



CNGR 中伟

2022

Environmental, Social,
and Governance Report

CNGR Advanced Material Co.,Ltd.

CNGR 中伟

CONTENTS



About the Report



Speech by the Senior Executive

01

About CNGR



About Us	08
Honors in 2022	11
2022 ESG Highlights Review	11

04

Excellence and Win-win



Healthcare	44
High-quality Products	58
Community and Partners	63

02

Sustainability Management



Sustainable Development Strategy	14
Sustainability Governance	20
Stakeholder Engagement	21
Analysis of Material Topics	22

05

Practicality and Self-discipline



Compliance Management	72
Fair Operation	75

03

Harmonious Ecology



Clean Energy	26
Resource Recycling	34
Ecological Footprint Reduction	38

06

Appendix



ESG Key Performance	78
Third-party Assurance Report	84
GRI Index	86

About the Report

This report is a non-financial report publicly disclosed by CNGR Advanced Material Co., Ltd. (300919.SZ), which aims to respond to the expectations of stakeholders and comprehensively demonstrate the concepts, management, actions, and achievements of CNGR Advanced Materials Co., Ltd. in environmental, social and governance ("ESG") and sustainable development.



Time Frame

The time range is from January 1, 2022, to December 31, 2022. Some contents beyond the above range will be explained in the text.



Report Scope

All information and data disclosed in this report are from CNGR Advanced Material Co., Ltd. and its holding subsidiaries. The data coverage includes CNGR Advanced Material Co., Ltd. and its holding subsidiaries. The inconsistency between the scope and the above will be explained in the text.



Reference

For the convenience of expression and reading, "CNGR Advanced Material Co., Ltd." will be referred to as "CNGR," "the Company," and "we" in this report.



Data Description

All data disclosed in this report are sourced from the Company's internal data collection and statistical system. In this report, unless otherwise specified, the currency unit is CNY (Chinese yuan).



Preparation Basis

This report is prepared under the requirements of the GRI Standards issued by the Global Sustainability Standards Board (GSSB), with reference to the requirements of the *Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies* and other relevant guidelines on information disclosure and to mainstream ESG rating indexes such as MSCI ESG Rating and S&P CSA, and in combination with the recommendations of the United Nations Sustainable Development Goals (SDGs) and the Task Force on Climate-related Financial Disclosures (TCFD).



Confirmation and Approval

This report has been considered and approved by the management of CNGR. We guarantee that the contents of this report do not contain any false records, misleading statements, or material omissions. CNGR is responsible for the truthfulness, accuracy, and completeness of the report.



Instruction on Report

This report is available in both Chinese and English and can be consulted on our website (<http://www.cngrgf.com.cn/shzr.html>). In case of any inconsistency between the Chinese and English versions, the Chinese version shall prevail. For any conflict or inconsistency between this report and the Company's annual report, the annual report shall prevail.



Disclaimer

Some of the contents in this report are forward-looking and vulnerable to uncertainties, resulting in significant differences in actual results. The Company assumes no obligation to update any forward-looking statements in this report.



Contact Information

For printed versions of the report or comments and suggestions on the report, please contact:
 Contact Institution: Sustainable Development Office of CNGR Advanced Material Co., Ltd.
 Address: Intersection of No.2 and No.1 Trunk Roads, Dalong Economic Development Zone, Tongren, Guizhou
 Tel.: 0856-3238558
 E-mail: cngrCSR@cngrgf.com.cn

Speech by the Senior Executive



Time and tide wait for no man. A new year begins. 2023 is coming as promised. On behalf of CNGR, I would like to extend my sincere thanks and best wishes to the party committees and governments at all levels, customers, financial institutions, investors, and media friends who have long been concerned about and supported the development of CNGR, to our partners and industry colleagues who have always worked with us, and to all CNGR people and their family members who have always been striving and industrious.

2022 is a challenging but fruitful year for CNGR. In the face of the global tension and complex economic environment, uncertainties in the global industry chain and supply chain, and the impact of the COVID-19 pandemic, CNGR has closely centered on the development strategy of "technology diversification, layout globalization, green and low-carbon development, and industrial integration" with firm confidence and determination. We further improved the material system, arranged the internationalization blueprint, achieved an effective and efficient production led by green and low-carbon development, and completed the vertical integration of the industrial layout. Our vision to "become the most valuable comprehensive service provider of new energy materials in the world" is gradually becoming a reality.

Our vision to "become the most valuable comprehensive service provider of new energy materials in the world" is gradually becoming a reality.

This year, CNGR strengthened its industrial foundation and comprehensively collaborated with customers to lay out multiple bases at home and abroad. In Indonesian, the three Industrial Bases of Morowali, South Kalimantan, and Weda Bay have risen from the ground, adopting the OESBF process industrially for the first time in the world, opening up a new channel from the resource end to the new energy material end. In Guangxi, an integrated production line of nickel matte, nickel sulfate, and high-nickel ternary precursor has been built in Qinzhou Industrial Base. In the south of Kaiyang, the phosphorus center of Guizhou, the first production line of the 200,000 t/a iron (III) phosphate project in Kaiyang Industrial Base was put into operation and delivered. The industrial foundation of CNGR has been consolidated, and the industrial blueprint has been transformed from drawings to modern workshops.

This year, CNGR built up a key technological fortress in the industry chain with the power of innovation. In 2022, CNGR upgraded its R&D organization system and established two core R&D institutions, i.e., the Research Institute and the Engineering Institute; the global R&D base was put into operation, covering five major materials, and the R&D capacity has been increased to 14,000 tons per year. Industry-university-research cooperation was established with Tsinghua University, Central South University, and other top universities in the industry, with more than 1,000 R&D personnel. The Company has been recognized as the "National Technological Innovation Demonstration Enterprise" and "National Intellectual Property Advantage Enterprise." Tricobalt tetraoxide has been awarded the "National Single Champion Product." CNGR's technological innovation has continued to climb upwards and become the first engine for the Company's development.

This year, CNGR gathered the world's attention, set sail on an internationalization ship, and accelerated into the "Era of Voyage". From Indonesia in Southeast Asia to South Korea in Northeast Asia, and then to Finland, the Land of Thousand Lakes in Northern Europe, CNGR has been expanding its map. From the B20 Summit, to the "InterBattery" in South Korea, and to the annual international symposium on "Sustainable Finance and Climate Resilience" in Hong Kong, CNGR has continuously improved its international influence. This year, the 20th National Congress of the Communist Party of China (CPC) was held successfully, which put forward the "fundamental national policy of opening up to the outside world" and sounded the clarion call to comprehensively promote the great rejuvenation of the Chinese nation. It is time for Chinese enterprises to "go global." In 2023, CNGR will fully promote internationalization, embrace the world with an open and inclusive attitude, and welcome more international talents to join CNGR to ride the waves and sail away for our dreams.

The starlight does not disappoint those who are on the way, and time does not disappoint those who pursue dreams. In the past year, all CNGR people gathered strength and strived forward. In the new year, standing at a new starting point after the three-year pandemic test and at the intersection of the third energy revolution and the fourth industrial revolution, all CNGR people, with the mission like a torch, will ride on the new energy wave and move forward, chasing the dream of new energy with our commitment, courage, and tenacity, and writing a new wonderful chapter of CNGR!

01

About CNGR

本章所响应的 SDGs



About Us	08
Honors in 2022	11
2022 ESG Highlights Review	11

Performance Highlights in 2022



In 2022, shipments of precursor exceeded **230,000** tons.



In 2022, the total output value exceeded **30** billion yuan.



Our shipments of ternary precursors and tricovalent tetraoxide **ranked first** in the world for three consecutive years in 2020, 2021, and 2022.

About Us

Founded in September 2014, CNGR is a professional comprehensive service provider of new energy materials for lithium batteries, which belongs to the field of new materials and new energy in the national strategic emerging industries. Over the past years, CNGR has been recognized as a national enterprise technology center and a national high-tech enterprise and has been awarded the titles of "National Intelligent Manufacturing," "Green Manufacturing Factory," "Green Design Demonstration Enterprise," and others.

We maintain strategic cooperation with dozens of famous enterprises globally, and our core products, including high-voltage tricovalent tetraoxide, high-nickel NCM (Nickel Cobalt Manganese hydroxides), and NCA (Nickel Cobalt Aluminum hydroxides), are among the high-end supply chains of the world's top 500 enterprises in China, Europe, America, Japan, and Korea, and are widely used in 3C digital products, power, and energy storage field. Our shipments of ternary precursors and tricovalent tetraoxide ranked first in the world for three consecutive years in 2020, 2021, and 2022.

We adhere to R&D and innovation of new energy materials and ramp up investments in R&D with a focus on the full range of high-nickel low-cobalt ternary precursors, high voltage tricovalent tetraoxide, comprehensive recycling, raw material smelting, and material manufacturing equipment. Meanwhile, we develop ferrophosphorus, manganese, and sodium materials technologically. Thus, we can provide diverse, customized, and rapid technical services, mass production services, and industrialized application services, leading the industry's technological innovation.

Corporate Culture



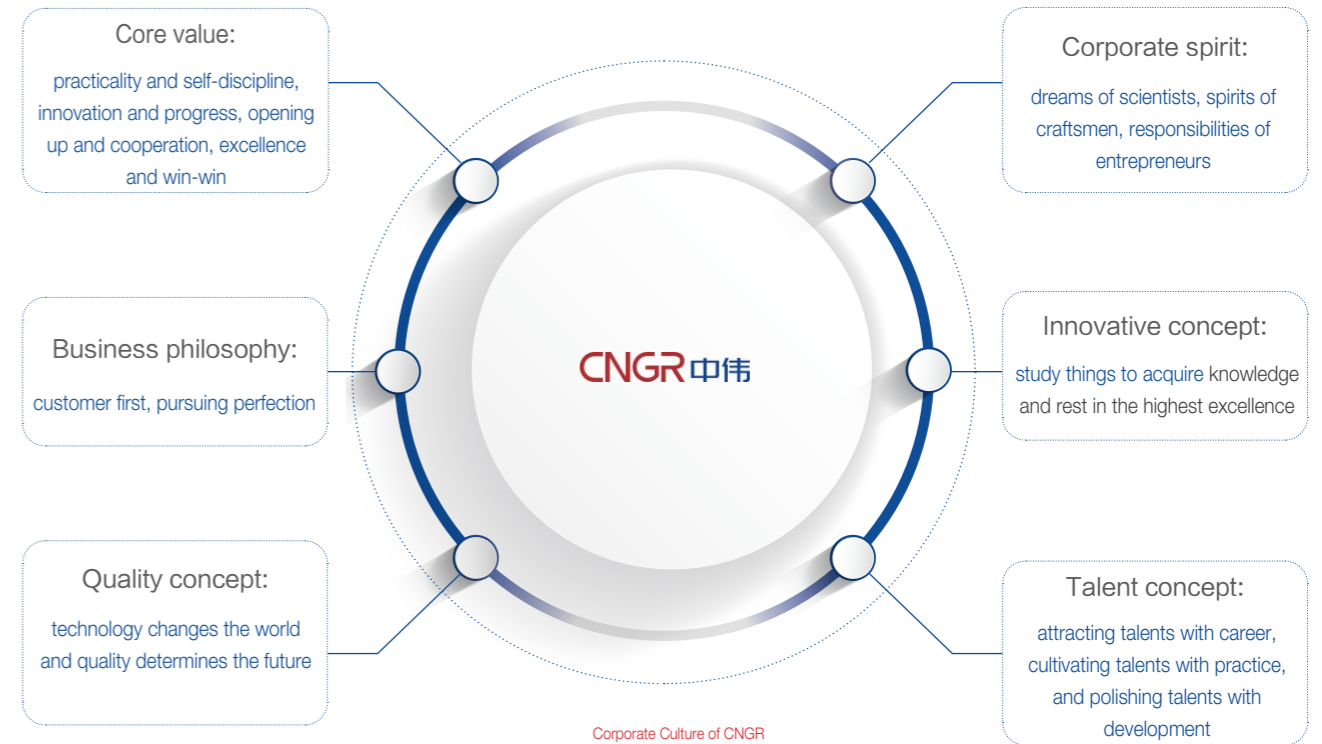
Our mission:

Committed to the development of new energy and building a better life for mankind.

