Farasis Energy (Ganzhou) Co., Ltd.

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2025

Environmental, Social and Governance (ESG) Report

Farasis Energy (Ganzhou) Co., Ltd.

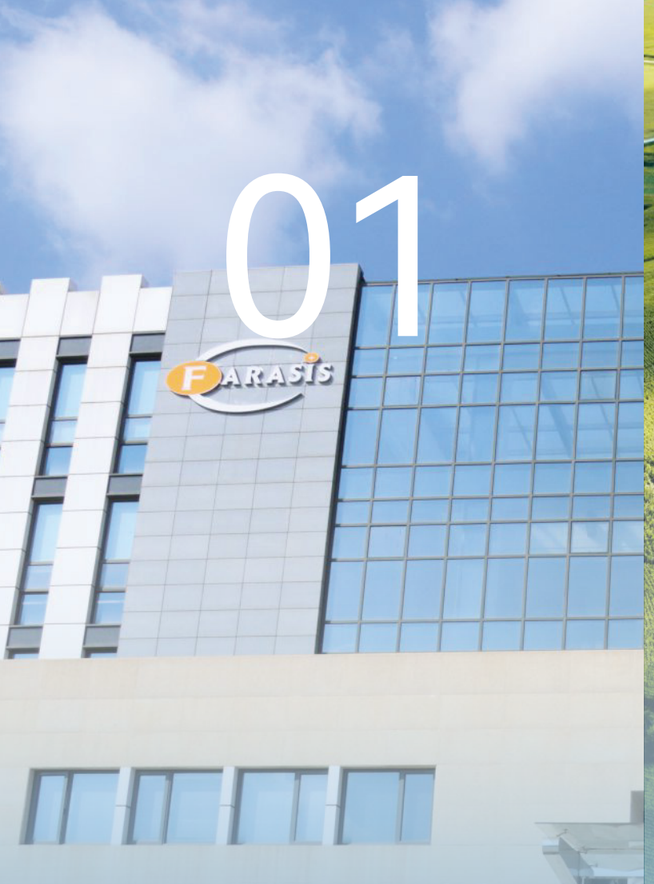
FARASIS

Committed to providing

leading clean energy products and services for the world,

promoting the sustainable development of human society,

and empowering a better life for humanity.



Integrity-Based Operation

Green Development

Win-Win Cooperation

Innovation and Transformation

CONTENTS

About this Report

This is the fourth Environmental, Social and Governance (ESG) report released by Farasis Energy. Adhering to the principles of objectivity, comprehensiveness, standardization and transparency, this report presents the management philosophy, management mechanisms and practical achievements of the Company in environmental, social and governance-related issues during the reporting period to all stakeholders.

Explanation of Major Changes

In May 2025, the Company completed the re-election of the Board of Directors. The controlling shareholder of the Company was changed to Guangzhou Industrial Investment Holding Group Co., Ltd. (GIIHG), and the actual controller of the Company was changed to the People's Government of Guangzhou Municipality. This change in control does not have a material impact on the daily operation of the Company. For more details, please refer to the Conclusive Announcement on the Completion of the Change of Controlling Shareholder and Actual Controller of Farasis Energy (Ganzhou) Co., Ltd. (Announcement No.: 2025-032).

Report Scope

The scope of information disclosed in this report covers Farasis Energy (Ganzhou) Co., Ltd. ("Farasis Energy", "the Company" or "we") and its major production bases (Ganzhou Base, Ganzhou New Energy Base, Zhenjiang Base, Guangzhou Base).

Preparation References

Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies of Shanghai Stock Exchange No. 14 – Sustainable Development Report (Trial)

Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies of Shanghai Stock Exchange Science and Technology Innovation Board No. 13 – Preparation of Sustainable Development Report (Revised in January 2026)

Global Sustainability Standards Board (GSSB) Sustainability Reporting Standards (GRI Standards)

International Financial Reporting Sustainability Disclosure Standard S1 – General Requirements for Sustainability-Related Financial Information Disclosure (IFRS S1)

International Financial Reporting Sustainability Disclosure Standard S2 – Climate-Related Disclosure (IFRS S2)

Ministry of Finance Enterprise Sustainable Disclosure Standards – Basic Standards (Trial)

United Nations Sustainable Development Goals (SDGs)

Reporting Period

This report is an annual report covering the period from January 1, 2025 to December 31, 2025. To enhance the completeness of the report, some content may go beyond the above scope, which will be indicated where applicable.

Data Description

The written information and quantitative data disclosed in this report are all derived from the original records or annual reports of the Company's actual operation. Unless otherwise specified, the data disclosed in this report are consistent with the scope of the consolidated financial statements of Farasis Energy (688567.SH).

If the relevant financial data are inconsistent with those in the annual report, the data in the annual report shall prevail. All financial data in this report are denominated in RMB.

Reliability Statement

The Company confirms that this report does not contain any false records, misleading statements or material omissions.

Access to the Report

You may access or download the electronic version of this report through the Investor Relations section of the official website of Farasis Energy (Investor Relations - Farasis Energy) or the website of the Shanghai Stock Exchange.

If you have any questions or comments on this report, you may also contact us through the following channels:

Investor Relations: farasisIR@farasisenergy.com.cn

ESG/Sustainability: sustainability@farasisenergy.com.cn

Message from the Leadership

Amid a profoundly evolving global landscape and the deep advancement of the energy revolution, 2025 stands as a pivotal year for Farasis Energy (Ganzhou) Co., Ltd. in forging ahead amid pressure and pursuing progress while maintaining stability. Confronted with complex international dynamics and industry-wide challenges, the Company has embraced vital strategic opportunities as Guangzhou Industrial Investment Holding Group Co., Ltd. has become its controlling shareholder. The infusion of state-owned capital has furnished robust strategic support and resource safeguards for the Company's long-term development.

Sustainable development has long been embedded in the corporate DNA of Farasis Energy. Over the past year, we have driven the deeper integration of this principle into the Company's corporate strategy and operations. For the first time, we have elevated ESG to the level of board governance, establishing an ESG governance system with the Board of Directors and its special committees as the supreme decision-making body. We have also officially joined the United Nations Global Compact, aligning with international standards and requirements. We have formulated strategies from a higher stance and advanced initiatives with practical actions to fulfill the expectations and requirements of all stakeholders, translating our commitment to sustainable development into tangible advantages that propel the Company's high-quality development.

We have pursued quality improvement and efficiency enhancement, consolidating the foundation for steady and sound development through operational excellence. Over the past year, we have forged ahead under pressure. Internally, we have continuously refined the corporate governance structure, strengthened internal control, compliance management and business ethics, and enhanced risk resilience. We have systematically built the FOS Operational Excellence System, comprehensively improving cost control and operational efficiency across key dimensions including organizational reform, cost reduction and efficiency enhancement, operational excellence and quality improvement. Adhering to the tiered and categorized talent development philosophy, we have launched the "Xin Guang", "Xin Chen", "Xin Hui" and "Xin Yao" talent development programs, cementing the talent foundation for the Company's long-term development. Externally, we have deepened communication with investors, enhanced the transparency and effectiveness of information disclosure, and earnestly protected the rights and interests of all shareholders. Through internal and external improvements and addressing both symptoms and root causes, we are systematically building a governance framework and resilience foundation that underpins the long-term success of the enterprise.

We have seized opportunities and pursued innovation, anchoring the direction of green and innovative development through long-termism. Over the past year, we have unwaveringly placed green innovation at the core of our strategy, continuously increased R&D investment, and proactively laid out the energy storage business. In terms of technological breakthroughs, the industry's first SPS soft-pack module-free power battery solution has achieved mass production. In terms of product portfolio, ternary high-nickel, medium-nickel, lithium iron phosphate and sodium-ion batteries have been mass-produced and delivered simultaneously. In terms of market expansion, the SPS lithium iron phosphate battery system solution has been successfully scaled for overseas markets, contributing a reliable "Farasis Solution" to the global energy transition. Meanwhile, we have systematically strengthened climate change risk management, advancing green and low-carbon operations in an all-round way through clean energy adoption, energy conservation and consumption reduction, and resource recycling. Two of our subsidiaries have been awarded national-level green factories. Driven by both green technology and green manufacturing, we are continuously consolidating a solid foundation for sustainable development.

We have pursued value co-creation, building an upward and socially responsible ecosystem through collaborative cooperation. Over the past year, we have worked hand in hand with all partners to innovatively establish a sustainable supply chain management system, translating ESG requirements into evaluable and trackable performance indicators and systematically improving risk management and sustainable development capabilities across the entire chain. For customers, we have always adhered to the lifeline of product safety and quality, continuously improved the service system, and built an efficient network covering more than 120 authorized service stations, continuously creating value through reliable products and professional services. Meanwhile, we have actively fulfilled our corporate responsibilities, integrated into rural revitalization and regional development, and created greater and better comprehensive value in broader fields. By building a responsible, resilient and growth-oriented ecosystem, we have effectively translated the ESG philosophy into a sustainable driving force for development.

Only through reform can we advance; only through innovation can we become strong; only through reform and innovation can we prevail. 2026 marks the inaugural year of the 15th Five-Year Plan and a crucial starting point for the Company to enter a new stage of development. We will integrate the requirements of sustainable development into every aspect of strategy, operation and culture with higher standards and more practical measures. We will continuously create new advantages for high-quality development through long-term, robust and sustainable value creation, and contribute "Farasis Wisdom" to global power and energy storage battery solutions.

Xie Yong, Chairman of the Board of Directors, Farasis Energy (Ganzhou) Co., Ltd.

Dong Ligang, President, Farasis Energy (Ganzhou) Co., Ltd.

About Farasis Energy

Farasis Energy (Stock Code: 688567.SH) was founded in 2009. As a global leader in pouch-type power batteries, Farasis Energy was listed on the STAR Market in 2020, becoming the first power battery company listed on the STAR Market.

The founding team of Farasis Energy has been engaged in power battery research and development since 1997, founded Farasis Energy USA in Silicon Valley in 2002, and established Farasis Energy in Ganzhou, China in 2009, thus launching the industrialization and globalization of power batteries. The Company has carried out in-depth cooperation with leading customers in the industry and established a leading market position. Meanwhile, relying on its technological advancement and excellent market performance, Farasis Energy has obtained investment from state-owned capital and is now controlled by Guangzhou Industrial Investment.

As an industry pioneer, Farasis Energy adheres to a global strategic layout, commits to promoting transportation electrification and energy greening, and contributes to the sustainable development of energy and the human living environment.

- 1997 — Engaged in power battery research and development
- 2002 — Founded Farasis Energy USA in Silicon Valley
- 2009 — Established Farasis Energy in Ganzhou, China
- 2020 — Farasis Energy was listed on the STAR Market

Corporate Vision

Focusing on technological innovation, leading the energy revolution, and powering a better life for humanity.

Corporate Mission

Providing clean energy and building an intelligent world.

Corporate Spirit

Innovation, Entrepreneurship, Collaboration, Win-Win

Business Segments

Passenger Vehicle Business

Commercial Vehicle Business

Energy Storage Business

Electric Aircraft Business

Emerging Business

Marine Business

Global Industrial Layout

● R&D Centers ● Production Bases ● Production & R&D Bases

China | Production Bases

Ganzhou, Jiangxi
Zhenjiang, Jiangsu
Guangzhou, Guangdong

Silicon Valley, USA

The Company conducts in-depth cooperation with North American strategic partners and provides supporting services. The site focuses on cutting-edge technology research and development and reserves advanced technologies for next-generation power batteries.

Stuttgart, Germany

The Company carries out in-depth cooperation with European strategic partners and provides supporting services. The site supports product and technology development for global complete vehicle manufacturers and guarantees the delivery of international projects.

Gemlik, Turkey

The Siro base, a joint venture between Farasis Energy and Togg, has been completed and put into operation. The base provides power battery supporting services and energy storage solutions for Europe, the Middle East and other regions.

Corporate Honors

Leading Product Competitiveness

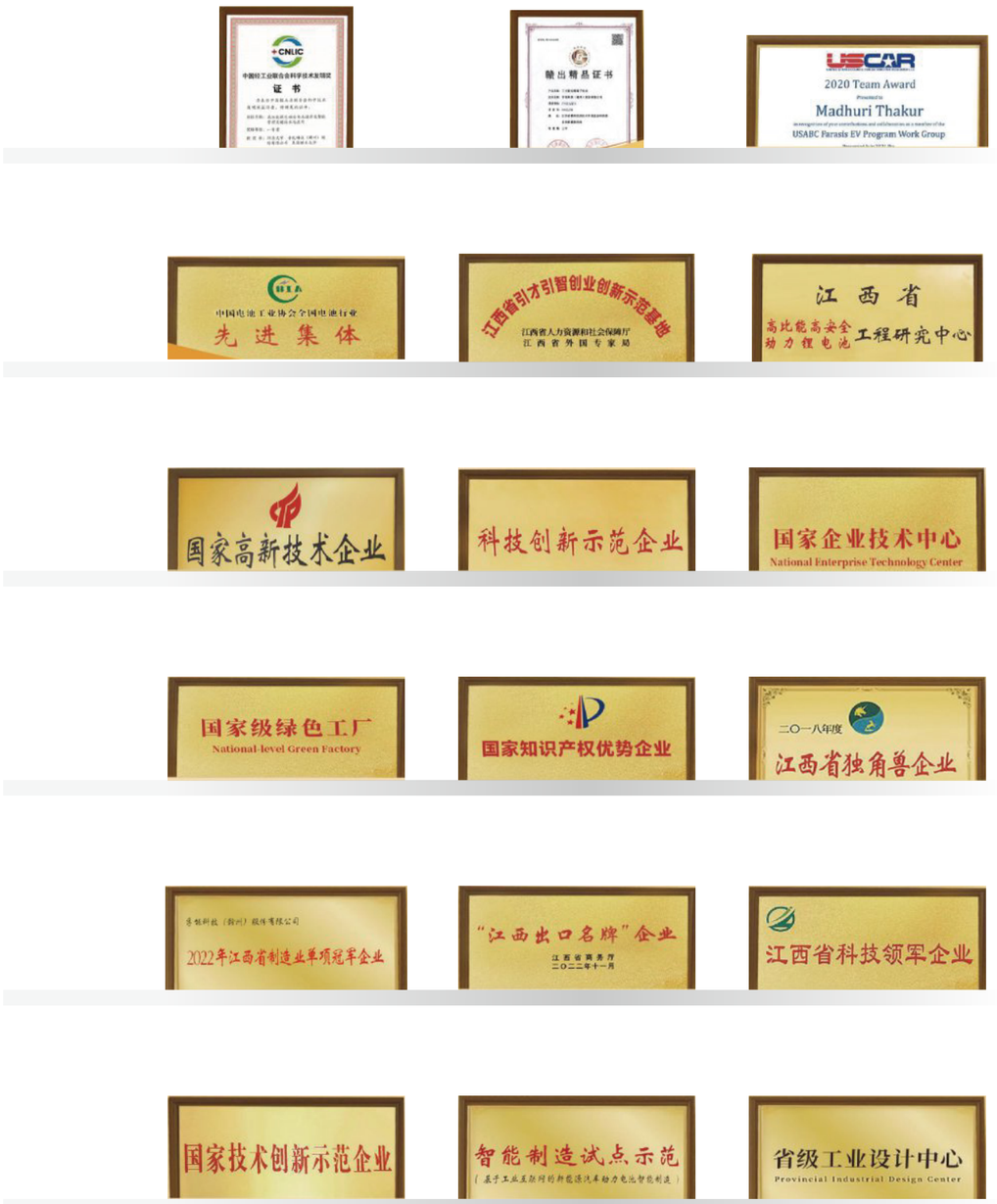
TOP1
Maintained the domestic top installation volume of soft-pack power batteries for 9 consecutive years from 2017 to 2025

NO.3
Ranked among the global top in the installation volume of soft-pack power batteries for many years.

TOP8
Global Power Battery Installation Volume

Professional and Authoritative Recognition

- National Enterprise Technology Center
- Scientific and Technological Innovation Demonstration Enterprise
- National Technological Innovation Demonstration Enterprise
- National Green Factory
- National Intellectual Property Advantage Enterprise
- National High-tech Enterprise
- Intelligent Manufacturing Pilot Demonstration Project
- Advanced Collective in the National Battery Industry of China Battery Industry Association



HONOR

Sustainable Development Governance

ESG Management

Governance

Farasis Energy attaches great importance to ESG governance and has established a three-level governance structure: "Board of Directors and Its Special Committees – ESG Management Committee – ESG Working Group". The Company has formulated and issued the Sustainable Development (ESG) Management System. The Sustainable Development Department serves as the full-time management department for ESG affairs. ESG ratings and other indicators are embedded as key assessment indicators in the annual performance appraisal of senior management and the Sustainable Development Department, which promotes all departments and production bases of the Company to integrate the ESG concept into daily production and operation, and helps the Company achieve its ESG objectives.

Decision-Making Level

Board of Directors and its Special Committees

The Board of Directors and its Special Committees serve as the supreme decision-making body for ESG affairs of the Company. They are responsible for making decisions on major ESG-related matters of the Company, reviewing and approving the Company's annual ESG report, ESG-related risks with significant impact on the Company, and response plans for major ESG negative events, and regularly listen to work reports from the ESG Management Committee.

Management Level

ESG Management Committee

The ESG Management Committee serves as the management body for ESG affairs of the Company, which is chaired by the President. It is responsible for implementing ESG-related tasks assigned by the Board of Directors and the Strategy Committee, approving the ESG governance structure and important systems of the Company, formulating ESG objectives and supervising the achievement of such objectives, regularly listening to work reports from the ESG Working Group, and providing guidance in a timely manner.

Implementation Level

ESG Working Group

The ESG Working Group serves as the specific implementation department for ESG affairs of the Company, which is led and established by the Sustainable Development Department. It is responsible for coordinating and promoting the implementation of ESG-related matters, organizing the collection and submission of ESG information, assisting in the preparation of ESG reports, and conducting ESG promotion and training.

Capability building serves as an important support for Farasis Energy to promote ESG work. The Company makes full use of internal resources to organize special ESG training sessions, continuously deepens the cognition and understanding of ESG among middle and senior management employees, and promotes the in-depth integration of ESG concepts and requirements into all aspects of the Company's production and operation. Meanwhile, by joining the United Nations Global Compact (UNGC) and participating in sustainable development-related industry associations, forums and initiatives, the Company keeps abreast of the latest trends and requirements of sustainable development at home and abroad, and provides a solid foundation for improving the overall ESG performance of the Company.

The Company organized and held the 2026 Special ESG Training Session

The Company participated in and responded to the "2030 Global Supply Chain Collaboration Initiative"

Strategy

The Company deeply embeds the concept of sustainable development into the core of its corporate culture, and constructs a sustainable development strategic framework led by the "EMPOWER" concept. The framework fully aligns with the 17 United Nations Sustainable Development Goals (SDGs) for 2030, and clarifies the value orientation for the long-term sustainable development of the Company.

Management of Impacts, Risks and Opportunities

The Company attaches great importance to the management of risks and opportunities related to sustainable development, and conducts analysis of impacts, risks and opportunities for identified ESG topics of double materiality. Every year, the Company regularly organizes in-depth interviews with leaders and colleagues of key departments and critical positions, discusses and studies the impact links, timeframes, impact degrees and development opportunities of the topics, and gradually constructs and improves the ESG risk management and control mechanism and workflow. As shown in the table below, the Company has adopted effective management measures for the impacts, risks and opportunities of each topic, which can be found in relevant chapters of the report.

R&D and Innovation

Impact Scope	Period	Risks	Opportunities	Financial Impacts and Paths
Upstream Value Chain Enterprise Operations Downstream Value Chain	Short-term	The risk of talent loss in R&D.	The commercial transformation and application of new technologies such as passenger vehicle SPS, two-wheeler iteration and upgrading, and commercial vehicle semi-solid batteries.	It may lead to delayed project progress, reduced R&D efficiency, increased human replacement costs and opportunity costs. If applied rapidly, it may bring revenue growth or market share improvement.
	Medium-term	The risk of mass production consistency in large-scale production.	The commercial transformation of forward-looking layout in the next-generation sodium batteries, semi-solid batteries and all-solid batteries.	It may lead to increased rework costs, customer complaints and higher return rates, which will affect the gross profit margin. If mass production is successful, it will bring new revenue sources and improve profitability.
	Long-term	The long-term strategic foundation of the Company will be shaken if the main technical route promoted by the Company proves to have no comprehensive advantages in the market.	Large-scale shipment of all-solid batteries with good production line compatibility.	It may lead to sunk costs of early R&D investment, reduced brand competitiveness and asset impairment risks. It is expected to form technical barriers, bring scale effects and long-term profitability.

Note: The Company defines the timeframe as follows: short-term (1 to 2 years inclusive), medium-term (3 to 5 years inclusive) and long-term (more than 5 years).

Product Quality and Safety

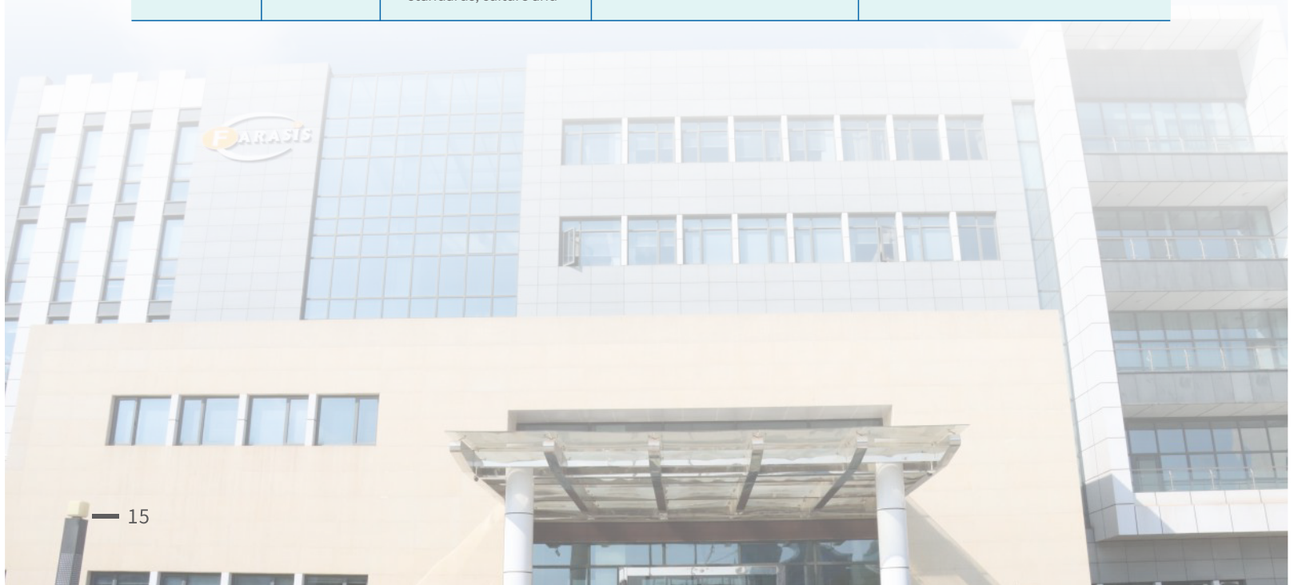
Impact Scope	Period	Risks	Opportunities	Financial Impacts and Paths
Upstream Value Chain Enterprise Operations Downstream Value Chain	Medium-term	Any safety-related quality flaws exposed by authorities or the media may undermine confidence among existing and potential customers, even if no major incident occurs.	Technical introduction and optimization of battery pack SPS to improve manufacturing reliability and feasibility.	It may reduce sales revenue and market share, and may trigger brand impairment and increased marketing costs. It can reduce rework rates and after-sales maintenance costs, improve customer satisfaction and repurchase rates, thereby enhancing profitability.
	Long-term	As the first batch of vehicles enters the end of their life cycle, the full-life-cycle safety design of products will be tested.	Establish a reputation for "safe and reliable" product quality and safety.	It may trigger recall costs, legal compensation, and brand reputation loss if large-scale aging or safety hazards occur. It will form a brand premium, improve customer loyalty, facilitate new market expansion and high-end customer cooperation, and bring long-term stable cash flow.

