraving and marking automatic production line to enhance product identification accuracy and production efficiency. Currently, Innovation Precision has established a digital and intelligent management system covering the entire R&D and manufacturing chain, gradually forming a new intelligent manufacturing ecosystem characterised by efficiency, collaboration, and green development.

Innovation Precision' s Intelligent Production Line

2025

- Innovation Precision was recognised as a National Excellence-level Smart Factory, passed the China Manufacturing Maturity Model (CMMM) Intelligent Manufacturing Maturity Assessment (Level 3), and was designated as a Shandong Provincial Advanced-level Smart Factory.
- Innovation Sheet Materials was designated as a pilot unit for the 2025 Digital Economy "Morning Star Factory" construction.

National Excellence-level Smart Factory
Innovation Precision

Shandong Provincial Advanced-level Smart Factory
Innovation Precision

2025 Digital Economy "Morning Star Factory"
Innovation Sheet Materials

Talent Development

In response to the urgent demand for versatile talent arising from digital and intelligent transformation, Innovation New Material has incorporated the strategy of "Strengthening the Enterprise through Talent" into its core strategy, and the Company continues to refine its multi-tiered training system through measures such as the deep integration of industry, academia, and research, the joint development of high-end platforms, and frontline skills enhancement, etc., systematically cultivating a new generation of professionals who understand both manufacturing processes and intelligent technologies.

In 2025, the Company launched tiered digital technology and intelligent empowerment training for team leaders, key personnel, and frontline operators, covering key system operation points, process requirements, risk areas, and emergency measures. The Company arranged practical exercises to reinforce learning and compiled digital system operation manuals tailored to different roles. During the initial rollout of the system, the Company encouraged employees to report operational issues through various channels, such as WeChat groups and face-to-face feedback sessions, etc. The Operations Centre categorised and summarised these issues and addressed them according to priority. Upon resolution, the Company proactively provided feedback to the reporters, ensuring that "every issue received a response".

Digital System Training

Innovation New Material Joined Hands with Tsinghua University to Establish an Embodied Intelligence Research Centre

In November 2025, the "Joint Research Centre for Industrial Embodied Intelligence Robotics", jointly established by Innovation New Material and the Tsinghua University Shenzhen International Graduate School, was officially inaugurated, focusing on the industrial application of embodied intelligence robots in industrial settings. The Joint Research Centre takes "cutting-edge technology - industrial commercialisation" as its core thread, carrying out collaborative R&D centred on innovative robot design, dexterous manipulation, and embodied navigation and control, etc. Leveraging the collaborative chain of "university R&D + enterprise pilot production + cluster mass production", the Company transfers fundamental theories and core algorithms from the laboratory to the production line. The Centre will also strive to build a cross-disciplinary talent development platform to cultivate leading versatile professionals who are proficient in both artificial intelligence and industry. Currently, Innovation New Material is undergoing a transition from "aluminium manufacturing" to "robot manufacturing", and this university-industry collaboration will inject new momentum into the intelligent and digital transformation of the manufacturing sector.

The official inauguration of the Joint Research Centre for Industrial Embodied Intelligence Robotics.

Technology-Led, Jointly Driving Innovation

Adhering to Innovation-Led Development

Innovation New Material adheres to the technological development philosophy of "technological leadership, collaborative innovation, and low-carbon recycling". Guided by the principles of independent innovation, high-end products, and client needs, the Company proactively undertakes research projects and leads the formulation of technical standards. By accelerating process optimisation and equipment iterations, the Company comprehensively enhances its innovation capabilities and the industrialisation of technological achievements. Furthermore, the Company systematically advances its patent portfolio, injecting momentum into the rapid growth of both the Company and the industrial chain. At the same time, the Company integrates ethical guidelines throughout the R&D lifecycle, strictly adhering to risk red lines to ensure that technological innovation remains compliant, controllable, and sustainable.

Governance

The Company has established a three-tier governance structure for scientific and technological innovation comprising "decision-making, management, and execution". The decision-making tier is overseen by the Strategy and ESG Committee of the Board of Directors; the management tier features the Innovation Alloy Research Institute led by senior executives; and the execution tier relies on Engineering and Technology Centres for the five major product lines—bars, profiles, wire, flat rolled products (FRP), and structural components. These centres extend to all production subsidiaries, forming a full-chain R&D network covering cutting-edge research, applied development, and industrial application.

Levels	Governance Entities	Primary Functions	Reporting Frequency
Decision-making Tier	Strategy and ESG Committee of the Board of Directors	Overseeing technological innovation strategy and direction	/
Management Tier	Innovation Alloy Research Institute	Formulating technological innovation strategies, resource allocation, and risk management Providing end-to-end management for innovation projects	Every six months
Execution Tier	Engineering and Technology Centres	Allocating resources according to project priority Building R&D teams and conducting personnel training Resolving technical issues in R&D and production	Monthly

The Company strictly adheres to the ***Shandong Province Scientific Research Integrity Management Measures*** and complies with codes of conduct and regulations regarding the management of fiscal research funds. To ensure the authenticity and reliability of research activities, the Company has formulated the ***Scientific Research Integrity Management System***, upholding the principles of objectivity, honesty, fairness, and self-discipline while eradicating scientific misconduct.

In addition, the Company has established internal regulations including the ***R&D Project Management System*** and the ***Employee-wide Innovation Incentive Scheme***. These create an R&D management framework that covers the entire process from project application and approval to process control and acceptance and evaluation. The Company continuously refines its mechanisms for research project management, fund utilisation, and talent incentives. To standardise procedures, the Company has defined clear requirements for project application and approval, budget management, plan execution, operational standards, and deliverables, among others, for various project types, thereby exercising full-process control over all research activities from initiation to final acceptance.

Strategy

The Company has incorporated "technological innovation" into its material topic management process, systematically identifying relevant risks and opportunities. The Company has established a full-process governance mechanism covering assessment, monitoring, and response to ensure that risks are kept under control and opportunities are promptly realised.

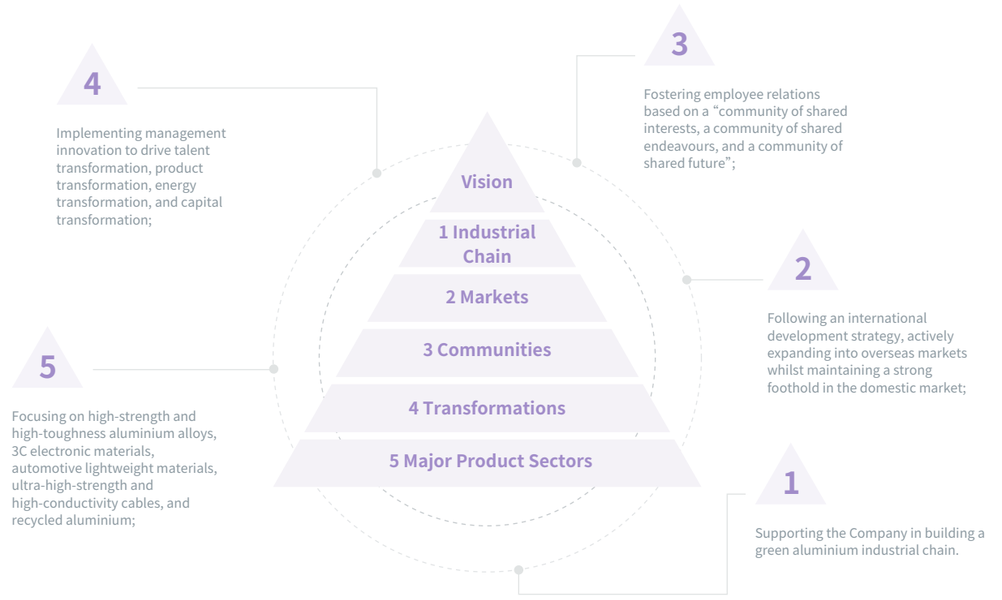
Risk Types	Risk Description	Potential Impact	
		Operational Impact	Financial Impact
Technology Iteration	The commercialisation of new energy, new materials, and new processing technologies may outpace the Company's R&D cycle, potentially rendering existing equipment or processes obsolete.	Rising costs of production line upgrades, loss of orders, and declining capacity utilisation.	Increased capital expenditure and a decline in gross profit margin
R&D Failure	The development of high-end alloy grades is highly challenging; performance may fail to meet standards during initial testing or mass production.	Project delays and a decline in yield rates.	Rising R&D costs and declining profits
Talent Drain	The Company faces the risk of losing key personnel, such as core materials specialists and digital engineers.	Slowing R&D progress, necessitating the recruitment and training of new staff.	Rising labour costs
Intellectual Property	Patents for high-end alloy compositions and intellectual property relating to advanced manufacturing technologies may be subject to theft or leakage.	Erosion of technological advantage, emergence of substitute products with comparable performance and a reduction in orders.	Increased litigation costs and R&D costs

Opportunity Types	Opportunity Description	Potential Impact	
		Operational Impact	Financial Impact
Green Product Premium	The Company develops low-carbon products such as hydro-powered aluminium and recycled aluminium, and obtains third-party certification.	Securing additional orders from clients and continuously improving capacity utilisation.	Increasing revenue
Domestic Substitution	The Company innovates and develops technically challenging products to break foreign monopolies and enter the supply chains of major clients.	Increasing market share, reducing reliance on imports, and securing more client orders.	Increasing revenue
Digital Operations	The Company deploys AI and digital applications throughout the entire aluminium processing workflow to adjust process parameters in real time and monitor product quality.	Improving yield rates and reducing client complaints.	Reducing operating costs
Cost Reduction through Recycling	The Company strengthens R&D into technologies for the grade-retaining recycling and upgrading of aluminium scrap to enhance its circular value and reduce product carbon emissions.	Reducing the carbon footprint of products to meet client demand for green products.	Increasing revenue

Innovative Strategic Deployment

Innovation New Material has established the "54321 Pyramid" innovation and development strategy, focusing on 5 major product sectors, striving to achieve 4 transformations, building 3 communities, serving 2 markets, and forming 1 green aluminium industrial chain.

Innovation New Material' s "54321" Pyramid Innovation and Development Strategy



Establishment of Innovation Platforms

Innovation New Material has established an "N+1+N" collaborative innovation model. Relying on the Innovation Alloy Research Institute, the Company has built an industry-university-institute cooperation bridge linking universities, research institutes, its subsidiaries, and major end clients, creating a two-way efficient channel for the transformation and application of scientific and technological achievements, and the addressing of research needs.

Tsinghua University | Central South University | Shandong University | Qilu University of Technology | Jiangxi University of Science and Technology

N Universities + 1 Innovation Alloy Research Institute + N Various Subsidiaries

Innovation New Material has established the "Model Worker Innovation Studio" and set up provincial-level innovation platforms including the "Shandong Provincial Academician Workstation", "Shandong Provincial New-Type R&D Institution", "Shandong Provincial Postdoctoral Research Practice Base", and "Shandong Provincial Enterprise Technology Centre". The Company has jointly established the "Engineering Research Centre for High-Strength and High-Toughness Aluminium Alloy New Materials" and the "Central South University Master' s Training Base" with the School of Materials Science and Engineering at Central South University. Furthermore, the Company has partnered with Hunan University to establish the "Joint Laboratory for High-Performance Aluminium Alloys for Automotive Lightweighting", and with Shandong University to create the "Shandong University Joint Training Base for Casting Professionals", thus facilitating the incubation of research projects and the cultivation of innovative talents.

2025

- Innovation Metal and Innovation Precision were selected for the 2025 Shandong Province New Materials Leading Enterprise Incubation Pool
- Innovation Metal was certified as a National High-Tech Enterprise
- Innovation Precision passed the re-certification review for National High-Tech Enterprise
- Suzhou Chuangtai' s Core R&D and Testing Laboratory successfully obtained the Laboratory Accreditation Certificate issued by the China National Accreditation Service for Conformity Assessment (CNAS)
- Hengwang Cable was designated as a Shandong Provincial Specialised, Refined, Unique, and Innovative SME, a Binzhou Municipal Industrial Design Centre, and a Binzhou Municipal Enterprise Technology Centre.

Suzhou Chuangtai Laboratory Achieved CNAS Accreditation, Elevating Its Technical Capabilities to the National Level

In 2025, Suzhou Chuangtai Laboratory was officially accredited by CNAS. This accreditation covered core testing areas such as tensile testing and Brinell hardness testing of metal materials and their products, signifying that Suzhou Chuangtai Laboratory' s management standards and technical capabilities have reached national standards. Leveraging CNAS accreditation, Suzhou Chuangtai Laboratory can shorten the R&D and validation cycle for new products, provide testing reports with international credibility to domestic and international clients, and strongly support the global market expansion of green aluminium alloy products.

Suzhou Chuangtai Laboratory

Model Worker Studio Drove Green Intelligent Manufacturing and Talent Development

The "Wu Shengli Model Worker Innovation Studio" was established in December 2021. Focusing on skills competitions, process optimisation, and management innovation, it has built a multi-dimensional platform for R&D innovation, the transformation and application of technological achievements, and talent incubation. This has formed a closed-loop cycle of "technological breakthrough - industrial application - talent replenishment", driving the enterprise' s intelligent upgrade. In 2022, the studio was named a "Qilu Craftsman Innovation Studio", continuously producing skilled craftsmen and significantly enhancing the Company' s production efficiency and economic benefits.

Fostering an Atmosphere of Innovation

The Company has formulated the ***Company-wide Innovation Management System*** and encourages all employees to participate in innovation through various activities, such as the "Striving for Excellence and Meritorious Service" labour competition. To further deepen the culture of innovation, the Company has simultaneously refined the ***Implementation and Reward System for Improvement Proposals***, encouraging employees to propose practical innovation and optimisation schemes based on their respective positions. The Company implements a routine process for collecting innovation proposals, conducting monthly reviews, and categorising initiatives. Employees receive tiered rewards based on the effectiveness of adopted projects, fostering an innovation ecosystem characterised by universal participation and continuous improvement.

Harnessing Frontline Improvement Insights to Unleash Employee Innovation Potential

For three consecutive years, Innovation Precision has organised the "Call for Improvement Proposals and Rational Suggestions" campaign, establishing an innovation platform for all employees to participate in business operations and collecting over 800 proposals. Production technicians have reduced the processing time per unit from approximately 10 minutes to 4 minutes by optimising machining methods and designing specialised cutting tools, thereby significantly reducing equipment occupancy. Furthermore, engineers from the Quality Assurance Department have independently overcome technical challenges in EBSD testing, achieving monthly cost savings of over RMB 200,000. This series of innovative practices allows employees to realise their value through participation, while simultaneously driving quality and efficiency enhancements in production and operations.

Innovation Precision' s "Call for Improvement Proposals and Rational Suggestions" Campaign Awards Ceremony

Company-wide Innovation Unlocked Development Momentum

Innovation Sheet Materials launched the “Innovation and Breakthrough” improvement proposal program. Centred on the theme of company-wide innovation, the program encouraged employees to use innovative thinking to resolve production pain points, thereby driving simultaneous progress in safety, quality, and efficiency. The program received a total of 22 improvement proposals, with optimisation areas covering seven categories: enhancing quality and efficiency, reducing costs, saving time, optimising tooling and equipment, improving operational ease, improving the environment, and enhancing safety. Some of the implemented projects have successfully achieved breakthroughs, including a reduction in the product adhesion defect rate, the optimisation of annealing processes, and a decrease in energy consumption.

Innovation Sheet Materials’ “Innovation and Breakthrough” Improvement Proposal Awards Ceremony

R&D Funding Allocation and Safeguards

Innovation New Material has formulated the ***R&D Cost Management Measures***. The R&D Centre and the Finance Department are jointly responsible for managing R&D funds, which includes preparing detailed R&D budget schedules and ensuring the strict management of funds in accordance with the approved budget. At year-end, both departments jointly conduct project final accounting to determine total expenditure, ensuring that every project has a budget upon initiation and a final settlement upon completion. In cases of improper use of R&D funds, the Company will hold the responsible parties to account and may recover the planned investment funds for the project depending on the circumstances. Furthermore, the Company will hold the parties concerned legally liable for any violations of laws and regulations.

The Company has established an innovation risk assessment system covering four key dimensions: technological maturity, market demand, team capability, and compliance. Through unified scoring standards, the Company regularly evaluates R&D projects and dynamically adjusts project strategies based on the resulting assessment reports. During the project initiation phase, the project team must prepare a project initiation report, which requires review by the project assessment panel and approval by the General Manager. During the R&D phase, the Company reduces the probability of technical failure through prototype testing, laboratory validation, and the Company’s resource sharing with universities and research institutions. During the market launch phase, the Company conducts flexible iterations based on client needs, while a dedicated compliance department monitors legal updates in real time. This ensures that the entire process—from R&D and pilot production to application—remains lawful and compliant, thereby safeguarding the smooth implementation of innovation projects.

R&D Achievements and Applications

Innovation New Material focuses on core technical challenges within the industry, as well as the engineering and industrial application of major scientific and technological achievements. The Company formulates long-term and short-term technical development plans and conducts research activities in an orderly manner. The Company prioritises breakthroughs in key chokepoint technologies and key common technologies that the aluminium processing industry urgently needs to overcome, with a targeted focus on the design and development of lightweight aluminium alloy automotive components, and manufacturing process technologies for mechanical parts. This year, the Company has continued to deepen industry-university-institute cooperation and actively engaged in research for local and national key science and technology projects, with some R&D projects being approved as projects under the Shandong Provincial Key R&D Programme.

The transformation and application of the Company’s scientific and technological innovations have become a vital engine for fostering and developing new quality productive forces. At the technical level, the Company is continuously driving dual leaps in material properties and processing technologies, achieving the large-scale application of high-strength aluminium alloy materials in sectors such as new energy vehicles and high-end equipment, thereby generating new industrial momentum through technological iteration. At the industrial level, through the development and promotion of key common technologies, the Company is upgrading the aluminium processing industrial chain toward higher added value and higher technological content, supporting the sector’s transition towards intelligent and green operations. At the environmental level, by optimising manufacturing processes, the Company is improving resource utilisation efficiency and reducing the environmental footprint of production, thereby empowering the development of a circular economy through green technologies. At the social level, the Company is fostering technological progress and talent development within the industry by driving the coordinated development of the industrial chain and promoting high-quality employment.

2025

- Innovation Metal’s research achievement, ***Research and Application of Green, Low-Energy Consumption and Intelligent Pre-treatment Technology for Recycled Aluminium***, was included in the Shandong Provincial Major Scientific and Technological Achievements Database.
- Innovation Alloy Research Institute, in collaboration with Chuanghui New Material and Guangdong Ocean University, undertook the joint research project ***Development and Industrialisation of Heat-Resistant and High-Conductivity Aluminium Alloy Conductor Materials***.
- Innovation Metal, in collaboration with Shandong University and Qilu University of Technology, undertook the joint research project ***Research and Development of a Complete Set of Manufacturing Technologies for High-Quality Recycled Aluminium Alloys***.
- Innovation Metal, in collaboration with Shandong University and Qilu University of Technology, undertook the joint research project ***Research and Development of Production and Processing Technologies for Rare Earth Microalloyed Homogenisation-free 6xxx Series Aluminium Alloy Billets***.
- Innovation Metal, in collaboration with the Institute of New Materials, Shandong Academy of Sciences, undertook the joint research project ***Research and Industrial Application of Preparation Technologies for Large-Diameter Thin-Walled Aluminium Tubes Used in Air Suspension Tanks***.

Industry-University-Institute Exchanges

Innovation New Material actively participates in industry association exchange activities, engaging deeply in association development through diverse cooperation channels. The Company conducts in-depth discussions with peer enterprises on industry development trends and technological innovation, jointly facilitating the implementation of key projects, and promoting overall innovation and sustainable development within the industry.

Name of Industry Association	Position Held
China Nonferrous Metals Industry Association	Vice President Unit
China Nonferrous Metals Fabrication Industry Association	Vice Chairman Unit
China Nonferrous Metals Industry Association Recycling Metal Branch	Vice President Unit
Shandong Aluminium Association	Executive Vice President Unit

The Company maintains regular technical exchanges and joint talent training programs with universities such as Tsinghua University and Central South University. Through collaborative research projects, joint laboratories, and postgraduate practice bases, the Company shares cutting-edge research findings and engineering expertise, and facilitates the two-way flow of academic and industrial talents, thereby providing intellectual support for continuous innovation.

Tsinghua University Faculty and Students Visited Innovation Precision to Promote Industry-Education Integration

In 2025, 18 outstanding students from Tsinghua University visited Innovation Precision to participate in a practical programme titled “Ideological and Political Education & Innovation in Practice, Reform, and Research in Action”. During the four-day programme, the students systematically studied courses on the transformation of cutting-edge R&D achievements, digitalised production, innovations in recycled aluminium production, lean manufacturing, talent management, and marketing strategies. They also engaged in in-depth discussions with the Company’ s leadership on topics such as proposals for the intelligent upgrading of production lines, the opportunities and challenges of automation reform, and how enterprises can balance strategy, production, and publicity. This resulted in three optimisation reports on the Company’ s operations. Adopting an integrated “industry-university-institute-application” model, this initiative facilitated a two-way exchange between university talents and corporate technical resources, thereby injecting innovative momentum into the Company’ s development.

Tsinghua University Enterprise Innovation and Reform Practice Team Visited Innovation Precision for Exchange Activities

Mr Cui Lixin, Chairman of Innovation New Material, serves as Chairman of the Binzhou Aluminium Association, working with member enterprises to promote the industry’ s green and low-carbon transition and high-quality development.