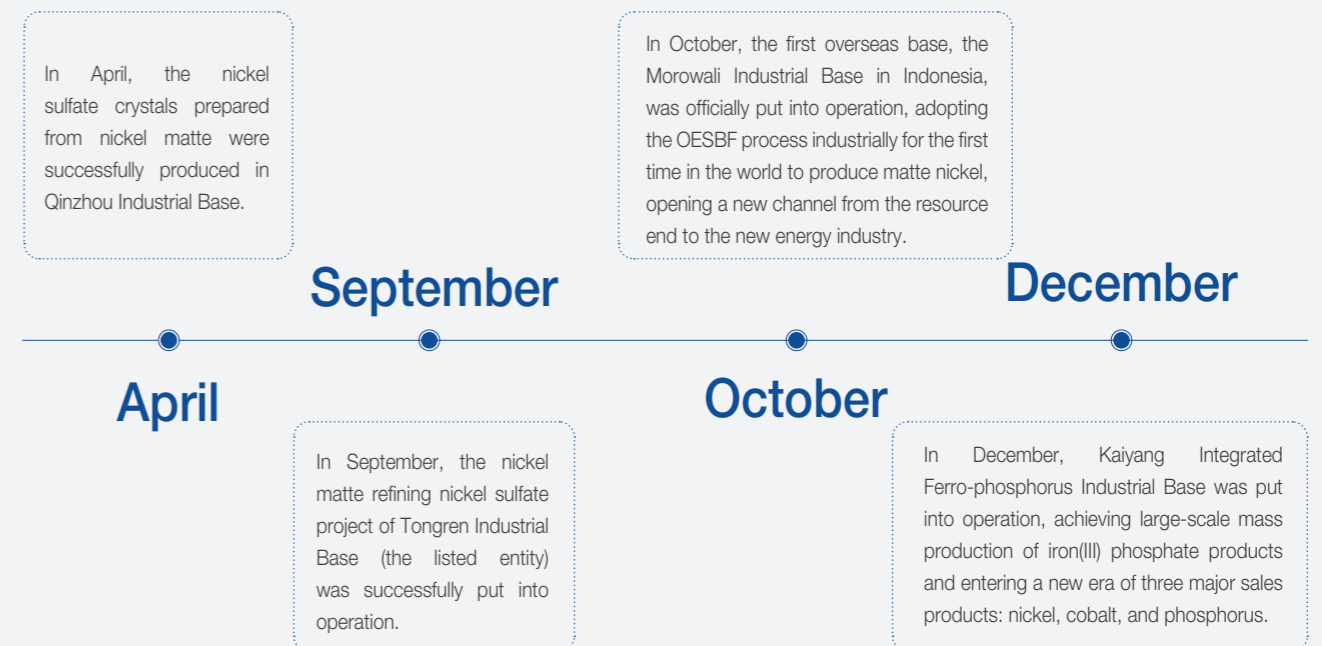


Our vision:

To become the most valuable comprehensive service provider of new energy materials in the world.



Achievements in 2022

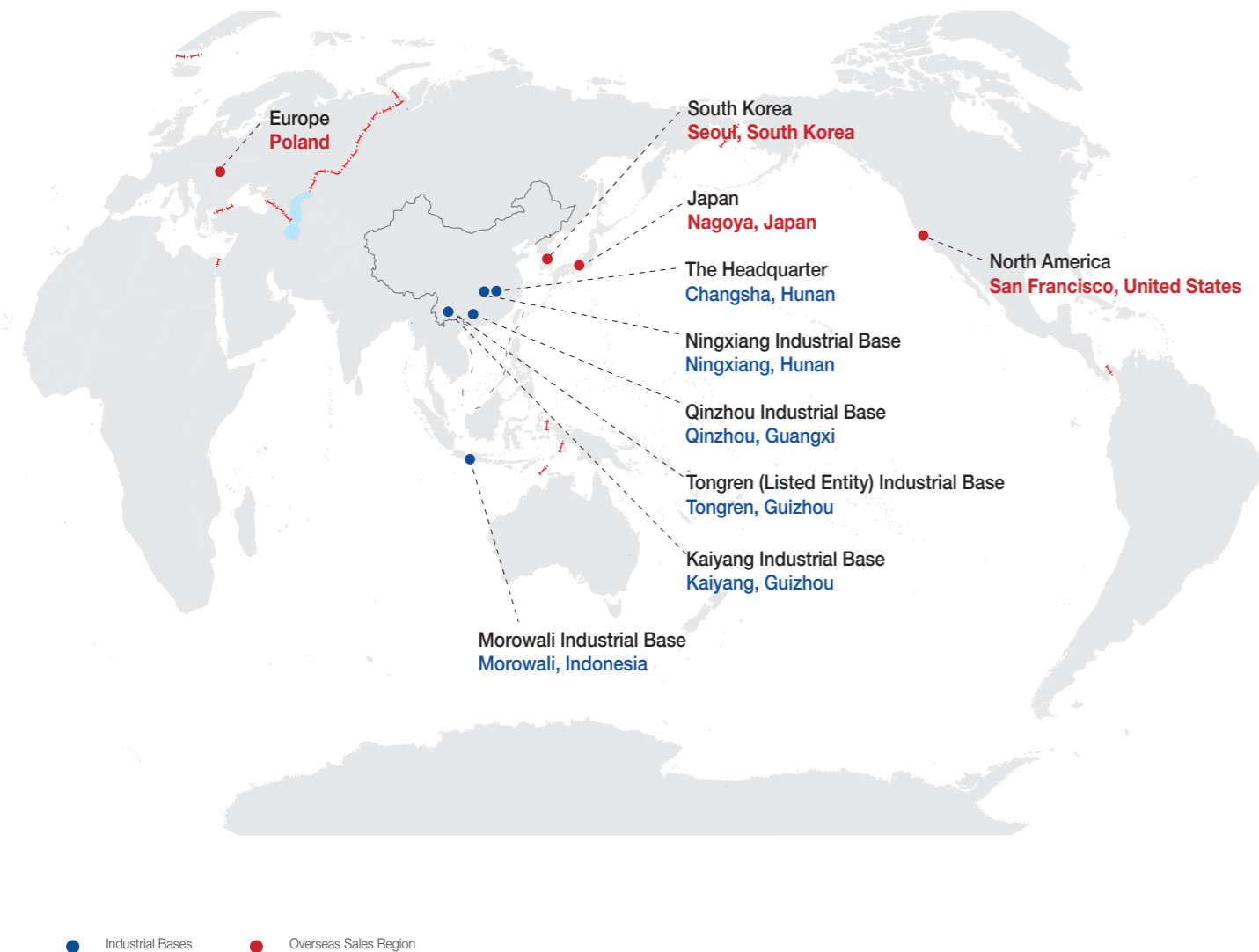


Business Layout

Based on China's industries, CNGR has formulated a globally integrated layout from an international perspective, built a domestic and international dual circulation pattern, and created a comprehensive competitive advantage in the industry chain.

We actively respond to China's new development pattern of "dual circulation" and the Belt and Road Initiative and lay out global industrial bases, forming a dual development pattern of domestic and overseas industrial bases and striving to be the world's most valuable comprehensive service provider of new energy materials.

Global Business Layout of CNGR



Honors in 2022

- "National Technological Innovation Demonstration Enterprise" and "Industrial Green Design Demonstration Enterprise"**
by the Ministry of Industry and Information Technology of the PRC (MIIT)
- "National Intellectual Property Advantage Enterprise"**
by China National Intellectual Property Administration (CNIPA)
- The first prize in "Science and Technology of China Nonferrous Metals Industry"**
by the China Nonferrous Metals Industry Association
- "Top 500 Manufacturing Enterprises in China"**
by China Enterprise Confederation and China Enterprise Directors Association
- "Top 100 Private Enterprises in Guizhou Province"**
by Guizhou Federation of Industry and Commerce and Guizhou Enterprise Federation
- "Guizhou Ten-Billion-Level Leading Enterprise"**
by Guizhou Provincial Department of Industry and Information Technology and Guizhou Energy Administration
- "Top 50 Listed Companies on the Growth Enterprise Market in China"**
by Securities Times
- serves as the Vice President Unit of the Hunan Battery Industry Association**
Hunan Zoomwe New Energy Science & Technology Co., Ltd.

2022 ESG Highlights Review

ESG Key Performance of CNGR in 2022

Indicators	In 2022	
Environmental	Scope 1 and Scope 2 greenhouse gases (GHGs) emission intensity	2.54 tCO ₂ e/t product
	Use of clean energy	180 GWh
	Water recycling rate	54.61%
	Disposal amount of hazardous waste per ton of precursor	0.01 t/t product
	Major environmental pollution incidents	0
	Pass rate of environmental monitoring	100%
Social	Work safety input	43,260,300 CNY
	Cumulative number of patent applications in China	299 pcs.
	Cumulative number of patents granted in China	143 pcs.
	Customer satisfaction score	91.47
	Proportion of female employees	27%
	Work-related fatal accident	0
Governance	Employee satisfaction	81.79%
	Total number of volunteers	1,314
	Number of new suppliers screened using ESG criteria	14
	Coverage of employee training on business ethics and anti-corruption	100%
	Coverage rate of compliance training for directors	100%

02

Sustainability Management

As our business goes global and gradually extends to the industry chain, we are deeply aware that a sound sustainability management system is a must for us to improve our corporate management and competitiveness, and also our responsibility to respond to the needs of customers, investors, and other stakeholders and society. Therefore, we have elevated the concept of sustainability to the strategic level of the enterprise, integrated sustainability management into our corporate values, and effectively managed non-financial risks such as environmental, social, and corporate governance.

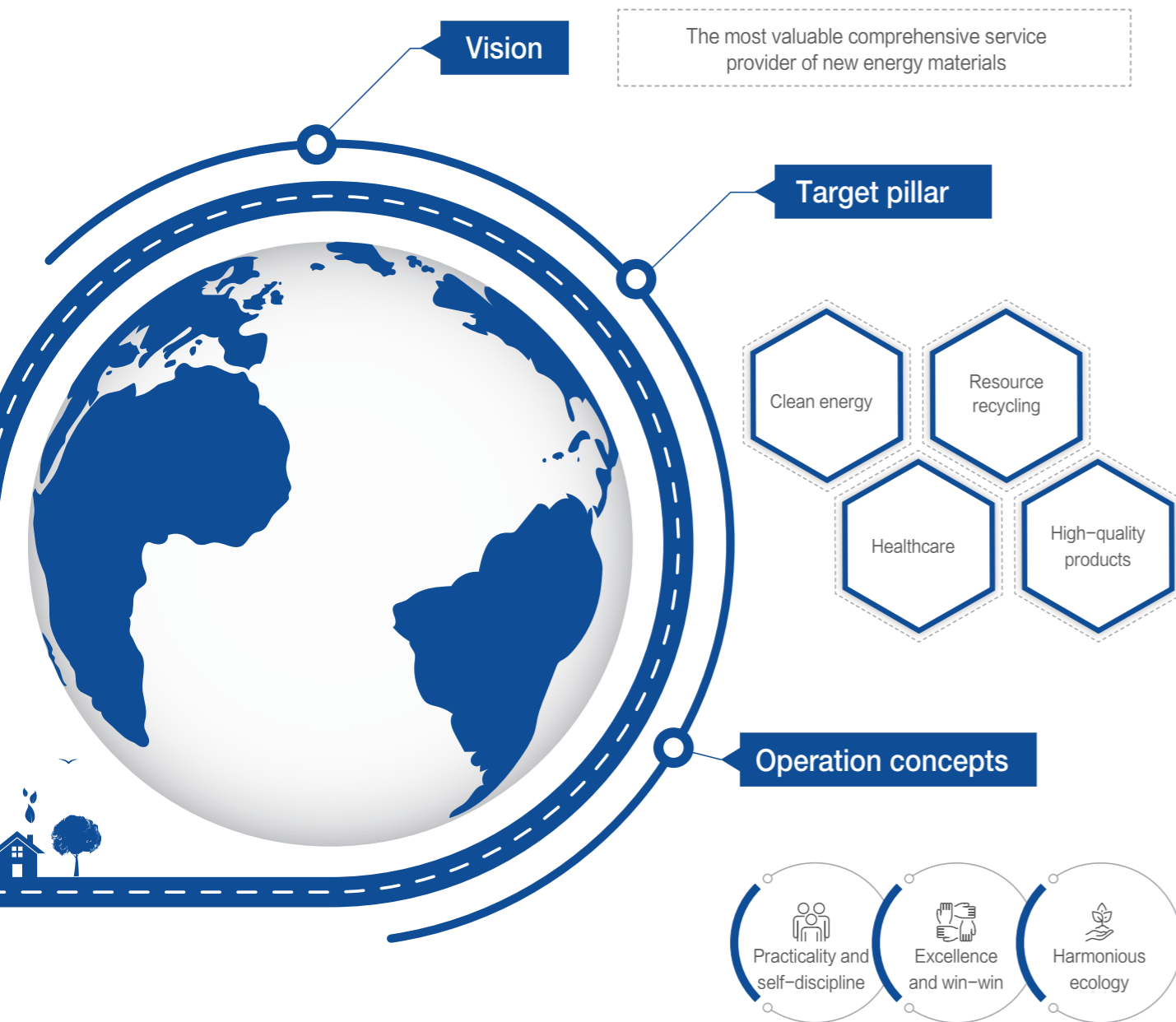
本章所响应的SDGs



Sustainable Development Strategy	14
Sustainability Governance	20
Stakeholder Engagement	21
Analysis of Material Topics	22