Customer Relationship Management

Impact Scope	Period	Risks	Opportunities	Financial Impacts and Paths
Enterprise Operations Downstream Value Chain	Short-term	Short-term performance is highly dependent on several top customers, and fluctuations in sales volume or adjustments to production plans of a single model may impact revenue and capacity utilization.	Actively explore other major customers by leveraging the Turkish factory to enter the European market.	It will directly impact the stability of the Company's revenue and capacity utilization, which may lead to a sharp decline in income and an increase in unit fixed costs, and squeeze profit margins. It can bring incremental revenue if new customers are successfully explored, diversify the risk of customer concentration, and enhance anti-cyclical capabilities.
	Medium-term	Any delivery delay or failure to meet expected quantity due to capacity or yield issues will directly trigger the risk of customer production line shutdown and severely damage the image of a "reliable supplier".	Second-curve opportunities: energy storage (more benign) and heavy-duty trucks (high density, light weight, long battery life).	It may lead to reduced orders, increased compensation expenses, and even exclusion from the supplier list, resulting in medium- and long-term revenue pressure. It can open up new revenue sources if successfully entering new tracks, improve the diversification of profit structure, and enhance risk resistance capabilities.
	Long-term	Any delivery delay or failure to meet expected quantity due to capacity or yield issues may affect customer production rhythm and supply chain stability.	Focus on the continuous iteration of technology and always maintain differentiated competitive advantages.	It may lead to a continuous decline in profit margins and pressure on long-term profitability. It can maintain high bargaining power and customer stickiness if remaining ahead, and ensure long-term stable cash flow and industry status.

Supply Chain Management

Impact Scope	Period	Risks	Opportunities	Financial Impacts and Paths
Upstream Value Chain Enterprise Operations Downstream Value Chain	Short-term	Sharp fluctuations (increases) in the prices of key raw materials at the material end.	Lock in upstream raw material costs through vertical integration and enhance bargaining power through centralized procurement to strengthen supply chain resilience.	It can stabilize procurement costs, mitigate impacts from price fluctuations, safeguard profit stability, and potentially gain cost advantages through scale effects.
	Medium-term	Management risks arising from a significant increase in supply chain complexity caused by diversified customers, expanded product lines, and global multi-location capacity layout.	Build a sustainable supply chain to meet stricter review requirements in overseas or high-end markets.	It may cause inventory overstock or shortage losses, increase logistics and coordination costs, and reduce asset turnover efficiency. It will enable access to high-margin markets, obtain customer certification premiums, avoid compliance risks and potential trade barriers, and improve revenue quality.
	Long-term	The need to establish local or regional supply chains for overseas factory operations to comply with policy requirements involves the cultivation of a brand-new supplier system, facing multiple challenges in standards, culture and	Leverage the inclusiveness of the pouch-cell form factor to interface stress and the adaptability of lamination technology to multi-layer stacking to achieve a smooth transition of manufacturing processes in the transformation from liquid to solid-state batteries.	It may result in high initial investment and high running-in costs, affecting overseas business profitability and capacity release. It can reduce technology switching costs, shorten capacity ramp-up periods, seize dividends from next-generation technologies, and achieve long-term revenue growth and cost leadership.



Intelligent Manufacturing and Lean Management

Impact Scope	Period	Risks	Opportunities	Financial Impacts and Paths
Enterprise Operations Downstream Value Chain	Short-term	The Company faces the challenge of data silos caused by inconsistent data interfaces among automation equipment supplied by different vendors.	The Company enhances the utilization efficiency of personnel and resources, and improves yield rates through process monitoring and prevention of key parameters.	This may lead to an increase in system integration costs, ineffective utilization of data, and compromised decision-making efficiency and production collaboration, which may result in implicit efficiency losses. The Company directly reduces the unit manufacturing cost, decreases losses from rework and waste products, and improves the gross profit margin.
	Medium-term	A dedicated production line designed for a specific product may fail to meet the production requirements of the next-generation product.	The Company extends lean management from the manufacturing workshop to the full value stream from order receipt to product delivery, and reduces inventory and lead time.	If the Company fails to make timely adjustments, this may lead to idle capacity and depreciation pressure, and affect the profit margin. The Company reduces the occupation of operating capital, improves the inventory turnover rate, and optimizes cash flow and return on assets.
	Long-term	Digitalization of the entire process and all factors makes the factory a high-value target for cyberattacks.	The Company establishes a factory-level digital twin, and uses historical data and machine learning models to conduct predictive optimization of process parameters, so as to realize prediction of quality and energy consumption and preventive maintenance.	The Company reduces energy costs, losses from equipment shutdowns and maintenance expenses, extends the service life of equipment, and improves long-term profitability.

Goals and Progress

In 2025, the Company officially joined the United Nations Global Compact (UNGC), fully aligned with the 17 United Nations Sustainable Development Goals for 2030, and proactively reported its annual work progress. Meanwhile, the Company actively participated in external ESG forums, ESG award applications, ESG rating rankings and other stakeholder engagement activities. Guided by the latest domestic and international standards and industry requirements, the Company promoted internal management improvement and performance enhancement, communicated its ESG philosophy and disseminated outstanding practices with a more proactive attitude, and enhanced the external influence of its ESG work.

ESG Ratings

- Wind ESG Rating: AA
- S&P Global CSA Score: 53
- Huazheng ESG Rating: AA

ESG Awards

- Selected in S&P Global Sustainability Yearbook (China Edition) 2025
- Awarded "Excellent ESG Practical Case" by China Times
- Won the "Model Enterprise for Supply Chain Sustainability Management" of the 2025 China Corporate Social Responsibility Model by Yicai
- Won the "Environmental Friendly (E) Pioneer Enterprise" of the 2025 Cailian Agency Zhiyuan Award

Actions

No Poverty

A total of 1,339,600 yuan was spent on rural revitalization initiatives, helping 10 people secure employment. Cash and materials with a total value of 221,200 yuan were donated throughout the year.

Good Health and Well-being

All major certified production bases have obtained ISO 45001 Occupational Health and Safety Management System certification, with 100% coverage of occupational health examinations for employees.

Quality Education

In 2025, the Company held 318 training sessions covering 30,601 participants, launched 247 online courses, and certified 187 internal trainers.

Gender Equality

The Company formulated and issued the Board Diversity Policy. One new female director was added, accounting for 14.29% of directors in 2025, and the proportion of female managers was 15.69%, an increase of 5% from the previous year.

Clean Water and Sanitation

All operational sites of the Company are supplied with municipal tap water. The total water consumption in 2025 was1,864,000 tons, with a water consumption intensity of 204.46 per million yuan of revenue.

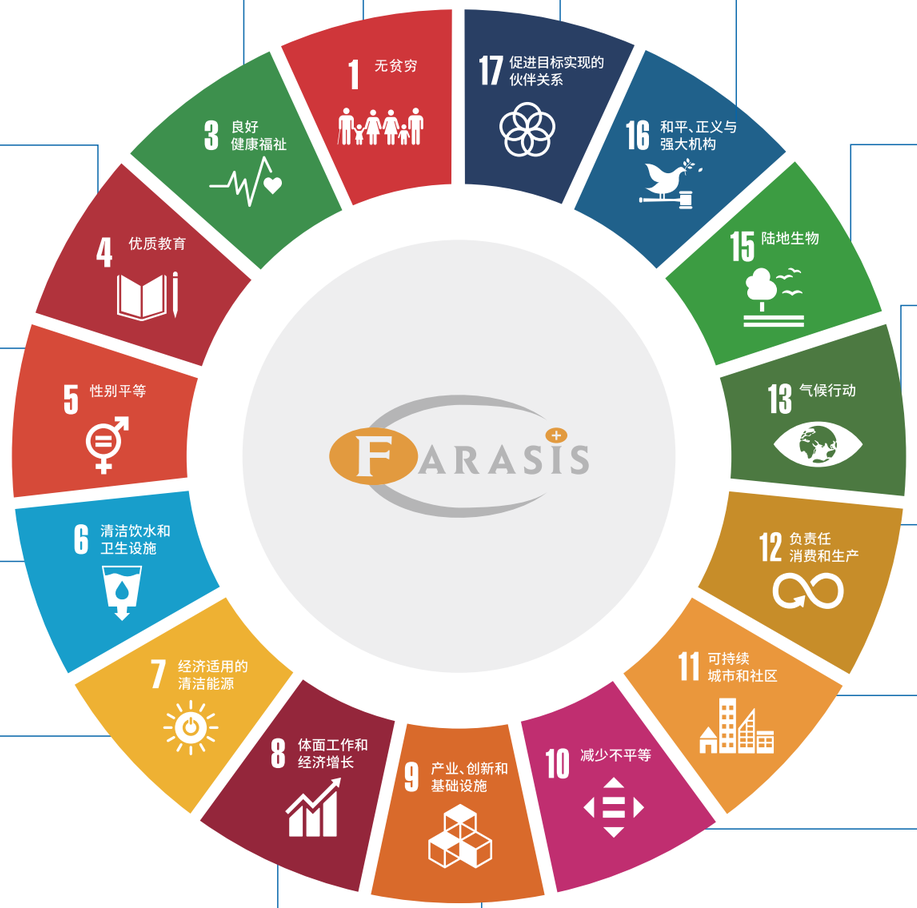
Affordable and Clean Energy

The consumption of renewable energy in 2025 was14,463.03 tons of standard coal equivalent. The Company has two national-level green factories, among which the Ganzhou Base has successfully passed the ISO 14068 carbon-neutral factory certification.

Decent Work and Economic Growth

The Company formulated and issued Human Rights and Diversity Policies, committing to respecting and protecting the human rights and labor rights of all employees, suppliers, customers and other stakeholders.

In 2025, 3,066 new employees were recruited.



Actions

Partnerships for the Goals

Actively participating in industry exchange activities to promote industrial development and technological progress.

Peace, Justice and Strong Institutions

Environmental, social, governance and mineral supply chain due diligence requirements were included in the Supplier Code of Conduct and supplier cooperation contract terms, clearly requiring suppliers to provide compliant, risk-free and traceable mineral sources.

Life on Land

No incidents with significant impacts on biodiversity were found in 2025.

Climate Action

The Company conducts annual greenhouse gas inventories for Scope 1, Scope 2 and Scope 3. In 2025, 2 production bases successfully passed ISO 14064 carbon verification certification, among which the Ganzhou Base successfully passed ISO 14068 carbon-neutral factory certification.

Responsible Consumption and Production

In 2025, the utilization rate of recyclable packaging reached 65.33%.

Sustainable Cities and Communities

During the reporting period, the compliance rate of waste gas, wastewater and waste disposal reached 100%.

Reduced Inequalities

Adhering to the principle of "fairness and impartiality", all discrimination based on race, color, religious belief, gender, age, place of origin, etc. is prohibited.

Industry, Innovation and Infrastructure

In 2025, R&D investment was 631.12million yuan, accounting for 6.92% of operating revenue; the number of R&D personnel was 1,203, and 128 invention patents were applied to main businesses.

Stakeholder Communication

Farasis Energy (Ganzhou) Co., Ltd. maintains standardized and systematic communication processes for all stakeholders. The Company fully understands and actively responds to the expectations and demands of each stakeholder group to continuously improve its operational management capabilities and sustainable development capabilities.

Stakeholder	Shareholders & Investors	Government & Regulatory Agencies	Management	Employees	Customers	Partners	Community Partners
Stakeholder Representatives	· Investors · Potential Investors	· Superior governments and competent authorities · Shanghai Stock Exchange · China Securities Regulatory Commission	· Members of the Board of Directors · Senior Management · Department Heads	· Ordinary employees	· Domestic and foreign customers	· Suppliers · Contractors · Partners	· Surrounding communities of the bases · Universities and research institutions · ESG rating agencies · Media · Industry associations, etc.
Stakeholder Concerns	· Business operations and fundamentals · Strategic development direction · Financial performance and market prospects · Corporate governance and risk management capabilities	· Law abiding and compliant operations · Climate change response and carbon neutrality · Contributions to local economic and industrial development	· Strategy execution and market competitiveness · Efficient corporate governance structure · Profitability of the Company	· Competitive salary and welfare · Comprehensive training system · Open and transparent development channels · Workplace health and safety	· Product quality and delivery capacity · Information security and privacy protection · Green and low carbon products · Energy density and safety of batteries	· Technical strength and cooperation stability · Fair, just, open and transparent procurement environment · Technical empowerment and industrial development · Market and sales support	· Sustainable community development · Sharing of corporate development achievements · Reduction of environmental impacts
Communication & Engagement Methods	· Regular information disclosure · General Meetings of Shareholders · Investor roadshows and exchange conferences · Communication telephone and email · Factory site visits · Performance presentations · Investor relationship management activities via new media	· Regular information disclosure · Participation in relevant meetings · Communication through industry associations and other institutions	· Regular work reports · Management meetings · Special training · Email · Enterprise WeChat	· Party branches · Labor Union · Farasis Energy Community Employee Exchange Platform · Email · Enterprise WeChat · Employee suggestion box · "Farasis Home" Official Account	· Pre sales communication · After sales service · Routine communication (e.g., customer visits) · Third party training · Customer audits	· Supplier training · On site audits and communication · Project cooperation · Regular visits	· Face to face communication · Public welfare activities · Complaint hotline · Media conferences · Regular communication and feedback · Project cooperation · Official website of Farasis Energy, official accounts and other public channels

Identification of Material Topics

In accordance with the Self-Regulatory Guidance for Listed Companies on the Shanghai Stock Exchange No.14 – Sustainability Reporting (for Trial Implementation), Farasis Energy (Ganzhou) Co., Ltd. takes 21 topics as the benchmark and conducts an in-depth analysis of its business structure and operation model. The Company carries out research and analysis on stakeholders through questionnaires, executive interviews, departmental investigations and other methods. It fully considers the demands and expectations of all stakeholders, and systematically identifies material topics that are closely related to the business operations of the enterprise and that occupy a prominent position in the stakeholder concern matrix.

Dimension	Definition	Materiality Analysis Criteria
Significance of Impact	Whether the performance of the Company on the corresponding topic has actual or potential significant impacts on the economy, society and the environment.	• Likelihood of impact occurrence • Scale, scope and irreparability of impacts
Financial Materiality	Whether the topic is expected to have significant impacts on the Company's business model, business operations, development strategies, financial position, operating results, cash flow, financing methods and costs in the short, medium and long term.	• Likelihood of impact occurrence • Degree of financial impact

Farasis Energy Dual Materiality Analysis Process

01 Background Identification and Understanding

Fully understand the sustainable development background of the Company through the analysis of macroeconomic policies and regulatory requirements;

Identify key stakeholders affected.

02 Establishment of Topic List

Conduct preliminary identification, screening and definition of relevant sustainable development topics based on standard benchmarking, peer benchmarking and policy analysis;

Analyze the actual and potential impacts, risks and opportunities involved in material topics.

03 Topic Materiality Assessment and Confirmation

Significance of Impact Assessment (score: 0-5)

Conduct stakeholder communication through questionnaire surveys and refer to the opinions of internal and external experts to determine topics with significant impacts.

Financial Materiality Assessment (score: 0-5)

Conduct communication with the Company's executives and financial-related personnel through questionnaire surveys and interviews, and refer to the opinions of internal and external experts to determine financially material topics.

04 Topic Reporting

Integrate the questionnaire analysis results of topic materiality and expert scoring opinions to form a dual materiality topic matrix; after review and confirmation by the Company's management, the dual materiality topics of 2025 will be the key disclosure items of this report.

List of Topics

During the process of identifying material topics for 2025, Farasis Energy (Ganzhou) Co., Ltd. has fully considered the following five major factors and has identified and selected 25 topics in combination with the actual operation of the Company, as well as analyzed the impacts, risks and opportunities of each topic.

Dimension	Analytical Approach
Corporate Development Strategy	The Company has sorted out ESG topics that are highly relevant to its core competitiveness and future development direction, with the development mission of "Providing Clean Energy and Building an Intelligent World" and the strategic goal of striving to become a global leader in power battery technology.
Macroeconomic Policies	The Company extracts ESG topics that are binding or guiding to various business segments in combination with relevant national and local laws, regulations and policy documents to ensure that topic setting complies with policy orientations.
Stakeholder Identification and Response	The Company defines ESG topics that require key responses by identifying major stakeholder groups and combining their key concerns and communication methods to improve the responsiveness and pertinence of topic responses.
Rating and Information Disclosure Guidelines	The Company refers to mainstream ESG rating and disclosure standards such as MSCI, SASB and Shanghai Stock Exchange to ensure that topic selection has international vision and industry applicability.
Peer Benchmarking Analysis	The Company ensures that topic setting has industry comparability and forward-looking by benchmarking the disclosure priorities of peers in the industry on ESG topics.

Farasis Energy 2025 ESG Topic Library

Environmental (8 topics)

- Climate Change Response
- Environmental Compliance Management
- Pollutant Emission and Waste Treatment
- Energy Utilization
- Water Resource Utilization
- Ecosystem and Biodiversity Conservation
- Circular Economy
- Full-Lifecycle Green Solutions

Social (9 topics)

- Employees
- Rural Revitalization
- Social Welfare
- Supply Chain Security
- Industrial Cooperation and Industry Development
- R&D and Innovation
- Intelligent Manufacturing and Lean Management
- Product Quality and Safety
- Customer Relationship Management

Governance (8 topics)

- Due Diligence
- Stakeholder Communication
- Sustainable Development Governance
- Data Security and Privacy Protection
- Anti-Commercial Bribery and Anti-Corruption
- Compliance Operation and Risk Management
- Party-Building Leadership
- Anti-Monopoly and Fair Competition

Assessment of Materiality of Impacts

The Company assesses the materiality of impacts of sustainable development-related topics from two aspects: the likelihood and severity of impacts.The likelihood of impacts is assessed from three dimensions: the scale, scope and irreparability of impacts.

The questionnaire survey has collected feedback from stakeholders including employees, shareholders and investors, senior management of the Company, suppliers and other commercial partners, customers, communities and the media.Based on the questionnaire results, the Company has identified the key concerns of different stakeholders, ranked the materiality degree of the 25 topics to Farasis Energy in combination with expert judgments, and derived the list of material topics based on the set threshold of materiality of impacts.

Table Note: Topics of Material Impact

1. Climate Change Response
2. Energy Utilization
3. Full-Lifecycle Green Solutions
4. Circular Economy
5. Environmental Compliance Management
6. Pollutant Emission and Waste Treatment
7. Water Resource Utilization
8. Ecosystem and Biodiversity Conservation

1. R&D and Innovation
2. Product Quality and Safety
3. Supply Chain Security
4. Customer Relationship Management
5. Employees
6. Intelligent Manufacturing and Lean Management
7. Industrial Cooperation and Industry Development
8. Rural Revitalization
9. Social Welfare

1. Party-Building Leadership
2. Anti-Commercial Bribery and Anti-Corruption
3. Compliance Operation and Risk Management
4. Data Security and Privacy Protection
5. Sustainable Development Governance
6. Due Diligence
7. Stakeholder Communication
8. Anti-Monopoly and Fair Competition

Assessment of Financial Materiality

The Company assesses the financial materiality of sustainable development-related topics from the perspectives of the likelihood of occurrence and the degree of financial impact, over three time horizons: short-term (within 1 to 2 years inclusive), medium-term (3 to 5 years inclusive), and long-term (more than 5 years).

In the specific analysis process, the Company sets judgment criteria for the degree of financial impact based on historical pre-tax profits, analyzes the likelihood of occurrence and the degree of impact on financial expectations of risks and opportunities associated with each topic in the short, medium and long term, and ranks the financial materiality of the 25 topics by referring to expert opinions. The list of financially material topics is derived based on the set financial materiality threshold.

Table Note: Topics of Financial Materiality

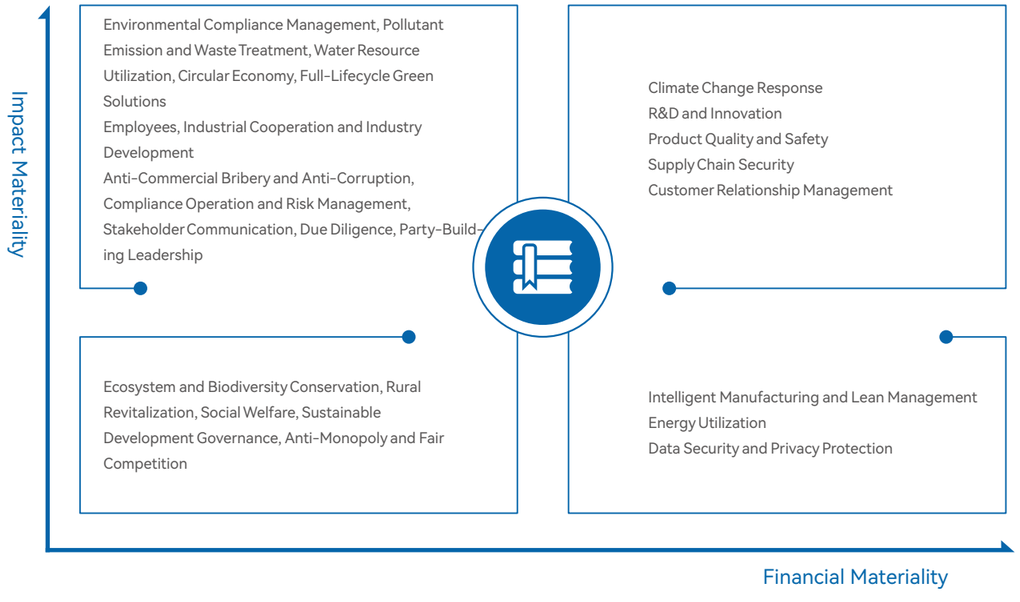
1. Climate Change Response
2. Energy Utilization

1. R&D and Innovation
2. Product Quality and Safety
3. Customer Relationship Management
4. Supply Chain Security
5. Intelligent Manufacturing and Lean Management

1. Data Security and Privacy Protection

Assessment Results of Topic Materiality

The Company comprehensively summarizes the impacts, risks and opportunities of material topics, and discloses relevant management actions and effectiveness in the report. For financially material topics, the Company focuses on disclosure in accordance with the four-element framework of Governance, Strategy, Impact, Risk and Opportunity Management, and Indicators and Targets.



01

Integri-ty-Based

- Party-Building Leadership
- Standardized Governance
- Prudent Operation
- Risk Management
- Data Security and Privacy Protection

Party-Building Leadership

Party Organization Development

The Party Branch of Farasis Energy (Ganzhou) Co., Ltd. was established in 2011 and was upgraded to a Party Committee in June 2023. The Party Committee has five subordinate Party Branches and one General Party Branch (which has three subordinate Party Branches), and is equipped with relevant institutions including the Labor Union, the Communist Youth League Committee, the Women's Committee, and the Care for the Next Generation Work Committee. The Party Committee of the Company has strengthened the three-level Party-building organizational structure of "Party Committee + General Party Branch + Party Branch", and implemented the "two-way entry and cross appointment" between the leading bodies of the Party organizations and the operation and management leading bodies. In 2025, the Party Committee of the Company has seven Party Committee members, and the Company has a total of 113 Party members (including two probationary Party members), with a total of 18 active applicants for Party membership reserved.

"Four Must Talks and Five Must Visits"

The hotline "Contact the Party Organization for Issues" has been launched, and more than 30 suggestions and opinions have been received, with 100% closed-loop implementation.