Liwang Precision Joined Forces with Rhein-Köster to Launch a Strategic Partnership for Industrial Talent Cultivation

In 2025, Liwang Precision and Rhein-Köster established a strategic partnership for industrial talent cultivation, formally signing the ***Strategic Cooperation Agreement for Industrial Talent Cultivation***, and announced the joint establishment of the “Skilled Talent Certification Centre” and “Skilled Talent Training Centre”. This strategic partnership marks a crucial step forward for both parties in deepening the integration of industry and education, delivering positive outcomes for Liwang Precision in areas such as skilled talent cultivation, automation upgrades for smart manufacturing, and equipment performance enhancement.

Signing Ceremony of the Strategic Cooperation Agreement for Industrial Talent Cultivation

The Company actively collaborates with Central South University on key technical breakthroughs and talent cultivation. This year, the Company partnered with the School of Materials Science and Engineering at Central South University to launch a research project on high-performance aluminium alloy conductors.

Shandong Jianzhu University and Innovation Precision have launched a “Student Employment and Internship Base” to strengthen industry-academia collaboration.

Industry Standards Establishment

The Company actively participates in the formulation of technical standards, strengthening its standardisation efforts in key areas such as high-end alloy manufacturing, recycled aluminium production, and green manufacturing to support high-quality industry development. This year, the Company has actively participated in the formulation and revision of standards relating to recycled aluminium, green and low-carbon aluminium, wrought aluminium, and clean production evaluation indicator systems, earning recognition from the industry for its significant contributions to national non-ferrous metal standardisation work. In the future, the Company will vigorously advance research and the drafting of technical standards, continuing to drive and lead high-quality industry development.

Standards in which the Company has participated in the formulation or revision in 2025:

- Approved standard: *Wrought Aluminium and Aluminium Alloy Products—Packing, Marking, Transporting and Storing*
- Approved standard: *Optical Emission Spectrometric Analysis Method of Aluminium and Aluminium Alloys*
- Approved standard: *Molten Aluminium and Aluminium Alloys*
- Approved standard: *Greenhouse Gas—Quantification Requirement and Method of Product Carbon Footprint—Aluminium Processing Product*
- Published standard: *Low-carbon, Aluminium-rich, and High-strength Ceramsite for Construction*
- Published and implemented standard: *Alloy Wires Used for the Grain Refiner for Aluminium and Aluminium Alloys—Part 2: Al-Ti-C Wires*
- Published and implemented standard: *Alloy Wires Used for the Grain Refiner for Aluminium and Aluminium Alloys—Part 3: Al-Ti Wires*

Co-hosting a National Standard Seminar to Support High-quality Technical Development of the Industry

From 1 to 5 September 2025, a working group meeting for the formulation and revision of five light metal standards, including *Wrought Aluminium Alloy Ingots Made from Recycled Aluminium*, was held in Yunnan Province. The meeting was hosted by the National Technical Committee for Nonferrous Metals Standardisation and co-hosted by Yunchuang Alloy. Following five days of in-depth discussions, significant progress was achieved on the draft standards. Leveraging its extensive industry data and verification platforms, Yunchuang Alloy provided key technical indicators and experimental cases for the formulation and revision of the standards. This co-hosting not only demonstrated the Company’s high attention to the formulation and revision of technical standards but also enriched the standard texts with practical experience, contributing innovative solutions to the scientific nature, applicability, and advanced nature of industry standards.

Intellectual Property Protection

Innovation New Material strictly adheres to laws and regulations such as the ***Civil Code of the People’s Republic of China,*** the ***Patent Law of the People’s Republic of China*** and the ***Trademark Law of the People’s Republic of China***. The Company has formulated and implemented the Patent Management System and the Intellectual Property Protection Control Procedures, and has established the Intellectual Property Management Leading Group and the Trade Secret Protection Office. Through measures such as employee training, key personnel management, and contract risk control, the Company continuously improves its intellectual property management system, maximising the value of intellectual property in the Company’s development. The Company constantly enhances its capabilities in independent innovation and the utilisation of intellectual property, while ensuring that it does not infringe upon the patents, trademarks, copyrights, or other intellectual property rights of others.

Process Management

The Company’s Information Technology Department is responsible for safeguarding technological security and data privacy through measures such as data encryption and two-factor authentication (2FA). Prior to the initiation of new product projects, the Technology Centre conducts intellectual property searches and risk assessments. The Company tracks IP outputs and protection status throughout the entire R&D lifecycle. All information releases and record archiving require prior approval and controlled filing, ensuring process compliance and traceability.

Personnel Management

The Human Resources Department conducts background checks on candidates for key and confidential positions. Upon joining the Company, employees sign a *Non-disclosure and Non-compete Agreement*, and upon leaving, a post-employment intellectual property handover and debriefing is conducted and recorded. The Company conducts annual intellectual property protection training for relevant personnel, combining internal and external training. The Company cooperates with authoritative bodies and experts for professional lectures, while internal training focuses on the creation, utilisation, and protection of intellectual property, thereby continuously enhancing the risk awareness and professional capabilities of relevant personnel.

Risk Prevention and Control

In project collaborations, the Company stipulates in business contracts the allocation of intellectual property rights and confidentiality obligations among all parties. Should any breach of contract or potential infringement be identified during the collaboration, remedial measures are taken immediately or the collaboration is terminated. The Legal Department provides intellectual property legal advisory services to business divisions, promptly identifying and addressing potential risks to safeguard the Company's legitimate interests.

Impact, Risk, and Opportunity Management

The Company has established a systematic mechanism for managing risks and identifying opportunities in scientific and technological innovation, which is fully integrated into its strategic planning and operational processes. The Company has put in place a comprehensive framework for managing risks and opportunities throughout the entire innovation cycle—from R&D execution to R&D achievement transformation—clearly defining the responsibilities and decision-making pathways for each stage in risk and opportunity identification, assessment, and response. Leveraging its information management platform, the Company regularly conducts dynamic tracking and data integration across key dimensions such as R&D investment, technological iteration, intellectual property, market trends, and policy developments. It systematically identifies potential risks in technology roadmaps and assesses the maturity and market adaptability of emerging technologies, providing insights for decision-making. The Company regularly reviews the technical risks, commercial benefits, and social impact of ongoing R&D projects, and those already transformed, feeding the analysis results back into strategic planning and resource allocation to form a closed-loop management cycle of "monitoring—analysis—decision-making—optimisation".

Metrics and Targets

To better integrate technological innovation into its strategy and realise long-term value, the Company has established the following technological innovation targets.

2026 Scientific and Technological Innovation Targets

- Invention patent applications applicable to the Company's core business: no fewer than **15**
- Granted invention patents: no fewer than **5**
- Total granted utility model patents: no fewer than **40**

As of the end of 2025,
The Company held **534** granted patents, comprising **74** invention patents and **460** utility model patents;
In 2025, the Company acquired **84** new patents, including **14** invention patents and **70** utility model patents.

Technology-Led, Jointly Driving Innovation

Strict Product Quality Control

Innovation New Material takes product quality as the cornerstone of its development, adhering to a systematic and lean quality management model. Guided by client demands, the Company continuously enhances quality awareness among all employees and optimises full-process control, establishing a quality assurance mechanism covering the entire product lifecycle to continuously improve product performance and reliability. During the reporting period, the Company's product quality remained stable, with no major product-related quality or safety liability incidents.

In 2025, the Company demonstrated outstanding performance in quality, with its achievements gaining industry recognition. Chuanghui New Material and Yuanwang Electrotechnics were both honoured as "Outstanding Suppliers of the Shandong Wire and Cable Industry" at the Shandong Wire and Cable Industry High-Quality Development Conference.

By the end of 2025

- **14** factories have obtained ISO 9001 Quality Management System Certification.
- **12** factories have obtained IATF 16949 Automotive Quality Management System Certification.
- Mengchuang Light Materials has obtained **AS 9100D** Quality Management System Certification for aviation, space, and defense organizations.
- Innovation Precision has obtained **ISO 22163** Quality Management System Certification for the railway industry.

Governance

Innovation New Material continues to deepen its three-tier quality governance structure consisting of the "Board of Directors-Management Layer-Execution Layer", and establishes a closed-loop quality control system covering the entire process from R&D, procurement and production to sales.

Hierarchy	Responsibilities	Reporting Frequency
Board of Directors	As the highest decision-making body, the Strategy and ESG Committee of the Board oversees product quality targets and implementation progress.	/
Management Layer	Comprising department heads of production, quality control, warehousing, and other divisions, this tier focuses on top-level design and system optimisation. It leads the establishment and efficient operation of the quality management system, and coordinates supplier quality engineering and internal quality system audits.	Submits quality strategy implementation reports every six months.
Execution Layer	Comprising three core centres—Quality Control, Quality Engineering, and Quality Assurance — this tier maintains strict oversight across the manufacturing process. It strictly implements the three-tier inspection system: Incoming Quality Control (IQC), In-Process Quality Control (IPQC), and Outgoing Quality Control (OQC). By utilising digital tools for accurate key data recording, it ensures real-time feedback and closed-loop resolution of on-site quality abnormalities.	Submit monthly reports on quality control performance.

Strategy

The Company systematically identifies potential risks and development opportunities in quality management, and formulates forward-looking response strategies accordingly.

Risk Type	Risk Description	Potential Impact	
		Operational Impact	Financial Impact
Iteration of industrial regulations	International standards undergo regular annual updates.	Failure to adapt products to the latest standards in a timely manner will lead to restricted sales, delivery delays, damaged client trust, and unstable supply chains.	Increased compliance costs
Quality fluctuations along the upstream and downstream supply chain	Insufficient quality stability of key raw and auxiliary materials, including refining agents, aluminium ingots, minor metals, and Al-Ti-B wire.	Disruption to production continuity increases the risk of quality incidents and affects on-time order delivery.	Increased production costs and procurement expenses
Upgraded requirements from downstream clients	Growing stringent technical requirements regarding chemical composition, mechanical properties, hydrogen /slag content, and homogenisation effects.	Backward adaptation of technical indicators will make products incompatible with high-end market demands, resulting in the risk of delisting from supplier lists and shrinking market share.	Decline in operating revenue

Opportunity Type	Opportunity Description	Potential Impact	
		Operational Impact	Financial Impact
Efficiency improvement via digital quality control	Construction of full-process data interconnection and intelligent traceability systems.	Effectively reduces manual recording errors, optimises process parameters, and improves production efficiency.	Profit growth
Expansion into high-end application fields	Penetration into new markets such as aerospace and packaging materials.	Entry into high-barrier markets optimises product structure and strengthens the Company' s competitiveness in high-end industrial chains.	Profit growth
Product quality and brand development	Enhanced industrial influence and strengthened core client loyalty.	Excellent product quality reinforces client stickiness, expands high-end market share, and consolidates industrial leading position.	Increased operating revenue

Full-Process Quality Control

The Company adheres to international standards including ISO 9001 and IATF 16949, continuously consolidating the foundation of its quality management system. In response to evolving external environments, the Company has established a dedicated compliance team and a dynamic global regulatory tracking mechanism to forecast changes in regulatory requirements, keeping its management system aligned with international advanced practices.

The Company has built a multi-level standard system centred on over 50 technical standards. Among them, more than 30 national standards cover full-process fundamental control to guarantee product safety and basic performance; over 10 industry standards target specialised requirements in segmented fields to improve professional adaptability of products. In addition, the Company actively introduces advanced international standards such as American and German standards, bringing key indicators in line with global levels. Through the strict implementation of this standard system, the Company has constructed a systematic and standardised defence line for product quality.

Adhering to the concept of lean manufacturing, the Company keeps optimising its closed-loop management system covering “incoming material control, process monitoring, and outgoing inspection”.

Control Stage	2025 Work Highlights
Incoming Inspection	▪ Institutional upgrades: Revised the *Incoming Inspection Operating Standard* to raise admission thresholds. ▪ On-site audits: The Quality Inspection Department and Procurement Department jointly conducted quality control, carrying out 3–4 high-frequency on-site audits annually for key material suppliers to strictly control source quality. ▪ Tiered management: Implemented refined supplier tiered management to strengthen constraints on quality liability clauses. ▪ In-house testing: Established internal testing standards and carried out in-house testing for key auxiliary materials including magnesium ingots, refining agents, and additives.
In-Process Inspection	▪ Hardware upgrades: Newly introduced testing equipment, such as handheld flaw detectors, LiMCA III online inclusion analysers, and water-immersion flaw detectors, to improve detection precision. ▪ Key control: Implemented full-process quality control for flat ingots and high-end billets, with updated and enforced special control standards. ▪ Absolute veto power: Quality inspectors hold veto power over identified quality hazards and non-conformities against SOPs. They may immediately halt non-compliant operations and supervise full corrective rectification.
Final Inspection	▪ Optimised strategies: Implemented differentiated control measures, 100% full inspection for flat ingot products and strict sampling inspection for aluminium billet products. ▪ Technological upgrades: Adopted Podfa offline inclusion analysis technology. With high-precision filtration and microscopic analysis, the technology accurately identifies the type and content of inclusions. Process optimisation across the whole chain is guided by analytical data to effectively improve melt purity.

Quality Audit

The Company has established a three-tier audit system covering internal self-inspections, third-party supervision, and client factory audits. The Company conducts at least one internal quality system audit and management review on an annual basis, while proactively accepting external oversight from third-party certification bodies and clients. The audit scope fully covers key links including supplier management, in-process inspection, and finished product release.

For issues identified in audits, the Company adopts the 8D and 5 Whys (5Y) methodologies, to locate root causes of abnormal fluctuations, and implements standardised rectification procedures to ensure closed-loop resolution. In addition, the Company has built a systematic product quality improvement mechanism. By collecting and analysing internal and external quality data, and leveraging tools including regular quality analysis meetings and the FMEA database, it identifies improvement opportunities. Following expert evaluation, improvement plans are formulated and implemented, and subsequent result verification and standard revision achieve closed-loop management to drive continuous quality upgrading. The Company holds weekly quality analysis meetings targeting production issues. In 2025, over 100 items were optimised, leading to substantial improvements in product yield.

2025 Quality Audit Statistics of Innovation New Material

Number of internal quality audits conducted: **132**

Number of client audits conducted: **181**

Number of third-party quality audits conducted: **61**

Cumulative quality improvement items rectified: **1,080**

Quality Optimisation

Digital Empowerment

In 2025, the Company successively launched the Manufacturing Execution System (MES) and Laboratory Information Management System (LIMS), marking its quality management entering a new stage of digital and intelligent empowerment. Supported by standardised inspection workflows and centralised data management, the systems greatly improve information collection efficiency and provide real-time, intuitive data support for management decision-making. Going forward, the Company will further integrate Statistical Process Control (SPC) functions into its data platform, deepen data value mining, and construct a predictive quality early-warning mechanism. This will enable quality management to evolve from “post-event inspection control” to “proactive risk prevention”.

Talent Cultivation

By establishing a systematic empowerment framework and positive incentive mechanisms, the Company fosters a culture of pursuing quality excellence across all operations.

Rigorous skills assessments to verify professional competence

- Quarterly dual assessments: A quarterly skill assessment system covering all quality inspection positions is implemented, combining theoretical examinations and practical evaluations to ensure consistent job competence among employees.
- Advanced qualification certification: To strengthen high-precision testing capabilities in 2025, three core specialists from Innovation Metal obtained Level 2 Ultrasonic Testing qualifications, realising qualification upgrading for key technical positions.

Introduction of high-end talents and diversified training system construction

- High-end talent recruitment and cultivation: The Company recruits senior quality and technical talents and delivers targeted professional training programmes.
- External benchmarking exchanges: Adopting the strategy of "learning externally and introducing expertise internally", the Company carries out specialised training in core fields, such as equipment operation and failure analysis, continuously benchmarking against advanced industrial practices.
- Internal mentorship system: A mentor team composed of internal technical experts and benchmark employees is established. It delivers structured training including the Furnace Reserve Talent Programme, lean management enhancement courses, and professional skills training. Combined with departmental improvement seminars, the programme comprehensively upgrades staff competence, laying a solid human resource foundation for high-standard quality inspection. In 2025, the Company organised 12 specialised quality training sessions covering all quality-related personnel.

Enhanced reviews and competitions to create multi-dimensional value

- Quarterly skills competitions: Quarterly incentive competitions, integrating theoretical knowledge and practical operation, are held to verify and consolidate training outcomes.
- Regular quality improvement meetings: A routine mechanism for quality improvement meetings is established to develop preventive measures for process and finished product defects, and continuously optimise standardised process operational procedures. In 2025, 36 quality improvement meetings were held, forming closed-loop management from problem identification to quality value enhancement.

Optimised positive incentive mechanism to stimulate internal initiative

- Performance linkage and recognition: Quality metric achievement and contributions to quality improvement projects are incorporated into employee performance appraisal. Honorary titles including "Quality Role Model" and "Improvement Pioneer" are awarded to strengthen overall staff awareness of quality responsibilities via positive incentives.

Organising QCC Improvement Achievement Selection to Consolidate Frontline Lean Management Foundations

Suzhou Chuangtai held a Quality Control Circle (QCC) improvement achievement selection event, displaying quality improvement outcomes of 10 selected frontline projects. Centring on on-site pain points including energy consumption, quality fluctuations, and equipment failures, each project carried out data analysis and pilot optimisation on typical processes, forming a set of replicable operational specifications and management practices. Multiple projects achieved remarkable results in energy reduction, product defect rate control, and downtime shortening. Through scoring evaluation and experience-sharing mechanisms, the Company promotes outstanding practices and establishes a closed-loop management cycle of "evaluation—improvement—feedback", consolidating the foundations of frontline lean management.

Industry Exchange

To further cultivate an open and inclusive quality culture, the Company actively participates in high-level industrial events such as automotive industry associations, contributing its "Innovation Wisdom" to industrial upgrading. In addition, the Company regularly issues quality disclosure reports. With a transparent operational stance, it builds an industry benchmark image and commits to co-creating a high-quality industrial ecosystem with partners across the industrial chain.

Participating in Industrial Technical Exchange Conference to Empower Quality Control Upgrading

In 2025, the Company was invited to attend the 16th Technical Exchange Conference on Physical and Chemical Testing and Failure Analysis hosted by the Materials Branch of the China Society of Automotive Engineers (CSAE). During the conference, leading industrial experts and enterprises conducted in-depth discussions on core topics, including cutting-edge failure analysis technologies and innovative testing methodologies. The Company integrates advanced industrial experience into its internal quality management system, optimises testing standards and procedures, and further strengthens its risk prevention capabilities.

Hazardous Substance Management

Innovation New Material strictly adheres to regulations and client requirements, establishing an integrated control mechanism for hazardous substances that spans raw materials, production processes, finished products, and by-products. The Company sets clear raw material environmental and quality standards for supply chain partners, promoting a collective improvement in hazardous substance management across the entire value chain.

As of the end of 2025, seven factories had obtained QC 080000 hazardous substance process management system certification.

In the raw material testing phase, the Company identifies and classifies environmental risks associated with raw materials in accordance with the *HSF Risk Assessment Management Procedure*. The Company commissions qualified third-party organisations to conduct specialised testing on key raw materials in accordance with the RoHS Directive (*Restriction of Hazardous Substances in Electrical and Electronic Equipment*) and the REACH Regulation (*Registration, Evaluation, Authorisation and Restriction of Chemicals and its Amendments*). The Company strictly enforces a "zero-tolerance" policy for hazardous substances; raw materials are admitted to inventory and used only after test results comply with relevant limits.

During the manufacturing process, the Company strictly enforces the *Standards for the Restriction of Hazardous Substances*, ensuring that hazardous substance control requirements are precisely implemented on the production frontline. The Company strictly monitors key process parameters to ensure a stable and controllable manufacturing process. Should process parameters deviate from the set range, the system automatically triggers an alert or shutdown to facilitate the timely investigation and correction of abnormalities, ensuring controllable process risks.

For finished product and by-product testing, the Company has established a rigorous factory release testing system based on client requirements. It conducts necessary component testing and risk assessments on by-products to prevent secondary environmental risks during subsequent utilisation or disposal, building a robust defence line for product safety and environmental compliance.

Impact, Risk, and Opportunity Management

The Company has integrated quality risk and opportunity management into its comprehensive risk management process. It has established an assessment team comprising multiple departments, including the Quality Management Department, Production Department, and Procurement Department, to form a closed-loop management mechanism of "identification—analysis—response—monitoring".

Identification Phase

The Company collects quality risks and opportunity information through channels such as client feedback, supplier evaluations, internal audits, and industry policy tracking, creating a dynamic information database.

Analysis Phase

The assessment team employs a risk matrix methodology to classify risks into high, medium, and low tiers based on probability of occurrence and impact severity. Opportunities are categorised into Grades A, B, and C based on potential value and implementation difficulty, while assessing their impact on business and finance.

Response Phase

For high-risk items, the Company formulates specific contingency plans, clearly defining responsible departments, response measures, and completion deadlines. For Grade A opportunities, it formulates implementation plans, allocates appropriate resources, and drives execution.

Monitoring Phase

The Company tracks the progress of risk responses and opportunity implementation monthly, and organises review meetings quarterly or biannually to dynamically adjust strategies based on implementation outcomes.

Metrics and Targets

The Company has established clear, quantifiable key performance indicators (KPIs) for quality management, with actual results serving as the measurement standard. As of the end of the reporting period, all indicators have met or exceeded the predetermined targets, fully reflecting the Company' s outstanding performance in product quality management and high recognition from clients.