Sustainable Development Strategy

With the long-term vision of realizing “the most valuable comprehensive service provider of new energy materials,” CNGR has set up a sustainable development strategy model by adhering to three major operation concepts and setting four sustainable development target pillars, laying a solid foundation for achieving sustainable development.





Sustainable Development Strategy Model of CNGR

We take the concept of “practicality and self-discipline, excellence and win-win, harmonious ecology” as the basis of our sustainable development strategy, continue to promote the deep integration of sustainable development concept and corporate strategic values, and devote ourselves to steadily promote the sustainable development goals in the process of business development, and pursue the common sustainable development of the Company, industry chain, environment, and society.



ESG Goals

Based on the previous focus of sustainable development, we have turned the five major focuses on climate change, circular economy, responsible supply chain, compliance and integrity, and people-oriented into four target pillars, and set specific and trackable decomposed goals, reflecting our ambition to improve the performance and responsibility of sustainable development.

Target Pillar	Breakdown of Key Objectives	Progress in 2022
 Clean energy	<ul style="list-style-type: none"> Establish a TCFD governance structure and disclose TCFD reports By 2025, clean electricity will account for 100% By 2030, clean energy will account for 80% By 2030, reduce carbon emissions per ton of product by 50% By 2040, achieve operational carbon neutrality By 2050, achieve carbon neutrality in the supply chain 	<p>We have actively formulated low-carbon development plans, refined the emission reduction strategies in Scope 1, 2, and 3, carried out low-carbon transformation actions, and implemented 117 energy-saving and carbon-reducing projects, with a total income of 31.928 million CNY from energy-saving and consumption reduction.</p> <p>A total of 180 GWh of clean electricity is used annually, and the proportion of clean energy exceeds the annual target of 20%.</p> <p>The total installed capacity of photovoltaic (PV) equipment under construction in Qinzhou Industrial Base is 36.95 MW.</p>
 Resource recycling	<ul style="list-style-type: none"> Set targets for the use of renewable materials and wastewater reuse rate, and formulate waste recycling plans Complete the construction of the green management system for products Based on the water discharge of single-ton precursor in 2020, a 4-year water discharge control action plan will be arranged from 2023 to 2026, and the overall target of reducing water discharge by 20% will be set and strived for. 	<p>We carried out special resource recycling for materials with different applications and implemented resource recycling in raw material production, pollutant disposal, waste recycling, and other links.</p>
 Healthcare	<ul style="list-style-type: none"> Improve the construction of human rights protection system and mechanism, and carry out human rights risk and performance assessment Improve the management of occupational health and safety system 	<p>Our headquarters and subordinate industrial bases have passed the GB/T 45001 and ISO 45001 occupational health and safety management system certifications.</p> <p>We have continuously improved the employee rights and interests protection system, strengthened employee welfare care, helped employees promote and develop, and protected employees' freedom of association and expression.</p>
 High-quality products	<ul style="list-style-type: none"> Carry out life cycle management for product and issue product life cycle assessment report Promote cooperation with universities 	<p>We are ISO 9001: 2015 and IATF 16949: 2016 certified.</p> <p>We have improved the products' life cycle management capability, promoted the regeneration and reuse of decommissioned batteries, and realized the closed-loop utilization of traction batteries in the life cycle through wet recycling of ternary materials batteries and other technologies.</p>

In addition, we set specific targets for the three major fields.


Ecological footprint reduction 

Breakdown of Key Objectives

- Progressively conduct annual biodiversity assessments and set biodiversity conservation targets at all operational sites

Progress in 2022

- The Morowali Industrial Base has formulated a biodiversity conservation plan and reached cooperation with the local government of Indonesia to carry out biodiversity conservation in the villages where the Morowali Industrial Base is located and nearby.

Enterprise and system governance 

Breakdown of Key Objectives

- Improve the information security management system
- Conduct regular business ethics audits

Progress in 2022

- We have built an internal information security management system under ISO 27001, carried out internal information asset identification and risk assessment, self-examination of serious security vulnerabilities in ERP (Enterprise resource planning), and fixed several serious software system vulnerabilities to effectively protect information assets security.
- We established a clean and honest administration supervision and management mechanism focusing on prevention internally, corrected and punished frauds promptly, and built an accountability system, requiring the supervisory team to construct a clean and honest work style for cadres and supervise clean and honest work.

Community and partnerships 

Breakdown of Key Objectives

- Gradually carry out ESG audits covering all suppliers to reach the global leading sustainable supply chain level by 2030
- Carry out branded public welfare projects and build a public welfare brand with a considerable reputation and influence by 2030

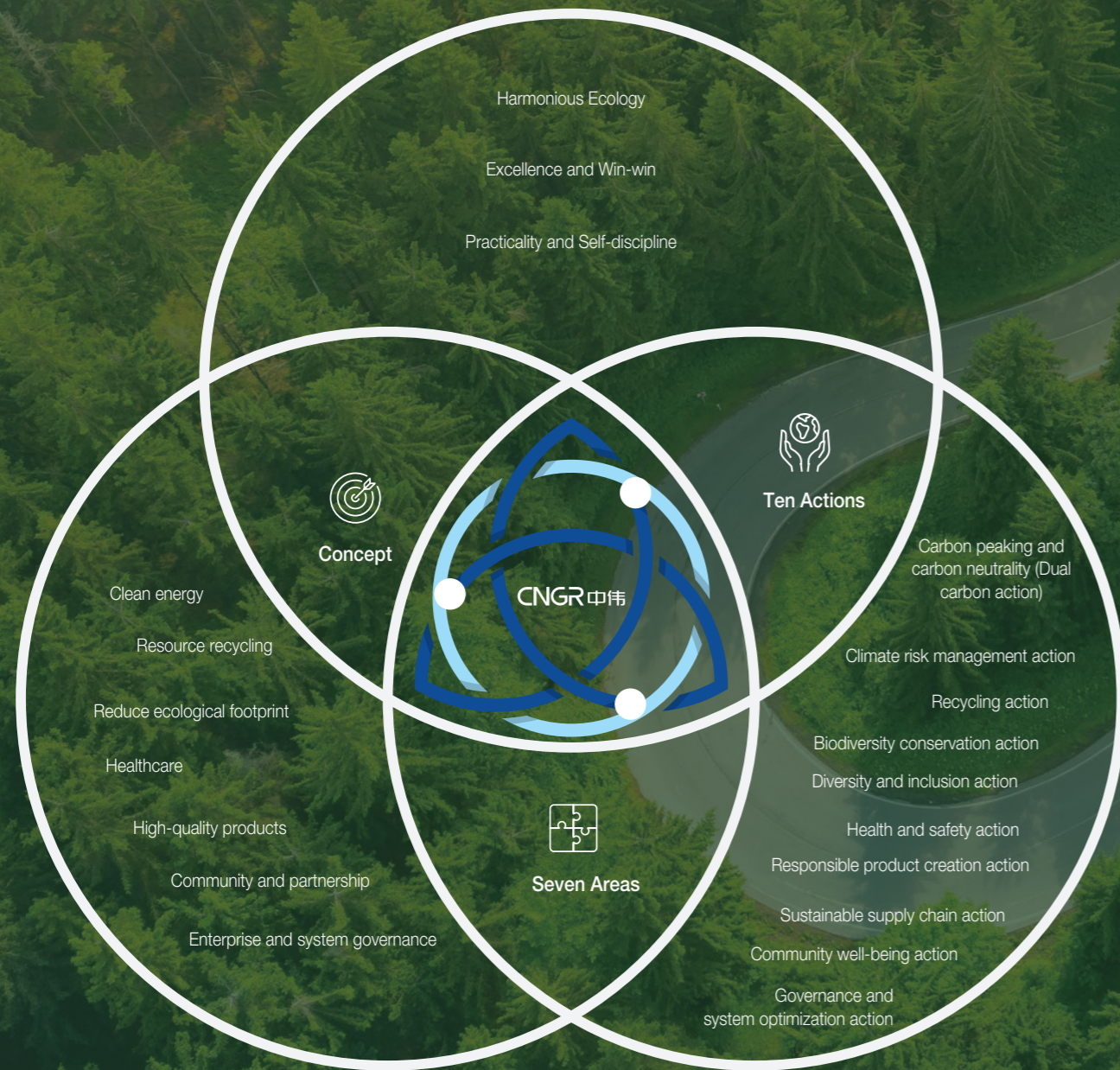
Progress in 2022

- We issued the *Suppliers' Code of Conduct*, requiring suppliers to implement ESG management in the fields of human rights, safety and health, environmental protection, and anti-corruption.
- We required the suppliers to provide ISO 14001, ISO 45001, ISO 90001, or equivalent certificates when selecting suppliers.
- We screened suppliers by ESG criteria and conducted annual ESG audits on all candidate suppliers.



ESG Action Plan

Relying on the strategic model and objectives of sustainable development, we started from the Company and formulated ten action plans with the upstream and downstream partners of the industry chain, further clarifying the strategic measures and action paths of the Company's sustainable development, systematically promoting the construction of the Company's sustainable development system, and building a sustainable ecological map.



CNGR Sustainable Development Action Plan

Corresponding Actions to United Nations Sustainable Development Goals (SDGs)

SDGs	Actions	SDGs	Actions
	We support enterprises, rural industrial revitalization, and community development.		We ensure the health and safety of employees through the management of work safety and chemical safety and occupational health management of employees.
	We carry out professional technical and ability training for employees and support employees to improve their academic qualifications.		We adhere to the employment principle of equal pay for equal work and gender equality, safeguard the legitimate rights and interests of female employees, and ensure a diversified and equal employment and working environment.
	We carry out actions such as water resources protection, harmless treatment of sewage/wastewater, and water resources recycling.		We purchase green electricity and obtain renewable energy through self-built PV power generation devices in the industrial base.
	We promote employment and maintain a diversified, equal, and inclusive working environment; support the development of employees through a fair and reasonable salary and welfare system with market competitiveness and a medium- and long-term incentive mechanism.		We comprehensively carried out the basic mechanism research of new energy materials and the application research of new products through the R&D and iteration of internal materials and products, and active collaboration with external R&D resources.
	We promise to resolutely put an end to discrimination against employees due to factors such as race, religious belief, age, nationality, sexual orientation, gender, marital status, pregnancy, political affiliation, or disability, always adhere to the employment principle of equal pay for equal work and gender equality, protect the minimum wage of employees, insist on opposing any form of harassment, and safeguard the legitimate rights and interests of female employees, and support a diversified and international workforce.		We promote circular production, actively research and develop new processes, innovate production processes, and continuously improve the resource utilization rate in the production process; carry out the construction of zero-carbon plants to reduce emissions and environmental impacts in the production process.
	We actively explore the economic opportunities and challenges that climate change may bring to enterprises with reference to the TCFD framework, integrate climate change into the life cycle of enterprises' operations, seek business models to address climate change risks, and build a climate change management system.		We attach importance to biodiversity conservation, and successively formulate and carry out biodiversity conservation plans.
	We put the compliance development of enterprises in an important position, attach importance to enterprise risk management, practice responsibility management, value the safety of information assets and the construction of business ethics, adhere to the value of "practicality and self-discipline", and continuously improve enterprise management.		We build a responsible supply chain to call for and drive the common development of the supply chain and attach great importance to the ESG management of the supply chain and promote the common sustainable development of the industry chain.