Infrastructure Construction

The Labor Union of Farasis Energy has taken the lead in building a staff home and a staff book house for employees.

General CPC Branch	CPC Branches	CPC Committee Members	CPC Members
1	5	7	113

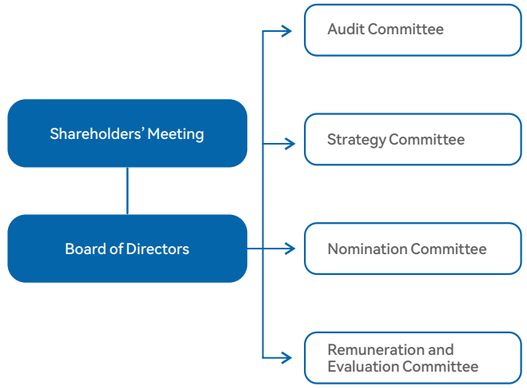
Party-Building Integration Activities

The CPC Committee of the Company has built a Party member activity room in accordance with the "six haves" standard, and set up 38 "Party Member Pioneer Posts" and 6 "Party Member Responsibility Zones" in the production workshops. A total of 125 key tackle projects have been promoted throughout the year, helping the enterprise save more than 75 million yuan in costs. In addition, the Party Committee of the Company has set up a "Provincial Party Representative Studio", which is rooted in the research of lithium-ion batteries, completed the development of 48 types of cell materials, provided technical solutions for 25 product projects, and achieved an 8-12% reduction in material costs. Fifteen invention patents for technologies have been awarded. At the same time, three Party member technical tackle groups for cell research and development, pack research and development, and special improvement have been established to continuously promote the production and development of the enterprise.

Standardized Governance

Improved Governance System

Farasis Energy (Ganzhou) Co., Ltd. strictly abides by the laws and regulations including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for the Governance of Listed Companies, and the Rules for the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange. The Company has established a clear-cut and mutually restrictive governance structure composed of the Shareholders' Meeting, the Board of Directors, and the Management, and formulated systems including the Rules of Procedure for the Shareholders' Meeting and the Rules of Procedure for the Board of Directors. The systems clearly define the boundaries of rights and responsibilities between the Shareholders' Meeting, the Board of Directors, and the Management, and establish a fair and scientific decision-making mechanism. Except for the Strategy Committee, all special committees of the Board of Directors are composed of a majority of independent directors who serve as conveners, which effectively ensures the professionalism and independence of the operation of the Board of Directors.

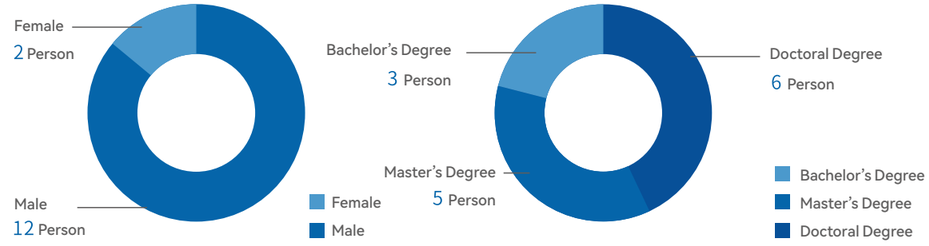


During the reporting period, the Company:

Held meetings of the Board of Directors	10	A 100% attendance rate of Board members;	100%
Held special meetings of independent directors	2		
Held meetings of the Audit Committee	7	Independent directors accounting for 2/3 of the Audit Committee;	2/3
Held meetings of the Nomination Committee	2	Independent directors accounting for 2/3 of the Nomination Committee	2/3
Held meeting of the Remuneration and Evaluation Committee	1	Independent directors accounting for 2/3 of the Remuneration and Evaluation Committee.	2/3

Board Diversity

The Company attaches importance to the diversity construction of the Board of Directors. The members of the Board of Directors have profound professional knowledge and management experience in the industry, and the diversity characteristics include but are not limited to gender, ethnicity, nationality, cultural and educational background, professional experience, skills, age, etc. In 2025, the Company issued the Board Diversity Policy, which incorporates diversity (including industry experience and background such as climate change response, risk management, and sustainable development management) into the appointment considerations. The policy ensures that diverse visions and viewpoints are brought to senior management decision-making, and guarantees the scientificity and preciseness of decision-making through a reasonable composition of Board members.



Board Composition

Board Effectiveness

To ensure the effectiveness of the Board of Directors, the Company has established a board performance evaluation mechanism and formulated the Remuneration Management System for Directors and Senior Management. The Remuneration and Assessment Committee formulates remuneration plans or schemes for directors and senior management and conducts annual performance evaluations of the Board members and senior management of the Company. The results of performance evaluations serve as an important basis for the remuneration and other incentives of senior management.

In 2025, the Company revised the Independent Directors Working System, which clearly stipulates the qualification requirements and independence criteria for independent directors. The system requires independent directors to conduct annual self-evaluation of their independence. The Board of Directors evaluates the serving independent directors annually and issues a special opinion, which is disclosed together with the annual report.

Investor Rights Protection

The Company has formulated and implemented the Investor Relations Management System and the Information Disclosure Management System in strict accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for Investor Relations Management of Listed Companies and other laws and regulations. The Company protects investors' right to know and participate in major corporate matters and safeguards the interests of minority investors.

Compliance Information Disclosure

The Company safeguards shareholders' right to know and fulfills its information disclosure obligations in accordance with the law, ensuring that information disclosure is true, accurate, complete and timely. Through holding performance briefings, participating in investor exchange meetings, receiving investor visits, and utilizing multiple channels such as the Shanghai Stock Exchange Interactive Platform, investor hotlines and email addresses, the Company maintains efficient communication with investors concerned about the Company's development and continuously improves the transparency of information disclosure. In 2025, the Company held 7 public online investor exchange meetings and responded to 312 investor inquiries via the Shanghai Stock Exchange Interactive Platform.

Farasis Energy 2025 Semi-Annual Collective Investor Meeting

Investor Communication Channels

- Official website of the Company
- Shanghai Stock Exchange Interactive Platform
- Investor hotline
- Investor email address
- Investor research activities
- Performance briefings
- Periodic reports
- Roadshows and reverse roadshows.

Minority Shareholder Rights Protection

In 2025, the Company held 5 general meetings of shareholders. The Company fully protects the legitimate rights and interests of shareholders, especially minority shareholders, and has formulated and issued the Related Party Transaction Management System to ensure that transactions are priced fairly, reviewed in compliance and disclosed in a standardized manner, so as to prevent related party transactions from harming the interests of the Company and shareholders. Meanwhile, the Board of Directors fully listens to the opinions and suggestions put forward by independent directors on behalf of minority shareholders in the decision-making process, and no decision that harms the interests of minority shareholders has been made.

2025
Shareholders' Meeting
5

Prudent Operation

Corporate Compliance Management

Farasis Energy (Ganzhou) Co., Ltd. has formulated and issued a series of internal systems including the Compliance Guidelines of Farasis Energy. These systems have defined the concepts of corrupt practices, fraudulent practices, collusive practices, coercive practices, obstructive practices and sexual harassment practices. They have also specified detailed compliance conduct guidelines in the aspects of upholding integrity and compliance, maintaining fair competition, preventing corruption and bribery, prohibiting insider trading, avoiding conflicts of interest, safeguarding commercial secrets, product control and quality safety.

The Company conducts investigations on major compliance risks every year and promptly identifies external risk early warning signals. Compliance risk identification is mainly derived from internal compliance evaluations, employee consultation feedback and external customer requirements. In the initial stage of compliance evaluation, the compliance liaison persons for each special item are responsible for collecting and sorting out the laws, regulations and standards related to each special item, identifying the compliance obligations related to the Company, and preparing the List of Legal and Regulatory Obligations and Other Requirements accordingly. In accordance with the provisions of the Management Procedures for Compliance Obligations and Compliance Evaluation, the Company organizes relevant departments to conduct comprehensive compliance evaluations related to EHS, labor and employment, information security, intellectual property rights and energy management every year. The joint responsible departments jointly identify the relevant legal and regulatory obligations, and the responsible departments conduct continuous rectification for the items to be improved. In addition, the Company actively issues the latest laws, regulations, standards and policies issued by state organs through the Compliciency Lecture - New Regulation Express on the OA system, popularizes compliance knowledge to all employees and customizes training content according to different responsibilities. The Company has also established a legal and compliance resource database and conducted in-depth sharing of legal and compliance knowledge.

Tax Payment in Accordance with the Law

To ensure the accuracy of tax declaration, the timeliness of tax payment and the compliance of policy application, the Company has established a tax asset sharing center to coordinate and manage the tax affairs of the Company and its affiliated (parent, subsidiary and sub-subsidiary) companies at all levels. The Company has formulated internal tax control and management systems including the Tax Management System, the Detailed Rules for the Implementation of Related Transaction Management and the Invoice and Receipt Management System. Through continuous tax training, the Company ensures that the team keeps abreast of the latest tax policies, regularly evaluates the performance of the requirements of national tax laws and regulations, internal tax management systems and other requirements involved in the Company's daily business activities, proactively identifies and manages tax risks, promptly rectifies existing problems, optimizes tax compliance processes and reduces tax risks.

The Company fulfills its tax payment obligations and truthfully pays taxes in accordance with the laws and tax provisions of various countries. It contributes to local development and social benefits through compliant tax payment. In 2025, no major tax violation cases occurred in the Company.

During the reporting period,

The Company's tax payment credit rating was Grade

A

No major tax violation cases occurred within the Company in 2025.

Anti-Monopoly and Fair Competition

The Company has revised and improved the Compliance Management Measures for Anti-Monopoly and Anti-Unfair Competition, added anti-unfair competition contents and provided risk prompts for various typical unfair competition acts in commercial activities to enhance the risk prevention effectiveness for the front-line business. During the reporting period, no relevant lawsuits or administrative penalties occurred in the Company.

Anti-Commercial Bribery and Anti-Corruption

The Board of Directors and its Audit Committee serve as the leading body for the Company's anti-fraud work, providing guidance and oversight for all anti-fraud initiatives. The Audit and Supervision Department functions as the permanent department responsible for executing anti-fraud work across the Company and its branches and subsidiaries, and its department head reports to the Board of Directors and the Audit Committee.

The Company has formulated and issued a series of systems including the Anti-Fraud Management System, Accountability Regulations for Violations of Discipline, and Anti-Bribery Compliance Measures. It requires all employees to sign integrity agreements and proactively declare conflicts of interest to standardize employee conduct, explicitly prohibit any form of bribery and corruption that damage the legitimate economic interests of the Company or seek improper economic benefits, and prevent potential risks of bribery and improper interest conveyance.

In terms of supplier management, the Company has updated and revised the Supplier Code of Conduct, requiring suppliers to sign the Supplier Integrity Commitment at the access stage, conducting regular supply chain due diligence, and incorporating indicators such as business ethics into the assessment requirements for supply chain sustainable development management as key audit indicators.

Whistleblower Protection

The Company has established diverse, independent and unimpeded reporting channels to accept complaints or reports of suspected violations, violations of laws and crimes from employees, partners (customers, suppliers) and the public around the clock. These channels are disclosed to internal and external stakeholders through various means such as the Company's official website and special training. Meanwhile, the Company has set up a special reward fund to reward whistleblowers whose reports are verified to be true and help recover direct losses of the Company. Priority and preferential treatment are provided to partners who take the initiative to report violations.

Reporting Address

- Audit and Supervision Department, West Side of 5th Floor, Administrative Building, Jinling West Road, Ganzhou Economic and Technological Development Zone, Jiangxi Province

Reporting Hotline

- 0797-7329850 (24/7 independent hotline)

Reporting Email

- fnlianjie@farasisenergy.com.cn

Written Reporting

Report boxes for discipline inspection and supervision at each base

- Ganzhou Base: Entrance and inside the factory area of Farasis Energy (Ganzhou) Co., Ltd., Jinling West Road, Ganzhou Economic and Technological Development Zone, Ganzhou City, Jiangxi Province
- Ganzhou New Energy Base: Entrance and inside the factory area, No. 1 Fenglin Avenue, New Energy Technology City, Ganzhou Economic and Technological Development Zone, Ganzhou City, Jiangxi Province
- Zhenjiang Base: Entrance and inside the factory area, No. 69 Hengshan Road, New District, Zhenjiang City, Jiangsu Province
- Guangzhou Base: Entrance and inside the factory area, No. 998 Zhiming Road, Jiufo Subdistrict, Huangpu District, Guangzhou City, Guangdong Province

The Company evaluates reported clues received, and forms a special investigation team for clues with clear facts of violations of laws and regulations to carry out investigations. It clarifies operational specifications for each link from acceptance and registration, preliminary verification, case filing and investigation to result feedback and filing, completes fact verification within the specified time limit and feeds back the handling results to whistleblowers. The Company has formulated and issued the Reporting and Whistleblower Protection Regulations, which strictly keep confidential the identity of whistleblowers, reporting content and investigation process, explicitly prohibit any form of retaliation, and classify such acts as major disciplinary violations. Those who commit retaliation shall be subject to punishment such as education, warning or dismissal according to the seriousness of the circumstances, and legal liability shall be pursued in accordance with the law if serious consequences are caused.

Integrity Culture Construction

The Company formulates an annual audit plan for routine audits every year, and conducts publicity and dissemination through diversified and normalized means such as issuing holiday initiatives, employee violation and disciplinary action decisions, and integrity publicity posters through office automation systems such as OA. Meanwhile, the Company organizes targeted special integrity training to strengthen the performance and responsibility requirements of key departments in terms of integrity and compliance. For partners such as contractors and suppliers, the Company calls on partners to earnestly fulfill their integrity commitments by regularly sending notices on prohibiting gift-giving during holidays, signing supplier integrity commitments, and conducting supply chain due diligence.

Case

Farasis Energy (Ganzhou) Co., Ltd. Holds Supply Chain Anti-Corruption Thematic Education and Oath-Taking Conference

In May 2025, Farasis Energy (Ganzhou) Co., Ltd. held a supply chain anti-corruption thematic education and oath-taking conference at its Ganzhou base. The conference focused on the Company's key arrangements for anti-corruption in the new stage of strategic development, emphasizing that the supply chain must take discipline as the foundation to consolidate development fundamentals and build a three-dimensional integrity risk prevention and control system of "system + ideology + action". The conference regarded integrity practice as the lifeline for the stable operation of the supply chain and required all employees to abide by the guidelines and strictly implement the systems. All employees of the Supply Chain Management Center collectively signed the Anti-Corruption Commitment and took an oath to internalize integrity contracts in mind and externalize them in action, so as to block the breeding ground of corruption from the source and provide a solid disciplinary guarantee for the Company's high-quality development.

Farasis Energy organized supply chain anti-corruption thematic education and oath-taking conference.

In addition, the Company has joined external industry alliances such as the Corporate Anti-Fraud Alliance and the Sunshine Integrity Alliance to strengthen the exchange and learning of integrity compliance experience.

The Company has joined the Corporate Anti-Fraud Alliance as a member unit.

The Company has joined the Sunshine Integrity Alliance as a member unit.

Risk Management

The board of directors of the Company serves as the highest governance body for risk management, which is responsible for setting the overall objectives of risk management and supervising the implementation of risk governance. Under the governance of the board of directors, the Company has established a "three lines of defense" risk governance architecture. Meanwhile, the Company regularly or irregularly collects internal and external information for risk identification, judges whether the risks are within the acceptable range through multi-dimensional analysis, and carries out all-round closed-loop management for the evaluated important risks.

First Line of Defense: Business Departments

Managers of business departments are the direct bearers and managers of risks and are responsible for identifying the businesses under their jurisdiction.

Second Line of Defense: Risk Management Department

Responsible for the identified risks and the follow-up response, rectification and follow-up supervision.

Third Line of Defense: Internal Audit Department

Conduct inspection and audit on the risk management process.

The management procedures for emerging risks follow the basic risk management procedures. If the identified risk is determined as an emerging risk in the risk identification process, the Company will carry out risk management based on the specific risk scenario and comprehensive consideration of business characteristics.

Risk Items	Risk Points	Risk Scenarios	Countermeasures
Product Access	A large number and various types of overseas market access regulations.	The Company's products trigger further compliance risks due to non-compliance with local regulations.	Track relevant regulations of target markets and conduct internal compliance assessments in a timely manner.
Geopolitics	Continuous geopolitical conflicts and frequent sanctions by various countries, thereby affecting the Company's operation and business development.	Tariff sanctions, anti-dumping and countervailing investigations.	Assess policy risks and take timely actions in conjunction with relevant stakeholders to respond.

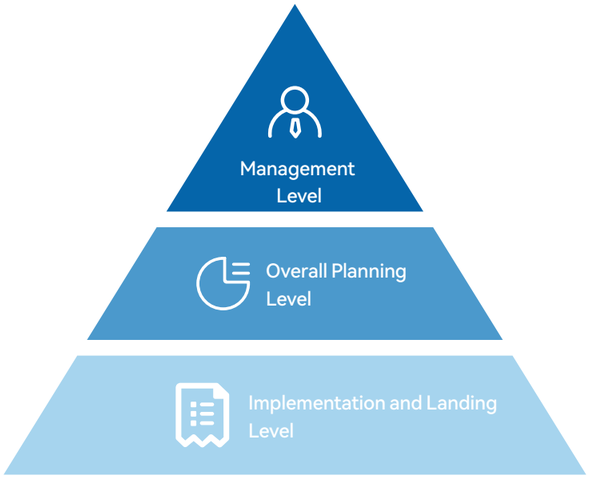
Data Security and Privacy Protection

Governance

The Company has constructed a three-level information security governance architecture of "management level - overall planning level - implementation and landing level". The highest governance body is the Information Security Management Committee, which is headed by the president and consists of senior managers and relevant department heads. The committee has formulated and issued the Information Security Management Manual as a programmatic document, which clearly specifies the information security policies, strategies and objectives to provide guidance and basis for the Company's information security work.

The Company takes the initiative to align with relevant domestic and foreign standards and requirements to improve the information security management system, and takes the initiative to carry out information security certification work to enhance information security management and guarantee capabilities. During the reporting period, the Company has successfully passed the TISAX Information Security Certification, the National Information Security Class III Level Protection Certification and other certifications.

Meanwhile, the Company focuses on the cultivation and capacity building of information security culture, actively participates in external training, industry conferences and other activities to learn and understand the latest industry requirements and best practices, and establishes an internal knowledge sharing mechanism to empower the capacity improvement of internal employees. At the same time, the Company focuses on cultivating and establishing the information security awareness of all employees, and creates an information security atmosphere of full attention and active participation through regular broadcasting of information security promotion videos, special information security training for new employees and other methods.



Strategy

To strengthen the assessment and management of information security risks, the Company has formulated and issued the Information Security Risk Assessment Management Procedures. The Company organizes and conducts annual risk assessment and analysis, and collaborates with all departments and bases to carry out workflows including risk identification, status analysis, risk evaluation and analysis, risk treatment, residual risk disposal and risk control. A formal risk assessment report is generated upon completion of the process.

Type	Description of Potential Risks	Financial Impact	Timeframe of Impact	Scope of Impact	Response Measures
Risk of leakage of core technical data/ intellectual property rights and trade secrets	Leakage of core technical data weakens core competitiveness and leads to a decline in market share and operating revenue.	Avoidable compliance risks and penalty expenses; meanwhile, differentiated advantages can be established through safety and compliance to enhance customer stickiness and market share.	Short-term, medium-term, long-term	Upstream, own operations, downstream	1) Policy level: The Company has issued the Information Asset Security Management Procedures to strictly stipulate data classification and protection measures. 2) Technical level: The Company has launched a terminal anti-leakage system, and all data have been encrypted to effectively ensure data security.
Risk of leakage or abuse of customer privacy data	It may lead to system vulnerabilities, business interruptions or data leakage, resulting in emergency response costs, regulatory fines and reputation losses, and affecting customer contract renewals and new order acquisition.	It may lead to fines or increased operating costs, affecting orders and reducing operating revenue.	Long-term	Upstream, own operations, downstream	1) The Company has issued the Personal Information Protection Management System to stipulate the management of the full data life cycle; 2) Meanwhile, data has been encrypted and stored on servers with minimized permissions, and firewalls, intrusion detection and prevention systems (IDS/IPS) have been deployed to ensure the security of networks, servers and data.

Impact, Risk and Opportunity Management

The Company has established a systematic risk assessment mechanism covering multiple dimensions of assets, threats and vulnerabilities. The Company classifies risk levels and implements graded disposal in accordance with the assessment results. A comprehensive emergency response mechanism has been established. The Company has formulated the Information Security Incident Management Procedures and the Information Security Business Continuity Management Procedures to clarify the emergency handling processes and measures for unexpected incidents. The Company has formulated emergency plans for data or privacy leakage and conducted emergency plan drills to improve the response and handling capabilities of information security emergencies.

In addition, the Company has formulated and issued the Vulnerability and Patch Management System to regulate vulnerability management. The Company conducts regular system vulnerability scanning and detection; the discovered vulnerabilities are strictly handled in accordance with the principle of "mandatory patching for medium and high risks" to eliminate potential safety hazards in a timely manner.

Infrastructure Construction

To further strengthen information security protection capabilities, the Company has deployed multi-layer equipment including firewalls, anti-virus systems, bastion machines, IPS and WAF to build an in-depth defense system covering the entire network, servers and applications. The Company has strengthened the information security infrastructure of the Company from physical, network and software aspects to build a solid security line for all links.

Physical Level

The Company has formulated a physical security management procedure to define clear security boundaries. Access control and video surveillance are installed in key areas, and 24-hour security personnel are arranged to strictly control the entry and exit of personnel and visitors, so as to ensure the physical environment security of information assets.

Network Level

The Company has built a multi-layer network protection system. Security equipment such as firewalls, IPS, WAF, online behavior management and bastion machines are deployed at the boundary to achieve access control, attack protection and behavior auditing. The internal network is divided into office network, production network and OT network, and network isolation is implemented to prevent the spread of risks and ensure the independent and stable operation of each network.

Software Level

Anti-virus software and file encryption system are deployed on terminals to achieve real-time protection. Meanwhile, a graded data backup strategy is formulated according to the importance of the system, and key data are backed up regularly to ensure rapid recovery in case of accidents and guarantee business continuity.

Information Security Protection

In terms of customer privacy protection

The Company has formulated and issued the Data Protection Management System to clarify the requirements for hierarchical and classified data management. Customer privacy data are encrypted and de-identified, and data extraction, interaction and encryption are strictly managed through internal control procedures and approval authority restrictions to effectively protect customer privacy and data security.

In terms of supplier information security management

The Company incorporates data security capability into the core access standards for third-party cooperation. The Company has formulated and issued documents such as the IT Supplier Information Security Management System, established a supplier access security assessment and annual information security evaluation mechanism, requiring comprehensive security capability assessment and compliance due diligence on suppliers. The Company also promotes and explains the Company's information security strategies and requirements, and requires confidential suppliers to sign Confidentiality Agreements. The Company clearly requires the consent of stakeholders for the processing, sharing and retention of confidential information to prevent illegal access or disclosure of third-party data and ensure that IT risks are under control.

In terms of confidential information management

The Company has formulated and issued the Personal Information Protection Management System. The processing of employees' personal information must be legal and compliant throughout the process, and the processing of the Company's confidential information must go through a complete authorization process and obtain the approval of the person-in-charge of the department to which the data belongs. In addition, through the Information Security Incident Management Procedures, the full life cycle management process of confidential information leakage incidents is clarified. If a confidential information leakage incident occurs in violation of regulations, the information security team will analyze and evaluate the incident level and initiate the corresponding level of disposal and internal and external reporting processes.