Product	Current Level	Industry Average Level	Industry Position
High-strength and high-toughness aluminium alloy	Tensile strength: 420 MPa	Tensile strength: 350 MPa	Industry-leading
3C electronic profiles	Yield rate: 98.4%	Yield rate: 97%	Industry-leading
Lightweight automotive profiles	Yield Rate: 97.4%	Yield rate: 95%	Industry-leading
High-strength and high-conductivity cables	Resistivity: 29.10 nΩ · m	Resistivity: 27 nΩ · m	Industry-leading
High-quality recycled aluminium	Impurity size < 20 μm	Impurity size < 25 μm	Industry-leading

2026 Quality Management Targets	2025 Progress
100% product factory qualification rate	Achieved
First-pass inspection qualification rate for cast finished products ⩾ 99%	99.5%
Client satisfaction score ⩾ 90 points	99.64 points

Technology-Led, Jointly Driving Innovation

Service Experience Guarantee

Innovation New Material adheres to a client-centric service philosophy, emphasising that "client experience is paramount". The Company strictly complies with laws and regulations such as the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and has established a service quality management system underpinned by the *Client Requirements Process Control Procedure, Client Feedback Process Control Procedure* and *Client Satisfaction Survey Control Procedure*, ensuring the standardisation and continuous improvement of service processes.

Service Channels

The Company has established a systematic client relationship management system covering the entire business process, integrating resources from internal sales, field sales, and on-site service, as well as other team resources, to provide clients with comprehensive, professional support. In 2025, the Company further refined its service grid division to build a more agile and efficient client response and support mechanism.

In 2025, the closed-loop resolution rate for client requests reached 100%。

The Company has established a multi-dimensional client service system integrating online and offline channels with front-office and back-office linkage. Regional field sales managers provide localised on-site support, while the internal sales team ensures that client demands are promptly addressed and followed up through a standardised communication matrix comprising telephone, corporate WeChat, and dedicated email channels. The back-end technical support team—comprising Production Department, Quality, and Technical Department—can rapidly provide solutions to complex issues, forming an efficient collaborative mechanism of "front-end reception—back-end support—closed-loop management".

Client Feedback and Complaint Resolution

The Company provides diverse client feedback channels and communication approaches, including email, WeChat, telephone, regular meetings, client evaluation platforms, and a client complaint handling system, actively listening to client needs. To improve the management of client service complaint processes, the Company has formulated the *Client Feedback Process Control Procedure*, standardising complaint handling processes and time limits to ensure that client complaints are dealt with promptly, orderly, and efficiently. The Company also regularly conducts reviews of complaint cases and conducts personalised follow-ups based on client preferences to enhance the client experience.

To ensure timely response to client demands, the Company has established a "three-tier progressive timeframe" complaint handling mechanism:

- **Within 24 hours of complaint occurrence:** The Marketing Department accepts and registers the complaint, simultaneously transferring it to the Quality Management Department and relevant responsible departments; an emergency response process will be activated immediately for major quality complaints.
- **Within 48 hours:** The Quality Management Department, together with the responsible departments, convenes a quality analysis meeting to identify the root cause of the abnormality, and the responsible departments formulate corrective and preventive measures.
- **Within 72 hours:** The responsible departments implement corrective actions, the Quality Management Department prepares a written improvement report or submits a written response to the client, and tracks the closure of the complaint process.

Concurrently, the Company relies on a full-process quality traceability system to conduct dynamic monitoring of potential product risks. If systemic quality hazards that may affect multiple batches of products are identified, the Company will immediately activate an emergency response mechanism to quickly locate the problematic batches and their distribution, and safeguard client rights and interests through clear solutions and compensation plans. During the reporting period, the Company had no product recall incidents caused by product quality and safety issues, and the amount of damages resulting from major liability accidents related to product and service safety and quality was zero.

Client Satisfaction Surveys

Client service quality directly affects the Company's reputation and client stickiness, and ultimately contributes to long-term value creation and sustainable development capabilities. To this end, the Company systematically evaluates service quality and optimises its management system by establishing a regular client feedback mechanism.

- **Annual comprehensive survey:** The Company conducts at least one full client satisfaction survey every year. Combining online questionnaires and on-site visits, the survey assesses ten indicators across four dimensions: product quality, client service, delivery timeliness, and hazardous substance management.
- **Regular on-site communication:** Sales staff conduct on-site visits every two months to collect client demands and feedback in person, maintaining consistent daily communication and relationship maintenance.
- **Multi-Departmental comprehensive evaluation:** To deepen insights into key clients, the Company has set up an internal cross-departmental evaluation team. The evaluation team carries out systematic scoring for key client products from five dimensions: technology, quality, delivery, compliance, and service, forming a comprehensive evaluation system integrating internal and external perspectives.
- **Closed-loop feedback management:** The Company regularly organises, analyses, and summarises all feedback data, compiling special reports on product and service improvements. These reports are submitted to the management team as an important basis for operational decision-making.

Throughout 2025, the Company carried out multiple client satisfaction surveys, with overall client satisfaction remaining steadily above 90%,and the coverage rate of client satisfaction surveys reached 100%.

Responsible Marketing

The Company is committed to building a fair and impartial marketing environment. It strictly abides by relevant laws and regulations to ensure truthful and accurate product promotion, and eliminates exaggerated or misleading statements. The Company has established the Bulk Material Management Committee to oversee marketing activities of all subsidiaries, standardise marketing procedures, prevent improper transactions, and protect clients' legitimate rights and interests. Under the guidance of the Committee, each subsidiary formulates annual service and sales targets according to its own client structure and actual production conditions, and implements corresponding assessment mechanisms to ensure all marketing activities are compliant, transparent, and traceable.

04

Empowering Employees, Co-creating Prosperity

The Company adheres to the recruitment principle of “integrity and competence, with the right person for the right position”, and is committed to building a full-chain talent development ecosystem centred on “empowerment, growth, and mutual benefit”. Grounded in the core philosophy of “co-creation and sharing”, we have deeply cultivated a “Five Goodness Culture” with the connotation of “good environment, good cuisine, good recreation, good learning, and good career prospects”. We strive to create a healthy, safe, and harmonious workplace for both work and life, thereby truly realising the symbiotic value between the Company and its employees.

Empowering Employees, Co-creating Prosperity

Promoting Diversity and Inclusion

Innovation New Material adheres to a talent philosophy of diversity, equality and inclusion, strictly complying with international standards and relevant domestic laws and regulations, including *Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Law of the People's Republic of China on the Protection of Women's Rights and Interests, Special Rules on the Labour Protection of Female Employees, Law of the People's Republic of China on the Protection of Minors, Social Insurance Law of the People's Republic of China.* The Company is committed to establishing a comprehensive human rights and diversity and inclusion management system, pledging to provide all employees with equal career development opportunities and competitive remuneration and benefits, whilst effectively safeguarding employees' legitimate rights and interests by continuously broadening communication channels.

The Company has established a three-tier employee management structure comprising the "Board of Directors – Senior Management – Specialised Departments" to ensure the effective implementation and deep penetration of the aforementioned policies.

- Strategy and ESG Committee of the Board of Directors: Responsible for overseeing the overall strategy on diversity and human rights protection.
- Senior Management: Responsible for formulating and overseeing the implementation of the Company's policies on diversity, equality, inclusion and human rights.
- Specialised Departments: The Corporate Management Department is responsible for recruitment, onboarding, training and labour relations management, and for implementing requirements regarding diverse recruitment, fair promotion, as well as anti-discrimination and anti-harassment measures.

By 2025

- The Company employed 27 employees with disabilities
- The Company employed 172 veteran employees
- Assisted employees in financial difficulty with applications for 34 rental accommodation units
- Resolved the issue of nearby school enrolment for the children of 45 employees
- Provided support to 88 employees in difficulty cumulatively

Respecting and Protecting Human Rights

Innovation New Material has explicitly committed to respecting and protecting the legitimate rights and interests of all employees, including regular staff, flexible workers, and contractors. At the same time, the Company pays particular attention to the protection of the rights of vulnerable groups such as women, children, ethnic minorities, migrant workers, and indigenous peoples, and has gradually established a labour rights protection practice system covering dimensions such as remuneration, working hours and employment management.

The Company has issued *the Policy on the Prohibition of Child Labour* and the *Statement on Modern Slavery,* strictly prohibiting the employment of child labour and any form of forced labour, human trafficking and debt bondage. It ensures that all employees are of at least the statutory minimum working age and extends these requirements to business partners and suppliers.

Innovation New Material has formulated the *Human Rights Policy,* covering its own business, contractors and partners. The policy has clearly defined a series of commitments regarding labour rights, including providing employees with a living wage, strictly controlling overtime and excessive working hours, establishing reasonable maximum working hours, upholding equal pay for equal work between men and women, and fully paying annual leave wages. It has also committed to a minimum consultation period or fulfilling advance notification obligations prior to large-scale layoffs.

The Company continuously operates the *Human Rights Due Diligence Management Procedure,* regularly conducting systematic human rights due diligence and impact assessments on its own operations, the upstream and downstream value chains, and newly expanded businesses (including mergers and acquisitions, joint ventures, etc.), covering core issues such as forced labour, human trafficking, child labour, freedom of association, collective bargaining rights, equal pay for equal work, and discrimination. In our own operations, we focus on reviewing workplace conditions, the implementation of policies, and the protection of employee rights. At the value chain level, we assess the labour practices of suppliers through online or offline audits. In the early stages of new business collaborations, we incorporate human rights risk screening into the scope of the investigation. The Company compiles the *Human Rights Due Diligence Report* and *Human Rights Impact Assessment Report* annually, formulates special rectification measures for identified risks, and revises management procedures in a timely manner in accordance with updates of international human rights standards and business changes, thereby continuously enhancing the level of human rights management. All of the Company's factory areas have formulated and implemented human rights risk mitigation plans, which include the immediate cessation of infringements, the revision of relevant policies, the provision of financial compensation, and the provision of necessary psychological counselling or legal assistance.

The Company has simultaneously refined its *Anti-Discrimination Management and Control Procedure* and *the Anti-Violence and Anti-Harassment Policy.* Throughout all stages of recruitment and employment, the Company prohibits any form of discrimination based on gender, race, age, religion, sexual orientation, disability, pregnancy, marital status, or trade union membership. The Company maintains a zero-tolerance policy towards violence and harassment in the workplace (including sexual and non-sexual harassment), with clear requirements for prevention, handling and accountability, in order to foster a safe, healthy and mutually respectful workplace environment.

The Company has formulated the Policy on the Protection of *Women's Rights and Interests* and the *Procedures for the Protection of Female Employees,* stipulating that all positions suitable for female employees shall be equally open to them. We strictly implements special labour protection measures for female employees during "pregnancy, maternity leave, and lactation", and strictly prohibits the assignment of prohibited tasks. Furthermore, the Company has specifically established a comfortable nursing room to provide a private and comfortable space for rest and breastfeeding for employees, thereby effectively safeguarding the rights and interests of female employees.

The Company has established the *Internal and External Grievance Management and Control Procedure,* and has publicly disclosed the complaint channels on the official website. The Corporate Management Department has been designated as the receiving department, responsible for registering, categorising, investigating, and tracking feedback on complaints and grievances, ensuring that the handling process is open, fair, and timely. Employees and partners may report incidents of discrimination, harassment, or human rights violations observed in the workplace, and may also lodge grievances regarding promotion or remuneration outcomes. In response to the reports and appeals, the Company will immediately launch an investigation and take necessary corrective measures. Personnel found to have violated relevant regulations after investigation will be subject to internal disciplinary actions by the Company. The involved units and responsible persons should provide explanations regarding the rectification plans, and where harm has been caused to the parties concerned, liability for compensation shall be borne. In 2025, the Company did not identify any instances of discrimination or harassment.

During the reporting period, the Company incorporated human rights, anti-discrimination, and anti-harassment content into its company-wide training and new employee induction programmes, continuously enhancing employees' awareness and practice of a culture of diversity, equality, and inclusion, and striving to provide every employee with equal opportunities, fair treatment, and an inclusive working environment. In 2025, the Company did not experience any labour disputes.

Remuneration and Benefits

Innovation New Material strictly adheres to the *Working Hours Management and Control Procedure* to ensure that employees' working hours comply with national laws and regulations, safeguarding their statutory entitlements to paid public holidays, marriage leave, maternity leave, bereavement leave, annual leave, and other categories of leave. The Company has clearly stipulated employees' working hours, as well as the number of days of annual leave as well as various types of leave that the employees are entitled to. The daily working hours are set at 8 hours. The Company implements strict controls on overtime, monitoring employees' work status and overtime hours on a monthly basis, analyses the rationality of business operations and personnel allocation, and makes improvements. At the same time, working hours and overtime standards are determined in accordance with legal provisions and adjusted based on actual circumstances.

With regard to remuneration, the Company has established the *Wage and Benefits Management and Control Procedure,* ensuring that wages are paid in full on a monthly basis and on time, whilst overtime pay is calculated and disbursed in accordance with applicable laws. When determining remuneration standards, the Company refers to the government' s minimum wage standards, wage guidelines, and estimated regional living costs to ensure that employees' wages are set above the baseline level. Furthermore, based on its business conditions, the Company provides employees with subsidies for transportation, communication, and meals. The Company adheres to the principle of equal pay for equal work and conducts regular assessments of remuneration disparities between male and female employees, to ensure that employees of different genders receive consistent remuneration for the same positions and the same levels of performance. Furthermore, on the basis of lawfully implementing the "five social insurances and one housing fund", the Company continuously enhances its welfare system by offering diversified care benefits, such as commercial insurance, team-building funds, and educational grants for children, thereby comprehensively improving employee well-being.

In 2025,

- The Company paid employees' wages in full and on time, with no instances of arrears
- The Company made social insurance contributions for all employees in accordance with the law, achieving a coverage rate of 100%

Employee Communication and Interaction

The Company attaches great importance to communication and interaction with employees, and has established a communication mechanism that is "multi-channel, full coverage, and traceable". To facilitate the smoothness of the feedback channel, the Company has set up a direct hotline to the chairperson and deployed digital suggestion boxes in all production workshops, employee activity centres and canteens, ensuring that the voices of frontline employees reach management directly.

Innovation New Material conducts annual employee satisfaction surveys. Through questionnaires and other methods, the Company collects feedback on job satisfaction, sense of purpose, well-being, and work-related stress. The Company comprehensively considers multiple dimensions including the working environment, career development, teamwork, benefits, and corporate culture. Based on the survey results, the Company produces an employee satisfaction survey report and a list of improvement measures correspondingly. The Company also regularly organises specialised satisfaction surveys on matters such as company vehicles and canteens, continuously optimising relevant management practices in line with the actual needs of its employees. Furthermore, the Company conducts communication and research on working conditions through various channels, including monthly employee representative forums and individual employee interviews. In 2025, the employee satisfaction survey achieved a coverage rate of 100%, with the overall employee satisfaction rate exceeding 90%.

The Company regularly convenes the employees' congress and organises annual democratic comprehensive evaluations and other activities, and encourages employees to take ownership and contribute suggestions for the management of the Company. At the same time, the Company has refined regulatory documents such as the *Trade Union Management Regulations* and the *Freedom of Association Management and Control Procedures.* Through platforms such as the trade union and the employees' congress, it ensures unimpeded channels for employees to express their opinions and lodge complaints, safeguarding their freedom of association and collective bargaining rights. By 2025, the coverage rate of the collective bargaining agreement among employees was 100%.

The Company strictly adheres to the principle of confidentiality and rigorously protects the personal information of employees who lodge complaints, and fosters a communication environment where employees feel safe, willing, and able to express themselves effectively. In 2025, the Company organised a campaign named "Innovation Proposal" to solicit rationalisation suggestions, collecting over 900 improvement proposals and distributing a total of more than RMB 100,000 in rewards, thereby effectively driving management optimisation and continuous improvement.

Company-wide Democratic Appraisals to Build an Open and Transparent Democratic Management Mechanism

Innovation Metal, Innovation Precision, Innovation Sheet Materials and Yunnan Innovation Alloy have implemented annual company-wide democratic appraisals to further deepen the democratic management mechanism. The appraisals were open to all current employees and were conducted through anonymous online scoring. Centred on the five key dimensions of "Virtue, Competence, Diligence, Performance and Integrity", the appraisals encourage employees to provide objective evaluations of management personnel at all levels and solicit a wide range of suggestions for management optimisation. The Company adhered to a "problem-oriented" approach and used the appraisal results as a key basis for cadre evaluation and management decision-making, which has effectively established an open and transparent feedback loop, and fostered a sense of ownership among employees in participating in corporate governance.

Employees Actively Participated in the Annual Democratic Appraisal

Empowering Employees, Co-creating Prosperity

Enabling Talent Development

Fair Recruitment

Innovation New Material adheres to the principles of fairness, impartiality and transparency in recruitment, and has established the *Recruitment Management System* and the *Resignation Management System* to clarify employee onboarding and offboarding procedures, as well as remuneration and benefits standards. The Company provides detailed disclosures on job postings, including job responsibilities, eligibility criteria, and remuneration packages. The recruitment process is managed according to standardised procedures by structured interviews with uniform scoring criteria, whilst interviewers undergo training to enhance the professionalism and standardisation of the process. A dedicated reporting email address and hotline have been established at the recruitment office to proactively accept supervision from applicants and the public at large.

The Company actively promotes workforce diversity and continuously expands channels for recruiting international talent. With the expansion of the Company's overseas projects, it has recruited foreign employees abroad for positions at multiple levels. To foster multicultural integration, the Company has established an onboarding support mechanism for foreign employees, providing cultural adaptation support and cross-cultural exchange activities to help them integrate into the team swiftly.

Internal recruitment channels:	• Internal job vacancies are published regularly to encourage employees to apply for positions, broadening internal career development opportunities.
External recruitment channels:	• Deepening university-industry collaboration and jointly building training bases: We actively conduct campus recruitment and have established in-depth cooperative relationships with numerous universities, including Jiangxi University of Science and Technology, Kunming University of Science and Technology, Liaocheng University, Shandong University of Science and Technology, Qingdao University of Science and Technology, and Shandong University of Aeronautics. The Company has been approved as a university student internship and training base, providing students with advanced internship equipment, facilities and professional mentors. By offering internship positions and employment opportunities, the Company has achieved deep integration between industry and education. • Strengthening skills training and consolidating the reserve of skilled craftspeople: The Company has partnered with vocational institutions such as Lubei Technician College and Luzhong Vocational College to conduct targeted skills training cooperation, providing ample internship and employment opportunities for students and continuously consolidating the reserve of highly skilled frontline personnel. • Attracting talent through multiple channels to pool high-end talent: The Company has made full use of headhunting services and professional online recruitment platforms to precisely recruit mid-to-senior management personnel and core R&D technical talent, thereby injecting momentum into the Company's high-quality development.

Employee Development

The Company has established four parallel career development pathways "Management, Functional, Technical, and Skilled"[1], covering the full career lifecycle of employee growth and ranging from frontline staff to senior management, and from entry-level workers to chief technicians. A mechanism has been implemented linking remuneration packages to career progression. As employees advance through the ranks, their salaries and benefits are adjusted accordingly, effectively recognising their professional growth and performance contributions.

The Company implements a certification model that combines external professional title assessments with internal self-evaluation. Non-production positions adhere to the external professional title evaluation system, whilst production positions utilise a self-evaluation mechanism for skilled personnel. Through self-evaluation, the Company precisely aligns production needs with talent development, ensuring "the right person for the right position" and empowering both employees and the Company. In 2025, the Company organised over 600 frontline employees to participate in the self-evaluation for skills, with 559 of them successfully obtaining skills level certification, thereby opening up career progression pathways for skilled personnel.

Enterprise Talent Self-cultivation

1、For details of the career progression pathways, please refer to the Innovation New Material ESG Report 2024. The career development pathways for the current year remain consistent with those of 2024.

The Company has further refined its *Company-wide Performance Appraisal Measures,* conducting monthly performance evaluations and using the results of semi-annual and annual appraisals as the core basis for promotion and talent selection.

- Objectives and Key Results Assessment: It focuses on work performance, with results directly linked to monthly remuneration.
- 360-Degree Evaluation: Centred on the four dimensions of "Virtue, Competence, Diligence and Performance", this involves multi-perspective scoring by superiors, peers and subordinates to objectively assess employees' overall capabilities. The evaluation results serve as a key reference for internal talent reviews and merit-based rankings.
- Team Appraisal: Conducted on a team or departmental basis, this involves periodic assessments centred on overall team performance and goal achievement rates.
- Agile Dialogue: Through monthly, quarterly, and semi-annual one-to-one agile dialogues, managers and employees are encouraged to engage in open discussions regarding business objectives, capability development, and work obstacles, enabling timely adjustments to work direction and resource allocation.

The Company implements differentiated appraisals for different levels:

- Senior Management Personnel: Differentiated appraisals for the executive team are conducted based on strategic objectives, business unit operational performance and job responsibilities.
- Middle Management Cadre: A dual appraisal mechanism comprising "goal achievement" and "quarterly performance reviews" is implemented, based on the breakdown of operational targets.
- Functional and Technical Personnel: A "one-person-one-form" system is implemented, with precise KPI scoring based on job responsibilities and actual work performance.
- Frontline Employees: Differentiated appraisals are conducted monthly based on production target achievement rates and compliance with operational procedures.

The Company attaches great importance to the fairness and impartiality of performance appraisals and has established a comprehensive performance appeal process. Should an employee have any objections to the appraisal results, they may submit an appeal in writing or via the online system. The Corporate Management Department will collaborate with the employee's department to complete a review of the performance scores and provide feedback within seven working days, thereby effectively safeguarding employees' rights to be informed and to appeal.

Employee Training

The Company places great emphasis on the capability development and talent development of employees, and has established a systematic employee training management system covering four key dimensions: pre-job training, on-the-job development, external training, and job-transfer training, to continuously enhance employees' job competence and the overall quality of the organisation. The Company has systematically constructed a training matrix covering multiple dimensions including production, quality, safety, cost control, and management enhancement, with training participants encompassing its own employees, contract workers, and part-time employees.