Sustainability Governance

We have established a top-down and closely coordinated sustainability governance structure, clearly defined the Board of Directors as the highest overall decision-making body for the Company's sustainable development work, and set up a sustainable development committee within the strategy committee of the Board of Directors.

To ensure the implementation and effectiveness of the Company's sustainability management strategy, the Company's Sustainable Development Committee has a Sustainable Development Office with an ESG Division and an EHS Division, carrying out specific work under the guidance of the Committee and connecting with all functional divisions and sub-units at all levels of the Company.

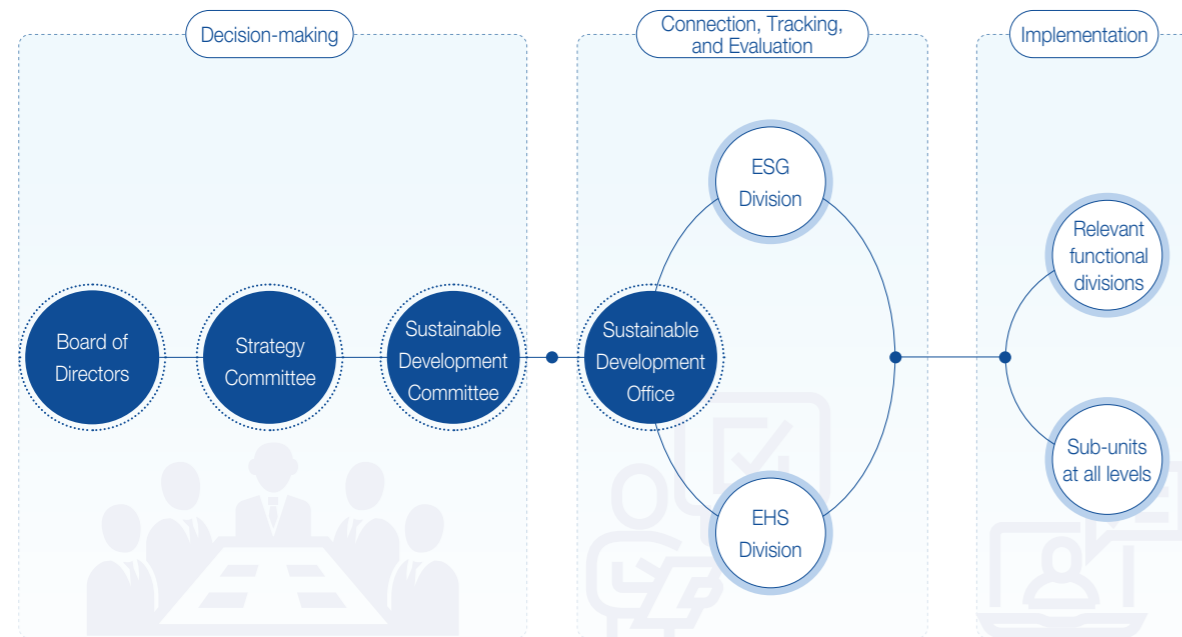


Figure Sustainability Governance Structure of CNGR

In addition, based on the sustainability governance strategy, we have formulated and released on our official website the *ESG Policy of CNGR*¹ around climate change, environment and resource management, biodiversity conservation, product and R&D, customer relationship management, occupational health and safety, supply chain, community and public welfare charity, information security, business ethics, corporate governance and risk management, which aims to guide and regulate the Company's operating locations and subsidiaries worldwide, all industrial facilities directly or indirectly controlled or operated by the Company, and all directors, officers, and employees of the Company. At the same time, we make full use of our influence to impact and encourage joint ventures, suppliers, and partners to refer to and follow the relevant policy to form a sustainable development synergy in the industry chain.

¹ <http://www.cngrf.com.cn/kcxzf/1022.html>

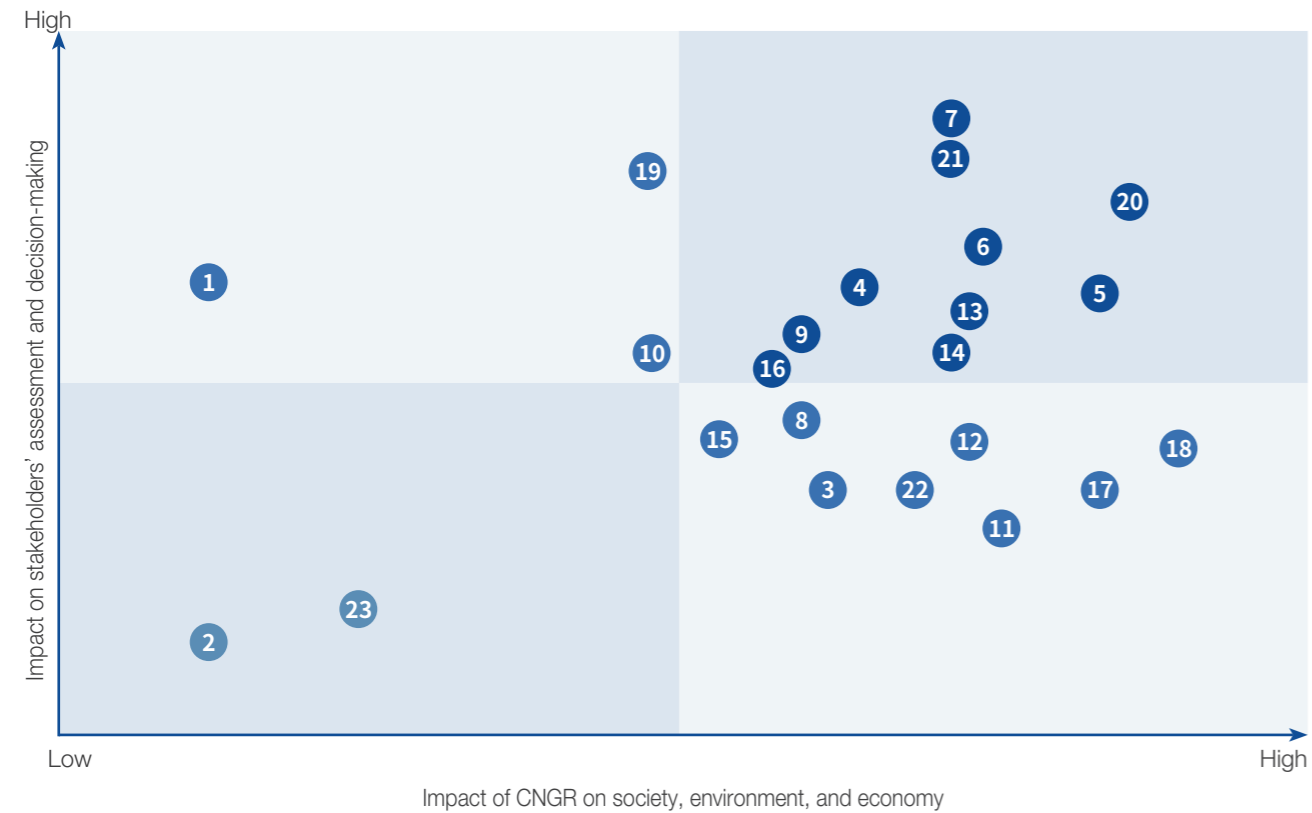
Stakeholder Engagement

We attach importance to listening to the voices of stakeholders, and by establishing a regular multi-channel communication mechanism, continuously communicate with various stakeholders to understand the concerns and expectations of all parties regarding CNGR's ESG concept and practice.

Stakeholders	Issues of Concern	Communication Mode	Our Response
Employees	<ul style="list-style-type: none"> Legal employment Employee rights and interests Training and development Occupational health and safety 	<ul style="list-style-type: none"> Training Performance appraisal Complaints and feedback Trade Union Employee satisfaction survey 	<ul style="list-style-type: none"> Diversity, equality, and inclusion Employee training and development Employee well-being Occupational health and safety
Shareholders and investors	<ul style="list-style-type: none"> Economic performance Risk management Compliance operation Management structure 	<ul style="list-style-type: none"> Shareholders Meeting Information disclosure (annual reports, ESG reports, announcements, company websites, etc.) 	<ul style="list-style-type: none"> About CNGR Sustainability management Board responsibilities Compliance governance Risk management Business ethics Business integrity Reporting mechanism
Customers	<ul style="list-style-type: none"> Product quality and safety Customer service 	<ul style="list-style-type: none"> Satisfaction survey Daily communication (phone calls, emails, and meetings) 	<ul style="list-style-type: none"> Product quality assurance High-quality customer service
Suppliers, contractors, and other partners	<ul style="list-style-type: none"> Responsible procurement Supplier management Anti-corruption 	<ul style="list-style-type: none"> Supplier evaluation Supplier capacity building Daily communication (phone calls, emails, and meetings) 	<ul style="list-style-type: none"> Sustainable supply chain
Government, regulator, exchange, or rating agency	<ul style="list-style-type: none"> Economic performance Compliance operation 	<ul style="list-style-type: none"> Phone call On-site inspection Information disclosure 	<ul style="list-style-type: none"> About CNGR Compliance governance Business ethics Business integrity Reporting mechanism
Non-governmental organizations	<ul style="list-style-type: none"> Energy management Water management Addressing climate change Pollution emission and waste disposal Chemical management 	<ul style="list-style-type: none"> Environmental impact assessment Regular monitoring Compliance disposal 	<ul style="list-style-type: none"> Carbon peaking and carbon neutrality (Dual carbon action) Addressing climate change Use of clean energy Energy conservation and consumption reduction management Water recycling management Environmental management system Emission management
Industry associations and companies in the same industry	<ul style="list-style-type: none"> Economic performance Intellectual property protection and scientific and technological innovation 	<ul style="list-style-type: none"> Exhibition Industry conferences, seminars, etc. 	<ul style="list-style-type: none"> About CNGR Innovation, research, and development
Surrounding communities and public media	<ul style="list-style-type: none"> Community relations Pollution control Charity 	<ul style="list-style-type: none"> Complaints and feedback Daily communication (phone calls) 	<ul style="list-style-type: none"> Promoting social welfare Emission management Biodiversity conservation

Analysis of Material Topics

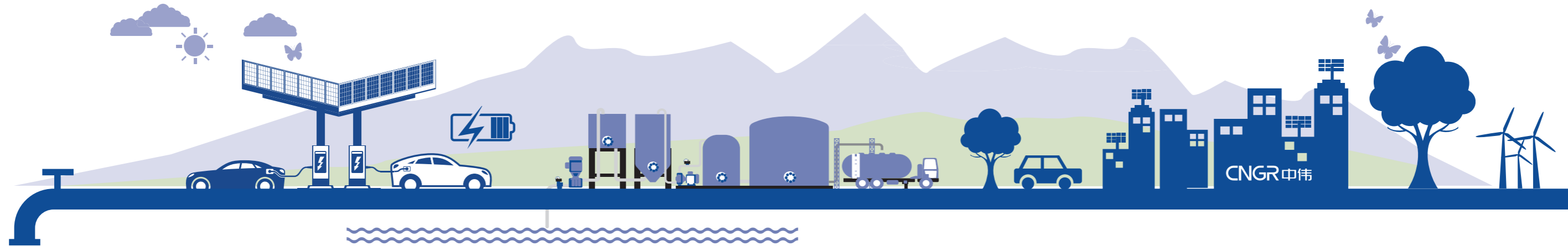
To deeply explore the core expectations and needs of stakeholders and enhance the pertinence and materiality of the report, we identify material topics of sustainability and determine their importance from the demands of stakeholders, combining relevant policy guidelines, industry development trends, company development strategies, and external expert suggestions, with the help of tools such as international standards, guidelines, and initiatives, to ensure that the information disclosed in the report fully covers the key issues concerned by CNGR and its stakeholders.