Information Security Audit

The Company attaches great importance to information security audit and has formulated and issued internal documents such as the IT Audit Management System to clarify the scope, requirements and processes of IT audit. The Company conducts IT audits through a combination of internal and external audits every year and forms IT audit reports to clarify rectification measures and plans. During the reporting period, the Company successfully passed various internal and external audits such as listed Company financial audits, TISAX audits, customer access audits and internal information security audits.

Information Security Culture Construction

The Company has established an information security issue feedback and reporting mechanism covering all stakeholders with convenient channels and standardized disposal processes, which is publicized through the official website to ensure that relevant parties can timely and standardly feedback information security hazards and continuously improve information security risk prevention and control capabilities.

Information Security Issue Feedback Channels

Email: infosec@farasisenergy.com.cn Tel: +86 0793-7329933

Indicators and Targets

To further track and manage the effectiveness of data security and privacy protection management and practices, the Company has set a series of indicators for control and regularly reviews the targets and work progress to improve performance. During the reporting period, no data security or customer privacy information leakage incidents occurred.

Indicator	Unit	2023	2024	2025
Number of customer information leakage incidents	case	0	0	0
Amount involved in data security incidents	ten thousand yuan	0	0	0
Proportion of operating sites with TISAX certification	%	100	100	100
Number of information security emergency drills*	session	/	/	2
Number of data security and privacy protection training sessions*	session	/	/	5
Annual information security training coverage rate*	%	/	/	100

*Note:

The indicators above are newly added in 2025. No relevant statistics were collected in 2023 and 2024, hence marked as "/".

02

Green Development

- Climate Change Response
- Environmental Compliance
- Pollutant Emission and Waste Treatment
- Resource Utilization
- Ecosystem and Biodiversity Conservation

Climate Change Response

Governance

The Company accelerates the development of its capacity to address climate change, systematically identifies and manages climate-related risks and opportunities that may affect its business, and establishes a three-level governance structure consisting of "Leadership Level – Management Level – Implementation Level" to orderly advance the governance and practices of climate change response-related topics. Meanwhile, the Company continuously improves its working mechanisms for carbon emission statistics, accounting, monitoring, management and information disclosure. With reference to the international standards of ISO 14064/14068, the Company has formulated management systems for carbon inventory, reporting and carbon neutrality, and incorporated indicators such as energy conservation and consumption reduction, ISO 14064 certification and zero-carbon factory certification into the annual performance appraisal indicators of relevant departments.

Leadership Level
Board of Directors and its Special Committees

As the supreme decision-making body for ESG affairs, the Board of Directors and its Special Committees make decisions on major matters related to the Company's climate change response, and regularly hear work reports from the ESG Management Committee.

Management Level
ESG Management Committee

Responsible for evaluating and reviewing matters related to the Company's climate change response, including the adequacy of resources, compliance, effectiveness of procedures and overall performance of the Company in addressing climate change, and providing recommendations to the Board of Directors and its Special Committees.

Implementation Level
Sustainable Development Department

Responsible for formulating development plans related to climate change response, establishing working mechanisms for target setting and tracking, as well as risk and opportunity management and evaluation mechanisms, and submitting such documents to the ESG Management Committee for review and reporting; formulating annual work plans for climate change response, leading and coordinating relevant departments to set up special working groups to implement various measures such as carbon inventory, carbon verification, energy conservation and carbon reduction.

Strategy

Farasis Energy (Ganzhou) Co., Ltd. attaches great importance to the management of climate-related risks and opportunities. The Company takes the initiative to study and understand relevant policies, regularly identifies climate-related risks and opportunities, and develops response measures. Through standardized management, the Company aims to mitigate risks, achieve sustainable development, reduce its impact on the climate and environment in the process of production and operation, and adopt effective measures to manage climate risks.

Risk Type	Description of Potential Risks	Financial Impact	Time Horizon of Impact	Scope of Impact	Response Measures
Physical Risk – Extreme Weather	The Company's domestic production bases are located in Ganzhou, Zhenjiang and Guangzhou, which are exposed to extreme weather impacts to varying degrees. Extreme high temperatures or abnormal climate conditions increase equipment wear and operational energy consumption. Typhoons, floods and other disasters may cause water damage to facilities and equipment, potentially leading to production suspension, transportation disruption and other risks. Typhoons, precipitation, high temperatures and other conditions tend to trigger hidden dangers of infectious diseases such as dengue fever.	Damage to infrastructure, increased equipment maintenance and energy costs, and increased expenditure on employee health and safety protection will lead to higher operating costs. Restricted production capacity and supply chain disruptions will affect production arrangements and product delivery, resulting in reduced operating revenue.	Short-term, Medi-um-term,	Upstream, Own Operations, Downstream	Strengthen inspection of workshops and equipment, manage electricity consumption and promote awareness of energy conservation and consump-tion reduction to improve the efficiency of energy use. Strengthen safety risk management and control, hidden danger investiga-tion, monitoring and early warning of weather conditions such as typhoons and precipitation, implement flood prevention measures, improve the emergency management mechanism, and enhance the capacity for emergency response to extreme weather and major natural disasters. Establish a diversified supply chain layout to ensure the reserve of key materials and rationally arrange transportation routes and plans.
Physical Risk – Sea Level Rise	Salinization of groundwater may trigger the risk of water shortage. The upstream suppliers and the Company's own production rely on water resources to a certain extent, and water shortage will lead to supply chain disruptions.	Restricted production capacity and reduced operating revenue.	Long-term	Upstream, Own Operations, Downstream	Strengthen the assessment and response to water use safety risks, implement water resource manage-ment plans, and set water conservation targets. Carry out practices of water recycling and reuse, enhance the research and development of water-saving technologies and the application of water-saving equipment to reduce operational vulnerability and water costs. Comprehensively consider factors such as extreme weather and water resource supply to ensure the long-term sustainability and resilience of project site selection decisions.
Transition Risk – Policy and Legal Risk	China's energy policy has shifted from dual control of energy consumption to dual control of carbon emissions, while imposing higher requirements on product carbon footprint management.	Increase the Company's compliance costs.	Short-term, Medi-um-term,	Own Operations	Strengthen organized carbon emission management and promote the establishment of sound relevant working mechanisms to ensure compliance with requirements; Conduct carbon inventory, strengthen carbon emission management, implement measures such as energy conservation, carbon reduction and use of clean energy to facilitate the transformation of the energy structure.

Note: The Company defines the time horizon as follows: short-term (1 to 2 years inclusive), medium-term (3 to 5 years inclusive) and long-term (more than 5 years).

Risk Type	Description of Potential Risks	Financial Impact	Time Horizon of Impact	Scope of Impact	Response Measures
Transition Risk – Policy and Legal Risk	Influenced by international policies of the EU, the United States, Europe and other regions, exports of battery products are restricted, and higher requirements are put forward for product carbon footprints and supply chains.	Increase investment in product carbon footprint management, supply chain compliance, digital transformation and other aspects, leading to higher operating costs;Non-compliant products will result in restricted exports and reduced operating revenue.	Short-term, Medium-term,	Upstream, Own Operations, Downstream	Conduct research on domestic and foreign policies and actively participate in the formulation of relevant domestic and international standards; Establish special and cross-departmental working groups to promote the improvement of relevant management systems and working mechanisms, ensure the implementation of relevant work requirements, and guarantee that products meet market access criteria.
Transition Risk – Technology Risk	Higher requirements are imposed on manufacturing, production and product R&D in terms of low-carbon materials, renewable and recycled materials, manufacturing processes, recycling and circular utilization; Extreme climate changes affect the stability of power batteries, raising requirements for R&D and application of technologies enhancing the climate adaptability of batteries.	Increase investment in R&D, procurement, equipment renovation and other costs for low-carbon materials and technologies; Higher R&D investment in technologies improving battery climate adaptability, limited battery stability may trigger product recalls and other incidents, increasing operating costs and reducing operating revenue.	Long-term	Upstream, Own Operations, Downstream	Increase R&D investment, promote the application of low-carbon materials and renewable recycled materials, and develop green and low-carbon products meeting market demands; Strengthen R&D collaboration, jointly conduct technological research with upstream suppliers and downstream customers to improve product stability and performance.
Transition Risk – Market Risk	Internal and external policies as well as overseas downstream customers have raised attention and requirements on the Company's carbon emission management, energy structure transformation and product carbon footprints, with preferences shifting toward green and low-carbon products; Affected by external factors such as policies and market supply-demand relations, prices of green certificates and other products rise.	Increase operating costs including carbon accounting and carbon reduction in carbon emission management, energy structure transformation, product carbon footprint management and certification; Excessively high product carbon footprints will push up product prices, weaken market competitiveness, reduce operating revenue and lower profitability; Regulatory pressures on the upstream supply chain drive up raw material prices, increasing procurement costs.	Short-term, Medium-term,	Upstream, Own Operations, Downstream	Strengthen supply chain carbon emission management and reduce supply chain product carbon footprints; Promote energy structure transformation, increase the proportion of clean energy used in production, implement green electricity/green certificate procurement, carry out energy-saving technological transformation and carbon reduction initiatives, establish a product life cycle management system to lower product carbon footprints.
Transition Risk – Reputational Risk	Any adverse environmental or climate-related conduct by the Company may damage its reputation and drive away investors and customers.	Harms the Company's brand image and credibility, restricts orders and reduces operating revenue.	Long-term	Own Operations, Downstream	Strengthen sustainable management and information disclosure to maintain brand reputation and safeguard the long-term value of the enterprise.

Analysis of Key Transition Opportunities and Response Measures

Type	Climate-Related Opportunities	Financial Impact	Time Horizon of Impact	Scope of Impact	Response Measures
Resource Efficiency	The external environment, including battery recycling, restricted use of hazardous substances, and rising prices of raw materials such as lithium metal, imposes higher transformation requirements on products and business models.	The application of renewable and recycled materials helps reduce production and operating costs; Developing alternative products such as sodium-ion batteries diversifies the product portfolio and improves	Medium-term, Long-term	Upstream, Own Operations, Downstream	Strengthen value chain collaboration, work with upstream and downstream partners to promote the construction and large-scale application of the battery recycling system, conduct R&D on recycled materials and related technologies, reduce reliance on raw materials, and enhance supply chain resilience; Accelerate the R&D and application of recycling and renewable materials, develop alternative product lines such as sodium-ion batteries, and improve product competitiveness.
Energy Source	The capacity for clean energy accommodation on the grid side is further improved, and the stability and tradability of green power supply are enhanced; The technology and market for distributed renewable energy have matured, facilitating the enterprise's energy transformation.	Direct procurement of green power and self-built photovoltaic power generation directly reduce energy costs, and also help lower carbon compliance costs; self-built photovoltaic projects may obtain government subsidies and tax incentives; Clean production helps create "zero-carbon" and "low-carbon" products, enhances product market competitiveness, and improves profitability	Short-term, Medium-term,	Upstream, Own Operations, Downstream	Gradually increase photovoltaic installed capacity, implement clean production measures, strive for government subsidies and apply for green financing; Actively participate in projects such as direct green power connection and formulation of international carbon emission standards; Strengthen energy management and clean production, implement comprehensive energy conservation and carbon reduction, and take the lead in adopting new technologies, processes and facilities.
Market	The development of emerging industries and the energy transformation of traditional industries create a broad market for power batteries; Demand is growing for energy storage batteries for power stations, commercial and residential applications.	Emerging industries such as humanoid robots, eVTOL and unmanned aerial vehicles, as well as traditional industries such as ships, mining trucks and cranes, represent future market growth opportunities and target markets for the Company's products; The broad demand in the energy storage market helps the Company develop new business growth points.	Medium-term, Long-term	Own Operations, Downstream	Rely on the experience of successfully applied product projects, increase R&D investment to deepen market penetration, expand technological and product advantages, and strengthen core competitiveness;Leverage the Company's technological and R&D strengths to accelerate the layout of the energy storage business, actively participate in energy storage standard formulation and demonstration project construction, and seize market opportunities in the energy storage sector.

Impact, Risk and Opportunity Management

The Company strengthens the management of climate-related risks and opportunities. Based on internal and external development environments including the Company's business conditions and industry background, the Company identifies and assesses climate-related risks and opportunities with potential impacts on the Company through executive interviews, departmental investigations and expert opinions, and discusses and formulates targeted response measures. Meanwhile, the Company takes proactive actions in various aspects such as organizational carbon emission management, product carbon footprint management, energy conservation, emission reduction and consumption reduction, improves relevant management mechanisms, and implements diverse practices in light of actual business operations to enhance its capacity to address climate change.

Indicators and Targets

In accordance with the ISO 14064 standard, the Company has established a greenhouse gas and carbon neutrality management organization with the President as the highest leader, and formulated management systems for carbon inventory, reporting and carbon neutrality. Led by the Sustainable Development Department, the Company conducts annual greenhouse gas inventories for Scope 1, Scope 2 and Scope 3, and entrusts an independent third party to conduct verification to ensure the authenticity and reliability of the Company's greenhouse gas calculation data. In 2025, the Company's Ganzhou Base and Zhenjiang Base successfully passed the ISO 14064 carbon verification certification.

Greenhouse Gas Emissions[1]

Indicator	Unit	2023	2024	2025
Total GHG Emissions (Scope 1 + Scope 2)	tCO_2e	371657.34	289082.48	278171.25
GHG Emissions per Unit Energy Consumption (Scope 1 + Scope 2)	tCO_2e	/	/	2.9
Total Scope 1 GHG Emissions	tCO_2e	4328.28	3679.09	5113.22
Direct GHG Emissions per Million RMB Revenue (Scope 1)	tCO_2e	/	/	
Total Scope 2 GHG Emissions (Location-Based)	tCO_2e	367329.06	285403.39	273058.05
Total Scope 2 GHG Emissions (Market-Based)	tCO_2e	246221.5	265853.66	221150.66
Indirect GHG Emissions per Million RMB Revenue (Scope 2)	tCO_2e	/	/	
Total Scope 3 GHG Emissions	tCO_2e	987510.47	841536.69	9387013
Other Indirect GHG Emissions per Million RMB Revenue (Scope 3)	tCO_2e	/	/	
GHG Emission Intensity	tCO_2e / million RMB revenue	22.61	24.75	
Directly Reduced Scope 1 GHG Emissions	tCO_2e	1952.20	649.19	-1434.11
Directly Reduced Scope 2 GHG Emissions	tCO_2e	51176.84	81925.67	12345.34
GHG Offsets (Scope 1 & Scope 2)	tCO_2e	/	/	46062.62
Direct GHG Offsets (Scope 1)	tCO_2e	/	/	12950
Indirect GHG Offsets (Scope 2)	tCO_2e	/	/	33112.62
Carbon Emission Reduction Equivalent from Clean Energy Generation	tCO_2e	/	/	18359.89

*Data Notes:
[1] Carbon inventory has not yet been conducted at the Guangzhou Base and Ganzhou New Energy Base in 2025. Therefore, GHG emission data for 2023, 2024 and 2025 in this table only cover the Ganzhou Base and Zhenjiang Base. Some indicators in the table are newly added and were not counted in 2023 and 2024, hence marked as "/".
[2] The increase in Scope 1 GHG emissions is mainly due to the addition of R428A and heptafluoropropane fire extinguishers at the Zhenjiang Base, which have high global warming potential (GWP) values, leading to a rise in total emissions.
[3] The increase in Scope 3 GHG emissions is mainly attributed to the update of the carbon emission factor for road freight transportation, which was revised from 0.049 $kgCO_2e/t \cdot km$ (originally from CPCD) to 0.2157 $kgCO_2e/t \cdot km$ [from GHG S3.4 & 3.9 China Road Transport Emission Factors (2024)], representing a 4.4-fold increase over the original factor.

Environmental Compliance

Environmental Compliance Management

The Company has established and improved its environmental management system and set up an Environmental Management Committee chaired by the President as the supreme decision-making body for corporate environmental management, which is responsible for the effective operation of the Company's environmental management system. The Company has established a target and indicator monitoring system to supervise the compliance of various environmental protection data, and has duly revised and issued the Farasis Energy Environmental Management Statement signed by senior management as a programmatic document. The Company commits to timely and proactive disclosure of environmental information to the public and active communication and cooperation with stakeholders to address environmental challenges.

The Company signs annual EHS target responsibility letters with senior management every year, incorporating environmental management indicators such as compliant discharge of "three wastes" and environmental pollution accidents into the annual performance appraisal of management and relevant responsible departments. Meanwhile, the Company has introduced and certified the ISO 14001 Environmental Management System, achieving 100% coverage of environmental management system certification at production bases with stable operation and qualification. The Ganzhou Base and Zhenjiang Base were successfully awarded the title of "National-Level Green Factory".

The Company has completed environmental impact assessments for construction projects in strict accordance with laws and regulations including the Environmental Impact Assessment Law of the People's Republic of China, implemented the "three simultaneous" system and pollutant discharge permitting system for construction projects, and formulated the Monitoring and Measurement Management Procedures. All bases conduct regular self-monitoring and outsourced environmental testing as required, and disclose environmental information in accordance with relevant laws and regulations. Benefiting from effective environmental risk control and a sound environmental monitoring system, the Company is recognized as a non-key pollutant discharge entity. During the reporting period, the Company complied with environmental protection laws and regulations, with no violations of environmental laws and regulations and no penalties imposed by competent authorities.

Obtained environmental management system certification

2 Sites

National-level green factories

2 Sites

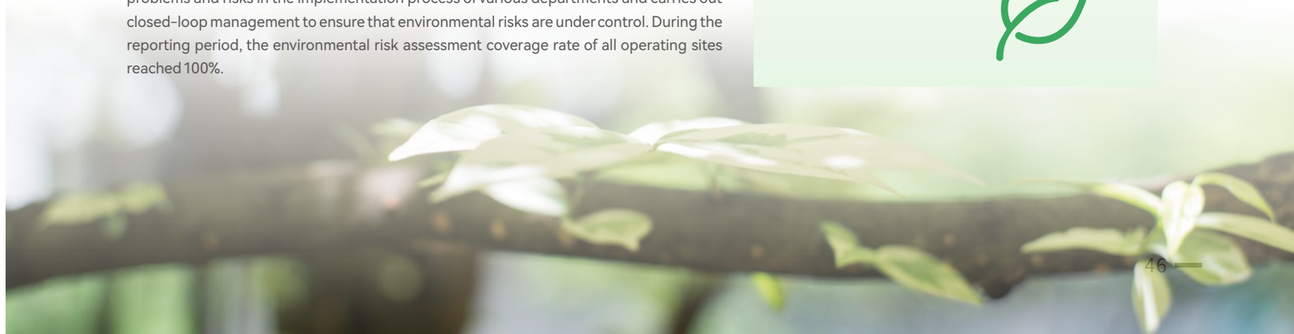
Environmental Risk Management and Control

The Company attaches great importance to environmental risk management and control and has formulated the Procedures for the Identification and Evaluation of Environmental Aspects. The Company conducts environmental aspect identification and environmental risk assessment at least once a year, using a scoring coefficient combined with multi-factor scoring method to evaluate environmental aspects. It also compiles a list and management plan for significant environmental aspects to identify and control environmental risks. Through monthly regular work review meetings and special inspections, as well as cross-checks and on-site audits among subsidiaries (bases), the Company identifies problems and risks in the implementation process of various departments and carries out closed-loop management to ensure that environmental risks are under control. During the reporting period, the environmental risk assessment coverage rate of all operating sites reached 100%.

During the reporting period

The environmental risk assessment coverage rate of all operating sites reached

100%



Environmental Emergency Management

During the reporting period

The Company conducted environmental protection emergency drills.

26 sessions

The Company highly values environmental training and emergency management, and has established a four-tier emergency rescue system (employee level, workshop level, Company level, and social forces) and a grid-based unit management system to strengthen the prevention and response to environmental emergencies. For specific scenarios such as chemical leakage, hazardous waste leakage, industrial wastewater leakage, and environmental pollution accidents derived from fires, the Company has formulated the Emergency Plan for Environmental Emergencies and the Procedures for Accident Reporting, Investigation and Handling, developed training and drill plans, and conducted training and emergency drills in accordance with the plans.

Environmental Protection Culture Development

The Company integrates the low-carbon concept into daily operation processes, establishes a normalized environmental protection training system, and incorporates environmental protection laws and waste management requirements into the onboarding training for new employees to ensure that all employees master the basic knowledge and skills of environmental management, achieving full coverage of environmental-related training. Meanwhile, the Company has launched courses such as Corporate Environmental Management Training and Environmental Protection on the online learning platform to cultivate environmental compliance awareness and improve capabilities among all employees, consolidating the foundation of the corporate environmental protection culture.

During the reporting period

Organized environmental protection training sessions,

92 times

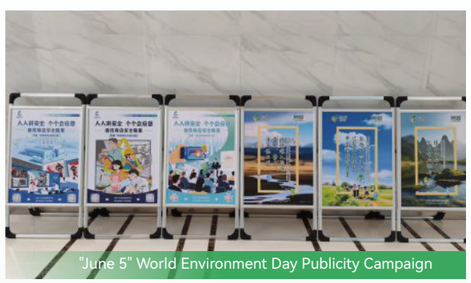
Employees receiving environmental-related training.

100%

Case

"June 5" World Environment Day Environmental Training and Publicity Campaign

The Company sets an "Environmental Protection Promotion Month" every year and carries out various environmental protection publicity activities, providing incentives to employees who participate to stimulate their internal motivation to understand and care about environmental protection. In 2025, the Company conducted low-carbon and environmental protection training for environmental protection management personnel in various departments, covering environmental protection awareness, solid waste management, wastewater, waste gas and hazardous waste discharge and disposal management. It encouraged environmental management personnel to apply what they have learned to daily management.



"June 5" World Environment Day Publicity Campaign

Solid Waste Knowledge Training

Pollutant Emission and Waste Treatment

The Company strictly abides by environmental laws and regulations including the Water Pollution Prevention Law of the People's Republic of China, the Air Pollution Prevention Law of the People's Republic of China, the Solid Waste Pollution Prevention Law of the People's Republic of China, and the Noise Pollution Prevention Law of the People's Republic of China. It has formulated systems such as the Wastewater Management Regulations, Waste Gas Management Regulations, and Hazardous Waste Management Regulations, set relevant targets, strengthened the daily management of pollution control facilities and equipment, standardized operation files, developed monitoring plans, and conducted regular pollutant monitoring. Every year, the Company entrusts qualified third-party monitoring institutions to regularly monitor wastewater, waste gas and noise to ensure the accuracy and reliability of monitoring data.

In addition, the Company has formulated and implemented an emergency plan for environmental pollution accidents and organized review meetings with external experts to ensure the operability and effectiveness of the plan. Each base conducts regular emergency drills to improve the response capacity to environmental emergencies and minimize or avoid environmental pollution risks.

Waste Gas

1) Emission Sources: Production waste gas, testing waste gas, etc.

2) Major Pollutants: Particulate matter, non-methane total hydrocarbons, sulfur dioxide, nitrogen oxides, etc.

3) Pollution Control Facilities: NMP recovery (condensation + water spray), alkaline spray + electrostatic precipitation + activated carbon adsorption, activated carbon adsorption, etc.

4) Treatment Method: Discharged up to standard after treatment by waste gas treatment facilities.

① Sealed Production Line Waste Gas Management: Negative pressure gas collection hoods are installed in partially open areas to prevent unorganized fugitive emissions of waste gas, and segmented recovery is carried out through pipelines. Most waste gas is recovered by cryogenic condensation in the oven section; a small amount of uncondensed NMP is absorbed by water spray. After multiple rounds of spray absorption, the remaining tail gas is adsorbed by activated carbon and discharged through waste gas pipelines. With the above recovery measures, the NMP recovery rate exceeds 99%.

② Electrolyte Waste Gas Management in Injection Process: Two-stage activated carbon adsorption is adopted to reduce waste gas emissions.