The Company implements a tiered and categorised training strategy tailored to job characteristics, delivering targeted instruction through diverse methods such as mentorship schemes and internal trainer programmes to systematically conduct employee training.

- For new graduates, the Company places particular emphasis on strengthening mentorship and growth-enabling mechanisms. Through specialised development programmes, it helps young talent integrate quickly into their positions and accelerate their professional growth, thereby laying a solid foundation for the talent pipeline to support the Company's high-quality development.
- For production positions, the Company prioritises strengthening standardised operating procedures, safety awareness, and quality control capabilities.
- For management positions, the Company focuses on enhancing managerial mindset, professional competence, and organisational coordination. With respect to building the capabilities of middle and senior management, the Company collaborates with external professional institutions, combining "bringing in" internal training with "sending out" on-site training to continuously conduct leadership development programmes, thereby driving the simultaneous advancement of management philosophy and practical skills.

Suzhou Chuangtai “Green Vine Programme” Mentorship Development Initiative

In 2025, Suzhou Chuangtai launched the “Green Vine Programme”, a graduate recruitment development initiative centred on a mentorship to facilitate the rapid growth of new employees. The Company selected 11 key business personnel to serve as mentors, and mentors and mentees signed a mentoring agreement to clarify development objectives and responsibilities. The nine-month programme spans nine departments, including production, technology, and safety & environment, which is divided into three phases: onboarding orientation, position specialisation and competency advancement. Through job rotation, project-based training, and performance assessments, the programme systematically enhanced the job competence of young talent, thereby supporting the Company’ s talent pipeline development.

Suzhou Chuangtai “Green Vine Programme” Graduate Recruitment Development Initiative

Innovation Precision Supported New Recruits’ Development

Innovation Precision has launched a graduate induction programme themed “Encounter, Acquaintance, Understanding, Familiarity, Companionship”, helping 36 outstanding recent graduates from 19 universities embark on a new journey of professional development. The programme implemented a “dual mentor” system, assigning a business mentor to each new employee to impart practical skills, whilst a HR mentor provided regular career guidance and feedback. Following three months of systematic training, the programme has effectively facilitated the rapid transformation of new employees from “newcomers to the workplace” to “key talents in their positions”.

Innovation Precision Launched a Graduate Induction Camp

Innovation Metal "Innovation Wings" Training Camp

Innovation Metal held the opening ceremony for the “Wings of Innovation” training camp, systematically conducting competency development and job-specific competency training for young employees to help them adapt to their positions as quickly as possible.

Innovation Metal "Innovation Wings" Training Camp

Innovative Training Models Empowered Talent for the Green Industry Chain

Suzhou Chuangtai successfully organised a specialised training session on “Fundamentals of Extrusion Die Design”, which adopted a model that integrates offline interaction, online live streaming, and open lectures to maximise internal and external knowledge sharing. The Company’ s technical team served as instructors, combining practical case studies to explain fundamental principles, structural characteristics, material selection, and core design processes. Trainees completed exercises through a blend of online and offline methods, gradually mastering design methodologies and problem-analysis techniques.

External Experts Conducted Specialised IATF 16949 Quality System Training

The Company engaged external IATF 16949 quality management system experts to deliver systematic professional training for department heads and system administrators. The training covered knowledge of the IATF 16949 standard and the six core tools—APQP, PPAP, FMEA, MSA, SPC, and CP—and included a dedicated training module for internal system auditors. The training was delivered through frequent, intensive sessions to help participants progressively comprehend the standard requirements and practical methodologies. Following the training, employees in key positions have systematically mastered the relevant knowledge and skills, laying a solid foundation for the effective operation and continuous improvement of the quality management system.

Innovation Precision Launched Specialised Training for Production Management Capability Enhancement

To further strengthen frontline production control level and achieve top-down management consensus, Innovation Precision launched a production management capability enhancement project. Targeting 182 frontline management personnel, the project delivered a total of 22 training sessions comprising 44 teaching hours. By introducing high-quality training resources, the project successfully established a multi-dimensional closed loop for capability enhancement, spanning from theoretical learning to practical application, providing a solid management talent guarantee for the efficient and stable operation of the Company’ s production activities.

Specialised Training on Management Philosophy Enhancement for Middle and Senior Management: “Rising Leaders in Succession”

The Company organised a specialised training programme for middle and senior managers, attended by nearly 300 managers. The curriculum focused on the development and replication of high-performing talent, providing a systematic explanation of the “learning-practicing-accessing-competing” closed-loop development model. It facilitated managers in deepening understanding of the principles of talent development, reinforcing goal orientation and performance-driven management, thereby assisting the Company in building a high-calibre management echelon and providing a solid talent foundation for the enterprise’ s sustainable development.

“Rising Leaders in Succession” Management Training Programme

The Company held a strategic management reading session together

Through the organisation of group reading sessions, the Company has facilitated systematical study of strategic growth logic among middle and senior management, comprehensively enhancing management capabilities and laying a solid talent foundation for the enterprise’ s high-quality development.

The scene of the strategic management reading session

Innovation Precision "Elite Internal Trainer" Programme Empowered Talent Development

Innovation Precision continued to deepen its "Elite Internal Trainer" programme, organising 29 appointed instructors to conduct secondary seminars and in-depth development of the curriculum. Through iterative optimisation, the Company has successfully established a curriculum system that combines theoretical depth with practical value, effectively promoting the consolidation and transmission of internal expertise.

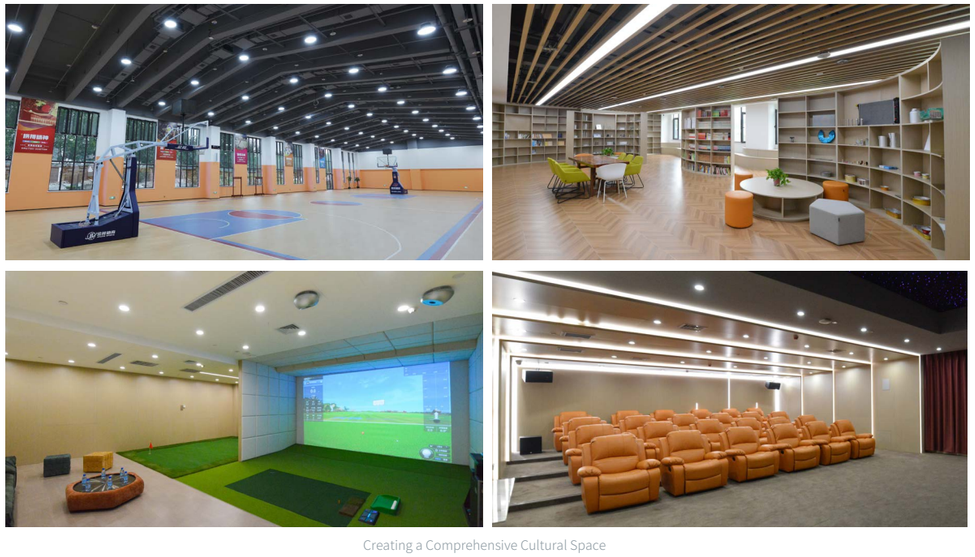
Employee Well-being

Upholding the core philosophy of "Empowering Employees, Co-creating Prosperity", Innovation New Material regards talent as the Company's most valuable asset. The Company thoroughly implements the "Five Goodness Culture", focusing on the three dimensions of "good environment, good cuisine, and good recreation", and has formulated the ***Environmental and Occupational Health and Safety Operational Control Procedures*** and continuously optimises employees' working environments and living facilities, striving to comprehensively enhance employees' sense of fulfilment and happiness.

"Good Environment": Poetic Industrial Park, Ideal for Living and Working

The Company is committed to breaking away from the stereotypical image of traditional factories, continuously advancing the functional optimisation and environmental beautification of the industrial park, to create a "landscape line" that integrates efficient working spaces with convenient living facilities.

- Hardware Upgrades: Standardised refurbishment of staff accommodation and enhanced industrial park greening projects have been implemented to create a comfortable and welcoming living environment.
- Cultural and Recreational Landmarks: A comprehensive cultural space within the industrial park, integrating a library, a cinema, and a multi-purpose sports venue featuring facilities for badminton, basketball, billiards and archery.



Creating a Comprehensive Cultural Space

"Good Cuisine": Healthy Meals, Thoughtful Care

- Tailored Services: Adhering to the "self-operated canteen" model, we maintain strict food safety standards and implement a mechanism of "daily customised menus and weekly dish updates", and have also established special dietary windows to accommodate the dietary habits of different groups.
- Thoughtful Care: We have introduced special themed meals during traditional festivals and implemented an overtime meal subsidy policy.

"Good Recreation": Energising and Building Team Spirit

- Club Competitions: We have established various sports and interest clubs, regularly organising competitive events, such as fun runs and ball game leagues. Over 60 employee activities are organised throughout the year to enrich employees' leisure time.
- Team-Building Empowerment: A dedicated departmental team-building fund has been established to flexibly organise outdoor development activities and short trips, whilst skilfully integrating safety culture education into these activities to achieve a dual enhancement of team cohesion and employee well-being.

The Company organised a themed cultural event titled "Lantern Riddles Guessing, Games Playing, Lant ern Festival Celebrating", where employees enjoyed the festive occasion and shared moments of reunion through fun games and traditional folk experiences.

During the Labour Day holiday, the Company organised a "Labour Day Celebration" staff sports day, featuring more than ten events including basketball, badminton, table tennis and skills competitions, attracting nearly a thousand employees to participate.

The Company organised a symposium for veterans celebrating "August 1st" Army Day, paying tribute to their contributions to national defence, upholding the spirit of the military, and inspiring new endeavours to achieve distinction and success on new journeys.

The Company held a ceremony to present congratulatory gifts for employees' children who have advanced to higher levels of education, sharing the joy of their growth with employees.

Empowering Employees, Co-creating Prosperity

Practising Safety Production

Adhering to the safety philosophy of "safety first, prevention-oriented, holistic management, continuous improvement, people-centred, and safe development", the Company has consistently promoted "full participation in safety responsibility, inherent safety of equipment and facilities, and standardised operational behaviour". Centred on the objectives of "risk control, reduction of work injuries, and zero work fatalities", the Company has comprehensively implemented a standardised safety management system. During the reporting period, the Company has prioritised the prevention of major risks, deepened source governance, and introduced "technology-driven safety enhancement" measures to achieve mutual promotion and advancement between work safety and production operations.

By the end of 2025,

- Four subsidiaries have passed the second-level safety standardisation acceptance, and six subsidiaries have passed the third-level safety standardisation acceptance.
- 14 factories have obtained ISO 45001 Occupational Health and Safety Management System certification, accounting for 82% of the total.

In 2025,

- The coverage rate of work-related injury insurance for employees reached 100%, and the coverage rate of employees under work safety liability insurance for companies involving molten metal operations also reached 100%.

Governance

The Company has established a four-tier safety management framework to implement health and safety management responsibilities at each level. The Strategy and ESG Committee of the Board of Directors serves as the highest authority for the Company' s safety management, responsible for overseeing the Company' s overall safety management. The Company has established a Safety Committee chaired by the General Manager, with members comprising the General Managers of each subsidiary and the head of the Company' s Safety and Environmental Supervision Department. It provides unified leadership and formulates work safety objectives and plans. An Office is established under the Safety Committee as its administrative body, exercising unified supervision over the subsidiaries. Each subsidiary has established a Safety Subcommittee, chaired by the General Manager and comprising heads of workshops and departments. These subcommittees fully fulfil their primary responsibility for work safety, implement health and safety management measures, and carry out self-inspections, self-corrections and self-improvements.

Tier	Primary Responsibilities	Reporting Frequency
Strategy and ESG Committee of the Board of Directors	▪ Overall supervision of the Company' s safety management.	/
Safety Committee	▪ Establish the Company' s safety guidelines and policies, and sets safety objectives and targets; ▪ Investigate and resolves prominent and significant work safety issues, and monitors the outcomes of corrective actions; ▪ Collect, compile, analyse, and discuss typical safety incidents within the Company and the industry to prevent safety accidents.	Annually
Safety Committee Office	▪ Conduct regular safety production supervisions and inspections of all subsidiaries; ▪ Develop and implement work safety education and training programmes for all employees.	Monthly
Subsidiary Safety Subcommittee	▪ Implement government and company safety policies and work requirements; ▪ Establish and implement a dual prevention mechanism of safety risk classification management and control，and hidden danger investigation and management, and conduct regular inspections of work on safety productions.	Quarterly

The Company strictly complies with laws and regulations such as the *Work Safety Law of the People's Republic of China,* the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases,* the *Fire Protection Law of the People's Republic of China,* the *Law of the People's Republic of China on the Safety of Special Equipment,* the *Guideline of China Occupational Safety and Health Management System.* It actively responds to national occupational health and work safety objectives, including the *Five-Year Action Plan for Workplace Injury Prevention (2026–2030),* and builds a comprehensive safety management system.

The Company has established a range of rules and regulations governing the health and safety of all employees, suppliers and contractors. These include the *Production Safety Responsibility System, Safety Education and Training Management System, Management System of Special Operations Personnel, Risk Classification and Control System, Hidden Danger Investigation and Management System, Operation Safety Management System, Occupational Health Management System, Production Safety Accident Emergency Rescue Management System,* and the *Work-related Injury Incident Handling and Assessment Management System.* The Company conducts annual training on safety production regulations for all employees to ensure they are fully aware of the latest policies and regulations. Furthermore, the Company actively listens to feedback from frontline employees and consults with them throughout the revision process to ensure that regulations are grounded in practical realities.

The Company maintains a safety performance appraisal mechanism in accordance with the *Safety Performance Appraisal Measures,* strengthening supervision, inspection, and disciplinary action for violations, and fully leveraging the guiding and motivational role of performance appraisal. The Safety and Environment Supervision Department conducts quarterly safety performance appraisals of subsidiaries. Performance scores are calculated item by item based on safety management aspects such as the fulfilment of safety responsibilities, training and education, rectification of hazards, emergency drills, on-site safety conditions, and work-related injuries. Safety performance rewards and penalties are implemented from frontline employees up to the General Manager of the subsidiary, based on the annual safety management outcomes of the Company, workshops, and work teams.

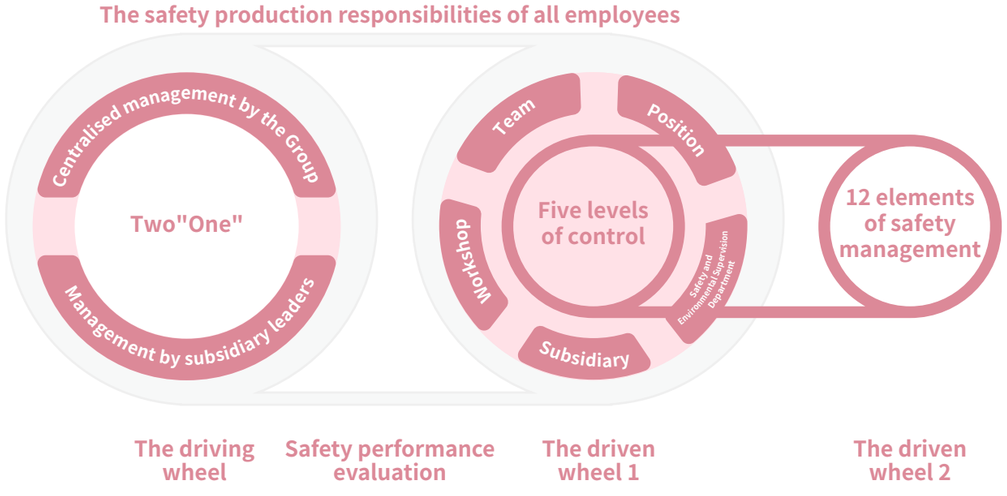
Strategy

The Company annually analyses the potential impact of risks and opportunities on its operations and formulates corresponding response measures to mitigate risks and seize opportunities.

Risk Types	Risk Description	Potential Impact	
		Operational Impact	Financial Impact
Operational Risk	Exposure to working environments involving high-temperature molten metal, gas facilities, mechanical processing equipment, and special equipment such as overhead cranes and forklift trucks may lead to burns, explosions, mechanical injuries, lifting-related injuries and vehicle-related injuries.	Casualties or health impairment among production personnel lead to production line shutdown and possible operational disruption.	Increased costs arising from compensation, medical expenses and potential litigation
Management Risk	Inadequate safety training and a lack of on-site supervision lead to non-compliant operations and breaches of labour discipline.	Continuous accumulation of accident hazards makes it impossible to serve major clients who have high requirements regarding suppliers' safety standards.	Increased production costs and a decreased in operation revenue
Supply Chain Risk	Inadequate performance management of contractors, whose on-site accidents or non-compliant behaviour may directly impact the Company' s operations.	Contractor accidents may result in project delays or joint liability for the Company.	Increased costs

Opportunity Type	Opportunity Description	Potential Impact	
		Operational Impact	Financial Impact
Technology and Process	Investment in robots, centralised dust collection and purification systems, and isolation devices for high-temperature areas, etc., to reduce personnel exposure risks at source.	Reduce accidents and occupational disease rates, whilst enhancing inherent safety levels and production process stability.	Enhance profitability by improving production efficiency.
Culture and Brand	Establish effective safety incentives, comprehensive health promotion programmes and transparent communication mechanisms to embed safety as a core value.	Enhance employee' s sense of belonging and retention rates; create a virtuous cycle of full staff participation in safety management; win the trust of high-end clients to expand market presence.	Reduce staff turnover and recruitment costs, and increase profit margins.

Standardised Safety Production Management System



"Dual-Wheel Drive" Safety Production Management System

The Company has established a "Dual-Wheel Drive" Safety Production Management System. Under the unified leadership of the Safety Committee of the Company and the Safety Subcommittee of subsidiaries, the Safety and Environmental Supervision Department of the Company, the Safety and Environmental Department of the subsidiaries, workshop safety officers, team leaders and frontline employees implement classified safety management and supervision, with all personnel fulfilling their safety management responsibilities within their respective positions. The Company has established 12 key elements of safety management, covering the management of production equipment and facilities, operational safety, risk classification management and control, hidden danger investigation and management, and emergency management. It has formulated the *2025 Work Plan for Advancing Safety Production,* dynamically adjusting priorities and work plans based on completion status to ensure the effective implementation of all management elements at every management level.

During the reporting period, the Company continued to advance the project for the standardisation and quantification of safety production, strengthening safety culture within work teams. It reinforced full-process management through "pre-shift safety briefings, in-shift safety inspections and post-shift safety reviews", and refined the standardised safety production system to ensure that "operations follow established procedures, inspections meet measurable standards, management adheres to regulations, and rewards and penalties are based on verifiable records".

Risk Identification and Classification Management and Control

The Company has established a *Safety Risk Grading Control List* applicable to each subsidiary, tailored to different business scenarios. This risk control list is reviewed and updated at least once a year. Risk categories and levels are determined comprehensively based on potential hazards, existing conditions and triggering factors. The Company uniformly adopts the principles of "higher risk, higher control level", "key risks receive key control", and "risks controlled at a higher level must also be controlled at lower levels" to define the control hierarchy, which serves as an important basis for hazard identification and rectification efforts.

In addition, each subsidiary conducts its own annual risk identification activities. By integrating analysis of production anomalies, lessons learned from industry accidents, safety regulations and standards, and the results of hidden danger investigation and management, each subsidiary analyses and identifies unsafe conditions of equipment and unsafe behaviours in operational activities. Adopting a bottom-up feedback model, each subsidiary utilises the Likelihood, Exposure, Consequence method (LEC) to classify and manage hazard sources, systematically identifies safety production factors, and maintains a *Risk Identification and Evaluation Analysis Record.* The Company' s primary safety production factors include burns, mechanical injuries, vehicle-related injuries, crane-related injuries, and struck-by objects.

Hidden Danger Investigation and Management

The Company has established a long-term mechanism for self-inspection and self-correction, strictly implementing the requirements of the *Three-Year Action Plan for Specialised Rectification of Work Safety* issued by higher-level government departments, and conducting hidden danger investigation work at multiple levels. The Safety and Environment Supervision Department has formulated the *2025 Hidden Danger Investigation Plan,* implementing weekly hidden danger investigation at team level, monthly hidden danger investigation at workshop level, monthly specialised inspections and quarterly comprehensive inspections at Company level, and conducting monthly reviews and acceptance checks.

- Subsidiaries shall organise at least one company-level comprehensive inspection and special inspection per quarter, attended by the principal responsible person or the person in charge, workshop managers, and technical specialists. They shall conduct at least one seasonal hidden danger investigation per quarter and carry out specific hidden danger investigations prior to public holidays.
- Production workshops shall organise at least one workshop-level hidden danger investigation per month within their production areas.
- The Equipment Department shall organise at least one specialised inspection per month covering equipment, electrical systems and related areas.
- Team leaders shall organise at least one team-level hidden danger investigation per week, whilst dedicated safety management personnel shall conduct daily patrol safety inspections of production sites.

In addition, the Company has established a work safety hidden danger reporting system, clarifying reward standards and ensuring unimpeded reporting channels to encourage employees to actively participate in the "Identify Hidden Dangers Around You" campaign, with immediate rectification implemented for identified hidden dangers. During the reporting period, the Company launched the "Hidden Danger Identification Awareness Campaign", clarifying the content of hidden danger reports, reporting channels, verification, and rectification measures, as well as incentive mechanisms. The Company collects hidden danger reports through various channels, including telephone, hidden danger reporting boxes, and pre-shift meetings, and maintains a comprehensive ledger covering the entire process of "reporting–verification–rectification–feedback". Employees who report potential hazards are rewarded with financial incentives. In 2025, the Company received a total of 5,262 reported hidden dangers and disbursed safety rewards amounting to RMB 94,600.