Analysis Matrix of Material Topic in 2021 ESG Report of CNGR

In combination with the Company's business development status, we plan to conduct stakeholder research on material topics every three years. In 2021, we conducted an in-depth and comprehensive analysis and evaluation of the Company's material topics through stakeholder questionnaires. In 2022, we understand the sustainability issues concerned by the Company and its stakeholders through internal interviews and external exchanges, comparison of capital market rating indicators, benchmarking with excellent peers at home and abroad, etc. On the premise that there is no significant change in the Company's internal and external environment, we finally determined that there is no change in the material issue database and issue matrix, and therefore decided to use the results of 2021.

Highly Material Topic	Moderately Material Topic	Low Material Topic
4 Risk management	1 Economic performance	2 Management structure
5 Business ethics	3 Compliance management	23 Charity
6 Sustainable supply chain	8 Intellectual property protection	
7 Product quality and safety	10 Customer management	
9 Scientific and technological innovation	11 Environmental management system and compliance	
13 Water management	12 Energy management	
14 Waste management	15 Product lifecycle management	
16 Addressing climate change	17 Chemical management	
20 Employee training and development	18 Legal employment	
21 Occupational health and safety	19 Employee rights and interests	
	22 Community relations	



03

Harmonious Ecology

The ecological environment is the common home of CNGR and the whole society. We make extensive use of clean energy, sort out our current carbon emissions status, promote the circular economy development in the whole life cycle of products and the whole production chain, implement actions in three major fields of clean energy, resource recycling, and environmental footprint reduction, and contribute to creating a harmonious, healthy and sustainable ecological environment.

本章所响应的 SDGs

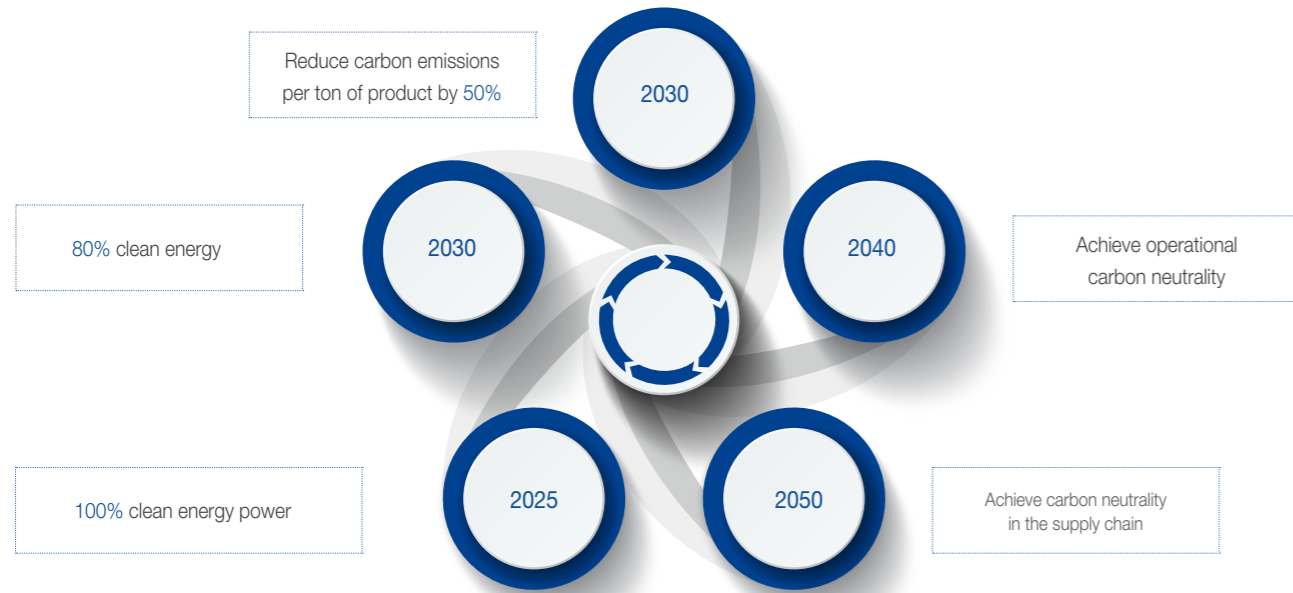


Clean Energy	26
Resource Recycling	34
Ecological Footprint Reduction	38

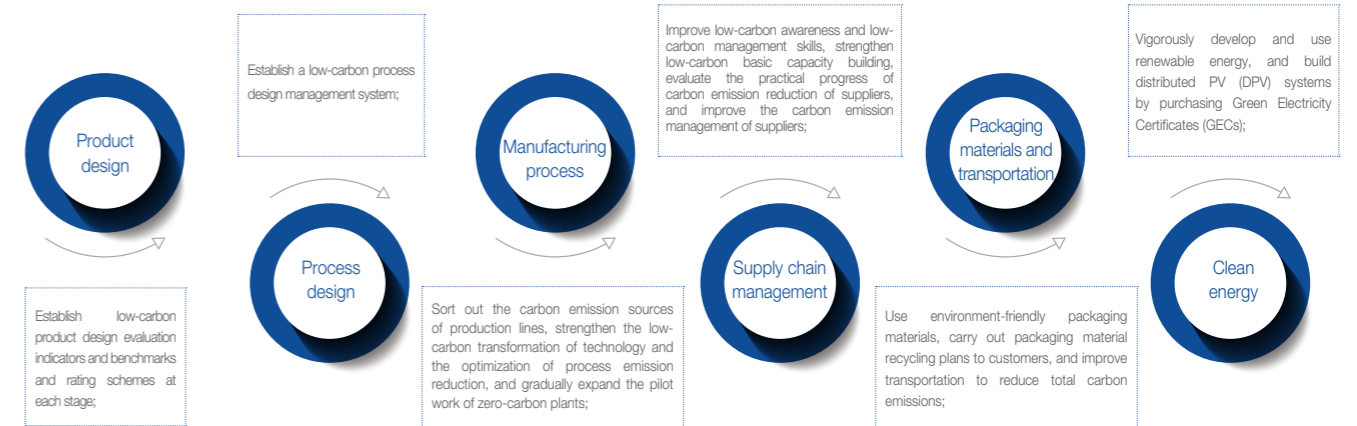
Clean Energy

The year 2022 marks CNGR's first year of adopting clean energy and the release of the "Carbon Peaking and Carbon Neutrality" (dual carbon) strategy. As an important member in the new energy industry, CNGR will continue to fight for peak carbon dioxide emissions and carbon neutrality, continuously affect itself, stakeholders, and value chains, carry out dual carbon actions, implement dual carbon achievements, and create a low-carbon and green industry development model. We have followed and responded to the Paris Agreement and the Science Based Targets Initiative to set the carbon targets of CNGR.

Carbon Target of CNGR



Low-carbon Special Action of CNGR



Qinzhou Industrial Base's Vigorous Construction of the Zero-carbon Factory

To achieve the goal of "putting into operation and achieving 'zero carbon' in the same year," Qinzhou Industrial Base actively promotes various key tasks such as energy conservation and emission reduction and clean energy application. The Base is equipped with HRSG to reduce the use of coal and other fossil energy, and continuously improve the treatment capacity of GHGs through the deamination tower system. At the same time, Qinzhou Industrial Base has been increasing the proportion of clean energy by purchasing green electricity and laying DPV equipment on a large scale. In the first half of 2022, Qinzhou Industrial Base reduced GHG emissions by 26,156.68 tCO₂e and offset GHG emissions by 7,041 tCO₂e, which greatly reduced the negative impact of Qinzhou Industrial Base on climate change.

On June 30, 2022, Qinzhou Industrial Base passed PAS 2060:2014 standard certification to achieve carbon neutrality.



Carbon Peaking and Carbon Neutrality (Dual Carbon Action)

It has always been our pursuit to achieve carbon emission reduction throughout the life cycle of products. To this end, we have gradually improved our control of low-carbon products, established low-carbon product design evaluation indicators and benchmarks through the stages of raw materials, packaging materials, transportation, production, and recycling of products, and gradually improved our own life-cycle evaluation model to control and analyze low-carbon data of products at all stages to control and strive to reduce the carbon footprint of products.

We have formulated a low-carbon development plan, refined the emission reduction strategies of Scope 1, Scope 2, and Scope 3 (transportation and procurement of goods), and clarified that special low-carbon actions will be carried out in six major aspects of product design, process design, manufacturing process, supply chain management, packaging materials and transportation, and clean energy in 2023, to achieve the goal of reducing carbon emissions per ton of products of CNGR by 50% by 2030. As of September 2022, we have approved and implemented a total of 117 energy-saving and carbon-reducing projects, with a total income of 68.95 million CNY from energy-saving and consumption reduction.

Product Carbon Footprint

Based on establishing and improving low-carbon special actions, we regularly measure and verify the carbon emissions of our products and operations to ensure that the special actions achieve the expected results.

In January 2022, CNGR established an LCA² calculation team led by the Sustainable Development Office and jointly formed by relevant departments of technology, production, PMC, equipment, EHS, and finance, which is fully responsible for the calculation of CNGR's product carbon footprint. We actively understand customers' requirements for product carbon emissions and calculate the life cycle carbon emissions of products with high customer attention and large output through mainstream databases such as GaBi and ecoinvent. The LCA results of some products have been assured by third-party institutions.

² LCA: Life Cycle Assessment.

In 2023, we will continue to tap the potential of product carbon reduction with reference to ISO 14044, the Global Battery Alliance (GBA), and other standards, continue to provide lower-carbon and cleaner products for downstream customers, and move forward to reduce carbon emissions per ton of product by 50% by 2030.

At the same time, to achieve the goal of carbon neutrality in 2040, CNGR strictly sorted out its carbon emissions and carried out carbon verification in 2022. We conduct this carbon verification covering Ningxiang Industrial Base, Tongren Industrial Base, and Qinzhou Industrial Base according to ISO 14064 Greenhouse Gas Accounting and Verification. The verified gases included carbon dioxide (CO₂), methane (CH₄³), nitrous oxide (N₂O⁴), sulfur hexafluoride (SF₆⁵), nitrogen trifluoride (NF₃⁶), perfluorocarbons (PFCs)⁷, and hydrofluorocarbons (HFCs)⁸.

GHG Emissions of CNGR⁹

Category	Unit	2020	2021	In 2022	2022*
Total Scope 1 emissions	tCO ₂ e	42,961	72,200	62,370.87	36,599
Total Scope 2 emissions	tCO ₂ e	317,911	592,700	529,292.07	529,292
Total Scope 3 emissions	tCO ₂ e	2,494,781	4,310,423	3,937,758.32	3,937,758
Total carbon emissions	tCO ₂ e	2,855,653	4,975,323	4,529,421.27	4,503,649
Scope 1 and 2 intensity	tCO ₂ e/t product	3.77	3.50	2.54	2.42
Scope 3 emission intensity	tCO ₂ e/t product	26.04	22.71	16.87	16.87

Note *In 2022, the Qinzhou Industrial Base achieved carbon neutrality within the scope of operation. After offsetting GHG emissions outside the operational boundary, the overall GHG emissions and intensity of CNGR in 2022 are as above.

• Use of Clean Energy

To achieve the relevant goals of clean energy of CNGR, we have gradually piloted and promoted the use of green electricity, orderly carried out energy recovery technologies such as low-temperature waste heat recovery, air energy, and geothermal heat pumps, continuously optimized the structure of clean energy use of CNGR, and helped the national carbon peaking and carbon neutrality goals. In 2022, CNGR used a total of 188,828 MWh of clean energy power, accounting for 22.83% of the total power, achieving the goal of using more than 20% of clean energy in 2022.