Wastewater

1) Emission Sources: Production wastewater, domestic sewage, etc.

2) Major Pollutants: COD, SS, NH_3-N, TP, TN, suspended solids, etc.

3) Pollution Control Facilities: Production wastewater pretreatment system, integrated wastewater treatment system, septic tanks.

4) Treatment Method:

① The production wastewater pretreatment system adopts coagulation sedimentation + air flotation + anaerobic process; the integrated wastewater treatment system adopts hydrolysis acidification + contact oxidation + MBR process. The treated wastewater is discharged to the municipal sewage treatment plant through the main outlet up to the discharge standard.

② Wastewater generated from cleaning of ingredient tanks for positive and negative electrode slurry first flows into waste slurry sedimentation tanks (separate tanks for positive and negative electrodes), then is uniformly discharged through sewage pipelines to the Company's wastewater treatment station for treatment, and discharged to the municipal sewage treatment station after meeting standards.

General Solid Waste

1) Emission Sources: Material unpacking, scrapped production leftovers, rejected defective products, etc.

2) Major Wastes: Waste packaging materials, waste leftovers, defective products, etc.

3) Waste Treatment Facilities: Special storage yard for general solid waste.

4) Treatment Method: Classify and collect non-hazardous waste by category, transfer to special temporary storage areas at each base with clear labels. Sign contracts with qualified disposal units to promptly transfer solid waste according to production conditions, and implement leak-proof and spill-proof measures during transportation. Keep full records of the recovery volume of all types of waste to form ledgers and realize full-process traceability.

Hazardous Waste

1) Emission Sources: Electrolyte injection changeover, replacement of activated carbon in waste gas treatment facilities, glue pouring, etc.

2) Waste Types: Waste electrolyte, waste activated carbon, waste glue, etc.

3) Pollution Control Facilities: Hazardous waste storage warehouse.

4) Treatment Method:

① Special temporary storage warehouses for hazardous waste have been established, all meeting the "four-proof" requirements of windproof, rainproof, sunproof and anti-seepage. Compliance signs such as zoning plates, information bulletin boards, solid waste pollution prevention responsibility systems and emergency disposal measures are posted in the warehouses.

② A hazardous waste management plan is formulated based on management ledgers and recent production plans. The ledgers truthfully record the type, quantity, utilization, storage, disposal and flow direction of hazardous waste, and are managed by dedicated personnel.

③ Containers and packages for hazardous waste, as well as sites generating, collecting, storing, transporting and disposing of hazardous waste, are equipped with corresponding marks, warning signs and labels in accordance with the law. Labels indicate the category, hazard and start storage time of the stored waste.

④ Strictly implement the approval procedure for hazardous waste transfer plans and legally operate hazardous waste transfer manifests. Transfer plans and electronic transfer manifests are registered through the information system.

⑤ Establish and improve internal management systems for hazardous waste generators, implement the hazardous waste generation information disclosure system, improve relevant archives management systems, and formulate and improve emergency plans for sudden hazardous waste environmental incidents.

Noise

1) Emission Sources: Mainly equipment noise, traffic noise, etc.

2) Pollution Control Facilities: Mufflers, sound insulation covers or closed mechanical sheds, sound-absorbing materials, personal protective equipment.

3) Treatment Method:

① Cut Off Transmission Path: Install sound insulation covers or closed mechanical sheds for equipment to physically isolate noise sources (e.g., set equipment rooms to separate noise-generating equipment); use sound-absorbing materials (e.g., sound-absorbing ceilings) in workshops to absorb reflected sound waves; construct sound insulation barriers or use green belts as acoustic barriers (e.g., install sound insulation screens for air compressors, chillers and other equipment near residential areas to reduce adverse impacts).

② Individual Protection: Provide appropriate personal protective equipment such as earplugs or earmuffs for operators in noise-exposed posts to reduce hearing exposure. A health monitoring system shall be established with regular hearing tests.

Resource Utilization

Energy Management

Governance

The Company has established an energy management organizational structure consisting of the "President – General Manager of each Base – Functional Departments", and formulated and issued documents including the Energy Management Manual, Control Procedures for Energy Management Measures, Energy Operation Control Procedures, and Control Procedures for Energy Monitoring, Measurement, Analysis and Performance Evaluation, so as to standardize and optimize energy and data management processes. In addition, the Company incorporates performance indicators related to energy management, energy conservation and consumption reduction into the annual performance appraisal indicators of relevant responsible departments and managers. Furthermore, the Company attaches importance to the cultivation of employees' awareness and capacity of energy conservation, regularly organizes special training on energy conservation management, actively responds to the call of the National Energy Conservation Publicity Week, and launches activities such as energy conservation knowledge competitions and the "My Low-Carbon Life" 7-day check-in campaign, integrating energy conservation and carbon reduction awareness and concrete actions into employees' daily production and life.

Ganzhou New Energy Base Energy Conservation Knowledge Training Session

Ganzhou New Energy Base Energy Conservation Knowledge Competition

During the reporting period, the Ganzhou Base and Zhenjiang Base, which maintain stable operation and hold certification qualifications, were audited to meet the requirements of ISO 50001:2018 and successfully obtained corresponding certificates. Other bases will also promote relevant certification upon meeting the certification conditions.

Strategy

The Company continuously promotes energy structure optimization and energy efficiency improvement through technological energy conservation, management energy conservation, clean energy application and other approaches. Relying on its technological R&D advantages, the Company adopts advanced processes and high-efficiency equipment in production line design and continuously optimizes manufacturing processes to achieve energy conservation at the source. Meanwhile, it builds an intelligent energy management system to tap into the potential of management energy conservation through real-time monitoring, data analysis and lean operation.

The Company actively responds to the call for clean energy transformation and increases the proportion of clean energy use by purchasing green electricity, building distributed photovoltaic power generation systems and other means. At the same time, it is planning and laying out the construction of an integrated photovoltaic-storage-charging energy storage power station to drive the green and low-carbon transformation of the energy consumption structure. In 2025, the Company's total installed photovoltaic capacity reached 34.29 MWh, and the on-site photovoltaic power consumption amounted to 34,602.13 MWh, equivalent to a reduction of 18,359.89 tCO_2e of emissions.

Impact, Risk and Opportunity Management

The Company regularly identifies energy-related risks and opportunities and integrates them into energy reviews and management reviews, establishing a closed-loop management mechanism covering identification, assessment, formulation of response measures, continuous monitoring and improvement, so as to enhance the Company's operational resilience in the context of energy transformation and climate change.

To fully and systematically implement various energy conservation initiatives, each base has set up a special working group and established a cross-departmental collaborative working mechanism including patrol inspection, energy conservation auditing, evaluation and rectification, review and analysis, and reporting. Based on actual business operations, an energy consumption monitoring platform has been built to improve energy management efficiency and energy use efficiency through refined management measures such as real-time collection of energy data, analysis and early warning. In 2025, the Company invested 3,086,500 yuan in energy-saving renovation projects.

Status of Energy Conservation and Emission Reduction in 2025 (Partial)

Heat Recovery Renovation for Desiccant Rotor Dehumidification Units

A heat recovery device was installed on the 40,000-air-volume desiccant rotor dehumidification unit to recover exhaust air energy for fresh air pre-treatment, significantly reducing cooling and reheat energy consumption.

Energy Saving Renovation for Aging Air Conditioning Units

Intelligent control optimization and high-efficiency component replacement were carried out for air conditioning units in aging workshops to realize on-demand cooling and precise temperature control.

Linked Optimization of Compressed Air Pipelines

By connecting the compressed air pipe networks of Cell Plant No. 2 and the Pack Plant, integrated gas source scheduling and load balancing were achieved, reducing inefficient operation time of air compressors.

Collaborative Optimization of Power Systems

Projects such as "linked compressed air pipelines between cell and Pack plants" were implemented to reduce redundant operation of air compressors through pipe network interconnection and intelligent scheduling, improving the overall energy efficiency of the public power system.

Procurement and Application of Energy-Saving Equipment

Priority was given to purchasing energy-saving production equipment such as motors, water pumps and fans that meet China's Class 1 energy efficiency standards. LED energy-saving lighting was promoted, and intelligent sensor control systems were installed in warehouses, corridors and other areas to eliminate ineffective lighting.

Waste Heat Recovery from Dust Collectors

Waste heat from dust collector exhaust was recovered and connected to the return air duct of dehumidifiers to reduce steam and power consumption of dehumidifiers.

Waste Heat Recovery from Air Compressors

Waste heat from air compressors was recovered to dryers for removing moisture from compressed air, replacing electric heating with waste heat recovery.

Indicators and Targets

The Company's direct energy consumption mainly includes gasoline, diesel and other fuels, while indirect energy covers purchased electricity and purchased steam. Coal, wind energy, biomass energy and other types are not involved. The annual energy consumption is shown in the table below.

Indicator	Unit	2023	2024	2025
Total Direct Energy Consumption	tce	/	/	2677.44
Total Indirect Energy Consumption	tce	/	/	93382.13
Total Energy Consumption	tce	93,987	82,222.282	96059.58
Clean Energy Consumption	tce	6408.38	8329.33	14463.03
Energy Consumption Intensity	tce / million revenue	5.72	7.04	10.54

Water Resource Utilization

In accordance with the Energy and Resource Management Procedures, the Company regularly compiles, analyzes and publishes water use and water conservation status. While ensuring supply, the Company has adopted a series of effective measures to safeguard water safety. All operating sites are supplied with municipal tap water. In 2025, the Company had no water resource-related impacts caused or contributed to by water intake, water consumption or drainage, nor any water-related impacts directly generated by operations, products or services through business relationships.

Metering and Monitoring

Established a secondary and tertiary water meter metering network covering major water consumption units (workshops, production lines, dormitories); supervised water supply, especially during production ramp-up stages, by closely monitoring daily water use changes to detect and resolve potential problems in a timely manner.

Pipe Network Maintenance

Developed and implemented regular inspection and leak detection plans for water supply networks to promptly identify and repair running, dripping, leaking and seeping issues.• Separated rainwater and sewage pipe networks; cooling tower drainage and rainwater harvesting are implemented at the power station.

Condensed Water Recovery

Recovered condensed water from air conditioning systems and process equipment as supplementary water sources.

Promotion of Water-Saving Equipment

Deployed water-saving sensor faucets, water-saving toilets and other efficient fixtures.

Publicity and Training

Continuously promoted water-saving concepts and practices through internal posters, knowledge competitions, special training and other channels.

Ecosystem and Biodiversity Conservation

The Company strictly abides by laws, regulations and policies including the Environmental Impact Assessment Law of the People's Republic of China, Guidelines on Further Strengthening Biodiversity Conservation, Soil Pollution Prevention and Control Law of the People's Republic of China and Groundwater Management Regulations, and implements management in accordance with local implementation rules to ensure that operational activities do not adversely affect surrounding ecosystems and biodiversity.

At present, none of the Company's leased or operating sites are located in protected areas or biodiversity-rich zones. No major incidents affecting biodiversity occurred in 2025.

03

Win-Win Cooperation

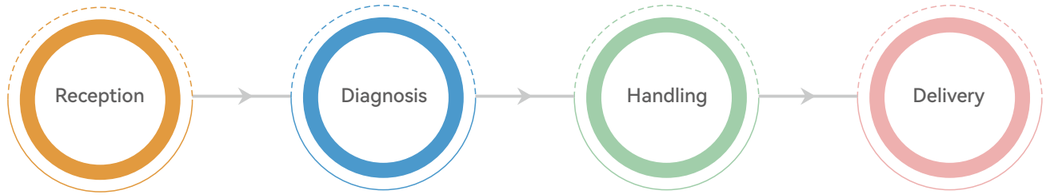
- Customer Relationship Management
- Employee Relationship Management
- Community Relationship Management
- Industrial Ecosystem Collaboration

Customer Relationship Management

Governance

Farasis Energy (Ganzhou) Co., Ltd. has established a dedicated after-sales service management department and formulated the After-Sales Service Support Process to standardize the end-to-end workflow from reception, diagnosis and handling to delivery. Multiple customer feedback channels are available to fully protect customer rights and interests. In addition, all service stations have passed strict qualification review and on-site certification, and core technical personnel are required to complete systematic training. Through regular special training and experience-sharing sessions, the Company continuously enhances employees' professional skills, service awareness and teamwork capabilities, fostering a collaborative team culture that enables the team to deliver reliable, professional and caring after-sales experiences.

Full-Chain Standard Operating Procedure for After-Sales Service



Pre Sales

Fully capture customers' real, accurate and complete demands to ensure rapid response to reasonable requests and timely provision of technical support and solution design.

During Sales

Adopted a digital and intelligent customer management model. Through tracking mechanisms including customer demand planning, order management and credit management, closed-loop management of demand-order-scheduling-delivery-payment collection is realized, improving response speed and management efficiency.

After Sales

Committed to building a customer-centric global after-sales service system. By systematically optimizing the domestic network and planning global layout, continuously improving team functions, enhancing spare parts efficiency and response speed, and deepening collaboration with customers, the Company steadily upgrades its comprehensive service capabilities and customer satisfaction, providing customers with high-quality full-lifecycle service experiences.

Strategy

As a key part of the full life cycle management of the Company's power battery products, the Company has built a customer-centric and efficient service system by optimizing the organizational structure, improving service efficiency and perfecting the complaint management mechanism, striving to provide customers with an excellent service experience and enhance customer satisfaction. Meanwhile, the Company has established and continuously optimized an authorized service network, supporting the overall strategic development goals through effective large-scale layout, standardized management and digital empowerment. The Company has more than 120 authorized service stations, strategically covering major urban agglomerations and key new energy vehicle markets across the country, ensuring a reasonable service radius and providing customers with convenient and accessible professional services. In addition, the Company has established a full-process management system covering "access, training, operation and assessment", and gradually promoted the digitalization of service processes. The online management of work orders, technical support and parts traceability is realized through the system platform, improving operational efficiency and transparency.

Impact, Risk and Opportunity Management

Customer Complaint Handling

The Company has formulated and strictly implemented the After-Sales Service Support Process to standardize the handling of customer complaints, opened diversified feedback channels such as telephone, email and WeChat, and assigned special personnel to receive relevant repair information. End customers can provide feedback to on-site service personnel or regional service managers through 4S stores, authorized service stations and other channels, and the Company provides 24/7 all-weather service.

Customer Satisfaction Management

The Company has formulated and improved institutional documents such as the Customer Satisfaction Management Procedures, clarifying the scope, frequency, standards and evaluation process of surveys. In 2025, in strict accordance with the procedures, the Company organized several special surveys for mass production vehicle customers, focusing on core dimensions including product quality, delivery timeliness and after-sales service. Through scientific research and rigorous analysis, the results of all customer satisfaction surveys throughout the year stably met and exceeded the management objectives.

Responsible Marketing

In terms of marketing, the Company effectively identifies and objectively reviews customer requirements, and strictly prohibits unfair competition through improper means. When accepting customer orders, based on the Order Review Control Procedures, the Company truthfully presents its existing commercial capabilities and never provides any false information to ensure business integrity.

Employee Relationship Management

Employee Rights Protection

Farasis Energy (Ganzhou) Co., Ltd. always takes the protection of employee rights as the core, standardizes the management of recruitment and dismissal, salary and welfare security, working hours and vacations, and establishes diverse democratic communication channels to listen to employees and effectively protect their legitimate rights and interests.

Employee Employment

Farasis Energy abides by international labor standards and national laws and regulations, adheres to the principles of equal employment and equal pay for equal work, and is committed to building a legal, fair and inclusive employment management system. It has formulated and issued a series of systems such as the Employee Recruitment Management System and Background Investigation Management System, established diversified talent recruitment channels including internal recruitment, social recruitment and campus recruitment, and is committed to building a diversified talent team. A recruitment system has been introduced to ensure the standardization and transparency of recruitment and employment procedures. The Company has formulated and implemented systems including the Procedures for the Prohibition of Forced Labor, Policies and Procedures for the Prevention of Child Labor, Procedures for the Prevention of Child Labor and Child Labor Remediation, and Procedures for the Protection of Underage Workers, prohibiting child labor and any form of forced labor, and rejecting any form of discrimination based on gender, age, race, religion, pregnancy, disability and other factors.

During the reporting period, no incidents of discrimination, harassment, child labor or forced labor occurred in the Company.

The Company is committed to creating a diverse, inclusive and equal workplace environment, and has formulated and issued the Human Rights and Diversity Policy, committing to respecting and safeguarding the human rights and labor rights of all employees, suppliers, customers and other stakeholders. The Company standardizes the signing of employee labor contracts, pays labor remuneration on time, and pays various social insurances and housing funds in accordance with the law.

During the reporting period, the labor contract signing rate of the Company reached 100%.

Democratic Management

The Company respects employees' freedom of association, has formulated union-related policy documents such as the Procedures for Freedom of Association and Collective Bargaining, and signed the Jiangxi Provincial Special Collective Contract for Collective Wage Negotiation, Special Collective Contract for the Special Protection of Female Employees and Special Collective Contract for Labor Safety and Health, to ensure that employees can freely organize and participate in union activities and enjoy the right to collective bargaining.

In 2025, the coverage rate of employees under the Company's trade union or collective bargaining agreements reached 100%.

The Company has established an employee grievance and communication mechanism. Employees may report issues related to child labor, forced labor, human trafficking, discrimination and harassment through channels including email, WeChat Work and employee suggestion boxes. All employees are also encouraged to put forward reasonable suggestions to contribute to the high-quality development of the Company.

Remuneration and Benefits

Farasis Energy (Ganzhou) Co., Ltd. upholds the principle of equal pay for equal work and has built a compensation and incentive system covering all employees. The Company has formulated and improved the Performance Management System and adopts reasonable performance target decomposition tools to ensure that individual performance goals are highly aligned with corporate strategic objectives, providing employees with clear work directions and evaluation criteria. Semi-annual and annual assessments are carried out as scheduled to objectively evaluate employees' achievement of performance goals, providing a basis for salary adjustments and incentives.

To stimulate employee initiative and creativity, the Company grants annual salary adjustments to core employees based on actual annual performance, commends outstanding employees and teams with cash bonuses, and timely recognizes their contributions and efforts.

The Company maintains open channels for performance appeal feedback. If an assessed employee disagrees with the performance evaluation results (scores and performance grades), he or she may communicate promptly with the direct supervisor (assessor) or department head and state the basis and reasons in writing. If dissatisfied with the outcome, the employee may further file an appeal to the HRBP. Upon receiving an employee appeal, the assessor, department head or HRBP shall follow up and resolve the matter within 3 working days. The appeal result shall be signed and confirmed by the employee before internal archiving.

Statutory Benefits

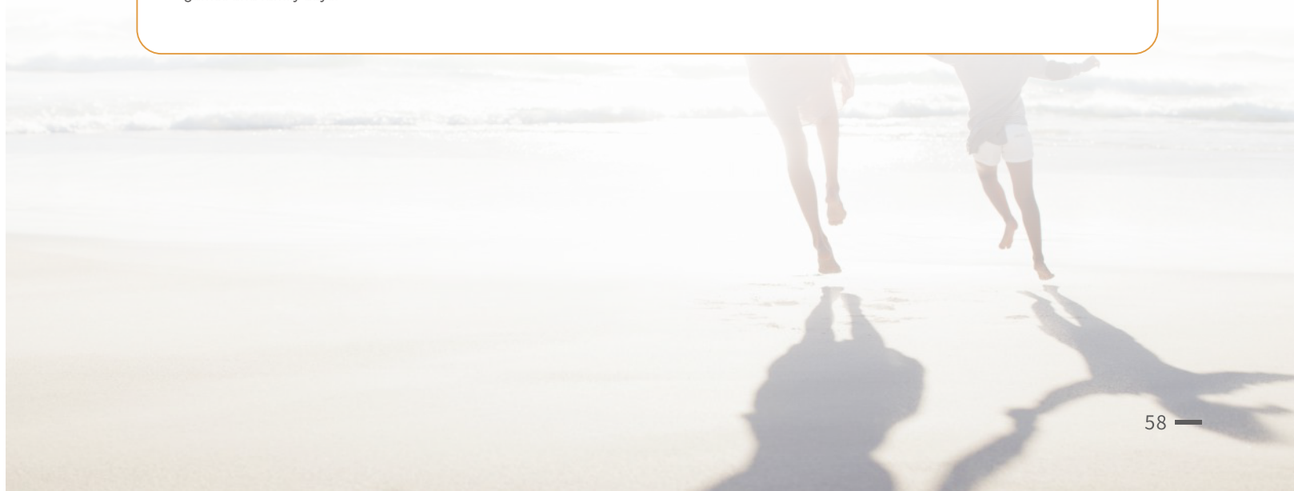
Social Insurance and Housing Fund: Full coverage of pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing fund.

Statutory Holidays: Enjoyment of statutory holidays and paid leave in accordance with national regulations.

Non-Statutory Benefits

Living Benefits: Regular free physical examinations; supplementary commercial insurance for employees; comprehensive living conveniences including staff dormitories, staff canteens and scheduled shuttle bus services; a flexible non-fixed working hour system for non-production posts.

Activity Benefits: Various employee activities such as birthday parties, retirement ceremonies, sports meets, team-building activities, fun games and family days.



Employee Care

The Company has established an Employee Care Committee, formulated the Employee Care Plan covering all staff, built a comprehensive welfare system, and launched the "Wecare" initiative to ensure the fairness and transparency of the welfare system. Meanwhile, the Company has improved the Management Measures for the Compassionate Assistance Fund and Procedures for the Labor Protection of Female Employees to care for vulnerable groups including employees in difficulty, disabled employees and retired employees.

To safeguard the legitimate rights and special interests of female employees, the Company union signed the Special Collective Contract for the Special Protection of Female Employees with the Company, clarifying equal opportunities and equal pay for male and female employees in training, ranking and promotion. The Company ensures proper health care for female employees and provides special protection for those during menstruation, pregnancy, childbirth, lactation and menopause. In addition, the Company union and Women's Committee conduct irregular internal surveys on the needs of pregnant and lactating working mothers and women in family hardship. Pregnant female employees are provided with optional afternoon tea and pregnancy meals, and nursing rooms and care stations are available for lactating female employees. The Company also organizes regular physical examinations for female employees covering gynecological examinations, routine leucorrhea tests and cervical cancer screening, and purchases special disease insurance and supplementary medical insurance.

To help employees better balance work and family responsibilities and support the growth of the next generation, the Company has held three sessions of the "Farasis Kids Education Story" program. A total of 245 Farasis kids from 218 employee families have received care packages and incentive grants worth a combined 194,000 RMB, which has been widely praised by employees' families. Meanwhile, the Company has set up assistance workshops for poverty alleviation, providing jobs for 10 people.

The Farasis and Farasis Kids incentive funds have benefited

218 employee families

245 Farasis children,

Distributed a total fund of

194,000 yuan

People supported in employment

10

Training and Development

The Company has established a talent development system covering all employees, including full-time, part-time and outsourced staff, consisting of four modules: management capability improvement, professional capability improvement, basic capability improvement, and learning support. Based on employees' current situations and development needs, the Company flexibly adopts internal and external training methods to systematically deliver management and professional development programs, providing all-round support for employees' career growth.