The Company has strengthened closed-loop management of hidden dangers. For identified hidden danger, each subsidiary specifies rectification deadlines, assigns a responsible person, defines corrective measures, and conducts regular reviews of rectification progress until closed-loop management is achieved. The Company regularly discloses the status of hidden danger investigation and management, and incorporate the hidden danger rectification rate into safety performance appraisal criteria.

The Company engages a professional third-party organisation annually to conduct an analysis and diagnosis of its safety management operations. From June to October 2025, the safety technology services company carried out on-site inspections of Innovation New Material' s subsidiaries involved in molten metal operations and issued an *Accident Prevention Technical Services Report.* The diagnostic analysis covered fundamental management, equipment and facilities, fire protection systems, power distribution systems, site management and safety warning signage. All identified hidden dangers were classified as general hidden dangers. The Company formulated rectification measures, deadlines and responsible persons for each item, and all rectifications were completed and verified on schedule.

Accident Reporting, Investigation and Handling

The Company implements the "Four Nos" principle in response to abnormal situations such as work-related accidents, health issues, and sudden illnesses, and strictly controls the procedures and time limits for accident investigation and handling. Following an incident, the Company immediately establishes an investigation team and initiates the accident investigation procedure, which includes on-site investigations, interviews with relevant personnel, review of operating procedures, examination of training records, and risk assessment documents. Technical analysis is conducted where necessary in order to ascertain the cause and implement improvements in areas such as engineering technology, personal protective equipment, and management measures. The Company' s Safety and Environment Supervision Department regularly compiles statistics on work-related accidents involving employees and external personnel, organises subsidiaries to study accident investigation and analysis reports, and implements the principle that "one injury serves as a warning to the entire plant".

Emergency Response Plans and Drills

In accordance with relevant laws and regulations, and taking into account the Company' s management system, production scale, and the characteristics of potential accidents, the Company compiles the *Production Safety Accident Emergency Response Plan* annually, which is issued internally following review by internal and external experts. Based on the characteristics of accident risks, the Company has issued the *2025 Comprehensive and Specialised Emergency Response Drill Plan,* requiring all subsidiaries to implement each item. Subsidiaries involving molten metal operations must organise at least one comprehensive or specialised emergency drill every six months, and conduct drills for all specialised emergency response plans every two years; subsidiaries not involving molten metal must organise at least one comprehensive or specialised emergency drill annually, and conduct drills for all specialised emergency response plans every three years. Following the drills, the organising department evaluates the effectiveness of the drill, identifies areas for future improvement, and maintains records of the emergency drills. In 2025, the Company formulated a total of 52 emergency drill plans, conducted 52 comprehensive and specialised emergency drills, and carried out 690 on-site response plan drills.

Formulated emergency drill plans
52

Conducted comprehensive and specialized emergency drills
52

Conducted on-site response plan drills
690

Innovation Precision Conducted Comprehensive Emergency Drill

In September 2025, Innovation Precision conducted a comprehensive emergency drill simulating a fire and explosion caused by a high-temperature molten aluminium leakage. Upon the occurrence of the simulated incident, the Company activated a Level II emergency response, organising on-site emergency response and personnel rescue, and evacuating the casting workshop as well as other workshops and departments from the site. The drill helped employees consolidate their evacuation procedures and enhanced their self-rescue and mutual rescue capabilities in the event of an emergency. A total of 2,436 employees participated in the drill, achieving a participation rate of 100%.

The Safety Drill Site

Production Equipment Management

The Company continues to enhance the intelligence and safety levels of its production processes through technological upgrades and equipment innovation. In 2025, Suzhou Chuangtai replaced the wire rope casting machines on two production lines with hydraulic casting machines, thereby improving the inherent safety of the equipment. By the end of 2025, seven subsidiaries had established the "Deep Well Casting Safety Production Risk Monitoring and Early Warning Platform", utilising safety indicators from the PLC control systems of the casting production lines for safety risk monitoring and early warning. The Company has designated dedicated personnel to carry out daily monitoring of the platform, promptly identifying early warning information for production and non-production processes identified by the system, and ensuring timely handling of abnormal conditions.

Safety Education and Training

The Company formulated the *2025 Employee Safety Education and Retraining Plan*, implementing company-wide monthly training sessions for all employees, team activities, "three-level" safety education for new employees, training for personnel engaged in special operations, safety management capability training for dedicated safety management personnel, and training for relevant parties.

Safety Education and Training for New Employees

Each subsidiary conducts pre-job "three-level" safety education for new employees, namely: company-level training on basic work safety knowledge, safety management systems, and emergency management; workshop-level training on hazard factors, personal protective equipment, and on-site emergency response; and team-level training on job responsibilities, safe operating procedures, shift handover procedures, and typical case studies. This ensures that new employees receive systematic and comprehensive safety management education. Pre-job training for new employees at subsidiaries involving molten metal operations shall be no less than 72 hours, whilst at other subsidiaries it shall be no less than 24 hours. By 2025, the coverage rate for the "three-level" safety education programme for new employees across the Company reached 100%.

Training on Safety Laws and Regulations

The Company conducts annual training for all employees on the theme of "Safety Production Laws, Regulations, Standards, and Specifications". The content includes the requirements of laws and regulations such as the *Work Safety Law of the People's Republic of China,* the *Measures for the Administration of Contingency Plans for Work Safety Accidents,* and the *Provisions on Work Safety in Metallurgical Enterprises and Nonferrous Metal Enterprises,* as well as analyses of typical case studies, which aims to strengthen employees' understanding of their safety production responsibilities and enhance their awareness of compliance with rules and regulations. By 2025, the Company' s training on safety laws and regulations covered 100% of employees.

Pre-shift Safety Micro-Class Training

During the reporting period, the Company has strengthened training at the team level, utilising the five minutes before each shift to disseminate safety knowledge. The content covered safe technical operating procedures, risk classification and control lists, and accident case studies. By the end of 2025, the Company had conducted over 1,300 sessions of these micro-class, with a participation rate of 100% among production employees.

Safety Culture Development

During the national "Work Safety Month", the Company organised activities under the theme "Everyone Talks Safety, Everyone Responds to Emergencies—Identifying Safety Hazards Around Us". Subsidiaries creatively launched distinctive safety culture initiatives, including safety knowledge competitions, safety skills contests, safety-themed essay contests, the distribution of safety culture leaflets, and the promotion of safety model stories via official WeChat public accounts, collectively fostering a strong atmosphere of "safety culture is built by everyone".

"Spot the Hazards" Competition Activated Safety Mindset Across the Workforce

During the 2025 "Work Safety Month", the Company organised a "Spot the Hazards" knowledge competition to identify potential safety hazards. A total of seven teams representing subsidiaries reached the finals, competing in multiple rounds of compulsory and quick-response questions on safety knowledge, including operating procedures for special equipment, control measures for confined space operations, and key points for emergency evacuation. Over a hundred employees attended the event to observe and participate. This competition effectively stimulated enthusiasm among all employees to learn safety knowledge and enhance safety skills, laying the foundation for building an intrinsically safe enterprise.

Scene from the Safety Knowledge Competition

Occupational Health Management

The health and safety of employees are integral to product quality, production efficiency and the long-term development of the enterprise. Innovation New Material adheres to laws and regulations such as the *Law of the People's Republic of China on Work Safety,* the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases,* the *Regulations on the Prevention and Treatment of Pneumoconiosis of the People's Republic of China* and the *Provisions on the Administration of Occupational Health at Workplaces.* In accordance with the requirements of the ISO 45001 Occupational Health and Safety Management System, the Company has formulated its *Occupational Health and Safety Policy Statement.* The Company has fully integrated occupational health and safety requirements into its internal management systems and procurement contract terms, requiring all employees and contractors to strictly adhere to safe operating procedures.

The Company safeguards the physical and mental well-being of its employees by continuously optimising the working environment, conducting regular health check-ups and training, providing personal protective equipment in accordance with regulations, and organising mental health support activities.

- The Company conducts annual detection of occupational hazard factors in the workplace, publishes the results, and establishes corresponding emergency preparedness and response action plans at the same time.
- The Company has established the *Personal Protective Equipment Management System* and distributes personal protective equipment to employees on a regular basis in accordance with the system. The Safety and Environment Departments of each subsidiary are responsible for supervising the procurement, regular distribution and proper use of personal protective equipment.
- The Company organises pre-employment and post-employment occupational health examinations for its employees in accordance with regulations, and establishes occupational health surveillance records.
- The Company organises annual occupational health examinations for all current employees whilst on duty, informs employees of the results in writing, and establishes a "one person, one file" occupational health surveillance record.
- The Company has formulated the "2025 Employee Safety Education and Retraining Plan", organises "Personal Protective Equipment" safety training, and instructs employees on the correct use and maintenance of personal protective equipment.

In 2025, the Company achieved a **100%** reporting rate for occupational hazard items, a **100%** detection rate for occupational hazard factors, a **100%** occupational health examination rate for employees exposed to occupational hazards during their employment, and a **100%** occupational health training rate for all employees.

Mental Health Support Initiative

To enhance employees' mental well-being and alleviate workplace stress, Innovation Precision launched four major initiatives in June 2025: Mental Health Awareness Training, the "I Love Myself" Themed Campaign, Mindfulness Training Empowerment, and the Development of Mental Health Volunteers.

- The Mental Health Awareness Training for employees provided knowledge across dimensions such as sleep, exercise, psychology, and diet. During the reporting period, the training has covered all new employees.
- The "I Love Myself" Themed Mental Health Awareness Campaign fostered a comprehensive learning atmosphere for mental health knowledge through the development of promotional materials and the organisation of online and offline knowledge competitions. The online knowledge competition achieved a participation rate of 96.92%, with a total of 13,066 responses recorded.
- The Mindfulness Training Programme attracted a total of 2,806 employees to participate in daily check-ins, and 1,381 of the participants received completion certificates.
- The Mental Health Volunteer Training Programme selected 32 management personnel from 14 departments to participate in online training and offline assessments, with all participants having obtained certification. Volunteers have developed psychological relief cards tailored to business scenarios and conducted regular mental health consultations with employees. By 2025, over 10 stories about psychological improvement have been collected and shared.

Mindfulness Meditation Activity

Safety Management of Contractor Operations

The Company attaches great importance to the health and safety management of third-party external personnel and has formulated the *Management System for External Construction Teams* to standardise the entire process of contractor bidding and construction.

During the bidding process, the qualifications and safety management capabilities of construction units are prerequisites for shortlisting for Company's projects bidding. Prior to commencement of cooperation, the Company signs the *Work Safety Management Agreement* with all contractors and lessees, stipulating the respective responsibilities for safety production management. By the end of 2025, the signing rate for safety management agreements had reached 100%.

Prior to contractors entering the site, the Safety and Environment Department is responsible for collecting and verifying safety management documentation, including the contractor's qualifications, special operations certificates for construction personnel, insurance coverage status, safety management agreements and safety construction plans, and promptly provides safety training for the contractor's personnel.

During construction, local units and the relevant administrative departments carry out routine inspections of the contractors' quality, progress, and safety measures. The Safety and Environment Department of the subsidiary continuously strengthens supervision and inspection, conducting a safety conditions confirmation inspection on the first day of project construction and organising at least one special inspection per month targeting external construction personnel. The Company's Safety and Environment Supervision Department conducts random spot checks on the safety of on-site construction operations at subsidiaries, assessing instances of construction violations, improper implementation of safety measures, and breaches of the Company's safety production management system.

Impact, Risk, and Opportunity Management

The Company has incorporated employee health and safety into a systematic management framework, enabling dynamic management of relevant risks through process optimisation and the deployment of tools. In terms of processes, the Company has embedded the identification, assessment, control, and response of occupational health and safety risks and opportunities into daily operations. Each year, subsidiaries are organised to carry out risk identification activities, establish priorities and develop action plans. By combining analysis of production anomalies, lessons learned from industry accidents and safety regulations and standards, the Company analyses, identifies and improves upon issues relating to the safety of equipment and facilities, unsafe human behaviour in operations, unsafe conditions of objects, management deficiencies, as well as potential opportunities. In terms of tools, the Company utilises an information technology platform to dynamically collect and analyse data on work-related injury records, occupational health monitoring, hazard reporting, and training completion rates, thereby providing data support for resource allocation and management optimisation.

At the same time, the Company provides employees and contractors with necessary resources, training and supervision, and establishes feedback channels to receive suggestions from employees or their representatives, thereby enhancing safety awareness and reducing health and safety incidents.

Indicators and Targets

Innovation New Material is committed to continuously improving the performance of its health and safety management system. Centred on a dual mechanism of risk classification and control alongside hidden danger investigation and management, the Company formulates and cascades its annual work safety targets from the top to bottom, ensuring that safety responsibilities are firmly upheld by all employees through quantifiable indicators.

Classification	2026 Safety Management Objectives	2025 Achievement Status
Work Safety Responsibility System	100% compliance rate with the work safety responsibility system	100%
	100% pass rate for safety education and training	100%
	100% special operation personnel certification rate	100%
	100% control rate for hazard sources	100%
	100% completion rate for emergency drills	100%
	100% integrity rate for safety devices, safety signage, and emergency facilities	100%
Work-related Injury Management	1% work-related injury incidence rate	0.87%
	0 occupational disease incidence rate	0

05

Open Cooperation for a Win-Win Future

Innovation New Material places great importance on collaborative progress with partners and is committed to working with upstream and downstream partners to jointly build a green, resilient and responsible sustainable supply chain. The Company continuously strengthens privacy protection and data security management to ensure that the personal information of partners, clients, and employees is strictly safeguarded, thereby laying a solid foundation for sustainable development through responsibility and trust. Whilst pursuing high-quality development, we remain committed to social welfare, sharing the fruits of our corporate development with the community, actively engaging in public welfare initiatives and the construction of thriving communities, and making a solid contribution to the deep integration of commercial value and social value.

Open Cooperation for a Win-Win Future

Building a Responsible Supply Chain

The Company has established a supplier ESG governance structure under the overall oversight of the Board of Directors. The Strategy and ESG Committee of the Board of Directors, serves as the highest decision-making body, is responsible for supervising the implementation of strategic objectives related to the sustainable supply chain. The Sustainable Supply Chain Committee, comprised of departments such as Procurement, Corporate Management, and Safety and Environment, is responsible for policy formulation, day-to-day management and supplier capacity building. The Sustainable Supply Chain Committee regularly reports on supplier ESG performance and risk to the Strategy and ESG Committee of the Board of Directors, thereby forming a management system closed loop.

The Company has adopted the ***Supplier Code of Conduct and the Responsible Procurement Statement*** as core policy documents, which set forth requirements regarding environmental management, labour rights, business ethics, human rights protection, and conflict minerals management. These are complemented by policies such as the ***Basic Principles of Procurement, Procurement Process Control Procedures, Supplier Control Procedures*** and ***Management Procedures for Conflict-Affected and High-Risk Areas,*** ensuring transparent, value-driven and green procurement. The Company makes a solemn commitment not to procure mineral resources from conflict-affected regions and resolutely prevents any association between its business and supply chain activities and human rights violations. By 2025, Innovation New Material had no overdue and unpaid accounts payable to SMEs exceeding the prescribed time limits.

Supplier Full Lifecycle Management

The Company has established a systematic supplier lifecycle management system covering the entire process from access, cooperation, evaluation to exit. This system aims to systematically manage suppliers' performance in areas such as quality, delivery, cost, and ESG through standardised processes and strict standards, thereby ensuring the stability, compliance, and continuous improvement of the supply chain.

Access Stage

The Company has established a rigorous, multi-dimensional supplier screening mechanism to control supply chain risks and quality at the source.

- Multi-dimensional Sourcing: The Company sources high-quality supplier resources through open tenders, industry exhibitions, peer recommendations, and other channels, thereby establishing a pool of high-quality potential suppliers.
- Preliminary Qualification Screening: The Company strictly enforces a pre-qualification review system, conducting comprehensive checks on potential suppliers' business licences, work safety permits, management system certifications, and product test reports, thereby establishing the first line of defence for compliant access.
- ESG Due Diligence: The Company has established a comprehensive ESG due diligence mechanism, combining document reviews with third-party screening to assess supplier compliance. The Company sets clear ESG bottom line standards and applies a one-vote veto on suppliers that fail to meet the standards, thereby strengthening risk prevention and control at the source.
- On-site Audit: For suppliers who pass the initial screening, the Company organises a cross-departmental team of experts composed members from the Procurement Department and the Quality Inspection Department to conduct on-site factory inspections. The scope of the audit covers operational capabilities such as production equipment, process flows, and quality systems, as well as the supplier's performance in ESG areas including environmental management, labour rights, and employee welfare.
- Access Commitment: All suppliers participating in the bidding process are required to sign documents including the ***Supplier Code of Conduct, Supplier Social Responsibility Commitment Letter, Environmental Notice to Relevant Parties*** and ***Declaration of Assurance of Prohibited Substances,*** thereby clearly acknowledging in writing their responsibilities regarding business ethics, labour rights, and environmental protection.
- Positive Incentives: The Company has established a mechanism linking ESG performance to procurement decisions. During the bidding evaluations, suppliers with outstanding ESG performance are awarded bonus points and given priority in procurement. This creates positive incentives, driving the continuous improvement of overall ESG management standards across the supply chain.

The Company has established a risk-based supplier screening mechanism in accordance with the Organisation for Economic Co-operation and Development (OECD) ***Guidelines for Multinational Enterprises on Responsible Business Conduct*** and the ASI ***Performance Standard.*** Taking into account industry characteristics and business operations, we conduct differentiated risk assessments based on specific countries, industries, and commodities. We focus on raw material suppliers from conflict-affected and high-risk areas (CAHRAs), partners involved in labour-intensive processing, and key raw material categories such as bauxite and recycled aluminium, systematically identifying potential risks in terms of the environment, labour, business ethics, and human rights.

Supplier Audit Elements	
Environment	Environmental Impact Assessment compliance, greenhouse gas emissions and energy management, pollution prevention and waste management, resource efficiency, biodiversity and land protection
Social	Occupational health and safety production, prohibition of child labour and forced labour, prohibition of discrimination and harassment, freedom of association and collective bargaining rights, working conditions, conflict minerals traceability
Governance	Anti-corruption and conflict of interest, anti-unfair competition
Business	Quality systems, delivery capability, innovation capability

Cooperation Stage

The Company has updated its *Supplier Due Diligence Form* and incorporated ESG performance as a key indicator in the annual performance appraisal of suppliers, placing equal emphasis on dimensions such as quality, delivery times, and service attitude, and implementing regular annual monitoring. To ensure the objectivity and comprehensiveness of the assessment results, we employ a diversified evaluation approach, including proactive file reviews of suppliers' compliance certificates and ESG documentation, continuous passive tracking and verification via third-party platforms, on-site audits conducted at production sites, and the engagement of professional agencies to carry out third-party audits for key suppliers. Based on the annual assessment results, the Company classifies suppliers into three risk levels: "Red, Yellow and Green", and implements differentiated management strategies accordingly.

Green (Low Risk)	Regarded as high-quality partner. The Company maintains routine annual inspections and grants priority access to strategic cooperation opportunities and order allocation.
Yellow (Medium Risk)	Triggers an early warning mechanism. The supplier is required to formulate a dedicated improvement plan spanning 6–12 months. The Company will provide necessary guidance, including case studies of exemplary ESG suppliers, assistance with improvement measures, and training on the Company' s ESG policies, processes and requirements, whilst monitoring the effectiveness of the corrective actions.
Red (High Risk)	Deemed an unacceptable risk. An emergency response plan will be activated, a *Notice of Rectification* will be issued to the supplier, and a rectification deadline will be set. If the supplier fails to complete rectification within the specified period or the risk continues to deteriorate, the Company will implement the supplier elimination mechanism.

The Company maintains a zero-tolerance policy towards suppliers who breach the red line. Should a supplier commit a violation explicitly prohibited by the Company' s business ethics or *Supplier Code of Conduct,* the Company will resolutely terminate the cooperation relationship. Furthermore, the Company strictly reviews procurement activities in accordance with the *Supplier Code of Conduct* to ensure alignment with ESG requirements and to prevent supply chain liability risks.

Performance

- In 2025, the Company conducted due diligence covering ESG indicators such as environmental, labour rights and business ethics on suppliers accounting for over 80% of the annual total procurement amount, and no significant risks were identified.
- Between 2023 and 2025, the Company conducted human rights risk assessments for 100% of its key suppliers and identified no human rights issues.

Supplier Empowerment

To promote collaborative development and continuous improvement of the supply chain, the Company has established a systematic supplier empowerment and management system in accordance with the *Regulations on Supplier Capability Enhancement and Collaborative Development Training.*

The Company conducts regular training sessions for both core suppliers and new cooperating suppliers, covering core areas such as the requirements of the *Supplier Code of Conduct,* product quality and delivery requirements, cost and technological innovation, and sustainable development requirements. We deliver these training sessions through various channels, including online training platforms, dedicated communication meetings, one-on-one coaching, and email updates. The training content is divided into compulsory and optional modules to accommodate the needs of different types of suppliers. For SMEs within the supply chain, the Company assists them in optimising production processes and enhancing overall supply chain management levels by providing professional guidance, technical support, and necessary resource assistance. The Company conducts regular on-site quality, safety, and compliance audits of suppliers to verify the effectiveness of training outcomes, and continuously monitors any deviations in implementation to ensure that corrective measures are fully implemented.