At the same time, Ningxiang and Qinzhou Industrial Bases have continuously promoted the construction of DPV, further expanding the use of green energy by CNGR and reducing GHG emissions. As of the end of the reporting period, the total installed capacity of PV equipment under construction in Qinzhou Industrial Base was 36.95 MW.

截至报告期末，钦州产业基地在建光伏设备总装机容量为

36.95MW

³ The 100-year global warming potential (GWP 100) of methane (CH₄) is 27.9. Source: Sixth Assessment Report (AR6) (2021) of the Intergovernmental Panel on Climate Change (IPCC).
⁴ The 100-year global warming potential (GWP 100) of nitrous oxide (N₂O) is 273. Source: Sixth Assessment Report (AR6) (2021) of the Intergovernmental Panel on Climate Change (IPCC).
⁵ The 100-year global warming potential (GWP 100) of sulfur hexafluoride (SF₆) is 25,200. Source: Sixth Assessment Report (AR6) (2021) of the Intergovernmental Panel on Climate Change (IPCC).
⁶ The 100-year global warming potential (GWP 100) of nitrogen trifluoride (NF₃) is 17,400. Source: Sixth Assessment Report (AR6) (2021) of the Intergovernmental Panel on Climate Change (IPCC).
⁷ The 100-year global warming potential (GWP 100) of perfluorocarbons (PFCs) is 0.004-12,400. Source: Sixth Assessment Report (AR6) (2021) of the Intergovernmental Panel on Climate Change (IPCC).
⁸ The 100-year global warming potential (GWP 100) of hydrofluorocarbons (HFCs) is 4.84-14,600. Source: Sixth Assessment Report (AR6) (2021) of the Intergovernmental Panel on Climate Change (IPCC).
⁹ Unless otherwise stated, the environmental-related performance indicators in this report cover Ningxiang Industrial Base, Tongren Industrial Base, Qinzhou Industrial Base, and Kaiyang Industrial Base, excluding Morowali Industrial Base. The statistical scope of GHG emissions includes Ningxiang Industrial Base, Tongren Industrial Base, and Qinzhou Industrial Base, while Kaiyang Industrial Base is not included in the statistics.



Qinzhou Industrial Base's Construction of PV Equipment

Qinzhou Industrial Base has installed PV panels on the roofs of workshops, office areas, lecture halls, and related operation places to fully promote the structural adjustment of clean energy. We cooperate with third parties to provide affordable and stable PV power for Qinzhou Industrial Base by using the professional panel laying and power supply capabilities of third parties. The project has been commenced in mid-December 2022 and is expected to be connected to the grid in the first half of 2023 when the annual power generation will reach 4,026 MWh.



PV Equipment Site at Qinzhou Industrial Base



• Low-carbon Management

While developing clean energy, it is a key carbon reduction path for CNGR to reduce energy consumption during production and operation significantly. We require each industrial base to establish a sound energy management system in accordance with ISO 50001, set up an energy review team, and regularly check the operation and energy consumption of the energy management system of the industrial base. As of December 31, 2022, the Tongren Industrial Base of CNGR has obtained the ISO 50001 energy management system certification.

In 2022, we invited an energy audit team from a professional third-party organization to conduct an external audit on the energy management system of the industrial bases, formed the *Preliminary Analysis and Evaluation of Energy Conservation Potential*, and put forward suggestions for improvement of the Company's air compression system, air conditioning system, cooling circulating water system, drying system and other areas with poor management.

On the basis of a perfect energy consumption management system, we have taken multiple measures to continuously improve the energy consumption management mechanism of CNGR. We continuously update and optimize the energy consumption management procedures, implement various management and practical results, and promote the performance of CNGR in energy use.

Based on the energy-saving and consumption-reducing management actions such as improving the efficiency of energy supply equipment, improving the process, equipment transformation, and improving daily equipment management, we have been updating the variable frequency technology, heat pump technology, efficient motor, waste heat utilization, air compressor consumption reduction, and other technologies and processes in the production process, significantly reducing the energy consumption level in our production.

To improve the accuracy of energy consumption management, we continue to promote the application of energy data information management systems. In 2022, the system has been implemented at Ningxiang Industrial Base. Through automatic collection, intelligent tracking, comprehensive monitoring, big data analysis, and other functions, we have effectively improved CNGR's energy consumption management performance, which laid the foundation for comprehensive carbon verification and provided hardware support for daily close energy consumption management.

Energy Management Data of CNGR¹⁰

ESG Indicators	Unit	2020	2021	2022
Anthracite	kg	4,579,050.00	6,706,670.00	172,800.00
Gasoline	kg	/	/	27,884.55
Diesel	kg	29,593.46	66,503.80	232,450.04
Natural gas	m ³	2,569,399	10,670,533.00	16,731,579.26
Power consumption	kWh	273,348,600.00	556,479,868.00	638,399,919.67
Steam consumption	ton	154,506.00	423,830.41	538,090.06
Total energy consumption	GJ	1,534,449.32	3,247,293.79	4,399,490.39
Energy intensity	GJ/t product	16.01	17.10	18.85

On the basis of energy conservation and consumption reduction, we are committed to reducing or avoiding the adverse effects of our products, packaging materials, and their transportation on climate change, and actively communicating with customers and suppliers to realize whole-process low-carbon management from upstream to downstream.

For packaging materials, we implement the *Management System for Production Material Suppliers* and put forward strict environmental protection requirements for packaging material suppliers. Through front-end warehousing qualification control, we carry out process evaluation on suppliers and refined procurement to reduce waste and carbon emission risks in the supply process of packaging materials and avoid additional GHG emissions.

To reduce the usage of ton bags in 2022, we have gradually increased the packaging weight of ton bags by communicating with customers (changing half-ton bags into ton bags), collaborated with the industry in an open manner to keep the packaging material models as consistent as possible, reduced the purchase and use of colored base cloth as product packaging materials, and hired a third party to recycle gray plastic trays from customers and reuse them after cleaning, which can greatly reduce the use of packaging materials, thus diminishing GHG emissions caused by packaging production.

In 2022, Qinzhou Industrial Base used nickel sulfate ton bags that can be recycled three times, which helped reduce a total of 44,452 ton bags; Tongren Industrial Base used ton bags that can be recycled once, helping reduce a total of 16,504 ton bags.

Usage Data of Packaging Materials of CNGR

ESG Indicators	Unit	2022
Wood packaging materials	ton	0.00
Metal packaging materials	ton	561.54
Plastic packaging materials	ton	5,125.87
Paper packaging materials	ton	102.68
Total packaging weight	ton	5,790.09
Unit precursor packaging material weight	kg/t product	0.02

¹⁰ The statistical scope of energy consumption includes Ningxiang Industrial Base, Tongren Industrial Base, and Qinzhou Industrial Base, while Kaiyang Industrial Base is not included in the statistics.

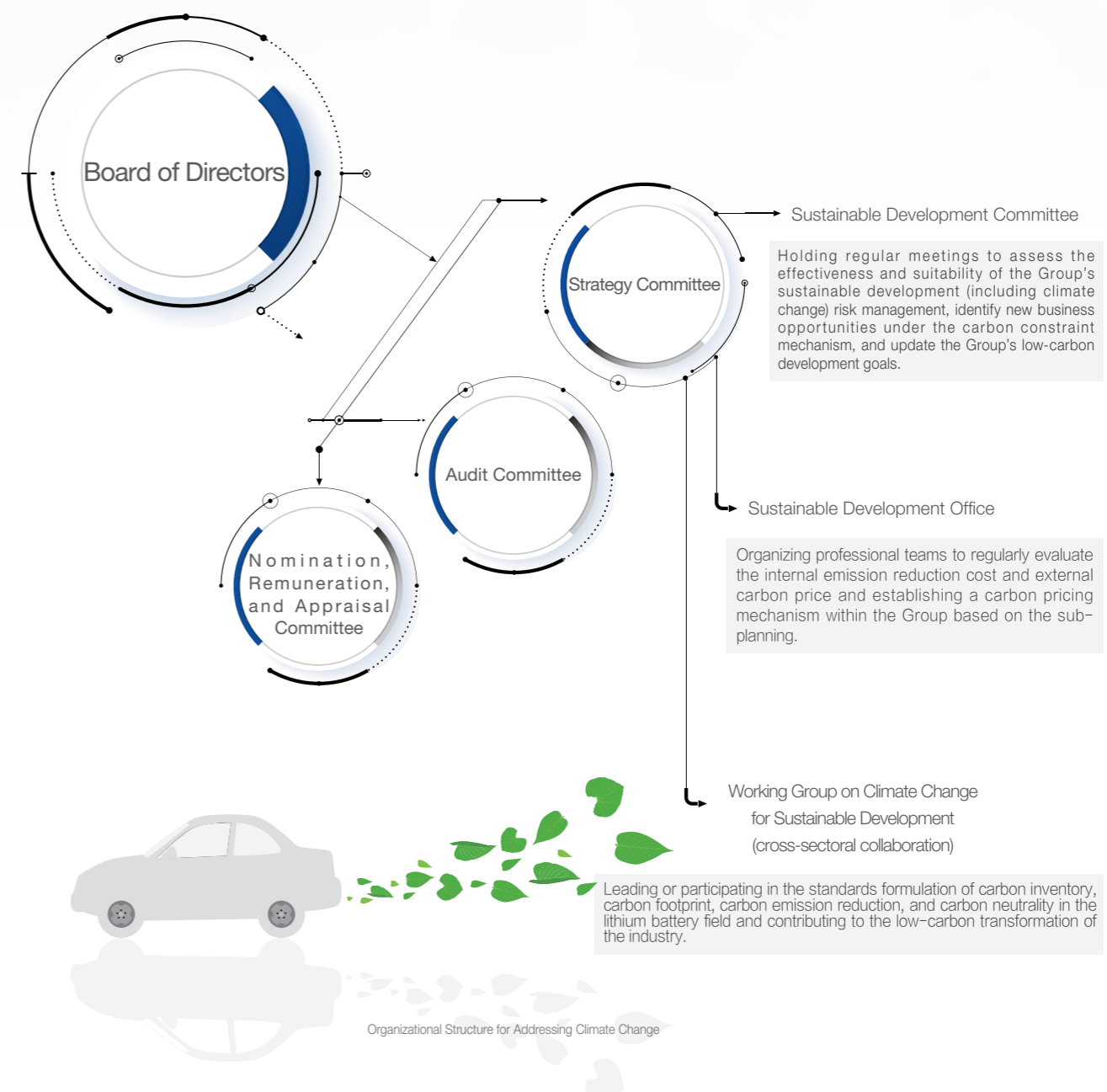
Addressing Climate Change

As a leading enterprise focusing on climate change and green development, we actively explore the economic opportunities and challenges that climate change may bring to us, integrate tackling climate change into the whole life cycle of the enterprise's operations, and seek business models to deal with climate change risks. At the same time, we give full play to our own and partners' strengths and actively call on all sectors of society to contribute to addressing climate change.

With reference to the recommendations of the TCFD, we have gradually established a climate change management system from four aspects, including governance, strategy, risk management, and objectives and performance.

- Governance**

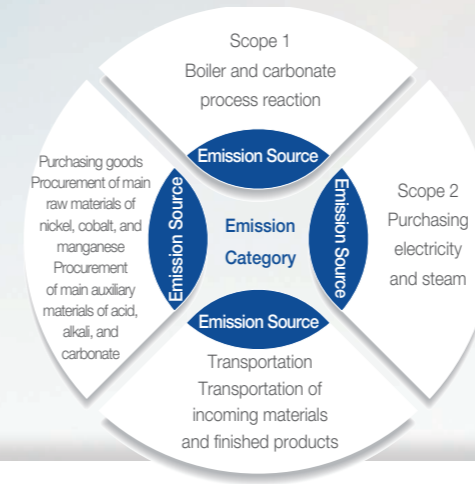
We have established a dedicated climate change management framework for GHG management and climate change response.