Selecting and Cultivating Talents to Drive Business Growth

Cadre Development

Themed Series

Executive Roundtable (Core Executives)	>>>	Core Executives
Xin Yao Program – Executive Level (Grade 16+)	>>>	All-staff basic training
Xin Hui Program – Director/Manager Level (Grades 11–15)	>>>	New cadre onboarding program; High-potential talent development program
Xin Chen Program – Supervisor Level (Grades 7–10)	>>>	
Xin Guang Program (New Generation) – Management Trainees	>>>	New Generation Training Camp; New Generation Incubation Camp

Professional Development

Tailored professional skills training for different professional tracks

- Functional professional capability improvement
- Marketing professional capability improvement
- R&D professional capability improvement
- Manufacturing professional capability improvement
- Operational professional capability improvement

New Employee Development

Differentiated training based on job nature

- Xin Hang Program (White-collar Staff)
- Xin Hang Program (Blue-collar Staff)

Training Infrastructure Development

- Platforms for Operation
- Systems Foundation

Course Management | Lecturer Management | Farasis Academy | Training management system | Mentor management system | Farasis Academy operation rules

In 2025, Farasis Energy's talent development closely aligned with corporate strategy and business breakthrough objectives. Driven by the dual engines of refining its distinctive operational system and empowering talent, the Company systematically implemented a value-creation project covering all employees and integrated with end-to-end business processes. Focusing on four pillars — building key talent pipelines, upgrading professional competency, solidifying training fundamentals, and integrating online learning platforms — the Company strives to forge a resilient and continuously evolving talent force, injecting core momentum for sustainable development.

During the reporting period

Conducted training sessions	participants in total	Online courses	internal trainers	added new internal courses
318	30,601	247	187	40

Case

Xin Hui Program – High-Potential Manager Class

As a cradle for reserve management talent, the Core Radiance Program delivered 5 specialized training sessions for high-potential managers in 2025. Seventy-five core directors and managers underwent dual development in leadership refinement and lean practices. Participants developed 174 business improvement plans and acted as knowledge ambassadors to hold 32 internal re-training sessions, sharing insights with 715 colleagues. Both leadership and lean practice certification rates exceeded 94%.

Case

Xin Chen Program – High-Potential Supervisor Class (Session 1)

To strengthen the frontline management pipeline, the Core Star Program extended training to operational frontlines, holding 11 sessions at the Ganzhou headquarters and Guangzhou bases. Using lean improvement projects as practical platforms, learners applied "learning-by-doing" to implement 30 improvement measures, generating cost-saving and efficiency gains of approximately 2.455 million yuan. Twelve outstanding talents were added to the reserve pool, realizing true "battlefield training."

Case

Xin Guang Program – 2025 Management Trainee Camp

To systematically nurture new talent, the Core Light Program designed a four-dimensional development system for 16 new-generation trainees covering cultural immersion, practical refinement, autonomous motivation, and long-term connection. The program included an 8-day closed intensive training for cultural integration and role transition, 30 days of in-depth production line immersion to build business foundations, and 90 days of cross-departmental rotation to broaden perspectives and strengthen organizational networks. The new-generation employees not only completed a solid transition from campus to workplace but also demonstrated vitality, innovative thinking and high potential through more than a dozen self-organized creative activities.

The Company is committed to building a career development platform full of opportunities and challenges. It has innovatively launched the "Y-Channel" career development system, which offers dual promotion paths — management and professional — for each role category. Employees are encouraged to choose suitable development directions based on their interests and capabilities to build core professional competitiveness. Meanwhile, the Company provides a flexible internal transfer mechanism, supporting employees to adjust between career tracks as appropriate and helping them maximize personal value.

"Y-Channel" Career Path

Dual career development paths (management and professional) are defined for each job category

Farasis Energy "Y-Channel" Career Development System

Employee Satisfaction

The Company conducts regular annual surveys on employee satisfaction and engagement, covering dimensions including vitality, satisfaction, organizational climate, compensation, career development, and training. Based on analytical results, the Company carries out reviews and formulates targeted improvement measures to stimulate employee vitality and foster a sense of identity and belonging. In 2025, the coverage rate of satisfaction/engagement surveys reached 100%, with a comprehensive employee engagement score of 81.4.

In 2025,

The coverage rate of corporate employee satisfaction and engagement survey reached

100%

The overall employee engagement score

81.4

Occupational Health and Safety

Farasis Energy has established a two-level Work Safety Committee as the highest decision-making body for occupational health and safety, with an executive office under its charge. In accordance with relevant standards, the Company has formulated documents including the Occupational Health and Safety Operation Control Procedures and Hazard Identification and Risk Assessment Procedures to standardize occupational health and safety management, effectively reduce related risks, and has obtained ISO 45001 certification.

The Company and all bases regularly carry out work safety inspections, including monthly safety checks, special safety inspections, holiday inspections and daily safety patrols, and organize rectification of identified problems. Safety and fire protection facilities are maintained on a regular basis. Workplaces involving occupational hazards are monitored periodically, and employees in such positions receive pre-job, on-the-job and off-the-job physical examinations, with full notification of occupational hazards. In addition, the Company organizes various emergency drills each year, including company-level comprehensive emergency drills, special emergency drills and workshop-level emergency response drills. Company-level emergency evacuation drills are held at least once annually with full employee coverage.

For performance assessment, the Company links EHS performance of the CEO and executive management to performance appraisal, with deduction items for major safety and environmental incidents. Group-level and base-level KPIs are established covering work safety and accident rates to effectively measure EHS management effectiveness.

Risk Identification and Management

Each year, the Company organizes all departments to conduct hazard identification and risk assessment for identified hazards, which are subject to hierarchical control and corresponding management measures. Key risks require risk notification, personnel training before post assignment, clear responsible persons, protective measures, regular safety supervision and special work approval for operations in relevant areas to ensure risks remain under control.

Implementation of Safety Grid Management

• A safety grid management team has been established, with a basic grid system in place. Management manuals, grid indicators, risk identification, monitoring and improvement mechanisms have been initially formulated and will be continuously optimized.

Establishment of Base Early Warning Center

• Modules including extreme weather early warning, hidden danger reporting, daily hazard elimination, safety announcements and accident alerts are created to deliver timely warnings to every employee. An EHS learning library is built for full participation.

Chemical Management

• Formulated chemical-related systems including the Hazardous Chemicals Management Regulations, Special Emergency Plan for Hazardous Chemicals Leakage, On-site Response Plan for Excessive NMPWaste Gas Concentration and Management System for Precursor Chemicals and Explosive Precursors. Qualified personnel are assigned after training, and chemical safety emergency drills are conducted regularly to ensure controllable risks.

• Transportation qualifications of suppliers are reviewed and periodically re-examined during supplier qualification and ongoing management.

• Demonstration hazardous chemical warehouse at Zhenjiang Base: audited and accepted by the Municipal Emergency Management Bureau and awarded the title of "2025 Zhenjiang Industrial Enterprise Hazardous Chemicals Demonstration Warehouse".

Cultural Development

EThe Company regularly carries out a series of safety and health promotion activities as scheduled, including the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases Publicity Week, the "Farasis Safety Cup" Knowledge Contest during Work Safety Month, on-site first aid certification training, the "Ankang Cup" Knowledge Contest, fire skills competitions, the Work Safety Law of the People's Republic of China Publicity Week, commendation of excellent cases in the "Snap a Hazard" campaign, and safety excellence awards such as Outstanding Safety Individual and Safety Star. All activities received positive feedback. In 2025, the Company held a total of 633 safety training sessions with 48,973 participants.

In 2025, the Company organized

safety training sessions

633

Trained

48,973 person-times.

Community Relationship Management

Farasis Energy attaches great importance to community relationship management. Through solid efforts in rural revitalization and extensive participation in public welfare activities, the Company builds a shared and harmonious coexistence with local communities. We are committed to giving back to society with the fruits of corporate development, conveying corporate care and demonstrating responsibility in promoting local prosperity and improving people's livelihood.

Rural Revitalization

The Company actively participates in the "10,000 Enterprises Vitalize 10,000 Villages" initiative and operates "employment assistance workshops". To uphold respect for teachers and education and foster a culture of charity, the Company has provided financial aid to disadvantaged students in Sanjiang Township for three consecutive years, with a total donation of 157,400 yuan. It has purchased agricultural products from poverty-stricken areas to support the fight against poverty and donated 80 LED street lamps to Qinlong Village, Xijiang Town, Huichang County.

Social Contribution

The Company is committed to fulfilling social responsibilities and has established a volunteer service team to promote the spirit of dedication, friendship, mutual assistance and progress. It actively participates in public welfare activities at all levels, such as visiting and comforting low-income families of women with two types of cancer and impoverished children, offering condolences to children's welfare institutions, paying festival visits to sanitation workers and lonely elderly people, and funding the construction of "Childhood Harbor" centers for left-behind children. To care for left-behind children and improve their quality of life, the Company has supported two left-behind children in Huangsha Village, Ganxian District for eight consecutive years, with an annual donation of nearly 10,000 yuan.

Case

Caring for Children's Growth, Celebrating Children's Day and Dragon Boat Festival

In 2025, the Party Committee, Labor Union, Women's Committee and Care Committee for the Next Generation organized Party members and volunteers to the "Childhood Harbor" children's activity center in Xiejiao Village, Sanjiang Town, Ganzhou Economic and Technological Development Zone. A volunteer service activity themed "Caring for Children's Growth, Celebrating Children's Day and Dragon Boat Festival" and "Rule of Law Accompanies Growth, Heritage Passes to Youth" was held, integrating legal education and red culture. Through mini legal lectures and fun games, the spirit of red justice took root in children's laughter.

The "Childhood Harbor" in Xiejiao Village was built with support and funding from Farasis Energy. It provides free after-school tutoring and psychological counseling for children, especially left-behind children, bridging the "last mile" of after-school services.

Industrial Ecology Synergy

Supply Chain Management

Governance

The Company has established and continuously improved a sustainable supply chain management system. A Responsible Procurement Committee has been set up, headed by the director of the Supply Chain Management Center. Led by the Sustainable Development Department, a working group composed of procurement, quality and other relevant departments carries out supply chain due diligence, integrates ESG requirements into supply chain management, and comprehensively strengthens sustainable supply chain governance.

The Company has formulated internal and external policies and systems including the Supplier Code of Conduct, Supply Chain Due Diligence Policy and Procedures for Responsible Mineral Supply Chain Due Diligence Management, integrating environmental, social responsibility and business ethics requirements into supply chain operations to reduce sustainability risks.

Strategy

The Company regards supply chain management as a cornerstone of sustainable development and systematically enhances supply chain resilience. Through diversified sourcing of key materials, strategic inventory and a digital supply chain platform, it improves responsiveness to market fluctuations and emergent risks. In building a sustainable supply chain, we deepen green procurement by incorporating environmental, social and ethical criteria into supplier qualification and evaluation systems. Committed to a responsible supply chain in strict compliance with international norms, the Company ensures the legality and ethical sourcing of raw materials through due diligence and compliance traceability, driving collaborative low-carbon and transparent development across the supply chain.

Impact, Risk and Opportunity Management

The Company has formulated and issued the Supplier Potential Risk Assessment Form to identify and evaluate suppliers' potential operational and financial risks on a quarterly basis. Meanwhile, it has established a sustainable supply chain management system that incorporates ESG risks such as human rights, environmental protection and business ethics into supply chain risk identification and management processes. Conducted annually through supplier self-assessment questionnaires and third-party on-site audits, these efforts further enhance the risk resilience of the supply chain.

Resilience Management

The Company promptly responds to policy and external market changes and flexibly adjusts supply chain strategies. By strengthening strategic cooperation with suppliers and adopting a diversified supply chain layout, it mitigates risks such as supply chain disruptions and improves supply chain resilience. At the same time, the Company enhances the sustainability capacity of the supply chain by carrying out mineral supply chain due diligence, compliance traceability and ESG due diligence, so as to better control sustainability risks and build a highly resilient supply chain featuring compliance resilience, supply resilience and operational resilience.

Diversified Supply Chain Layout

- Implement dual or multi-source supply for key materials and establish graded management for multi-point introduction of core raw materials to avoid over-reliance on single sources.
- Sign strategic cooperation agreements with suppliers covering long-term supply and joint development to strengthen supply chain synergy.

Technological and Production Flexibility

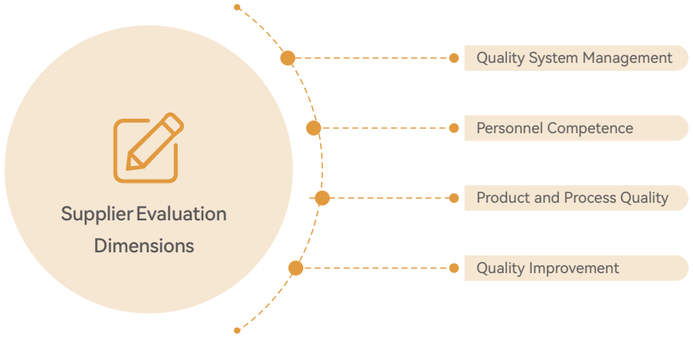
- The SPS ultra-large soft-pack technology platform is compatible with ternary, LFP, solid-state, sodium-ion and other battery systems, enabling seamless production line switching and shortened transition cycles.
- Bases in Ganzhou, Guangzhou and other locations adopt fully flexible production designs adaptable to multiple materials and battery forms, enhancing delivery flexibility.

Global Business Layout

- Establish production bases in Ganzhou (Jiangxi), Zhenjiang (Jiangsu), Guangzhou (Guangdong) and actively expand overseas capacity with a plant in Turkey. Supply chain coordination ensures stable supply of strategic resources and reduces geopolitical and logistics risks.
- Promote localized supply chain development centered on production bases to shorten lead times and improve responsiveness. The domestic material substitution rate reaches approximately 98%.

Supplier Full-Lifecycle Management

The Company has issued the Supplier Development and Management Procedures and Procurement Control Procedures to standardize supplier quality management and procurement processes. It communicates a "zero-defect" quality target to suppliers and evaluates them based on quality system management, personnel competence, product and process quality, quality improvement and other dimensions.



In the qualification assessment phase

Quality accounts for 35% of the supplier score with a "one-vote veto" for quality failure. On-site audits are conducted; for critical suppliers failing the audit, the Company dispatches an on-site quality support team to rectify non-conformities and improve quality and delivery capabilities. ESG requirements including environmental, occupational health and safety, information security and privacy protection are also integrated into supplier qualification evaluation.

In the approved cooperation phase

Suppliers are required to countersign documents such as the Supplier Code of Conduct, Conflict-Free Metals Declaration, Child Labor-Free Statement and Integrity Commitment to convey the Company's compliance and ESG expectations. In accordance with the Supplier Performance Evaluation Measures and Supplier Quality Assessment Management Rules, monthly and annual performance evaluations are carried out. Suppliers are quantitatively assessed on quality, price, delivery and other dimensions and classified into four grades: A, B, C and D. Differentiated management is applied accordingly: Grade A suppliers are eligible for the annual "Excellent Supplier" review with priority qualification and increased purchase share. Grade C and D suppliers are subject to controlled shipment, executive escalation, restricted new project qualification and third-party counseling to improve quality performance.

In addition, the Company develops an annual supplier on-site audit plan covering quality system operation, process control, change management and other elements. Core suppliers are audited at least annually, and all suppliers at least once every two years.

The Company empowers supply chain partners with its industry expertise by regularly providing quality management capability training. Each year, it selects underperforming core suppliers and launches a core supplier support program. During the reporting period, 5 core suppliers received targeted support. Experience and lessons from these efforts were compiled into a knowledge base to drive overall supplier capability improvement and smooth implementation of new projects.

The audit frequency for core suppliers is no less than	The audit frequency for all suppliers is no less than	During the reporting period, the Company provided targeted assistance to
1 a year.	1 every two years.	5 core suppliers

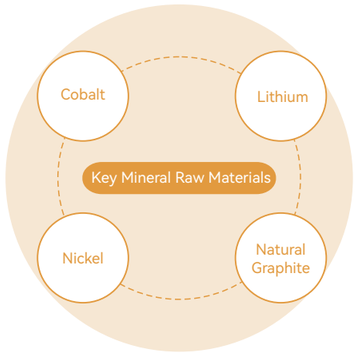
Sustainable Supply Chain Development

The Company has established a comprehensive sustainable supply chain management system and issued a series of documents including the Sustainable Supply Chain Management System and Supply Chain Due Diligence Policy, aiming to strengthen the identification and management of ESG risks in the supply chain, prevent risks such as child labor, human rights abuse and environmental damage, and enhance supply chain resilience.

In terms of mineral supply chain due diligence, the Company has formulated and issued the Procedures for Responsible Mineral Supply Chain Due Diligence Management to identify environmental, social responsibility and business ethics risks in the mineral supply chain. Meanwhile, it has released the Supplier Notice and Supplier Code of Conduct, explicitly requiring suppliers to provide minerals with compliant origins, traceability and no labor-related risks. In the Supply Chain Due Diligence Policy, the Company commits to advancing compliance with international standards and best practices across all supply chain links through risk assessment, supplier audits, training and improvement mechanisms. It has also issued the Supply Chain Energy Conservation and Carbon Reduction Initiative and conducted empowerment training to promote chain-wide decarbonization and compliant operations. In addition, the Company has established the Supply Chain Management Grievance and Communication Mechanism, emphasizing regular communication with suppliers, employees and other stakeholders.

The Company has built a supplier sustainable development evaluation system and independently developed the Supplier Sustainability Management Assessment Form, which includes 46 environmental indicators, 41 social indicators and 31 governance indicators. Based on total scores, suppliers are graded as Excellent, Good or Qualified. The system is designed to strengthen compliance risk management, reduce compliance costs, and integrate EU regulatory requirements such as carbon emission management, product carbon footprint, energy conservation and emission reduction, use of recycled materials and circular packaging.

For four consecutive years, the Company has conducted supply chain due diligence audits on four key mineral raw materials: cobalt, lithium, nickel and natural graphite, and provided CAP coaching, improvement and monitoring for selected suppliers to empower the value chain. For downstream battery, cathode and anode material suppliers and midstream refineries, audits are conducted in accordance with OECD and EUBR due diligence standards; for upstream smelters and mines, audits follow OECD and IRMA standards, covering due diligence management systems, internal material control system assessment, human rights, environmental protection and other aspects. The Company has also signed a cooperation agreement with a third party to continue due diligence audits on key suppliers in 2026.



The downstream battery and positive/negative electrode material suppliers and the midstream refineries — OECD Standards; EUBR Due Diligence Standards

Upstream smelters and mines — OECD Standards; IRMA Standards

During the reporting period

The Company trained **15** employees as internal auditors for supplier sustainability, all of whom obtained certificates upon passing assessment.

Equal Treatment of SMEs

The Company eliminates discriminatory clauses and unfair treatment in procurement bidding, supplier qualification and contract performance, ensuring that small and medium-sized enterprises (SMEs) enjoy equal business opportunities and negotiating status. It has built digital supply chain platforms such as SAP and SRM, and strengthened bidding management and full-lifecycle supplier management by launching an electronic bidding system and integrating the GIIHG procurement platform. These measures shorten procurement cycles, reduce procurement costs, guarantee fair participation rights for SMEs, and foster a sustainable supply chain ecosystem.

Status of Energy Conservation and Emission Reduction in 2025 (Partial)

Indicator	Unit	2023	2024	2025
Number of Suppliers	unit	282	263	468
Percentage of Target Suppliers That Signed the Supplier Code of Conduct	%	100	100	100
Percentage of Target Suppliers Assessed for Corporate Social Responsibility	%	100	100	100
Number of Suppliers Covered by Third-Party On-Site Supply Chain Due Diligence Audits	unit	19	18	5

Collaboration with Industry Peers

Farasis Energy joins hands with industry counterparts to drive technological upgrading and standardized development of the sector through in-depth participation in industrial standard formulation and diverse industry exchange activities.

By the end of 2025

The Company had participated in the formulation of standards,

32 Items

Including

National standard	Industrial standards	Group standards.
1 Items	**2** Items	**29** Items

Publish Group Standards

01
T/CI 915—2025
Guidelines for Carbon Footprint Assessment of Silicon-Based Anode Materials

02
T/CI 878-2025
Technical Requirements for Biomass Hard Carbon Anode Materials for Sodium-Ion Batteries

03
T/CAEE 004-2025
Sodium-Ion Starter Batteries

04
T/CIAPS 0049—2025
Battery Passport Guidelines

05
T/CI 915—2025
Technical Specifications for Green and Low-Carbon Product Evaluation of Silicon-Based Anode Materials

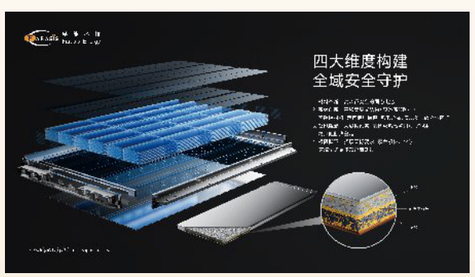
06
T/CI 914-2025
Quality Grading and "Leader" Evaluation Requirements for Silicon-Based Anode Materials

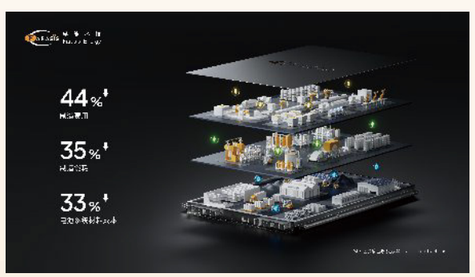
Case

Advancing Technological Innovation to Break New Ground in Battery Safety

I In November 2025, the 15th GGAC Lithium Battery Annual Conference was held in Shenzhen. Dr. Wu Qiang, Test Director of Farasis Energy, was invited to attend and delivered a keynote speech entitled Intrinsic Safety Solutions and Full-Scenario Applications of High-Performance Pouch Cells. He shared the Company's profound expertise and cutting-edge technological achievements in the field of pouch power batteries, contributing to the development of the global new energy industry.

Dr. Wu Qiang emphasized that Farasis Energy has significantly improved the intrinsic safety of batteries through technological innovation. The 400Wh/kg ternary high-nickel battery not only passes nail penetration tests but also maintains a capacity retention rate of over 89% at a low temperature of -20°C. Semi-solid batteries easily pass nail penetration tests at both 80% and 100% SOC and withstand a 250°C hot box test. All-solid batteries continue to function normally after extreme tests such as shearing and nail penetration. The SPS ultra-large pouch battery pack completed the industry's first "ten consecutive nail penetrations" thermal runaway test, and the 200Ah LFP cell passed multi-directional crushing tests with no leakage, fire or explosion.





Empowering Downstream Scenarios

Against the backdrop of the global electrification wave and accelerating energy transformation, power batteries serve as a core driving force and key enabler. Leveraging profound technological accumulation and sharp market insights, Farasis Energy has launched four distinctive power battery solutions covering diversified scenarios from high-performance to cost-effective applications, and from short- and medium-range mobility to energy storage, injecting new vitality into the power battery industry.

Ternary High-Nickel + Semi-Solid/All-Solid Solution

Application Scenarios

High-end passenger vehicles, eVTOL and robotics

Features

Energy density of 300–400Wh/kg; future all-solid-state batteries targeted to reach 400–750Wh/kg with no upper limit.

Ternary Medium-Nickel + Semi-Solid Solution

Application Scenarios

Long-range electric vehicles, hybrids, heavy trucks and high-end electric motorcycles

Features

Mass-produced solution with energy density of 260–290Wh/kg.

Lithium Iron Phosphate (LFP) Solution

Application Scenarios

Medium- and short-range electric vehicles, hybrids, buses and energy storage

Features

1st-gen mass production energy density of 220Wh/kg; 2nd-gen upgraded to 240Wh/kg.

Cost-Competitive Sodium-Ion Alternative Solution

Application Scenarios

Medium- and short-range electric vehicles, starter batteries and energy storage

Features

Energy-type sodium-ion batteries with 180Wh/kg; power-type sodium-ion batteries feature ultra-high rate performance, with capacity retention over 90% at 50C continuous discharge and cycle life exceeding 10,000 cycles.

SPS-Driven Multidimensional Innovation

Application Scenarios

Passenger vehicles, electric aircraft, commercial vehicles, ships and all mainstream models; compatible with multiple chemistries to meet current and long-term market needs

Features

Industry-first pouch cell module-free battery solution with advantages including long range, fast charging, high safety, low cost, flexible adaptation and iterative upgradability.