2026 Supplier Management Objectives	
ESG training coverage rate for first-level key suppliers	100%
On-site audit coverage rate for high-risk suppliers	⩾80%
Rectification completion rate for ESG non-compliant suppliers	100%

Supply Chain Resilience Building

Building supply chain resilience not only helps to reduce the Company' s own operational risks and improve the efficiency of resource utilisation, but also promotes value sharing across the entire industrial chain. Based on this, the Company has established and continues to refine a supply chain assurance system centred on resilience. During the reporting period, the Company experienced no supply disruptions.

- **Implementing a management strategy combining multi-source supply with strategic backups:** We proactively develop diversified supply channels to reduce the risk of reliance on single suppliers, and enhance the capability to sustain supply during emergencies by means such as stockpiling critical materials and formulating alternative supply plans.
- **Establishing a scientific inventory management system:** We set appropriate safety stock levels for different raw materials and continuously optimise inventory structure, balancing supply security with the reduction of idle resources.
- **Deepening strategic coordination mechanisms with core suppliers:** Through regular information sharing and collaboration, both parties jointly analyse changes in macroeconomic policies, market conditions and the trade environment, formulate contingency plans in advance, and enhance the overall adaptability and risk-resilience of the supply chain.

Digital-Driven Approach

The Company is continuously deepening the digital transformation of its supply chain and plans to launch an integrated Supplier Relationship Management (SRM) platform in 2026. Leveraging digital systems, it will promote fully digitalised procurement across the entire process, to ensure that the tendering process is standardised, transparent, and traceable. The platform will establish a full-chain management system covering supplier access, performance evaluation, risk monitoring, and collaborative optimisation, thereby comprehensively enhancing the resilience, efficiency, and sustainability of the supply chain.

Key Functions of the SRM System

- **Supplier Access and Classification Management**
  - Establish mechanisms for supplier registration, qualification review, assessment, and access.
  - Classify and grade suppliers based on performance, risk, strategic value, and other dimensions.
- **Performance and Contract Management**
  - Track supplier indicators including delivery quality, cost, and timeliness.
  - Manage contract terms, performance, and compliance.
- **Risk Management and Compliance Monitoring**
  - Integrate with third-party databases to automatically monitor supplier risks related to finance, operations, legal, and other areas.
- **Collaboration and Process Optimisation**
  - Enable online collaboration for processes such as order management, inventory, and logistics, and enhance management efficiency through data sharing.
- **Data Analysis and Reporting**
  - Consolidate supplier data to generate multi-dimensional analytical reports to support optimised decision-making and enhanced transparency.

Internal Empowerment

The Company simultaneously strengthens internal capacity building. By continuously enhancing the professional competence of the procurement team, it provides a solid foundation for building a high-quality supply chain. To ensure that employees comprehensively improve their job competencies, the Company conducts training for internal employees covering multiple dimensions, including supply chain quality management, production processes, technical inspection standards, ESG risk assessment and supplier compliance audit capabilities. During the reporting period, procurement personnel have received an average of no fewer than eight comprehensive training sessions, with content including key points of supplier ESG audits and supplier ESG capacity enhancement.

Professional Competence Enhancement Training Series for the Procurement Team

In 2025, the Company' s Procurement Department organised three comprehensive and in-depth specialised training programmes centred on the dual themes of "deepening expertise" and "broadening mindset". The training courses covered areas such as practical supplier risk audit, analysis of core production processes, and advanced strategic management thinking, thereby enabling full-chain empowerment from operational execution to strategic management. Through this series of intensive training sessions, the Company has effectively strengthened the procurement team' s ability to identify risks and ensure compliance, laying the foundation for building a professional, efficient supply chain management team with a vision for sustainable development.

Procurement Personnel Training

Open Cooperation for a Win-Win Future

Fortifying Privacy Protection

Innovation New Material has always placed client privacy protection at the core of its business operations and is committed to building a comprehensive and efficient information security protection system. In 2025, in compliance with laws and regulations such as the *Cybersecurity Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China,* the Company reviewed and upgraded its *Network Security Management System,* further strengthened the client information protection system, and committed to continuously improving its information security systems and continuously monitoring and responding to information security threats.

Based on the full lifecycle of client information, the Company has formulated the *Regulations on the Confidentiality Management of Client Information* and the *Measures for the Management of Client Archives.* These documents clarify the requirements for the integrity and security protection of client information at all stages from collection, storage to destruction, standardise the archiving and borrowing processes, and establish individual information security responsibilities for all employees. In addition, the Company requires suppliers to comply with the same information security standards and incorporates information security requirements into supplier access and daily management. During the reporting period, the Company experienced no data security incidents, no client privacy breaches or related litigation cases, and no associated losses or compensation amounts.

Governance Structure

The Company has established a three-tier information security management and control system consisting of the “Decision-making level, Management level, Execution level”, forming a closed-loop responsibility system, “covering all areas horizontally and reaching all levels vertically”. By restructuring the organisational framework, refining the responsibility system, and strengthening the emergency response mechanism, the Company has gradually achieved the management transformation from “passive defence” to “active prevention and control”.

Decision-making level

The Strategy and ESG Committee of the Board of Directors is the highest governing body for the Company’ s information security, responsible for overseeing information security management work. The Information Security Committee, led by the Company’ s senior management, is responsible for approving the Company’ s information security strategy and major policies.

Management level

The Information Security Management Department coordinates strategy formulation, supervision and assessment, and external cooperation, and establishes a strict accountability system.

Execution level

The Information Security Implementation Team has four dedicated sub-teams under its jurisdiction: technical protection, security monitoring, emergency response and safety training, which are responsible for the implementation of specific tasks.

In 2025, the Company’ s Emergency Response Command formulated graded emergency response plans covering full scenarios including cyber attacks and data leaks, and introduced support from external professional security vendors. Through regular drills and specialised tests, the Company has significantly improved its practical security capabilities.

- The Company carried out specialised vulnerability testing throughout the year, identifying a total of 17 medium and high-risk vulnerabilities with a remediation rate of 94%, and the average remediation cycle was shortened to 7 days.
- In the specialised backup testing, all data recovery times met the standards, and the recovery efficiency of core business data increased by 30% year-on-year.
- The emergency decision-making efficiency for sudden security incidents improved by 40%, effectively safeguarding the security of the Company’ s digital assets and business continuity.

Safeguarding Business Resilience

- **Business Continuity Plan**
  - Consolidation of infrastructure: Completed the standardised transformation of core computer rooms and added hyper-converged nodes, significantly improving computing and storage performance and business flexibility, and building a more reliable redundant architecture.
  - Improving safeguard schemes: Formulated the *Information Centre Business Continuity Plan* and conducted disaster recovery drills to ensure the continuity and rapid recovery capability of critical business services.
- **Security Monitoring and Vulnerability Analysis**
  - Strengthening layered defence: Deployed additional high-performance firewalls between the core production network and industrial control network to achieve logical isolation of key business areas.
  - Dynamic closed-loop governance: Relying on regular vulnerability scanning and situation awareness platforms, the Company built an operational closed-loop of “monitoring-discovery-remediation” to realise dynamic clearance of security risks.
- **Endpoint and Data Security Management Control**
  - Strict prevention of data leakage: Launched the DLP (Data Loss Prevention) system, implemented full-lifecycle encryption and permission control for core documents, and combined exit control strategies for USB drives, networks, and other channels to block unauthorised data leakage at the source.
  - Standardisation of endpoint operations: Comprehensively monitored and recorded endpoint behaviours, implemented unified control strategies for software installation and external device usage, strengthened security baselines, and ensured that unauthorised and abnormal behaviours are visible and controllable.
  - Improving compliance efficiency: Reduced operation and maintenance burdens through automated asset inventory and remote assistance functions, and supported incident tracing and compliance audits with detailed audit logs.
- **Operational Mechanisms and Incident Reporting**
  - Establishment of a “promoting improvement through testing” mechanism: Directly linked the results of vulnerability scanning and penetration testing to the Information Centre budget to clarify the direction of technical iteration.
  - Optimising reporting processes: Set up a unified security incident reporting channel and conduct company-wide training to ensure that any employee can quickly report security incidents or vulnerabilities, improving the speed of problem identification and response.

Driving Management Improvement

- **Internal Audit and Verification**
  - Conducting internal audits: Carried out a specialised internal audit of the information security management system, covering the three core modules of strategy and systems, technical control, and operation and maintenance management.
  - Strengthening technical verification: Focused on verifying the consistency between IP-Guard system policies and management systems, validated the effectiveness of endpoint control in document encryption and peripheral device management, and ensured closed-loop rectification of medium and high-risk issues.
- **ISO 27001 Certification**
  - Advancing system certification: Aligned with international best practices and launched preparatory work for ISO 27001 Information Security Management System certification, pushing security management to a new stage of standardisation and internationalisation.
- **Security Awareness Training**
  - Learning advanced experience: Participated in “Microsoft Cybersecurity Training” to deeply absorb cutting-edge international experience in AI security, supply chain protection, and malware defence, and improved practical capabilities in responding to advanced threats.
  - Enhancing employee capabilities: Conducted quarterly practical training for employees in key positions. The click-through rate of phishing tests dropped to 12%, the coverage rate of strong passwords rose to 90%, and the average number of proactive security feedback per quarter exceeded 30 items, significantly improving the risk identification capabilities of all employees.
  - Raising awareness among all staff: Continuously fostered a security culture of “All are participants” through diversified forms such as regular publication of the *Information Security Monthly Bulletin* and organisation of cybersecurity knowledge competitions.

Open Cooperation for a Win-Win Future

Contributing to Community Development

Innovation New Material attaches great importance to the synergistic development with the communities where it operates. Adhering to the principle of "mutual benefit and win-win results, respect for differences", the Company has built a three-tier organisational structure of "Board supervision, Senior management decision-making, Corporate Management Department execution and coordination", and created a systematic community management system. The Strategy and ESG Committee of the Board of Directors is responsible for coordinating and supervising the Company's work progress in the areas of community communication, community public welfare, and rural revitalisation. Senior management is responsible for determining and supervising the implementation of the annual community communication plan, as well as the investment areas and amounts for public welfare and rural revitalisation. To ensure continuous and effective interaction with stakeholders, each subsidiary has established a dedicated "Community Communication Officer" position, responsible for coordinating and promoting community participation plans, conducting daily inspections and addressing community demands.

Community Management and Engagement

The Company strictly adheres to internationally recognised social responsibility standards and has formulated the ***Community Management System, Indigenous Peoples Identification Procedure, Human Rights Impact Assessment Management Procedure*** and ***Indigenous Peoples Protection Policy.*** For new, renovation, and expansion projects as well as resource development and utilisation activities, the Company undertakes to strictly follow the Free, Prior, and Informed Consent (FPIC) principle at all stages involving the use of indigenous peoples' lands, territories, and traditional resources, and fully safeguard their rights to independent decision-making, prior consultation, and informed consent. The indigenous people[1] protection measures adopted by the Company include but are not limited to: fully recognising the unique rights of indigenous peoples to their traditional lands and resources, and requiring employees to understand their history, beliefs, customs, and social structures; assisting indigenous communities in establishing fair and impartial representative election mechanisms, and inviting indigenous representatives to participate in the Company's project decision-making processes; disclosing project information through means such as posting announcements and holding information briefings, and only implementing projects, after obtaining the explicit free, prior, and informed consent of indigenous peoples; protecting the cultural relics, historic sites, and traditional buildings of indigenous peoples, and funding their cultural activities and artistic creations.

In 2025, in accordance with the ***Stakeholder Identification Checklist,*** the Company conducted an in-depth human rights impact due diligence on residents of communities surrounding its operating locations. The Company drew up community distribution maps, systematically identified surrounding community groups and other stakeholders that might be affected during project siting and operation processes, and defined the scope of potential impacts and the involved parties.

In response to the identified potential impacts, the Company compiled the ***Community Investigation Report*** and ***Resettlement and Affected Persons and Organisations Report,*** and formulated and implemented comprehensive resettlement protection measures. During the project planning phase, the Company comprehensively conducts Environmental and Social Impact Assessments (ESIA) to identify and mitigate the negative impacts arising from project implementation. In the event of indigenous peoples resettlement, the Company undertakes to formulate and publish the Resettlement Action Plan (RAP) and Livelihood Restoration Plan (LRP) at the earliest possible stage, ensuring that new resettlement sites are equipped with sound public service infrastructure, encouraging and supporting residents' entrepreneurship, prioritising employment opportunities for indigenous peoples within the project area, establishing an indigenous peoples grievance mechanism, and regularly evaluating the implementation of resettlement actions and livelihood restoration plans. Over the past decade, no indigenous peoples resettlement has occurred in the vicinity of the Company's operations.

In addition, the Company adheres to the principles of transparency and fairness, and implements the stakeholder engagement plan. The Company attaches importance to consultations with landowners, local communities and government agencies to ensure that residents have a clear understanding of project information and compensation mechanisms, and promotes the transformation from one-way communication to two-way decision-making. Throughout the entire process of environmental assessment, planning and design, and operation and management, the Company adheres to incorporating reasonable community demands into decision-making references, and promotes the synchronous progress of corporate development and community well-being by continuously optimising project plans and operation models. Meanwhile, the Company respects the local cultures and customs of the communities where it operates. In the event of major operational changes, the Company actively communicates with local communities through proactive one-on-one interviews and holds community communication meetings.

The Company has established a communication and grievance mechanism combining "regular online channels and dedicated offline channels" in accordance with the ***Internal and External Grievance Management and Control Procedure,*** and provides convenient feedback channels for stakeholders through hotlines, email addresses, and offline contact points. The Company has specified a 48-hour grievance handling time limit to ensure that every complaint receives fair and efficient handling.

Social Care

Innovation New Material adheres to the development philosophy of "Business for Good", continuously improves the ***Community Participation Plan***, and integrates social care into its daily operations and global footprint. Focusing on key areas such as elderly care, student assistance, poverty alleviation, and disaster relief, the Company has continuously carried out diversified public welfare practices in communities where it operates both domestically and internationally, earnestly addressing the needs of groups including the elderly, disadvantaged students, children, and disaster-affected people. The Company conveys its corporate warmth through actions. While giving back to society, it continuously enhances brand reputation and strengthens community recognition, fostering a sound external environment for the steady development of its business. In 2025, Chairman Cui Lixin was awarded the title of "Caring Individual with Outstanding Contributions to Binzhou's Charitable Causes" and elected Vice-President of the Binzhou Charity Federation.

Respecting and Caring for the Elderly

For more than two decades, the Company has always regarded giving back to society as an important corporate mission, and has long been actively promoting the traditional virtue of respecting and caring for the elderly through systematic public welfare investments.

Spring Festival Visits to Nursing Homes to Continuously Fulfil Community Care Responsibilities

In the run-up to the 2025 Spring Festival, the Company visited and consoled nursing homes in Gaoxin Sub-district, Xidong Sub-district, Jiaqiao Town and Weiqiao Town of Zouping City, presented consolation funds and daily necessities such as rice, flour and cooking oil to the elderly, inquired with concern about their daily living and health conditions, and accompanied them to celebrate the Spring Festival.

Visits to Nursing Homes

1、Indigenous peoples refer to residents who have a close connection with their territories and the surrounding natural resources. In mainland China, indigenous peoples specifically refer to "rural residents who own the land".

Jointly Organised Elderly Care Visits to Build a Warm Community

In 2025, multiple subsidiaries jointly launched themed public welfare activities of respecting the elderly on the Double Ninth Festival, enhancing the trust and emotional identity of community residents towards the enterprise. Employees of Innovation Sheet Materials visited the nursing home in Jiaoqiao Town, organised artistic performances, and participated in voluntary work such as cleaning the premises. Suzhou Chuangtai launched "Green Vine Program", organising new employees to visit the Lingfeng sanatorium, making dumplings with the elderly, combing their hair, and massaging their shoulders. Employees of Yunchuang Alloy donated disinfection cabinets and daily necessities such as rice, flour, and cooking oil to the nursing home in Yanshan County to help improve elderly care conditions. These series of actions continuously deliver corporate care, strengthen community trust and emotional identity, and contribute to the improvement of elderly care conditions and harmonious governance.

Respecting and Caring Activities for the Elderly

Donations for Education

The Company has long paid attention to the growth needs of disadvantaged students and children in need, and guards their educational journey through educational grants and caring actions. The Company takes educational support and child care as its long-term public welfare focus, continuously increases investment and practical efforts, upholds the hopes of young people for growth through practical actions, and conveys a positive and compassionate spirit.

Deepening the "Sanyi Education Aid" Program for Seven Consecutive Years to Uphold the Hope of Community Education

In 2025, the Company participated in the "Sanyi Education Aid" public welfare program for the seventh consecutive year, and issued educational grants to 50 disadvantaged students with excellent academic performance and moral character in Zouping City. Adhering to the tenet of "ensuring access to education, safeguarding health, and guaranteeing safety", the "Sanyi Education Aid" program paves a smooth educational path for students through one-on-one targeted assistance. As of the end of 2025, the Company has cumulatively supported 350 students through this program.

Vietnam Precision Cared for Children in Need to Build a Warm Community

In 2025, Vietnam Precision organised a volunteer team to visit the Children' s Welfare Home in Vinh City, Nghe An Province, Vietnam, launched a themed consolation activity of "Fulfil Social Responsibilities, Convey Innovation' s Warmth", and donated children' s daily necessities to the welfare home. During the interactive session, volunteers sang and communicated with the children. The person in charge of the welfare home stated that these supplies and companionship not only brought practical help but also provided important spiritual encouragement to the children. The Company will gradually establish a long-term public welfare mechanism and actively give back to the local communities whilst developing its overseas business.

Vietnam Precision Donated Supplies to the Children's Welfare Home in Vinh City, Nghe An Province, Vietnam

Supporting Disaster-Affected People

The Company always keeps the disaster-stricken areas in mind and regards post-disaster assistance as an important practice in fulfilling its social responsibilities. Through visits and consolations, material donations, and other means, the Company responds promptly to the practical needs of disaster-affected people and helps them restore basic living order. The Company will continuously improve its emergency response and relief mechanisms to act quickly and support disaster-stricken areas when natural disasters occur.

Vietnam Precision Consoled Villages Affected by Typhoon

In 2025, Typhoon Bualoi made landfall on the Vietnamese coast, causing severe impacts on villages surrounding Vietnam Precision. While ensuring safe production, Vietnam Precision quickly activated the emergency response mechanism, organised volunteers to visit and console 8 disadvantaged villagers in Hạ Khê Village, Xingyuan Commune, and delivered essential daily necessities, such as rice and cooking oil. The Company will continue to follow the progress of post-disaster reconstruction work and provide further assistance. At present, the Company has incorporated disaster relief and community consolation into the routine of overseas operation management, standing together with the communities where it operates through thick and thin with practical actions.

Vietnam Precision Visited and Consoled Hạ Khê Village, Xingyuan Commune after the Typhoon Disaster.

Rural Revitalisation

Innovation New Material actively responds to the national rural revitalisation strategy. By establishing a long-term enterprise-village collaborative development mechanism, the Company promotes the synchronous resonance between corporate development achievements and rural revitalisation, and has established a responsible brand image.

In terms of industrial collaboration, the Company thoroughly implements the “localised supply chain” strategy, prioritises the procurement of raw and auxiliary materials from surrounding rural enterprises in production and operation, supports the development of rural characteristic industries with long-term and stable commercial orders, injects sustainable market momentum into the rural economy, and effectively enhances their self-sustaining capacity. Meanwhile, Innovation New Material has established a “welfare-driven agriculture promotion” mechanism, incorporating local characteristic agricultural products into the employee welfare procurement catalogue. While enriching employee care forms, the Company effectively promotes stable income growth for local farmers, achieving a win-win situation for supply chain optimisation, improved employee satisfaction and increased farmers’ income.

In terms of talent empowerment, Innovation New Material regards improving local employment as a long-term commitment and actively recruits residents from surrounding communities. As of the end of 2025, the Company’ s local employment rate has stabilised at over 80%, significantly driving residents’ income growth and stimulating community economic vitality. We not only provide jobs but also focus on establishing a long-term talent training mechanism and implement a two-track empowerment strategy of employment and education. Through mature pre-job training and on-the-job skill improvement programs, the Company helps local employees quickly become competent in their work and achieve career growth, assisting them in making the leap from “simple employment” to “skilled talent”, and allowing more people in surrounding communities to benefit from corporate development achievements.

Consumption Assistance Drove Revitalisation, Apples Built a Bridge Connecting Hearts

In 2025, the Company continued the “Sweet Order” consumption assistance mechanism, centrally purchased 25 tonnes of Huaniu apples from Lixian County, an old revolutionary base area, all of which were used for employee welfare. As of the end of 2025, the Company has carried out this program for three consecutive years, with a cumulative purchase of 75 tonnes of apples. This initiative not only allows employees to taste high-quality agricultural products, but also helps solve the sales difficulties of local fruit farmers and increases the income of rural households. The Company will continue to implement the “Ten Thousand Enterprises Helping Ten Thousand Villages” initiative through the “purchase instead of donation” approach, providing sustainable support for rural revitalisation.

Three Consecutive Years of “Sweet Orders”

Deepening Employment Assistance to Stimulate the Endogenous Driving Force of Rural Revitalisation

Yunchuang Alloy actively responds to the national rural revitalisation strategy, deeply participates in the consolidation of poverty alleviation achievements in Yanshan County, and takes employment assistance as the core driver to regional development. The Company adheres to the principle of “localised employment”, establishes a “priority recruitment under equal conditions” mechanism for registered impoverished households in its recruitment system, and is committed to driving the professional transformation of rural labour force through industrial development. As of the end of the reporting period, Yunchuang Alloy has absorbed 69 registered impoverished households to achieve stable employment, effectively increasing the per capita annual household income of disadvantaged groups; the Company has cumulatively solved employment for 685 local labourers, with the localised employment rate reaching as high as 89.19%; and the Company has recruited 567 rural employees, accounting for 73.83% of the total workforce. Through the above measures, the Company has effectively promoted the local transfer of local rural labour force and injected sustainable “self-sustaining” capacity into the balanced development of the regional economy.