• Strategy

We have sorted out CNGR's current GHG emissions, of which the carbon emissions from upstream materials account for more than 80% of CNGR's total emissions. Based on this, we have reorganized the scope of carbon emissions into Scope 1, Scope 2, Scope 3 (transportation), and Scope 3 (purchasing goods) and formulated relevant action plans for the four categories of emissions.

Based on the above management structure and the TCFD framework, we formed CNGR's climate change risk list in 2022 as follows:



- Low-carbon design action plan
- Low-carbon manufacturing action plan
- Low-carbon supply chain action plan
- Low-carbon logistics action plan

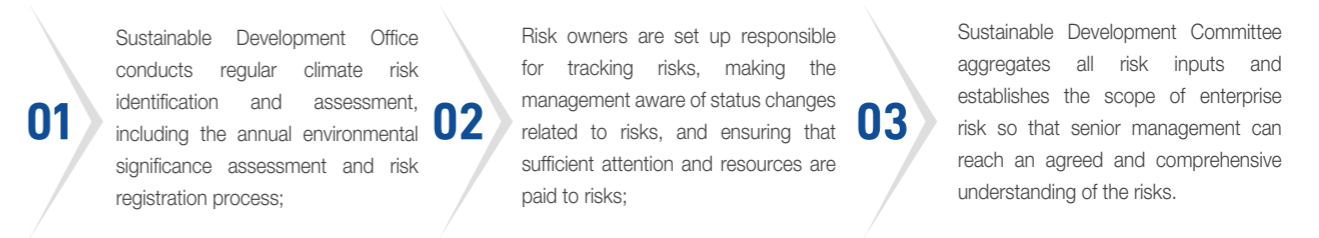
Table: CNGR's Climate Change Risk Analysis

Type of Risk	Climate-related Risks	Risk Segmentation	Potential Impacts	
			Procurement and Development	Production and Sales
Transition risk	Policy and regulation risk	Introduction of policies related to energy conservation and emission reduction (e.g., higher pricing of GHG emissions, incentives for energy-saving and emission-reducing products and services)	<ol style="list-style-type: none"> The supply chain is affected by battery regulations and carbon tax policies, resulting in higher material prices and costs Unable to enjoy incentives and other financing opportunities for energy-saving and emission-reducing products and services The risk of paying higher taxes and fines increases 	<ol style="list-style-type: none"> The impact of the carbon tax policies on the supply chain leads to an increase in material prices and costs Being required to use low-carbon materials and products, resulting in increased costs
		Stricter emissions reporting obligations and compliance requirements	<ol style="list-style-type: none"> Regulatory and investment institutions have stricter disclosure requirements for the enterprise's carbon emissions, emission reduction measures, and quantitative targets and performance, and the operating costs related to information disclosure have increased Stakeholders pay more attention to the enterprise's disclosure of GHG emissions in Scope 3, expanding the scope and difficulty of disclosure 	Stricter emissions reporting obligations and compliance requirements
		Changes in product supervision requirements and standards	Stricter product energy efficiency, emission standards, and regulatory requirements affect existing product standards and procurement standards and processes, increasing the compliance costs, fines, and risk of project cancellation	Being required to use materials and technologies conforming to new product standards
	Technical risk	Litigation risks caused by climate change	The enterprise pays additional costs for climate change-related litigation, including claims for damages to stakeholders, reputational and financial losses caused by litigation defense, losses caused by interference with operations, etc.	
		Low-carbon products replacing traditional products	<ol style="list-style-type: none"> Reduced demand for existing appliances with a high carbon footprint leads to reduced asset liquidity and depreciation risks Needs to give priority to the use of low-carbon emission production processes and materials result in increased costs Transformation to renewable energy, low-emission technologies, and digital equipment results in increased costs 	
		Investment in the development and adoption of low-carbon technologies	<ol style="list-style-type: none"> The development of low-carbon technologies and low-carbon products requires substantial resources Core low-carbon technologies are surpassed by competitors 	
		Customers' preference for green products	<ol style="list-style-type: none"> The enterprise's transformation to low-carbon products and services leads to increased costs New competitors provide low-emission products and services according to market demand, reducing the market share and profits of the enterprise 	
	Market risks	Uncertain market signal	<ol style="list-style-type: none"> Changes in regulatory requirements such as waste discharge and recycling lead to increased costs Energy price changes affect carbon emission prices, and national carbon trading and carbon tax policies lead to profit fluctuations 	
		Energy/material cost inflation	<ol style="list-style-type: none"> Changes in raw materials and energy prices lead to higher costs Lack of raw materials leads to cost increase and affects profits and feasibility The high price cost of low-carbon materials increases the input cost of products 	
		Stakeholders' attention to negative news	<ol style="list-style-type: none"> The negative impression of investors and other stakeholders on the enterprise is reflected in the capital rating, resulting in the obstruction of financing channels Consumer demand for products and services decreases, leading to the reduced liquidity of enterprise assets 	

Type of Risk	Climate-related Risks	Risk Segmentation	Potential Impacts	
			Procurement and Development	Production and Sales
Physical risk		Acute risk	<ol style="list-style-type: none"> The production and transportation of upstream raw materials such as cobalt and nickel are affected, resulting in a delay in the project's progress. The sudden change in temperature, humidity, and other conditions leads to a change in production conditions and material properties 	<ol style="list-style-type: none"> The production and transportation of upstream raw materials are affected, resulting in a delay in the project's progress The sudden change in temperature, humidity, and other conditions leads to a change in production conditions and material properties There is a potential work-related injury risk
		Chronic risk	<ol style="list-style-type: none"> The unstable supply of resources and energy affects the upstream supply, resulting in the delay of development progress The operating costs increase Maintenance costs increase due to damage to facilities The premium increases or the item is no longer covered 	<ol style="list-style-type: none"> The unstable supply of resources and energy affects the upstream supply, resulting in a delay in progress Increased frequency of extreme weather has led to delays in production progress The premium increases or the item is no longer covered

• Risk Management

We hope to minimize the adverse effects of climate change on CNGR and thus have formed risk management responsibilities at all levels for climate change risk management to ensure that climate change risks are properly managed:



• Objectives and Performance

We have set relevant targets for GHG emissions and clean energy use. Please refer to the "Carbon Peaking and Carbon Neutrality" section of this report for details. Meanwhile, we have completed the CDP Climate Change Questionnaire and replied to it. In the future, we will do our best to achieve CNGR's GHG emission targets, carry out climate change situational analysis as soon as possible, continuously optimize our climate change-related performance, and contribute to the national carbon peaking and carbon neutrality goals.

Resource Recycling

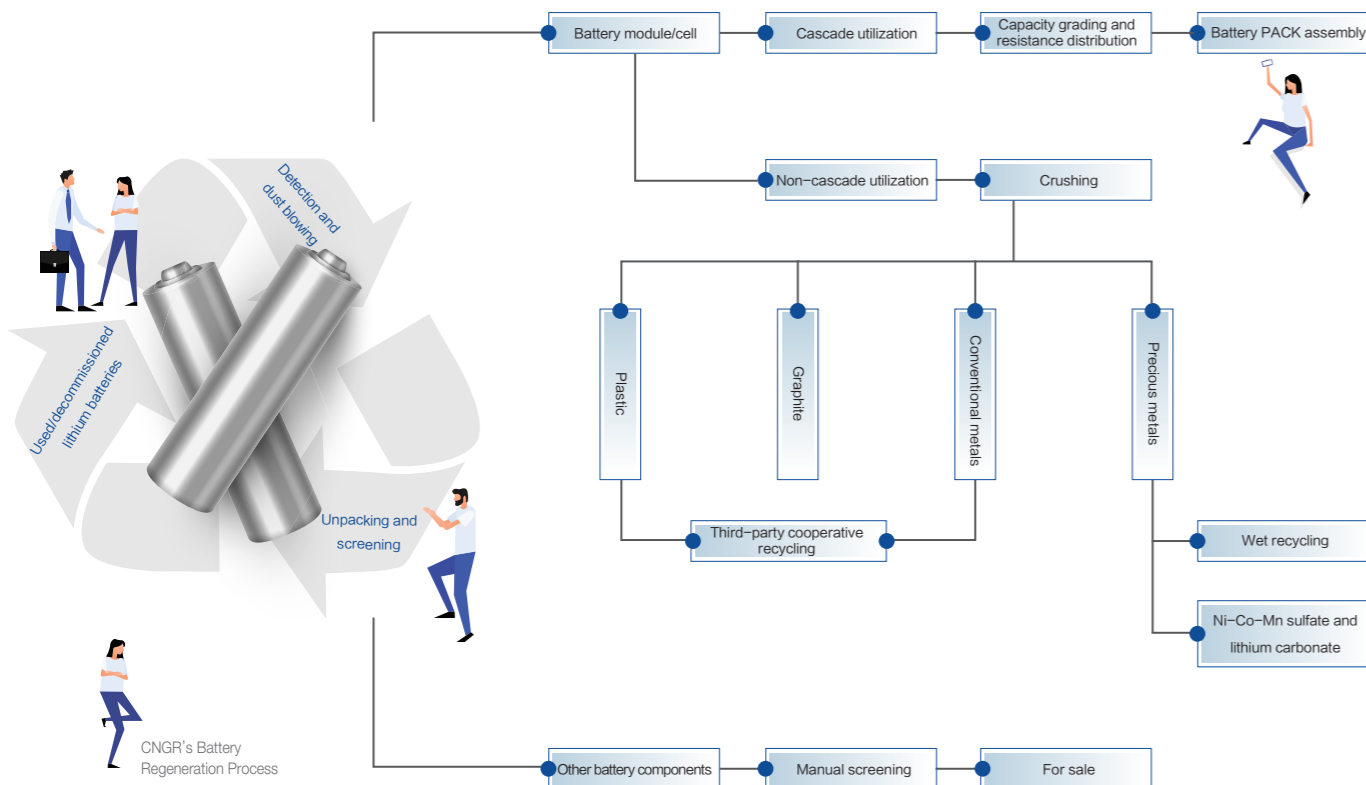
In July 2021, the National Development and Reform Commission launched the *14th Five-Year Plan for Circular Economy Development*, which proposed to establish a resource-recycling industry system by 2025. CNGR strictly implements the relevant requirements of the central government and takes recycling and harmless treatment of waste lithium-ion batteries as one of the strategic aspect, which focus on clean technology development. In 2022, CNGR established the Renewable Resources Center, actively developed the circular economy, and committed to implementing the resource closed-loop cycle of the whole life cycle of traction battery products.

Circular Industrial Economy

We strictly abide by the *Circular Economy Promotion Law of the People's Republic of China* and the *14th Five-Year Plan for Circular Economy Development* issued by the National Development and Reform Commission and actively carry out multi-level utilization of resources in the production process, integrated and standardized design, reuse resources in the production process and product transportation, extent product service life, and recycle resources at the end of the product life cycle.

On November 16, 2022, CNGR was selected into the list of enterprises (the fourth batch) in the *Industry Standard Conditions for Comprehensive Utilization of Waste Traction Batteries of New Energy Vehicles* announced by the MIIT, and obtained the qualification of "cascade utilization". CNGR was already included in the list of enterprises (the second batch) and obtained the qualification of "recycling" in 2021. As of the end of the reporting period, CNGR is one of the few waste battery recycling enterprises with double qualifications in China.

On this basis, we have continuously improved the recycling capacity of our traction battery. We have studied the recycling benefits of the components of decommissioned traction batteries to form CNGR's circular economy system.



We carry out the recycling of used and decommissioned batteries in two aspects. For cells that can be utilized in cascade, we assemble them into mobile energy storage power PACK¹¹ through a series of processes; for cells that cannot be utilized in cascade, we screen out plastics, graphite, conventional metals, and precious metals and recycle the first three materials in cooperation with third parties; for precious metals such as nickel, cobalt, and manganese, we carry out dissolution, slag removal, extraction, and sedimentation extraction to form precursor raw materials such as nickel-cobalt-manganese sulfate and lithium carbonate, which are used for reproduction.