04

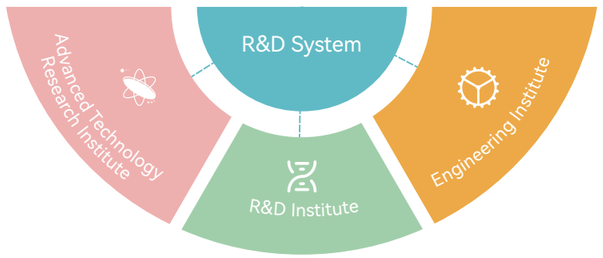
Innovation and Transformation

- Research and Development Innovation
- Product Quality and Safety
- Intelligent Manufacturing and Lean Management
- Product Compliance and Circular Economy

R&D and Innovation

Governance

The R&D system of Farasis Energy is headed by the Vice President as the primary responsible person. Through collaborative innovation among the Advanced Technology Research Institute, R&D Institute and Engineering Institute, an integrated "research-development-production" management system has been formed. Relevant systems are continuously improved to ensure R&D activities comply with quality management systems such as ISO 9001, guaranteeing standardized processes and controllable outcomes. The Company has a clear annual KPI assessment system that incorporates technological achievements and project progress into the performance evaluation of the Vice President and all departments. It also attaches great importance to the development of R&D talents and has issued the Patent Management Measures and Rewards and Punishments for Platform Independent Research Projects, effectively stimulating the innovation enthusiasm of R&D personnel. A tiered Core Series training program has been established covering supervisors, managers and directors, providing a cross-departmental and cross-level communication platform while enabling knowledge sharing, facilitating the rapid progress of work.



Strategy

The Company positions R&D and innovation as the core driver of sustainable development and has adopted a forward-looking technology strategy:"Launch one generation, reserve one generation, develop one generation". It simultaneously advances in-depth multiple breakthroughs in core technologies and diversified technical routes expansion, with a focus on next-generation solid-state battery technologies to achieve revolutionary improvements in energy density and safety. The Company also actively expands its energy storage product portfolio to promote efficient storage and system-level application of clean energy. Along diversified technical paths, it accelerates R&D and industrialization of emerging systems such as sodium-ion batteries to enhance resource security and cost competitiveness. Guided by market demand, the Company systematically transitions cutting-edge technologies from the lab to industrialization, ensuring that technology reserves are timely converted into competitive products.

Impact, Risk and Opportunity Management

Forward-Looking Technology Reserve

Development of Energy Storage Battery Products

For grid-side and user-side non-power station energy storage, the Company launched a 147kWh liquid-cooled commercial & industrial integrated system, filling the market gap of 100–200kWh products. A standard 215kWh commercial & industrial energy storage cabinet has also been introduced, with distinct differentiated competitive advantages in the sub-500kWh market.

For the small-scale energy storage market below 100kWh, the M1 residential energy storage system features an ultra-thin design and fast-plug stacking, aligning with market trends. Its flexible design enables rapid switching between LFP and NFPP, high and low voltage for different scenarios. The sodium-ion wall-mounted energy storage system customized for customers directly meets requirements with the ultra-thin M1 design, allowing fast configuration and delivery.

R&D of Solid-State Batteries

Development of Intrinsically Safe Ternary Semi-Solid Batteries

Through solid-liquid hybrid technology, the intrinsic safety of ternary batteries has been significantly improved. Products have passed stringent safety tests including nail penetration, overcharge, over-discharge and external short circuit, featuring high safety, high energy density, lightweight design, long cycle life, strong temperature adaptability and high charge-discharge rate. The technology achieves dual upgrades in safety and performance and is applicable to PHEV, REV, BEV and other fields. It has entered the pilot production stage.

Development of All-Solid-State Batteries

The first-generation self-developed sulfide-based all-solid-state batteries have completed large-capacity pouch cell fabrication, and a supporting pilot line is under steady construction, laying a solid foundation for industrialization. With high-nickel ternary cathodes and high-silicon anodes, energy density reaches 400Wh/kg. Platform-upgrading technology enables expansion into humanoid robots, eVTOL and other emerging fields.The second-generation sulfide-based all-solid-state battery technology has been developed, using lithium-rich manganese-based / high-nickel ternary cathodes and lithium metal anodes, raising energy density to 500Wh/kg.

Development of Long-Cycle High-Loading Silicon Anode Batteries

Core technologies for long-cycle high-loading silicon anode batteries have been mastered, with product energy density reaching 350Wh/kg and excellent comprehensive performance in discharge rate, fast charging and low-temperature performance. The products have passed multiple national standard safety tests including overcharge, over-discharge, hot box and short circuit.This technology can be widely applied in high-performance vehicles, eVTOL, robots, drones, special machinery and other scenarios, laying a solid technical foundation for enhancing end-user experience.

Large Pouch Power Battery Solution (SPS)

SPS large pouch power battery solution has entered mass production. Based on an innovative module-free pouch architecture, it delivers an industry-leading high-integration battery system that improves vehicle space layout efficiency while ensuring safety. It has been successfully extended to the commercial vehicle sector, achieving a key zero-to-one breakthrough in commercial vehicle customer cooperation.

Development of Ultra-Fast-Charging LFP Batteries

Core technologies for ultra-fast-charging LFP batteries have been breakthrough, achieving over 12C fast-charging capability. Cells charge from 10% to 80% SOC in only 7 minutes, with cycle life exceeding 3,000 times. It combines high discharge rate, high energy density, high safety and low cost, suitable for PHEV, REV, BEV and energy storage. It has entered the pilot production stage.

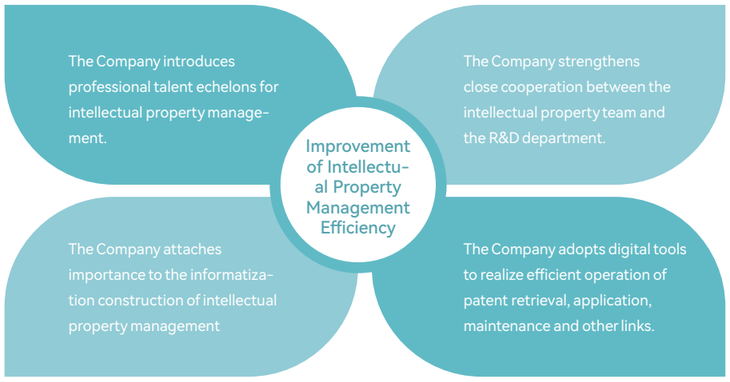
Development of Sodium-Ion Batteries

Stepwise breakthroughs have been made in R&D and industrialization of sodium-ion batteries. The first-generation layered-oxide sodium-ion batteries have been industrialized, and the second generation is in pilot production.Polyanion-based energy storage batteries feature ultra-long cycle life and have passed stringent safety tests including nail penetration and thermal runaway; product development and industrialization have been completed.Polyanion-based high-power batteries achieve 100C ultra-high-rate performance, with industrialization continuously advancing.

Intellectual Property Protection

The Company has established a comprehensive intellectual property (IP) management system, integrating technological innovation with IP protection and forming a R&D-centered organizational model. Patent work is embedded into the entire R&D lifecycle, ensuring synchronized progress between IP management and technological innovation. Within the R&D process, an institutionalized "internal driving force" mechanism encourages R&D teams to proactively pursue patent protection, achieving full-cycle IP coverage from technical conception to commercialization. To incentivize R&D personnel to actively participate in patent applications, the Company provides industry-competitive patent rewards, fully motivating innovation within the R&D team.

To further enhance IP management efficiency, the Company continuously optimizes the entire patent management process, significantly improving timeliness. By introducing a professional IP talent team and strengthening close collaboration between the IP department and R&D teams, the Company ensures high alignment between patent layout and technological innovation. In addition, the Company emphasizes the digitalization of IP management, using digital tools to streamline patent search, application and maintenance, providing strong support for R&D and innovation.



Intellectual Property Risk Prevention and Control

01

The Company strengthens the monitoring of market dynamics and competitors to timely grasp industry trends and potential risks.

02

The Company establishes and improves the internal management and supervision mechanism to ensure the compliance and legality of intellectual property rights.

03

The Company enhances employees' legal awareness and risk awareness through intellectual property protection publicity and training. It also cooperates with local protection centers, professional institutions and industry associations to carry out intellectual property protection seminars and build a multi-party collaborative protection network. The Company strives to build an industry-leading intellectual property system, protect technological achievements through rigorous mechanisms, and continuously fuel the sustainable development of the industry.

Product Quality and Safety

Governance

Product quality and safety at Farasis Energy are led by the head of the Quality Center as the primary responsible person. The Company fully implements the IATF 16949 quality management system, has formulated the Quality Incentive Management Measurements, and fully integrates core quality and safety indicators into performance appraisal. Meanwhile, a three-level core quality objective management system ("Company – Base – Factory") has been established. Each year, the Quality Center formulates overall objectives based on corporate strategy, which are decomposed and implemented level by level to ensure alignment and accountability.

In addition, the Company has established the Emergency Preparedness and Response Management Procedures. An annual emergency management plan is developed, systematically reviewed and updated regularly, and routine drills are conducted to verify effectiveness. Improvement lists are formed and closed-loop implementation is promoted. As of the end of the reporting period, the Ganzhou Base, Ganzhou New Energy Base and Zhenjiang Base have all obtained IATF16949 and ISO 9001 certifications.

Strategy

Farasis Energy has always regarded quality management as the lifeline of corporate development. Centered on the philosophy of "full-lifecycle quality management", it has built a closed-loop management system covering four dimensions: quality control, R&D, manufacturing and supply chain. Through internal audits, lesson-learning dissemination, closed-loop verification, special rectification and digital empowerment, a quality management system covering the entire product lifecycle has been constructed.

In 2025, through in-depth collaboration and systematic construction across professional departments, the Company achieved remarkable results in key dimensions including supply chain assurance, project delivery, system certification, customer satisfaction and process control.

Impact, Risk and Opportunity Management

The Company has formulated the Risk and Opportunity Control Procedures, requiring risk analysis covering product recalls, product audits, field returns and repairs, complaints, scrap and rework. Procedures to mitigate negative risks have been established, shifting quality management from passive response to proactive prevention. Meanwhile, the Quality System Operation Compliance Evaluation and Risk Early Warning Management System has been issued, mandating regular and dynamic evaluation plans including internal and external audits and special inspections. A comprehensive compliance evaluation is conducted quarterly, with non-conformity rectification tracked regularly. This fully strengthens the adequacy and effectiveness of quality system operation, helps identify and control potential risks in regulatory, customer and internal requirements, reduces quality incidents and compliance gaps, and provides opportunities for continuous improvement and strategic decision-making, thereby enhancing overall quality management and corporate competitiveness. No major liability accidents related to product and service safety or quality occurred during the reporting period.

Full-Lifecycle Quality Management

The Company has systematically built a closed-loop quality and safety management system covering the entire product lifecycle from design and development to market service. Starting with new project development, quality and safety requirements are integrated upfront into design through the APQP process, and raw material reliability is ensured via supplier hierarchical management. In manufacturing, unified process standards and digital process monitoring guarantee product consistency. For market feedback, a rapid response and root-cause analysis mechanism closes the loop on customer complaints. Combined with internal audits, experience accumulation and training, a foundation for continuous improvement is established.

Supplier Quality Management

- Core Tasks: Establish a supplier hierarchical control and development mechanism; set up an APQP special team to strengthen management of high-risk suppliers and entry standards for B-end suppliers.
- Highlights: Promoted component maturity development to support smooth mass production of strategic new projects. Completed standardization of cell material testing, improvement of product enclosure quality and development of supplier cultivation processes, consolidating the supply chain quality system and enhancing preventive quality capability at the source.

Project Development Quality Management

- Core Tasks:Focus on mass production approval for strategic projects, quality breakthroughs for core platforms and expansion of overseas new business-es.
- Highlights: Led the high-quality mass production of a number of new projects, with one key project achieving near-zero customer complaints and becoming a quality benchmark for capacity ramp-up at new bases. For the SPS platform, multiple key technical challenges were overcome and corresponding quality standards formulated, maintaining an extremely low complaint rate. The cross-application rate of project lessons learned remains at an industry-leading level.

Quality System Management

- Core Tasks:Promote cross-base audit certification, special system development and process optimization.
- Highlights: Systematically empowered new bases for rapid production and customer qualification, and drove systematic improvement of group-wide quality management. Special coaching helped the Guangzhou Base obtain supplier qualifications from several key customers. In-depth cross-base collaborative audits and special governance effectively closed many system operation issues, strengthening process execution and employee quality awareness.

Customer Quality Management

- Core Tasks:Efficiently handle customer and market quality issues, control risks and losses.
- Highlights: Amid expanding customer coverage, all types of customer feedback were responded to and closed efficiently. Market incidents were properly managed through rapid response, collaborative investigation and customer negotiation, effectively safeguarding brand reputation and customer trust.

On this basis, the Company further established a full-process closed-loop system covering raw material inspection, in-process SPC control, product inspection, non-conforming product handling, test verification, problem resolution and product recall. This achieves end-to-end risk control from prevention and control to correction, and ensures every link is traceable and improvable.

Non-Conformity and Corrective Actions

- A non-conforming product control department has been established. In accordance with the Non-Conformity Control Procedures, closed-loop management is implemented for non-conforming, reworked and repaired products from identification, labeling, isolation, review and disposition to root-cause improvement.
- Corrective actions are taken for all non-conformities, non-conforming products and audit findings to eliminate causes and prevent recurrence.

Product Recall

- A graded product recall mechanism has been established to quickly launch cross-departmental collaboration, define scope, recover products, implement corrective actions and communicate with customers. Each case is reviewed in the system to continuously optimize product design, manufacturing processes and quality control capabilities.

Quality Culture Development

To address fierce market competition, complex technical challenges and diversified product development needs in the new energy power battery industry, the Company aims to enhance the quality control capability and technical application level of all employees through professional and systematic external training.

Every September, the Company responds to the National Quality Month initiative and builds a group-wide, employee-participatory platform for quality culture promotion. In 2025, with the core theme "Strengthening the Quality Lifeline, Deepening the Service Value Chain", six major series of activities were planned and implemented.

Measures	Details
Quality Month Opening Ceremony	• Over 300 senior leaders and department representatives attended on site, unifying thinking and building consensus on quality.
Company-Level QCC Case Selection & Sharing	• Collected 17 improvement projects from all bases and the R&D system, covering problem-solving and innovation categories. Thirteen outstanding cases were selected for on-site sharing to enhance company-wide quality improvement awareness.
First FMEA Practical Competition	• Adopted an innovative three-stage system: learning foundation → individual competition → team practice. Through multi-round contests, professional reviews and guidance, 26 teams stood out, achieving closed-loop improvement of “learning through competition, application through learning, and empowerment for practice”.
TQM (Total Quality Management) Training Series	• Aligned with the introduction of FOS (Farasis Operation System). 25 offline training sessions were held on TQM concepts and practices, with over 2,800 participants. Videos were uploaded to the “Farasis Academy” LMS, attracting more than 23,000 online views, realizing 100% coverage of quality learning across the Group.
Company-Level Quality Benchmark Selection	• Selected 4 “Company-Level Quality Benchmark Teams” and 8 “Company-Level Quality Benchmark Individuals” to set role models and promote best practices in quality management.
Lesson-Learned Points Ranking	• Used a “lesson-learned points” model to encourage departments to initiate and share lessons. A total of 219 lessons were created, and 284 were shared across bases, effectively preventing recurrence of similar problems.

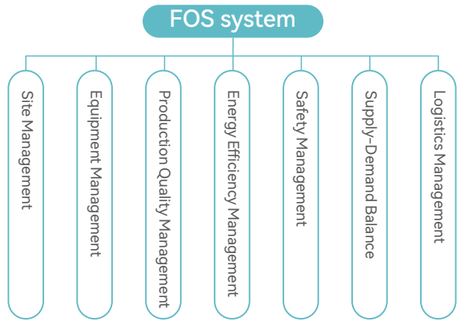
Intelligent Manufacturing and Lean Management

Governance

Farasis Energy strives to build the Farasis Operation System (FOS). It has established an FOS Leadership Team, Execution Team and Advisory Team, and formulated systems including the Continuous Improvement Control Procedures, Lean Talent Certification Management Regulations, PACK Factory Layout Planning Management Regulations, Identification Management Regulations and OEE Management Regulations. Key KPIs for measuring lean production performance cover the end-to-end value chain, including innovation, marketing, procurement, production and talent development. By standardizing and optimizing operations and processes across the value chain, the Company promotes sustained performance improvement and value creation.

Strategy

The FOS system takes the lean production module as its core breakthrough to systematically upgrade manufacturing and operational capabilities. A modular organization covering all bases has been built, integrating seven sub-modules: site management, equipment management, production quality management, energy efficiency management, safety management, supply-demand balance and logistics management. Supported by "system construction, standard setting, base empowerment and collaborative governance", the manufacturing system maintains aligned goals and coordinated steps in lean transformation.



Impact, Risk and Opportunity Management

Digital Transformation Support

The Company's core strategy is to build a unified industrial internet platform, fully integrating key business systems including PLM, ERP, MES, WCS, SRM, TMS, QMS and OA. Through efficient system collaboration and data connectivity, it has achieved integrated business-finance management, coordinated production-supply-sales, closed-loop quality management and office automation, laying a solid digital foundation for high-quality operations and global strategic layout.

R&D

- Deep integration of PLM with NX and SAP connects the full process from product design and development to data management, significantly improving R&D collaboration efficiency and data consistency.

Business-Finance Integration

- SAP ERP serves as the core hub, driving deep integration of finance with procurement, inventory, production, sales and other processes.
- Business data synchronizes to the financial system in real time with automatic accounting voucher generation, greatly reducing manual intervention. Combined with budget control, a full-cycle budget management mechanism (pre, during and post event) has been established, effectively enhancing financial efficiency, cost control and compliance.

Production-Supply-Sales System

- With MES at the core and in coordination with WCS and SRM, an end-to-end digital supply chain has been established. SRM supports demand forecasting and precise material preparation; MES conducts automatic production scheduling and links with WCS to achieve accurate material distribution; TMS provides full-process logistics visualization and tracking, truly realizing "production based on sales, supply based on production".
- During production, MES collects real-time data and forms closed-loop feedback to ensure product quality and production stability. WCS integrated with automated warehousing promotes full-digital warehouse management, ultimately shortening delivery cycles and enhancing customer satisfaction and market competitiveness.

Quality Management

- Relying on the QMS system, a systematic and closed-loop quality management system covers supplier management, incoming inspection, in-process control, finished goods delivery and after-sales service, continuously improving product quality and reliability.

Office Automation

- An intelligent collaboration platform based on the OA system realizes electronic and mobile processing of official documents, approvals, personnel affairs and other matters, significantly improving operational efficiency.
- OA is deeply integrated with the HRM system for centralized human resource information management. It also connects video conferencing, smart access control and other facilities. With the BI platform for process data analysis, a highly efficient and collaborative digital office environment is built to fully support the intelligent manufacturing system.

FOS Improvement

Measures	Details
Targeted improvement based on business pain points	• Identified training needs for tools including VSM value stream analysis, SMED quick change-over and TPM total productive maintenance, and selected key personnel to address business pain points, achieving precise matching of "problems – methods – capabilities".
Closed-loop mechanism driven by "theoretical training + key FOS projects"	• In the process of solving practical problems, methods are summarized, procedures standardized and forms unified, gradually forming FOS lean production system documents. Dispersive improvement activities relying on personal experience are systematically transformed into replicable, measurable and sustainable organizational capabilities. The Company plans to train and certify more than 60 lean talents through project replication.

Product Compliance and Circular Economy

Farasis Energy strictly adheres to product compliance requirements and integrates the lifecycle green management philosophy into R&D, production, recycling and other links, actively practicing circular economy. By advancing material traceability, optimizing resource efficiency and exploring echelon utilization of retired batteries, the Company is committed to building a resource closed loop from source to end, laying a solid foundation for the sustainable development of the industrial ecosystem with a strong sense of responsibility.

Product Compliance Management

The Company has in-house expertise in mainstream international certifications such as UL, IEC and EU battery regulations. It has built a product compliance management system covering regulatory identification, material compliance, certification implementation, export release, carbon footprint assessment and recycling path planning, capable of meeting differentiated market access and technical regulations in the EU, North America, the Middle East and other regions, providing full-process compliance support for overseas projects from R&D to delivery.

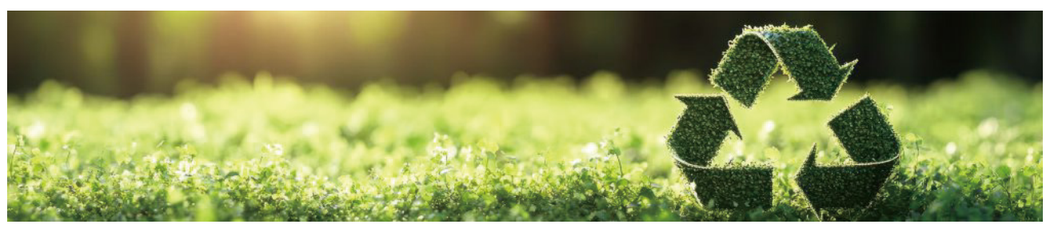
In 2025, the Company issued the Product Compliance Manual and carried out two revisions to continuously address regulatory compliance, environmental sustainability and market responsibility. Meanwhile, 51 product compliance framework solutions have been delivered, with regulatory requirements deeply integrated at the product planning stage. Lithium battery projects such as EV/LMT have passed EU Battery Regulation compliance assessments by authoritative certification bodies.

Green Solutions

The Company focuses on full-lifecycle green solutions and has established a product lifecycle management system driven by regulatory compliance and oriented toward customer value, covering the entire chain from product design, use, retirement to recycling and regeneration. Environmental impacts at each lifecycle stage are comprehensively evaluated, including global warming, resource depletion, eco-toxicity and other environmental indicators.

Hazardous Substance Control

The Company has established a complete hazardous substance control system including the Hazardous Substance Compliance Management Process and Product Compliance Manual. It strictly abides by international environmental directives such as the EU Battery Regulation, RoHS, REACH and POPs, and actively implements the Extended Producer Responsibility (EPR) system. Full-lifecycle and full-chain hazardous substance control is applied to products, covering all levels from raw materials, components and modules to finished battery systems, and running through the entire process of hazardous substance identification, assessment, verification, declaration and archiving. It applies synchronously to all externally sold products, including cells, modules, PACK systems, BMS and integrated components, ensuring all products meet hazardous substance regulatory requirements in each sales market.



Product Carbon Footprint Management

The Company has fully integrated product carbon footprint management into product lifecycle management. A third-party institution was engaged to establish a cradle-to-gate lifecycle model for 1kWh power batteries at the Zhenjiang Base in accordance with ISO 14067, and a product carbon footprint accounting report was compiled. Meanwhile, the internationally authoritative LCA software Sphera has been introduced for in-house independent lifecycle modeling and accounting, covering raw material acquisition, manufacturing, distribution and end-of-life stages. Carbon footprint analysis results are actively incorporated into product R&D and decision-making processes to achieve systematic carbon reduction and enhance green competitiveness.

In 2025, specific products of the Company obtained production carbon neutrality certification for the fifth consecutive year.

Resource Recycling and Regeneration

Packaging Material Circularity

To standardize the full-process management of raw and packaging materials, the Company has formulated the Production and Material Plan Control Procedures as the core management basis for material requisition, procurement, arrival, inspection and warehousing, clarifying departmental responsibilities and operational standards to ensure standardized and traceable control processes. All production bases adopt recyclable packaging solutions and have established a sound monitoring mechanism for packaging material recovery rates to ensure efficient recycling and reuse.