Corporate Governance

- **Standardising Corporate Governance**
- **Strengthening Risk Management**
- **Upholding Business Ethics**

Innovation New Material has always regarded a sound governance system as the cornerstone of the enterprise' s sustainable development, continuously deepens corporate governance and comprehensively strengthens risk management. The Company strictly abides by business ethics and compliance operation standards, embeds integrity into all aspects of the enterprise' s operations, and ensures the sound operation of the Company.

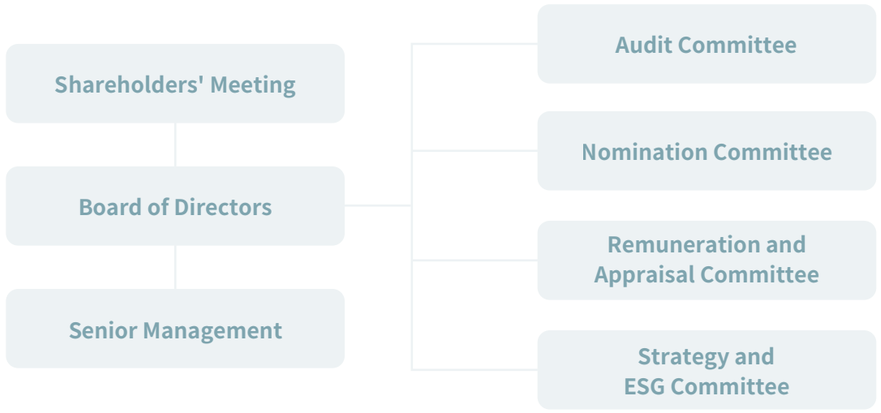
Corporate Governance

Standardising Corporate Governance

Innovation New Material strictly complies with laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* and the *Code of Corporate Governance for Listed Companies in China*, and continuously improves its corporate governance structure. The Company has formed a decision-making, supervision, and operation system consisting of the Shareholders' General Meeting, the Board of Directors, the Audit Committee and the Senior Management, and effectively safeguards the legitimate rights and interests of the Company and all shareholders.

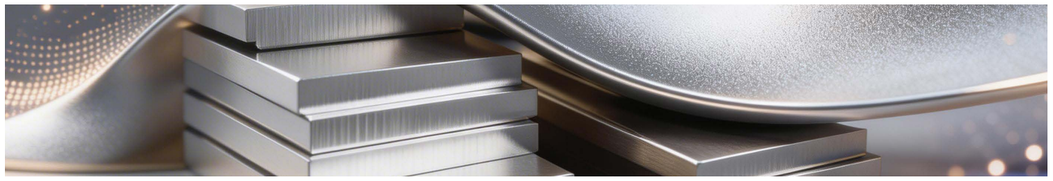
In 2025, the Company further enhanced its governance effectiveness, abolished the Board of Supervisors in accordance with the requirements of regulations such as the *Company Law*, and focused on strengthening the core supervisory function of the Audit Committee. By establishing a quarterly regular supervision meeting mechanism, the Audit Committee regularly reviews special reports from the Internal Control and Internal Audit Department on risk management, internal control, and audit work, achieving full-process supervision of risk prevention and response, and ensuring that the Company's overall risk level remains under control.

Governance Structure of Innovation New Material



Board Diversity

Innovation New Material attaches great importance to the diversified composition of the Board of Directors and has formulated and implemented the *Board Diversity Policy*. When electing or appointing directors, the Company takes into comprehensive consideration factors including gender, age, cultural and educational background, professional experience, competencies, expertise, industrial insights, and regional experience of members. As of the end of 2025, the Board of Directors comprises 9 members in total, including 3 independent directors, 2 female directors and 1 employee representative director. All incumbent directors of the Company possess extensive industrial experience and solid professional knowledge in their respective fields.



Name	Position	Gender	Age	Committee Structure			
				Audit Committee	Nomination Committee	Remuneration and Assessment Committee	Strategy and ESG Committee
Cui Lixin	Chairman	Male	57				✓
Wang Wei	Director	Male	59		✓	✓	✓
Xu Feng	Director	Male	64				
Zhao Xiaoguang	Employee Director	Male	50				
Gao Shanghui	Director	Male	49				
Guo Jinxiang	Director	Female	46				
Xiong Hui	Independent Director	Female	58	✓	✓	✓	✓
Luo Bingqin	Independent Director	Male	61	✓		✓	
Zhang Yong	Independent Director	Male	44	✓	✓		

Board Independence

In accordance with national laws and regulations and the relevant provisions of the *Articles of Association*, the Company has formulated internal systems including the *Rules of Procedure for the Board of Directors*, the *Independent Directors Working System*, and the working rules for all specialised committees, establishing a scientific, effective, and well-defined governance system with clear division of powers and responsibilities. In terms of composition, all members of the Audit Committee are independent directors. The chairpersons of the Nomination Committee and the Remuneration and Assessment Committee are also independent directors, so as to ensure the independence and professionalism of each committee and strengthen supervisory effectiveness.

The Company stipulates that independent directors shall account for no less than one-third of the Board of Directors. Independent directors of the Company shall meet at least three of the following criteria: 1. Having not served as senior management personnel of the Company or acted as a partner or employee of the external auditor within the past one year; 2. Neither the individual nor their family members hold senior management positions in the Company or receive excessive remuneration from the Company beyond regulatory requirements, excluding director remuneration; 3. Having no affiliated relations with major clients or suppliers of the Company, or non-profit entities receiving substantial donations from the Company; 4. Not acting as consultants or counsellors for the Company and having no personal service contracts with the Company; 5. Being free from any other conflicts of interest as determined by the Board of Directors.

Board Effectiveness

The Company continuously clarifies the organisational structure, responsibilities, authority, and working procedures of each specialised committee under the Board of Directors, ensuring standardised and efficient performance of duties. During the reporting period, the Board of Directors held 7 meetings in total, and all specialised committees convened 11 meetings cumulatively. A number of important proposals were reviewed and approved, including periodic reports, connected transactions, amendments to the *Articles of Association*, external guarantees, the utilisation of raised funds, and the closure of fundraising investment projects. The convening and proceeding of all meetings fully complied with applicable laws and regulations.

The Company has established a comprehensive board evaluation mechanism and regularly conducts effectiveness assessments on the Board of Directors and its subordinate specialised committees in strict compliance with the *Articles of Association*. To guarantee efficient board operation, the Company conducts an annual self-assessment on board performance and compiles a dedicated report. Meanwhile, independent directors and the Audit Committee are required to deliver annual work reports, and an annual independence review of independent directors is carried out, with relevant reports publicly disclosed. Targeted improvement plans are formulated for problems identified in the assessment process to continuously optimise the overall governance system. During the year, the Company steadily advanced the optimisation of the board governance framework, completed the general election and renewal of the Board of Directors, and reviewed the qualifications of all board members, to ensure that newly appointed directors meet regulatory and corporate governance requirements in terms of professional expertise, industrial experience, and performance competence.

In addition, the Company fulfils its information disclosure obligations proactively and continuously strengthens institutional development and investor relations management. Committed to a regular, multi-dimensional evaluation system, the Company strives to steadily enhance the governance efficiency and decision-making capacity of the Board and its committees, providing a solid foundation for the long-term and stable development of the enterprise.

Corporate Governance

Strengthening Risk Management

Innovation New Material has always regarded risk prevention and control as well as audit supervision as the cornerstones of its stable operation. The Strategy and ESG Committee of the Board of Directors oversees the identification, assessment, and management of ESG risks, comprehensively consolidating the enterprise' s risk defence line and establishing a new risk management framework that balances foresight and resilience. In addition, the Company actively adapts to the trend of sustainable development and incorporates ESG risks into its overall risk management system.

In 2025, the Company comprehensively strengthened its risk management capabilities to safeguard long-term sustainable development. To better guard against potential risks, the Company has established three lines of defence:

First Line of Defence All employees	Second Line of Defence Finance Department, Legal Department, and Archives Centre	Third Line of Defence Audit Department
Responsible for daily internal control, risk identification and assessment, taking timely control measures, and reporting risk prevention and control status to the management when necessary.	Responsible for supervising and inspecting the implementation of the first line of defence, and conducting compliance reviews and risk control for key business activities.	Responsible for internal audit and risk management review, and implementing rigorous prevention and control over internal risks.

Innovation New Material has established a regular risk assessment and closed-loop management mechanism, which is specifically undertaken by the Internal Audit Department. It updates risk appetite thresholds annually in conjunction with industry benchmarking and strategic objectives, and conducts at least two systematic assessments of financial and operational risks each year. The Company implements hierarchical and classified risk management and control at three levels: major, significant, and general, and continuously optimises the internal control system based on assessment results. At the implementation level, we adhere to the problem-oriented principle, adopt a combination of internal control evaluation and special audits, and accurately identify management pain points and internal control deficiencies.

Risk Levels	Assessment Criteria	Management Principles
Major Risks	High probability and severe impact	Implement substantive measures to reduce the risk to an acceptable level
Significant Risks	High probability or severe impact	Proactively manage and establish an early warning mechanism
General risk	Low probability and limited impact	Incorporate into day-to-day operational management and monitor dynamically

For the identified key risks, the Company conducts quantitative assessments by combining the likelihood of occurrence and the severity of impact, and clarifies specific risk exposures.

Partial Risk Identification Results of the Company

Risk Name	Risk Level	Evaluation Process	Response Measures
Risk of Unstable Supply of Recycled Aluminium Raw Materials	General risk	▪ Likelihood: Mainly affects specific product lines of some subsidiaries. The scrap aluminium recycling industry is fragmented with significant price fluctuations, posing uncertainties to relevant business units. The Company' s overall raw materials are dominated by molten aluminium, so the risk likelihood is limited. ▪ Impact Level: In the event of supply shortages, it may have a certain impact on the production schedule of relevant product lines, but will not cause a major disruption to overall production continuity and order delivery.	▪ Expand diversified procurement channels; ▪ Deepen cooperation with core suppliers; ▪ Establish a safety inventory mechanism and set dynamic safety inventory thresholds based on production capacity requirements and market fluctuations.
Risk of Environmental Policy Adjustments	Significant Risk	▪ Likelihood: Supervision of the aluminium processing industry continues to tighten, and carbon emission control policies are being introduced successively, resulting in a high likelihood of environmental policy adjustments. ▪ Impact Level: Policy tightening may lead to increased compliance costs and the need for transformation of some production lines, but the impact can be effectively mitigated through advance planning.	▪ Establish a policy tracking mechanism to timely grasp the dynamics of environmental policies; ▪ Continuously promote clean production transformation; ▪ Incorporate environmental compliance requirements into internal audits, performance appraisals, and conduct regular compliance self-inspections.

The Company identifies and assesses emerging risks that may impact its operations and supply chain in the medium to long term, and proactively takes measures to better address such risks. The two major emerging risks faced by the Company are the risks of international trade frictions and the risk of the implementation of carbon tariffs in multiple countries. For detailed risk descriptions and response measures, please refer to the *Innovation New Material 2025 Annual Report*.

Over the past two years, the Company has completed multiple internal and external risk process audits. For regional key risks and management loopholes identified in the audits, the Audit Department directly submits the assessment results and rectification suggestions to the Audit Committee. Meanwhile, we implement time-bound rectification and continuous tracking, promote the cultivation of regular risk management awareness among all subsidiaries, and ensure the effective implementation of control measures. From 2024 to 2025, the Company conducted 34 internal risk audits and 4 external risk audits.

The Company attaches great importance to the cultivation of risk culture and the continuous upgrading of its management system. At the governance level, members of the Board of Directors regularly participate in training on laws and regulations organised by securities regulatory authorities to establish top-level risk awareness. At the operational level, we regularly carry out risk management and compliance training for all employees through a combination of online and offline methods to enhance the legal awareness and risk prevention capabilities of all staff. In the process of business expansion, the Company incorporates risk factors into the preliminary consideration of new products and new services development to ensure that innovation and risk control advance in parallel. Meanwhile, risk management-related indicators are incorporated into the incentive and assessment system for senior management and departments to promote the effective implementation of risk management responsibilities in an institutionalised manner.

The overall supervision of Innovation New Material' s tax management is the responsibility of the Board of Directors. The Company has formulated the ***Tax Commitment***, undertaking to comply with the tax laws and regulations of the countries where it operates, not to use tax structures lacking commercial substance, to conduct transfer pricing in accordance with the arm' s length principle, not to transfer created value to low-tax jurisdictions, and not to use secrecy jurisdictions or so-called tax havens for tax avoidance.

Corporate Governance

Upholding Business Ethics

Building a Solid Line of Defence for Business Ethics

Innovation New Material has always regarded upholding business ethics as the core principle of its operation and management. The Company maintains a zero-tolerance attitude towards acts such as bribery, asset misappropriation, conflicts of interest, and seeking improper benefits by taking advantage of official positions, and resolutely safeguards a fair and honest business order. The Company conducts its operation and management in strict compliance with laws and regulations including the ***Company Law of the People's Republic of China***, the ***Anti-Unfair Competition Law of the People's Republic of China***, the ***Anti-Monopoly Law of the People's Republic of China***, and the ***Anti-Money Laundering Law of the People's Republic of China***. In conjunction with its business characteristics, it has formulated systems such as the ***Management and Control Procedures for Anti-Overseas Bribery and Anti-Corruption*** and the ***Management and Control Procedures for Prohibiting Acceptance of Bribes or Obtaining Improper Benefits by Other Means***, to regulate and restrict all business activities and employee conduct. In 2025, the Company revised the ***Code of Business Conduct***, adding control requirements for emerging risks such as the platform economy and data monopoly.

The Company revised the ***Anti-Bribery and Anti-Corruption System*** and continuously improved the management of anti-monopoly, anti-unfair competition, anti-corruption, gift-giving, political donations, and charitable contributions. In terms of organisational guarantee, the Board of Directors is the highest authority for the supervision of the Company' s business ethics, responsible for the overall supervision of matters related to anti-corruption, anti-monopoly, and fair competition. The Compliance and Ethics Committee, composed of senior management, is responsible for coordinating the management of business ethics-related work, including formulating strategic plans for anti-corruption, anti-monopoly, and fair competition, and regularly assessing the effectiveness of the management system. The specific tasks of anti-corruption, anti-monopoly, and fair competition are implemented by the Legal Department and the Economic Supervision Department respectively. The Company regularly conducts internal audits and risk investigations to promptly identify and correct potential compliance risks, and continuously consolidates the line of defence for business ethics. In 2025, the Company conducted on-site audits on 16 subsidiaries, covering compliance, internal control, and financial management. During the reporting period, no major illegal or irregular acts that had a significant impact on the Company occurred in the course of operation and management, including corruption, money laundering, unfair competition, bribery, extortion, fraud, and conflicts of interest, demonstrating sound business ethics management results.

The Company incorporates business ethics education into its annual training plan, and regularly organises training sessions on business ethics and integrity building, focusing on core areas such as anti-corruption, anti-monopoly, and anti-unfair competition. This helps employees enhance their legal and disciplinary awareness and ethical literacy, and gradually builds an all-round and multi-level moral risk prevention and control network. In 2025, the Company organised a total of 12 internal training sessions covering themes of anti-corruption, anti-monopoly, and fair competition, with all directors and employees of the Company participating.

Integrity Lectures Safeguarded Clean Development and Built a Solid Line of Defence for Professional Ethics

In 2025, the Company held an integrity education seminar themed "The Sword of Discipline Hangs High, Uphold Integrity, and Pursue Innovation", covering over 1,300 senior management personnel and employees in key positions across the Company and all its subsidiaries. The seminar combined analysis of typical cases, educational warning videos, and integrity oaths to strengthen the awareness of integrity and self-discipline among all staff. Mr. Cui Lixin, Chairman of the Board, emphasised the need to improve the system, strengthen supervision, and create a clean and upright working environment, and required employees to conduct self-reflection and keep the alarm bells ringing at all times. This event further deepened the anti-corruption management system, established a long-term mechanism to prevent and resist corruption, and provided a solid guarantee for the healthy development of the Company.

On-site Photos of the Integrity Education Seminar

Conducting Anti-Monopoly Training to Consolidate the Foundation of Compliant Operation

In 2025, the Company organised a special training themed "Practices of Anti-Monopoly and Fair Competition", inviting experts from the State Administration for Market Regulation to give on-site lectures. This training covered all middle and senior management personnel as well as employees in key positions such as marketing and procurement, with over 620 participants. Through systematic learning of the legal requirements and practical key points of anti-monopoly and fair competition, the participants further enhanced their compliance awareness and risk prevention capabilities.

Launching the "Integrity and Compliance Promotion Month" Themed Activity

The Company organised the "Integrity and Compliance Promotion Month" activity, which strengthened all employees' awareness of integrity and self-discipline as well as their anti-bribery and anti-fraud capabilities by setting up integrity education display boards and organising all staff to participate in online compliance knowledge quizzes. In the process of learning typical cases and interactive quizzes, employees deepened their understanding of the Company' s compliance requirements and behavioural bottom lines, effectively promoting the construction of integrity culture.

Focusing on Legal Risks to Empower Management Performance

The Company organised a special training themed "Legal Risk Prevention for Enterprise Managers". Starting with typical enterprise cases, the training systematically sorted out eight types of acts that damage the Company' s interests, which managers must strictly guard against in the course of performing their duties, as well as the civil, administrative, and even criminal liabilities they shall bear if the Company suffers losses due to breach of obligations. A total of 282 managers participated in this training. Through learning, the participants further clarified the legal boundaries and potential risks in operation and management, and effectively strengthened their awareness of law-abiding and compliant operation, and the bottom line of business ethics.

Supplier Integrity Development

The Company deeply integrates the concept of integrity and compliance into the entire process of supply chain management, actively jointly builds an integrity ecosystem with suppliers, and consolidates the integrity defence line at the source of cooperation.

- **At the tendering stage,** the Company conducts special integrity lectures for potential suppliers to clearly communicate the principles and requirements of integrity cooperation. All potential suppliers are required to sign the *Integrity Commitment Letter* and truthfully disclose their business affiliations with other partners, ensuring that supply chain information is transparent and traceable.
- **At the contract signing stage,** the Company takes the *Integrity Agreement* as a standard annex to all contracts and requires all cooperating suppliers to sign it, clarifying the integrity obligations and breach accountability mechanism of both parties in writing.
- **During the cooperation period,** the Company regularly conducts supplier integrity audits and dynamically supervises suppliers' integrity performance by requiring partners to submit compliance statements, carrying out document verification and conducting proactive on-site visits. We regularly provide anti-corruption training for business partners and promptly communicate the Company' s latest requirements to ensure that partners fully understand and comply with the Company' s compliance standards.

The Company maintains a zero-tolerance attitude towards corruption and unfair competition. It stipulates that neither party shall, in the course of business dealings, solicit, accept, or accept in disguised form improper benefits such as kickbacks, bribes, or facilitation payments in any form; shall not participate in improper activities that may affect the impartial performance of duties; and shall not engage in any other acts beyond normal working relationships that violate national policies, laws and regulations. In the event of any violation by a supplier, the Company will immediately suspend the cooperative relationship and require the supplier to promptly formulate and implement rectification measures. If the supplier still fails to meet the Company' s compliance requirements after rectification, the Company will terminate the cooperative relationship in accordance with laws and regulations.

Whistleblowing and Handling Mechanism

The Company has always attached great importance to the establishment and improvement of the whistleblowing mechanism, and has formulated and implemented the *Internal and External Complaint Management and Control Procedures* and the *Whistleblower Protection Policy.* We have established multiple round-the-clock channels for reporting violations of business ethics, including dedicated hotlines, email addresses, and mailing addresses, which are open to employees, partners, clients, and the general public, and support both real-name and anonymous reports. The Company strictly keeps confidential the identity information of whistleblowers and undertakes to conduct investigations in accordance with the principles of openness and impartiality.

Upon receiving a report from a stakeholder, the Company will complete the preliminary assessment, approval, and registration of the clue within 7 working days, and determine a reasonable handling method and investigation level. For accepted clues, the Company will conduct an independent investigation within one month. If the investigation confirms the violation, the Company will strictly initiate the internal accountability procedure and feedback the handling result to the whistleblower within 7 working days after the case is closed. If no conclusive evidence is found after preliminary investigation but further verification is still required, the Company will transfer the case to the supervision authority of the relevant subsidiary to conduct an in-depth investigation within three months. After the investigation is completed, the Company will provide an objective clarification and explanation to the relevant parties as appropriate.

The Company adopts strict whistleblower protection measures. Whistleblowing investigation materials are only accessible to case-handling personnel, and unauthorised copying and dissemination are strictly prohibited. The Company prohibits any form of retaliation against whistleblowers. If any internal employee is found to have committed retaliatory acts, the Company will dismiss them in accordance with the *Employee Rewards and Punishments Management System,* and transfer those involved in serious circumstances to the judicial organs. If a partner commits retaliatory acts, the Company will immediately terminate the cooperation and pursue liability for breach of contract, so as to effectively safeguard the legitimate rights and interests of whistleblowers. In addition, the Company incorporates the whistleblowing policy, channels, and case acceptance procedures into the induction training for new employees and the annual company-wide training system, and ensures that all employees are familiar with the reporting channels and whistleblower protection mechanism through regular publicity and implementation.

ESG Key Performance Metrics

Environmental Data

Key Performance Metrics	Unit	2025
Climate Change Response		
Total greenhouse gas emissions (Scope 1 + Scope 2)	tonne of CO_2 equivalent	836,203.70
Direct greenhouse gas emissions (Scope 1)	tonne of CO_2 equivalent	422,061.53
Indirect greenhouse gas emissions (Scope 2) — location-based	tonne of CO_2 equivalent	414,142.17
Indirect greenhouse gas emissions (Scope 2) — market-based	tonne of CO_2 equivalent	402,572.40
Greenhouse gas emission intensity (Scope 1 + Scope 2) — aluminium billets, aluminium rods, and cables	tonne of CO_2 equivalent per tonne of output	0.13
Greenhouse gas emission intensity (Scope 1 + Scope 2) — profiles	tonne of CO_2 equivalent per tonne of output	0.71
Greenhouse gas emission intensity (Scope 1 + Scope 2) — FRP	tonne of CO_2 equivalent per tonne of output	0.50
Greenhouse gas emission intensity (Scope 1 + Scope 2) — structural components	tonne of CO_2 equivalent per 10,000 pcs produced	7.11
Number of products with carbon footprint certification	pcs	9
Green electricity certificates traded	kWh	21,656,000.00
Energy Utilisation		
Total energy consumption	tonne of standard coal	328,667.64
Energy consumption intensity	tonne of standard coal per RMB 10,000 revenue	0.04
Total direct energy consumption	tonne of standard coal	234,619.03

Key Performance Metrics		Unit	2025
Energy Utilisation			
By category	Petrol	tonne	289.12
	Diesel	tonne	859.73
	Natural gas	cubic metre	188,876,736.08
	Liquefied petroleum gas	tonne	2,056.62
	Acetylene	tonne	6.23
	Propane	tonne	6.07
Total indirect energy consumption		tonne of standard coal	94,048.61
By category	On-site photovoltaic power generation	kWh	64,834,871.40
	Purchased electricity	kWh	675,046,036.44
	Purchased steam	GJ	91,361.16
Proportion of renewable energy used [1]		%	12.32
Renewable energy consumption		tonne of standard coal	11,201.52
By category	Solar energy consumption	tonne of standard coal	8,664.57
	Hydropower energy consumption	tonne of standard coal	2,536.95
Water Utilisation			
Water withdrawal		tonne	3,223,886.69
Industrial wastewater discharge		tonne	142,261.96
Domestic sewage discharge		tonne	326,587.92
Water consumption		tonne	2,755,036.81
Water utilisation intensity		tonne per RMB 10,000 revenue	0.36
Water recycling and reuse rate		%	99.06

1 = (Purchased green electricity + Self-generated green electricity)/(Purchased electricity + Self-generated green electricity)

Environmental Data

Key Performance Metrics	Unit	2025
Pollutant Emissions [1]		
Ammonia nitrogen (NH3-N)	tonne	0.37
Chemical oxygen demand (COD)	tonne	10.27
Biochemical oxygen demand (BOD)	tonne	2.32
Total nitrogen (TN)	tonne	2.04
Total phosphorus (TP)	tonne	0.24
Sulphur oxides (SOx)	tonne	20.40
Nitrogen oxides (NOx)	tonne	213.98
Particulate matter (PM)	tonne	72.40
Volatile organic compounds (VOCs)	tonne	13.90
Waste Treatment		
Total volume of hazardous waste generated	tonne	66,685.23
Total volume of non-hazardous waste generated	tonne	555,072.75
General industrial solid waste generated	tonne	552,160.91
Domestic waste generated	tonne	2,911.84
Total volume of waste recycled and reused [2]	tonne	618,132.93
Proportion of waste recycled and reused	%	99.42
Circular Economy		
Total volume of recycled aluminium	tonne	1,196,221.16
Volume of aluminium scrap recycled from in-house production lines	tonne	498,471.46
Volume of recycled materials from market scrap and industrial offcuts	tonne	697,749.70

1 Only pollutant discharges from industrial wastewater are counted.
2 Includes waste recycled/reused by the Company itself and waste sent to third parties for recycling/reuse.

Social Data

Key Performance Metrics		Unit	2025
Employees			
Total number of employees		person	11,125
By gender	Male employees	person	7,524
	Female employees	person	3,601
	Proportion of female employees	%	32.37
By employment type	Full-time employees	person	11,125
	Part-time employees	person	0
Workers other than employees	Agency workers	person	101
	Contractors-assigned workers	person	630
By age	Employees under 30	person	2,654
	Employees aged 30–50	person	7,616
	Employees over 50	person	855
By region	Employees in Chinese mainland	person	10,564
	Employees in overseas regions	person	561
Employee diversity [3]	Proportion of female employees in management positions	%	13.21
	Proportion of female employees in junior management positions	%	14.04
	Proportion of female employees in middle management positions	%	14.28
	Proportion of female employees in management positions within revenue-generating departments	%	11.11
	Proportion of female employees in R&D positions	%	22.62

3 Junior management - Department head and deputy department head level
Middle management - Deputy general manager level
Senior management - General manager level

Social Data

Key Performance Metrics			Unit	2025
Employees				
Employee diversity		Number of ethnic minority employees	person	814
		Proportion of ethnic minority employees in management positions	%	1.42
		Number of local employees	person	9,887
		Proportion of local employees in management positions	%	15.38
Employee support		Number of demobilised military personnel recruited	person	172
		Number of employees with disabilities	person	27
		Number of employees in difficulty receiving assistance	person	88
Number of R&D employees			person	504
Proportion of R&D employees			%	4.53
Total number of new recruits			person	5,071
Total number of new recruits from ethnic minorities			person	418
By gender		Total number of new female employees	person	1,203
		Total number of new male employees	person	3,868
By age		Total number of new employees aged under 30	person	2,322
		Total number of new employees aged 30–50	person	2,662
		Total number of new employees aged over 50	person	87
By management level		Total number of new employees at junior management level	person	12
		Total number of new employees at middle management level	person	4
		Total number of new employees at senior management level	person	0

Key Performance Metrics			Unit	2025
Employees				
Proportion of internal hires			%	51.00
Employee turnover rate			%	32.69
Turnover rate for ethnic minority employees			%	34.56
By gender		Turnover rate of female employees	%	25.34
		Turnover rate of male employees	%	35.73
By age		Turnover rate for employees under 30	%	44.57
		Turnover rate for employees aged 30–50	%	28.84
		Turnover rate for employees aged over 50	%	17.71
By management level		Turnover rate among junior management level	%	12.24
		Turnover rate among middle management level	%	24.32
		Turnover rate among senior management level	%	0
Voluntary employee turnover rate			%	32.69
Total employee training hours			hour	575,412.00
By age		Total training hours for employees under 30	hour	137,271.00
		Total training hours for employees aged 30–50	hour	393,919.00
		Total training hours for employees aged over 50	hour	44,222.00
By management level		Total training hours for junior management level	hour	9,672.00
		Total training hours for middle management level	hour	982.00
		Total training hours for senior management level	hour	672.00
Number of employee training sessions			session	6,381
Employee training coverage rate			%	100.00

Social Data

Key Performance Metrics		Unit	2025
Employees			
Total employee training expenditure		RMB	540,700
Proportion of employees covered by trade unions/collective agreements		%	100.00
Employee satisfaction rate		%	90.00
Proportion of employees covered by employee satisfaction survey		%	100.00
Number of discrimination or harassment lawsuits filed against the Company or its employees that have been concluded		case	0
Occupational Health and Safety			
Number of workdays lost due to occupational injury/illness		day	16,576
Loss of Workday Rate (LWR)	Employees	%	98.36
	Contractors	%	0
Number of work-related accidents	Employees	incident	97
	Contractors	incident	0
Number of employee work-related accidents (serious and above)		incident	0
Number of work-related fatalities	Employees [1]	person	1
	Contractors	person	0
Work-related fatality rate		%	0.009
Number of work-related injuries		person	97
Work-related injury rate		%	0.87
Lost Time Injury Frequency Rate (LTIFR)	Employees	%	2.88
	Contractors	%	0
Total Recordable Injury Frequency Rate (TRIFR)	Employees	%	3.80
	Contractors	%	0
Number of occupational disease cases		person	0
Incidence rate of occupational diseases		%	0
Average safety training hours per employee		hour	28
Work-related injury insurance expenditure		RMB	5,750,900
Work safety liability insurance expenditure		RMB	728,800
Employee coverage rate of work safety liability insurance		%	100.00
Employee coverage rate of work-related injury insurance		%	100.00
Supply Chain Security			
Total number of suppliers		supplier	2,642
By region	Suppliers in Chinese mainland	supplier	2,543
	Suppliers in overseas regions	supplier	99
By type	Tier 1 suppliers	supplier	2,642
	Tier 1 critical suppliers	supplier	126
	Proportion of total procurement spend on Tier 1 critical suppliers	%	76.22
	Non-Tier 1 critical suppliers	supplier	0
	Critical suppliers (including Tier 1 and non-Tier 1)	supplier	126

1 One commuting traffic fatality occurred in 2025.

Social Data

Key Performance Metrics		Unit	2025
Supply Chain Security			
Number of suppliers participating in assessments and training	Total number of suppliers assessed online or on-site	supplier	2,642
	Proportion of critical suppliers assessed	%	100.00
	Number of suppliers assessed as having significant actual or potential negative impacts	supplier	59
	Proportion of suppliers with significant actual or potential negative impacts that have implemented corrective measures or improvement plans	%	100.00
	Number of suppliers with significant actual or potential negative impacts that have been terminated	supplier	0
	Number of suppliers supported during the implementation of corrective action plans	supplier	59
	Proportion of suppliers with significant actual or potential negative impacts that are supported in corrective action plans	%	100.00
	Total number of suppliers participating in capacity-building projects	supplier	40
	Proportion of critical suppliers participating in capacity-building projects	%	100.00
	Proportion of total transaction value from suppliers whose primary operating location is Shandong Province	%	70.68
Innovation-Driven			
Total R&D investment		RMB	313,744,700
R&D investment as a proportion of principal business revenue		%	0.41
Number of invention patents applied to principal business		Number	74
Number of invention patent applications		Number	53
Number of invention patents granted		Number	14
Number of valid patents		Number	534

Key Performance Metrics	Unit	2025
Rural Revitalisation		
Number of people benefiting from rural revitalisation	person	43
Social Contribution		
Total investment in social contribution	RMB	100,000
Total number of employees involved in social contribution	person	203
Total hours spent on social contribution activities	hour	763.00
Number of participants in volunteer service activities	participant	279
Number of individuals provided with social assistance	person	241
Anti-Commercial Bribery and Anti-Corruption		
Number of concluded corruption litigation cases brought against the Company or its employees	case	0
Number of concluded conflicts of interest litigation cases brought against the Company or its employees	case	0
Number of concluded money laundering or insider trading litigation cases brought against the Company or its employees	case	0
Proportion of directors who have received anti-commercial bribery and anti-corruption training	%	100.00
Proportion of management who have received anti-bribery and anti-corruption training	%	100.00
Proportion of employees who have received anti-bribery and anti-corruption training	%	100.00

Innovation New Material

GRI Index

Instructions for Use	Innovation New Material has prepared this report in accordance with the GRI Standards for the 2025 reporting period
GRI 1 used	GRI 1: Foundation 2021

GRI Standards	Disclosure Items	Report Disclosure Sections
GRI 2: General Disclosures		
2-1	Organisational details	About Innovation New Material
2-2	Entities included in the organisation' s sustainability report	About This Report
2-3	Reporting period, frequency, and contact point	About This Report
2-4	Restatements of information	/
2-5	External assurance	/
2-6	Activities, value chain, and other business relationships	About Innovation New Material Building a Responsible Supply Chain
2-7	Employees	ESG Key Performance Metrics
2-8	Workers who are not employees	ESG Key Performance Metrics
2-9	Governance structure and composition	Sustainable Development Management Standardising Corporate Governance
2-10	Nomination and selection of the highest governance body	Standardising Corporate Governance
2-11	Chair of the highest governance body	Standardising Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	Standardising Corporate Governance
2-13	Delegation of responsibility for managing impacts	Standardising Corporate Governance

GRI Standards	Disclosure Items	Report Disclosure Sections
GRI 2: General Disclosures		
2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Management
2-15	Conflicts of interest	Sustainable Development Management
2-16	Communication of critical concerns	Sustainable Development Management
2-17	Collective knowledge of the highest governance body	Standardising Corporate Governance
2-18	Evaluation of the performance of the highest governance body	Standardising Corporate Governance
2-19	Remuneration policies	Promoting Diversity and Inclusion
2-20	Process to determine remuneration	Promoting Diversity and Inclusion
2-21	Annual total compensation ratio	/
2-22	Statement on sustainable development strategy	Chairman' s Message
2-23	Policy commitments	Upholding Business Ethics Promoting Diversity and Inclusion
2-24	Embedding policy commitments	Upholding Business Ethics
2-25	Processes to remediate negative impacts	Promoting Diversity and Inclusion
2-26	Mechanisms for seeking advice and raising concerns	Promoting Diversity and Inclusion
2-27	Compliance with laws and regulations	Disclosures by Chapter
2-28	Membership associations	Adhering to Innovation-Driven Development
2-29	Approach to stakeholder engagement	Stakeholder Engagement
2-30	Collective bargaining agreements	Promoting Diversity and Inclusion
GRI 3: Material Topics		
3-1	Process to determine material topics	Double Materiality Assessment
3-2	List of material topics	Double Materiality Assessment
3-3	Management of material topics	Double Materiality Assessment

GRI Standards	Disclosure Items	Report Disclosure Sections
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	/
201-2	Financial implications and other risks and opportunities due to climate change	Climate Change Response
201-3	Defined benefit plan obligations and other retirement plans	Promoting Diversity and Inclusion
201-4	Financial assistance received from government	/
GRI 202: Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	/
202-2	Proportion of senior management hired from the local community	ESG Key Performance Metrics
GRI 203: Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	Contribution to Community Development
203-2	Significant indirect economic impacts	Contribution to Community Development
GRI 204: Procurement Practices		
204-1	Proportion of spending on local suppliers	ESG Key Performance Metrics
GRI 205: Anti-corruption		
205-1	Operations assessed for risks related to corruption	Upholding Business Ethics
205-2	Communication and training about anti-corruption policies and procedures	Upholding Business Ethics
205-3	Confirmed incidents of corruption and actions taken	Upholding Business Ethics
GRI 206: Anti-competitive Behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Upholding Business Ethics
GRI 207: Tax		
207-1	Approach to tax	/
207-2	Tax governance, control, and risk management	/

GRI Standards	Disclosure Items	Report Disclosure Sections
GRI 207: Tax		
207-3	Stakeholder engagement and management of concerns related to tax	/
207-4	Country-by-country reporting	/
GRI 301: Materials		
301-1	Materials used by weight or volume	Building a Green Industrial Chain
301-2	Recycled input materials used	Building a Green Industrial Chain Developing a Circular Economy
301-3	Reclaimed products and their packaging materials	Building a Green Industrial Chain Developing a Circular Economy
GRI 302: Energy		
302-1	Energy consumption within the organisation	ESG Key Performance Metrics
302-2	Energy consumption outside of the organisation	/
302-3	Energy intensity	ESG Key Performance Metrics
302-4	Reduction of energy consumption	Building a Green Industrial Chain
302-5	Reductions in energy requirements of products and services	Building a Green Industrial Chain
GRI 303: Water and Effluents		
303-1	Interactions with water as a shared resource	Optimising Water Resource Utilisation
303-2	Management of water discharge-related impacts	Pollutant Discharge Reduction Optimising Water Resource Utilisation
303-3	Water withdrawal	ESG Key Performance Metrics
303-4	Water discharge	ESG Key Performance Metrics
303-5	Water consumption	ESG Key Performance Metrics

GRI Standards	Disclosure Items	Report Disclosure Sections
GRI 304: Biodiversity		
304-1	Sites owned, leased or managed within or adjacent to protected areas, and areas outside protected areas with high biodiversity value	Biodiversity Protection
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity Protection
304-3	Protected or restored habitats	Biodiversity Protection
304-4	Habitats affected by operations that have been listed by the International Union for Conservation of Nature	Biodiversity Protection
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	ESG Key Performance Metrics
305-2	Energy indirect (Scope 2) GHG emissions	ESG Key Performance Metrics
305-3	Other indirect (Scope 3) GHG emissions	ESG Key Performance Metrics
305-4	GHG emissions intensity	ESG Key Performance Metrics
305-5	Reduction of GHG emissions	Climate Change Response Building a Green Industrial Chain
305-6	Emissions of ozone-depleting substances (ODS)	/
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	ESG Key Performance Metrics
GRI 306: Waste		
306-1	Waste generation and significant waste-related impacts	Standardising Waste Management
306-2	Management of significant waste-related impacts	Standardising Waste Management
306-3	Waste generated	ESG Key Performance Metrics
306-4	Waste diverted from disposal	ESG Key Performance Metrics
306-5	Waste directed to disposal	ESG Key Performance Metrics

GRI Standards	Disclosure Items	Report Disclosure Sections
GRI 308: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Building a Responsible Supply Chain
308-2	Negative environmental impacts in the supply chain and actions taken	Building a Responsible Supply Chain
GRI 401: Employment		
401-1	New employee hires and employee turnover	ESG Key Performance Metrics
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Promoting Diversity and Inclusion
401-3	Parental leave	Promoting Diversity and Inclusion
GRI 402: Labour / Management Relations		
402-1	Minimum notice periods regarding operational changes	Promoting Diversity and Inclusion
GRI 403: Occupational Health and Safety		
403-1	Occupational health and safety management system	Practising Safety Production
403-2	Hazard identification, risk assessment, and incident investigation	Practising Safety Production
403-3	Occupational health services	Practising Safety Production
403-4	Worker participation, consultation, and communication on occupational health and safety	Practising Safety Production
403-5	Worker training on occupational health and safety	Practising Safety Production
403-6	Promotion of worker health	Practising Safety Production
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Practising Safety Production
403-8	Workers covered by an occupational health and safety management system	Practising Safety Production
403-9	Work-related injuries	Practising Safety Production
403-10	Work-related ill health	Practising Safety Production

GRI Standards	Disclosure Items	Report Disclosure Sections
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	ESG Key Performance Metrics
404-2	Programs for upgrading employee skills and transition assistance programs	Enabling Talent Development
404-3	Percentage of employees receiving regular performance and career development reviews	Enabling Talent Development
GRI 405: Diversity and Equal Opportunities		
405-1	Diversity of governance bodies and employees	ESG Key Performance Metrics
405-2	Ratio of basic salary and remuneration of women to men	/
GRI 406: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	Promoting Diversity and Inclusion
GRI 407: Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Promoting Diversity and Inclusion
GRI 408: Child Labour		
408-1	Operations and suppliers at significant risk for incidents of child labour	/
GRI 409: Forced or Compulsory Labour		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Promoting Diversity and Inclusion Building a Responsible Supply Chain
GRI 410: Security Practices		
410-1	Security personnel trained in human rights policies or procedures	/
GRI 411: Rights of Indigenous Peoples		
411-1	Incidents of violations involving rights of indigenous peoples	Contributing to Community Development

GRI Standards	Disclosure Items	Report Disclosure Sections
GRI 413: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Contributing to Community Development
413-2	Operations with significant actual and potential negative impacts on local communities	Contributing to Community Development
GRI 414: Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	Building a Responsible Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	Building a Responsible Supply Chain
GRI 415: Public Policy		
415-1	Political contributions	/
GRI 416: Client Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	Strict Product Quality Control
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Strict Product Quality Control
GRI 417: Marketing and Labelling		
417-1	Requirements for product and service information and labeling	Strict Product Quality Control
417-2	Incidents of non-compliance concerning product and service information and labeling	Strict Product Quality Control
417-3	Incidents of non-compliance concerning marketing communications	Strict Product Quality Control
GRI 418: Client Privacy		
418-1	Substantiated complaints concerning breaches of client privacy and losses of client data	Fortifying Privacy Protection

Index of Shanghai Stock Exchange (SSE) Disclosure Requirements

Index of the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*

Dimension	No.	Topic	Report Disclosure Section
Environmental	1	Responding to Climate Change	Climate Change Response
	2	Pollutant Emissions	Pollutant Discharge Reduction
	3	Waste Disposal	Standardising Waste Management
	4	Ecosystem and Biodiversity Protection	Biodiversity Protection
	5	Environmental Compliance Management	Environmental Compliance Management
	6	Energy Utilisation	Building a Green Industrial Chain
	7	Water Utilisation	Optimising Water Resource Utilisation
	8	Circular Economy	Developing a Circular Economy
Social	9	Rural Revitalisation	Contributing to Community Development
	10	Social Contribution	Contributing to Community Development
	11	Innovation-Driven	Adhering to Innovation-Led Development
	12	Ethics of Science and Technology	The Company does not engage in scientific research, technological development or other activities in areas sensitive from an ethical perspective, such as life sciences and artificial intelligence.
Social	13	Supply Chain Security	Building a Responsible Supply Chain
	14	Equal Treatment of SMEs	The Company has no outstanding accounts payable to SMEs that are overdue.
	15	Product and Service Safety and Quality	Strict Product Quality Control Service Experience Guarantee
	16	Data Security and Client Privacy Protection	Fortifying Privacy Protection
	17	Employees	Promoting Diversity and Inclusion Enabling Talent Development Practising Safety Production
Sustainability-related governance	18	Due Diligence	Building a Responsible Supply Chain Upholding Business Ethics
	19	Stakeholder Engagement	Stakeholder Engagement
	20	Anti-Commercial Bribery and Anti-Corruption	Upholding Business Ethics
	21	Anti-Unfair Competition	Upholding Business Ethics