Packaging development strictly follows the Finished Product Packaging Development and Change Management Regulations and Raw Material Packaging Development and Change Management Regulations, aiming to reduce virgin material consumption, increase recycling and recycled content, and lower landfill/incineration of packaging waste. Lightweight design reduces material procurement costs, space and load losses in transportation, and disposal costs of waste packaging. During lightweight and circular transformation, packaging protection performance including cushioning, moisture-proofing and impact resistance is maintained to meet safety requirements for dangerous goods transportation of lithium-ion batteries. Common recyclable packaging types include: recyclable plastic crates, recyclable blister packaging, recyclable calcium plastic boxes, recyclable sleeve packs, recyclable pallet boxes, modular recyclable aluminum profile packaging, and recyclable material racks.

Battery Circularity

The Company focuses on developing efficient and environmentally friendly battery recycling solutions to achieve high material recovery rates, long cycle life and high stability of recycled materials. For high-value cell raw materials, the Company has reached agreements with suppliers for scrap resale, remelting and reuse, such as cathode main powder and NMP. Material loss is reduced by controlling raw material dimensions, including copper foil, aluminum foil and aluminum plastic film. Monthly material loss rate analysis is conducted to optimize and monitor excessive loss and gradually refine the BOM.

The Company adds a "Waste Disposal" label (with trash can icon) and a "Recyclable" label (with circular arrows) to battery packs. Standardized labeling guides consumers to correctly identify and dispose of batteries into dedicated recycling streams, facilitating identification, classification and resource utilization by the recycling industry chain and improving material recovery efficiency.

Appendix

ESG Performance Table

Operational Performance

Indicator	Unit	2023	2024	2025
Operating Revenue	100 million RMB	164.36	116.80	91.17
Annual Tax Payment	100 million RMB	0.71	1.55	1.21
Operating Costs	100 million RMB	157.60	103.58	82.80
Total Assets	100 million RMB	301.45	266.27	228.02

Party Building

Indicator	Unit	2023	2024	2025
Number of General Party Branches	unit	1	1	1
Number of Party Branches Established	unit	4	4	5
Total Number of Party Members	person	99	107	113
New Party Members in the Year	person	30	25	6
Number of Party Member Activities	time	23	26	27
Attendance of Party Member Activities	person-time	93	107	100

Litigation and Violations

Indicator	Unit	2023	2024	2025
Concluded corruption lawsuits against the Company	case	0	0	0
Reports from whistleblowing procedures	case	1	0	0
Confirmed corruption incidents	case	1	1	1

Board Governance

Indicator	Unit	2023	2024	2025
Board meetings held	time	17	10	10
Average attendance rate of board meetings	%	100	100	100
Shareholders' meetings held	time	3	2	5
Number of directors	person	11	11	14
Number of independent directors	person	4	4	5
Number of non-independent directors	person	7	7	9
Independent directors with industry background	person	2	2	2
Directors with legal expertise	person	1	1	1
Independent directors with risk management background	person	3	3	3
Independent directors with accounting/finance background	person	2	2	2
Average tenure of board members	year	3	3	3

Environmental Compliance Management

Indicator	Unit	2023	2024	2025
Environmental pollution incidents	case	0	0	0
Material administrative penalties for environmental violations	10,000 RMB	0	0	0
Penalties for environmental law violations	case	0	0	0
Environmental protection investment	10,000 RMB	382.73	263.70	254.77
Investment in energy-saving renovation projects	10,000 RMB	451.07	634.59	308.65
Percentage of employees with environmental training	%	100	100	100
Percentage of sites with environmental risk assessment	%	100	100	100
Number of National Green Factories	unit	0	1	2

Greenhouse Gas Emissions[1]

Indicator	Unit	2023	2024	2025
Total GHG emissions (Scope 1 + Scope 2)	tCO_2e	371657.34	289082.48	278171.25
GHG emissions per unit energy consumption (Scope 1+2)	tCO_2e	/	/	2.90
Scope 1 GHG emissions	tCO_2e	4328.28	3679.09	5113.20[2]
Direct GHG emissions per million revenue (Scope 1)	tCO_2e	/	/	0.56
Scope 2 GHG emissions (location-based)	tCO_2e	367329.06	285403.39	273058.05
Scope 2 GHG emissions (market-based)	tCO_2e	246221.5	265853.66	221150.66
Indirect GHG emissions per million revenue (Scope 2)	tCO_2e	/	/	24.26
Scope 3 GHG emissions	tCO_2e	987510.47	841536.69	938701[3]
Other indirect GHG emissions per million revenue (Scope 3)	tCO_2e	/	/	102.96
GHG emission intensity	tCO_2e / million revenue	22.61	24.75	30.51
Direct reduction in Scope 1 GHG emissions	tCO_2e	1952.20	649.19	-1434.11
Direct reduction in Scope 2 GHG emissions	tCO_2e	51176.84	81925.67	12345.34
GHG offsets (Scope 1 & 2)	tCO_2e	/	/	46062.62
Direct GHG offsets (Scope 1)	tCO_2e	/	/	12950
Indirect GHG offsets (Scope 2)	tCO_2e	/	/	33112.62
Carbon emission reduction from clean energy generation	tCO_2e	/	/	18359.89

Data Notes:

[1]Carbon inventory has not yet been conducted at the Guangzhou Base and Ganzhou New Energy Base in 2025. Therefore, GHG emission data for 2023, 2024 and 2025 in this table only cover the Ganzhou Base and Zhenjiang Base. Some indicators in the table are newly added and were not counted in 2023 and 2024, hence marked as "/".

[2]The increase in Scope 1 GHG emissions is mainly due to the addition of R428A and heptafluoropropane fire extinguishers at the Zhenjiang Base, which have high global warming potential (GWP) values, leading to a rise in total emissions.

[3]The increase in Scope 3 GHG emissions is mainly attributed to the update of the carbon emission factor for road freight transportation, which was revised from 0.049 $kgCO_2e/t \cdot km$ (originally from CPCD) to 0.2157 $kgCO_2e/t \cdot km$ [from GHG S3.4 & 3.9 China Road Transport Emission Factors (2024)], representing a 4.4-fold increase over the original factor.

Emissions and Waste

Indicator	Unit	2023	2024	2025
Total waste generated	ton	14723.38	9,736.61	11868.84
Total waste recycled and reused	ton	/	/	7567.80
Proportion of waste recycled and reused	%	/	/	64
Total waste recycled per million revenue	ton / million RMB	/	/	0.83
Total general waste	ton	7922.69	9296.40	8594.57
General waste intensity	ton / million RMB	0.48	0.80	0.94
Total hazardous waste	ton	715.91	440.21	524.9
Hazardous waste intensity	ton / million RMB	0.04	0.04	0.06
Total wastewater discharge[1]	ton	279046	237879	294997
Wastewater discharge intensity	ton / million RMB	16.98	20.37	32.36
BOD emissions	ton	/	/	0.03
COD emissions	ton	/	/	6.50
NH_3-N emissions	ton	/	/	0.75
SS emissions	ton	/	/	2.00
TP emissions	ton	/	/	0.05
TN emissions	ton	/	/	2.87
Percentage of wastewater treated by municipal WWTP	%	100	100	100
Waste gas emissions[2]	10,000 m^3	85717.35	48311.90	105722.31
VOCs emissions	kg	1342.60	6350.40	5478.54
NO_x emissions	kg	104.60	24.60	64.74
PM emissions	kg	104.00	26.20	76
SO_x emissions	kg	793.10	186.60	0.49
Waste gas emission intensity	10,000 m^3 / million RMB	5.22	4.14	11.6

*Data Notes:

[1]2024 wastewater scope: Ganzhou Base, Ganzhou New Energy Base, Zhenjiang Base; 2025 adds Guangzhou Base.

[2]2024 waste gas scope: Ganzhou Base, Zhenjiang Base; 2025 adds Ganzhou New Energy Base. Guangzhou Base is excluded as related facilities are not yet completed.

Energy Management

Indicator	Unit	2023	2024	2025
Total energy consumption	tce	93987	82222.28	96059.58
Total electricity consumption	kWh	457102902.40	409656250.40	442515454.20
PV power generation	kWh	37129897.40	37035604.40	34602127.20
Purchased electricity	kWh	419973005	372620646	407913327
Steam consumption	ton	445204.2	350596.71	397928.39
Natural gas consumption	m^3	69560	2685293	2434040.90
Energy intensity	tce / million RMB	5.72	7.04	10.54
Renewable energy consumption	tce	6408.38	8329.33	14463.03
Renewable energy ratio	%	58	57	41
Total green power traded	MWh	/	/	83079.12
Green power certificates traded	piece	/	/	62406

Water Resource Management

Indicator	Unit	2023	2024	2025
Total water intake	ton	2032662.75	1647060	1864008
Water intensity	ton / million RMB	123.67	141.01	204.46

Packaging Materials

Indicator	Unit	2023	2024	2025
Total packaging usage	piece	214508	171505	297586
Reusable packaging usage	piece	70879	40877	112961
Reusable packaging ratio[1]	%	33.04	23.83	37.96

Employee Responsibilities

Indicator	Unit	2023	2024	2025
Total employees	person	6554	6463	5080
Male employees	person	4762	4742	3704
Female employees	person	1792	1721	1376
Management employees	person	641	652	693
Operational employees	person	5913	5811	4387
≤30 years old	person	2889	2621	1946
31–40 years old	person	3003	3113	2519
41–50 years old	person	590	654	549
>50 years old	person	72	75	66
PhD & above	person	38	38	41
Master's degree	person	293	283	269
Bachelor's degree	person	1539	1517	1259
Other qualifications	person	4684	4625	3511
R&D personnel	person	1483	1406	1203
New hires during the year	person	5724	2343	3066

Diversity & Inclusion

Indicator	Unit	2023	2024	2025
Female ratio in all management positions	%	13.26	10.63	15.69
Female ratio in junior management	%	17.48	16.23	18.22
Female ratio in revenue-generating functions	%	30	31.31	29.73
Female ratio in R&D positions	%	15.49	16	15.71
Ethnic minority employees	person	/	/	108
Disabled employees	person	50	50	41
Labor dispatch employees	person	/	/	362

Employee Training & Development

Indicator	Unit	2023	2024	2025
Total training hours	hour	73999	80257.9	30561
Average training hours per employee	hour	11.29	12.71	6
Average training hours – male	hour	11.94	13.50	6.7
Average training hours – female	hour	9.57	10.55	4.1
Average training hours – management	hour	10.96	22.65	9
Average training hours – general staff	hour	11.33	12.20	5.6
Annual training coverage	%	53.27	100	83.9
Training coverage – male	%	54.20	74.2	89.7
Training coverage – female	%	50.78	65.6	68.4
Training coverage – management	%	68.49	92.6	31.7
Training coverage – general staff	%	51.62	70.1	92.2
Individual performance appraisal participation rate	%	/	/	100

Employee Rights Protection

Indicator	Unit	2023	2024	2025
Employee Satisfaction / Engagement Score	score	77.20	78.20	81.40
Employee Satisfaction Survey Coverage	%	100	100	100
Labor Contract Signing Rate	%	100	100	100
Social Insurance Coverage Rate	%	100	100	100
Occupational Health Examination Coverage	%	100	100	100
Employee Coverage under Formal Collective Agreements on Working Conditions	%	100	100	100
Employee Coverage by Elected Employee Representatives	%	100	100	100
Percentage of Employees Trained on Diversity, Anti-Discrimination and Anti-Harassment	%	100	100	100

Occupational Health and Safety

Indicator	Unit	2023	2024	2025
Workdays Lost Due to Work-Related Injuries	day	/	/	412
Number of Work-Related Accidents	case	13	6	12
Number of Injured Employees	person	13	6	13
Number of Occupational Disease Cases	person	0	0	0
Occupational Disease Incidence	%	0	0	0
Investment in Work Injury Insurance & Work Safety Liability Insurance	10,000 RMB	/	/	328.99
Coverage of Work Injury & Safety Insurance	%	/	/	100
Work Safety Investment	10,000 RMB	/	/	1351.45
Safety Drills Held	session	42	105	219
Safety Training Sessions	session	631	653	633
Participants in Safety Training[1]	person	11474	13175	48973
Safety Training Coverage	%	100	100	100
Percentage of Sites with Employee Health & Safety Risk Assessment	%	100	100	100
Supplier Participation in Safety Training	person-time	1762	3822	1557
Supplier Safety Training Coverage	%	100	100	100

Data Notes:
Compared with 2024, the Zhenzhen Base conducted online safety awareness training for all employees in 2025, resulting in a significant increase in the number of training participants compared with 2024.

Supplier Management

Indicator	Unit	2023	2024	2025
Total Number of Suppliers[1]	unit	282	263	460
Percentage of Target Suppliers That Signed Supplier Code of Conduct	%	100	100	100
Percentage of Target Suppliers Assessed for CSR	%	100	100	100
Number of Suppliers Undergoing On-Site Supply Chain ESG Audits	unit	/	/	5
Percentage of Suppliers with Contracts Including Environmental, Labor & Human Rights Clauses	%	100	100	100
Percentage of Suppliers Certified with Quality Management Systems	%	100	100	100
Percentage of Audited Suppliers Participating in Improvement or Capacity-Building	%	100	100	100
Supplier ESG Training Sessions	session	/	/	1
Number of Suppliers Participating in ESG Training	unit	/	/	24
Number of Suppliers Undergoing Mineral Supply Chain Due Diligence Audits	unit	19	18	5
Total Number of Key Suppliers	unit	226	233	180
Number of Suppliers Classified as High ESG Risk	unit	0	0	0

Data Notes:

[1]The statistical scope for indirect procurement suppliers covers those with an annual procurement value exceeding 10 million yuan.

Scientific Research and Professional Competence

Indicator	Unit2023	2023	2024	2025
R&D Investment	100 million RMB	7.49	5.82	6.31
R&D Investment as Percentage of Revenue	%	4.56	4.98	6.92
Number of Core Technical Personnel	person	11	11	10
Cumulative Granted Patents	piece	304	429	589
Cumulative Patent Applications	piece	503	721	906
Patents Granted in the Year	piece	91	136	160
Patent Applications Filed in the Year	piece	152	236	185
Number of Software Copyrights	piece	/	/	6
Invention Patent Applications Filed During the Reporting Period	piece	/	/	61
Valid Patents in Force During the Reporting Period	piece	/	/	589
Invention Patents Applied in Core Business	piece	/	/	128

Customer Service

Indicator	Unit	2023	2024	2025
Customer Satisfaction	score	95.3	96.5	94
Total Customer Complaints	case	987	686	623
Customer Complaint Closure Rate	%	95.85	90.38	97.27

Information Security

Indicator	Unit	2023	2024	2025
Number of Information Security Incidents	case	4	0	0
Number of Customer Information Leakage Incidents	case	0	0	0
Losses from Violations of Relevant Laws and Regulations	10,000 RMB	0	0	0
Percentage of Operating Sites with TISAX AL2 Certification	%	/	/	100
Information Security Emergency Drills	session	/	/	2
Data Security & Customer Privacy Protection Training Sessions	session	/	/	5

Rural Revitalization

Indicator	Unit	2023	2024	2025
Total Investment in Rural Revitalization	10,000 RMB	109	129	133.96
Number of People Assisted with Employment	person	12	12	10

Community Public Welfare

Indicator	Unit	2023	2024	2025
Total Donations	10,000 RMB	15.15	34.11	22.12
Number of Employee Volunteers	person	15	25	28
Volunteer Activities Organized	session	9	12	15
Volunteer Participation	person-time	72	89	92
Total Volunteer Service Hours	hour	28	45	48

Indicator Index

ndex of Topics in the Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No.14 – Sustainable Development Reports (for Trial Implementation)

Dimension	No.	Topic	Corresponding Clauses	Corresponding Chapter
Environment	1	Climate Change Response	Articles21–28	Green Development–Climate Change Response
	2	Pollutant Emission	Article30	Green Development–Pollutant Emission and Waste Treatment
	3	Waste Treatment	Article31	Green Development–Pollutant Emission and Waste Treatment
	4	Ecosystem and Biodiversity Conservation	Article32	Green Development–Biodiversity Conservation
	5	Environmental Compliance Management	Article33	Green Development–Environmental Compliance Management
	6			
	7	Energy Utilization	Article35	Green Development–Energy Utilization
	8	Water Resource Utilization	Article36	Green Development–Water Resource Utilization
		Circular Economy	Article37	Green Development–Circular Economy
Social	9	Rural Revitalization	Article39	Win–Win Cooperation–Rural Revitalization and Social Welfare
	10	Social Contribution	Article40	Win–Win Cooperation–Rural Revitalization and Social Welfare
	11	Innovation–Driven Development	Article42	Innovation and Transformation–R&D and Innovation
	12	Tech Ethics	Article43	Not Applicable
	13	Supply Chain Security	Article45	Win–Win Cooperation–Supply Chain Management
	14	Equal Treatment of SMEs	Article46	Win–Win Cooperation–Supply Chain Management
	15	Product and Service Safety and Quality	Article47	Innovation and Transformation–Product Quality and Safety
	16	Data Security and Customer Privacy Protection	Article48	Integrity–Based Operation–Information Security Protection
	17	Employees	Article50	Win–Win Cooperation–Employee Rights, Training and Development
Sustainability Related Governance	18	Due Diligence	Article52	Sustainable Development Governance–Occupational Health and Safety
	19	Stakeholder Engagement	Article53	Sustainable Development Governance–Due Diligence
	20	Anti–Commercial Bribery and Anti–Corruption	Article55	Integrity–Based Operation–Stakeholder Engagement
	21	Anti–Unfair Competition	Article56	Integrity–Based Operation–Business Ethics

AA1000 Independent Assurance Statement

To Farasis Energy (Ganzhou) Co., Ltd.:

Eruid (Shanghai) Inspection & Certification Co., Ltd. ("Eruid") is commissioned by Farasis Energy Technology (Ganzhou) Co., Ltd. ("Farasis Energy") to conduct an independent limited assurance engagement on the environmental, social, and corporate governance information and data disclosed in the Farasis Energy 2025 Environmental, Social and Governance Report ("ESG report"), and to present the assurance findings and conclusions to the readers and stakeholders of the ESG report in the form of issuing an independent assurance statement.

Assurance Scope

1.The scope of this assurance engagement is the management practices, performance and related information of the Company in terms of environment, social and governance (ESG) disclosed in the ESG report from January 1, 2025 to December 31, 2025.

2.Assuring the Farasis Energy ESG report covers the data and information of Farasis Energy and its subsidiaries.

3.The assurance work does not include the data and information of suppliers, partners, or any other third parties of Farasis Energy.

4.The information and data disclosed in the ESG report have already been assuranced or assured by an independent third party, and not re-assurance in this engagement.

Assurance Standard

Eruid adopted the AA1000AS v3 Type 1 moderate level assurance to evaluate the reporting organization's adherence to the four AA1000 AccountAbility Principles (AA1000AP, 2018) — Inclusivity, Materiality, Responsiveness, and Impact (the "Four Principles").

Assurance Information Source

Report Name: Farasis Energy 2025 Environmental, Social and Governance Report

Source: Farasis Energy

Assurance Responsibility and Statement

1.Farasis Energy's management is responsible for the preparation of the report and the authenticity, accuracy and completeness of its content, and for establishing an internal control system to support the collection and disclosure of ESG data.

2.Subject to the limitations of the assurance scope, Eruid has conducted an independent limited assurance engagement on the matters within the defined scope of Farasis Energy ESG report, in accordance with AA1000AS v3, and has provided a conclusion based on its assurance work. Except for providing independent assurance on the verified facts corresponding to these conclusions and issuing this Statement of Opinion, Eruid assumes no legal or other liability for any inquiries for any other purpose, nor to any other person reading this Independent Assurance Statement of Opinion.

Assurance Schedule and Work

In order to gather evidence relevant to forming our conclusions, we performed the following procedures:

1.Develop an assurance plan, clearly defining key resource requirements, assurance scope, tasks, timeline, and expected deliverables;

2.Through interviews and document review, understand the reporting organization's management system, policies, and operational mechanisms regarding Environmental, Social, and Governance (ESG) matters;

3.Review the significant matters disclosed in the report and related supporting evidence to assess their consistency with actual management practices;

4.Through interviews and document review, identify key stakeholders, understand their expectations and concerns, and the reporting organization's communication mechanisms and response methods;

5.Select key ESG information from the report, implement analytical procedures and sampling verification to assess the reasonableness of the relevant data and its consistency with the disclosed content;

6.Verify the inclusion, materiality, responsiveness, and impact principles in the company's report and its related AA1000 to confirm the appropriateness of this statement;

7.Perform other procedures deemed necessary by Eruid.

Eruid 易睿德

AA1000 Licensed Assurance Provider 001-195

Independence and Assurance capability

1. Eruid and Farasis Energy are completely independent organizations. None of the members of the Eruid assurance team have any business relationships with the reporting organization, its directors or senior management, or department managers that would create a conflict of interest. The Eruid assurance team conducted this assurance independently and neutrally.

2. Eruid is accredited by AccountAbility. Our assurance team consists of experienced professionals in the industry. Team members hold ACCA professional qualifications and AA1000 official auditor qualifications, possessing many years of auditing and ESG consulting experience. All relevant personnel have received professional training in AA1000 Assurance Standard v3 ("AA1000AS v3") of AccountAbility, GRI Standards (GSSB), the International Financial Reporting Sustainability Disclosure Standards (ISSB), Sustainability Reporting Guidelines of the Shanghai and Shenzhen Stock Exchange, and ESG Reporting Code of the Hong Kong Stock Exchange among other relevant standards and guidelines.

Limitation

1. This review used a sampling method to verify relevant information, therefore it did not cover all information disclosed in the report;

2. Eruid did not review the sustainable development performance indicators disclosed in the report, but only confirmed that the sustainable development performance indicators had clear data sources through interviews and verification of factual evidence;

3. Eruid could not comment on the report's descriptions, beliefs, inferences, wishes, expectations, future plans, or other forward-looking information; only the relevant factual evidence supporting these views was verified;

4. In future reviews, Eruid will, based on the principle of continuous improvement, further focus on improving the report's organization of sustainable development information disclosure and management.

Assurance Conclusion

1. Based on the information provided by Farasis Energy and the sampled tests, Sustainable Development and ESG report of Farasis Energy does not contain any material misrepresentations.

2. Regarding the principles of inclusion, substance, responsiveness, and impact included in AA1000AS v3, the detailed audit results are as follows:

Principle	Evaluation
Inclusivity	Farasis Energy identifies and reaches key stakeholders and obtains feedback through multi-channel communication. In 2025, the company comprehensively considered stakeholder concerns during the issue identification process and combined questionnaire surveys and communication mechanisms to form issue inputs.
Materiality	Farasis Energy conducted a dual importance analysis, identifying 25 ESG issues and assessing and ranking them from the perspectives of impact, risk, and opportunity. The substantive identification system is relatively complete.
Responsiveness	Farasis Energy has established corresponding management and disclosure mechanisms around the key issues identified, responding to stakeholder concerns through systems, performance indicators, and continuous improvement measures. The report discloses key performance information including greenhouse gas emissions, energy and resource utilization, employee health and safety, and data security, and establishes corresponding management systems and control measures.
Impact	Farasis Energy has established an ESG governance and risk management system to identify and manage the major environmental and social impacts of its operations, and to monitor these impacts through key indicators. The report discloses information on the impacts, risks, and opportunities related to climate change, resource utilization, and supply chain management.

general manager:

Assurance Provider: Eruid (Shanghai) Inspection & Certification Co., Ltd.

Assurance Period: April 2026

Assurance Team: Eruid Sustainability Assurance Team

AA1000 Licensed Report 001-195/V3-BAJJN

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