Based on the above process, CNGR has set our ongoing target to expand the construction of circular economy projects in 2022 to improve the recycling and reuse capacity of decommissioned batteries to reduce toxic waste. As of the end of the reporting period, we have started the construction of the ternary black mass front-end lithium extraction project (20,000 t/a), the decommissioned battery pretreatment project (20,000 t/a), the preparation of battery-grade lithium carbonate from crude lithium carbonate project (10,000 t/a), and the cascade utilization project (100,000 kWh/a), all of which are expected to be put into production in January 2023 and completed in June, to maximize the value of the wet recycling rate of ternary material batteries and build a whole life cycle value chain of new energy batteries.

In addition to improving recycling during the product life cycle, we are committed to extending the product life cycle to reduce the waste of resources and ease the pressure on the use of nickel, cobalt, manganese, and other metal resources. CNGR Research Institute has cooperated with Tsinghua University to carry out technical research and development of cathode materials for long-cycle and high-safety traction batteries, study the cycle performance and safety performance of high manganese and high nickel cathode material precursors, and extend the service life of high manganese and high nickel precursors; At the same time, it cooperates with Guizhou University to carry out the research and development of key technologies of lithium iron phosphate and promotes the one-step preparation of lithium iron phosphate from phosphosiderite to improve the capacity and cycle performance of precursors and extend the service life of products while improving the use efficiency of raw materials, and finally promote the development of the circular economy.

Circular Production

We pay attention to the full life cycle management of operation and implement the resource recycling of all links of production and operation based on carrying out the circular economy strategy. We actively research and develop new processes, innovate production processes, and continuously improve the utilization rate of resources in the production process, thus reducing access to external resources and promoting the sustainable utilization of world resources.

CNGR carries out special resource recycling for materials with different applications and implements resource recycling in raw material production, pollutant disposal, waste recycling, etc.

Spent activated carbon regeneration:

We study and recycle the spent activated carbon to realize the activated carbon recycling in the disposal of the pollutant. After regeneration, the iodine value of our spent activated carbon is restored to 950 mg/g, the oil removal and adsorption rate can reach 98%, which effectively realizes the recycling of resources.



Ningxiang Industrial Base's Reuse of Nickel Sulfate Mother Liquor

CNGR Ningxiang Industrial Base actively uses the mother liquor recycling process to recycle nickel sulfate mother liquor, which is then put into use after optimization to effectively improve the utilization rate of resources. Meanwhile, after reusing the mother liquor, the nickel sulfate production line in Ningxiang Industrial Base reduces power consumption by more than 100 kWh/Mt, steam by over 0.5 t/Mt, and water consumption by over 3 t/Mt.

the nickel sulfate production line in Ningxiang Industrial Base reduces power consumption by more than

100kwh/Mt

steam by over

0.5t/Mt

water consumption by over

3t/Mt

¹¹ PACK: The combined battery composed of battery cells through packing, packaging, and assembly;

Water Footprint Management

Water is indispensable for human production, life, and development. CNGR cherishes the clean water resources in production and operation and is committed to water resources risk management, sewage treatment, and water resources economical utilization to grow into a water resources-friendly and responsible enterprise.

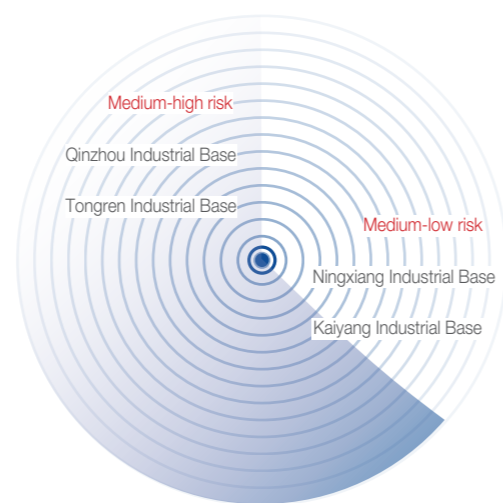
Based on the *ESG Policy of CNGR*, we have established the ESG governance structure and incorporated water resources risk management into the performance management indicators at all levels. Sustainable Development Office strictly implements CNGR's assessment, analysis, and management of water resources risks and requires the EHS department and industrial bases to carry out "recycling actions," implement water resources conservation and recycling and harmless treatment of wastewater, and form CNGR's comprehensive management system on water resources and water footprint.

We promise that based on the water discharge of CNGR's single-ton precursor in 2020, a 4-year water discharge control action plan will be arranged from 2023 to 2026 to achieve the overall goal of reducing water discharge by 20%.

Water Resources Risk Management

CNGR has continuously deepened its water resources management to help its sustainable development and environmental protection. We use the Aqueeduct™ tools developed by the World Resource Institute (WRI) to monitor and measure the annual water risk changes at the location of the company, covering indicators such as the number of physical risks (e.g., baseline water pressures, meteorological disaster impacts), the quality of physical risks (water quality impacts), and regulatory and reputational risks.

As of the end of the reporting period, all the plant sites of the Company are not located in or adjacent to water resources protection areas. CNGR has no adverse impact on local water sources due to water withdrawal and discharge.



Water Risk Analysis Results of CNGR's Industrial Bases

Utilization of Water Resources

In addition to avoiding adverse impacts on water resources access and water sources, we have sorted out the risk points of water resources and analyzed the potential of water conservation to continuously improve water-use efficiency and water recycling results.

Given the sorting of water resources in each production link, we studied and applied the water recycling technology, actively made programs to reduce water consumption in core operations through improving the production equipment or transformed the production line, and optimized the production process to realize the recycling of water resources such as distilled water and washing water.

Reuse of distilled water: We actively adopt the membrane concentration unit process of the distilled water to pure water system and carry out ultrafiltration and reverse osmosis operations on washing water and distilled water through three-stage reverse osmosis to prepare pure water and reuse it in the precursor workshop to realize the recycling of distilled water.

Reuse of washing water: Based on the concept of green production, we use the washing water from the washing process to clean the reaction kettle after internal sampling and analysis, which will not affect the product quality and instead, reduces the use of water resources.

Reuse of washing water and alkali formulation: We install precision filters and sight glasses at the inlet and outlet of the washing water storage tank to control and inspect washing water daily to ensure that the washing water is qualified and meets the alkali formulation conditions, and reuse the washing water to the alkali formulation process. The project was approved and implemented in Tongren Industrial Base on March 15, 2022. It is estimated that 2.69 tons of pure water can be saved for precursor production per ton, and about 154,944 tons of water is expected to save annually. At present, it has been promoted to Ningxiang Industrial Base.



Rise of Ternary Recycled Water Reuse Rate

Ningxiang Industrial Base actively carries out the ternary recycled water project. It evaluates the quality of ternary recycled water by diagnosing the proportion of water consumption demand in each production workshop in the base, strengthens technical transformation, and reuses the water for production and flushing. In 2022, the reuse rate of ternary recycled water reached 97% in November from 67% in February, and the reuse rate increased by 30%, promoting the overall reuse rate of recycled water in Ningxiang Industrial Base to reach 85% at most.

Wastewater Disposal

By saving and recycling water, we reduce the pressure on water resources in the area where production and operation are carried out. Meanwhile, we strictly require our wastewater disposal and discharge to be higher than the national standards and discharge clean and harmless water resources to reduce the impact of wastewater on the environment.

For the ternary mother liquor of wastewater, we implement the basic concept of circular economy to treat hazardous waste and recycle by-products such as sodium sulfate and ammonia water. We put the ternary mother liquor into the deamination tower system (stripping deamination) to obtain ammonia water, and further obtain sodium sulfate through the pretreatment system and MVR evaporation technology.

For cleaning water (washing water), we use distilled water reverse osmosis system and nanofiltration system to effectively reduce harmful solutes in washing water, obtain pure water, and conduct the compliant discharge or reuse water.

Before discharging wastewater, we monitor nine indicators of wastewater, including nickel, cobalt, manganese and their compounds, ammonia-nitrogen compounds, COD, and PH value, to ensure the compliant discharge of wastewater. In 2022, the quarterly monitoring results of sewage discharge within the boundary of Ningxiang Industrial Base, Tongren Industrial Base, and Qinzhou Industrial Base reached the standard.

CNGR's Water Resources Management Data

ESG Indicators	Unit	2021	2022
Surface water withdrawal	Megaliter	678.37	1,291.32
Underground water withdrawal	Megaliter	0.00	0.00
Municipal-supplied water withdrawal	Megaliter	3,514.56	2,415.89
Total water withdrawal	Megaliter	4,192.93	3,707.22
Volume of reused water resources	Megaliter	/	4,460.58
Water recycling rate	%	/	54.61
Volume of wastewater discharged to surface water	Megaliter	0.00	469.43
Volume of wastewater discharged to third-party facilities	Megaliter	2,710.04	1,837.85
Total volume of wastewater discharge	Megaliter	2,710.04	2,307.27
Total volume of water consumption	Megaliter	1,482.89	1,399.94
Volume of COD emission	ton	/	41.69
Volume of water discharge per ton of precursor	m ³ /t product	14.91	9.89

Ecological Footprint Reduction

The earth is the common homeland of human beings, animals, and plants. It is our common responsibility to protect the earth's ecological environment. CNGR always takes protecting the ecological environment as its responsibility, implements environmental management responsibilities in production and operation, and minimizes the ecological footprint generated thereby.

Environmental Management System

We strictly abide by the *Environmental Protection Law of the People's Republic of China* and the *Environmental Impact Assessment Law of the People's Republic of China*, formulate internal system documents related to environmental management based on the ESG Policy of CNGR, require all industrial bases to regularly review the operation of the environmental management system, and ask the industrial bases to rectify the problems (if any). Meantime, we conduct an annual audit of our ongoing ISO 14001 environmental management system to ensure the validity of certification and supervise the operation of the environmental management system. As of the end of the reporting period, Ningxiang, Tongren, and Qinzhou Industrial Bases have obtained ISO 14001 environmental management system certification.

We establish the Central EHS Department under the Sustainable Development Committee and set up EHS Committees and EHS Divisions in each production base to be fully responsible for environmental protection in the production and operation sites. The director of the EHS Committee is the general manager of each base, and the EHS Division is set up to strictly implement and handle the environmental management of the base.

We sort out the risk points prone to environmental problems in the bases, form an environmental risk map, then evaluate various risks, and finally formulate an annual environmental risk monitoring plan. Meanwhile, we engage a professional third-party organization to formulate the *Contingency Plan for Environmental Emergencies* to prevent environmental risks, and record and manage the contingency organizational structure and system, response procedures, post-processing, emergency and security, supervision and management, environmental risk assessment, environmental emergency resource investigation, and other work processes in detail to ensure that the impact of environmental accidents is minimized.



Tongren Industrial Base Carries Out an Environmental Factor Verification Mechanism

In 2022, Tongren Industrial Base actively carried out the identification and verification of environmental factors and identified a total of 283 environmental factors and 28 important environmental factors. Among them, there are 44 factors for resource and energy consumption, 24 factors for waste gas emission, 14 factors for wastewater discharge, 45 factors for solid waste discharge, 90 factors for chemicals, 19 factors for noise, and 47 factors for others. For these environmental factors, we have formulated specific control measures to prevent specific environmental factors or risks. As of December 31, 2022, We have formulated over 400 control measures to effectively prevent environmental risks in Tongren Industrial Base.



CNGR's Environmental Accidents

ESG Indicators	Unit	2021	2022
Number of penalties for environmental accidents	Time(s)	0	0
Total amount of fines for environmental accidents	10,000 CNY	0	0
Pass rate of environmental monitoring ¹²	%	100	100
Environmental complaints from customers and shareholders	Case(s)	0	0

¹² Since Kaiyang Industrial Base is still under construction and environmental monitoring has not been carried out, it is not included in the calculation.

Emission Management

We strictly abide by the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and other laws and regulations, and formulate various internal management systems to form a relatively complete governance system for waste gas, wastewater, solid waste, and noise.

We require all industrial bases to carry out harmless and clean treatment of emissions and pollutants, strictly implement up-to-standard discharge, and conduct quarterly monitoring of all discharge ports. In the meantime, irregular inspections are carried out to investigate various discharge risk points and imperfect management loopholes to ensure a compliant discharge.

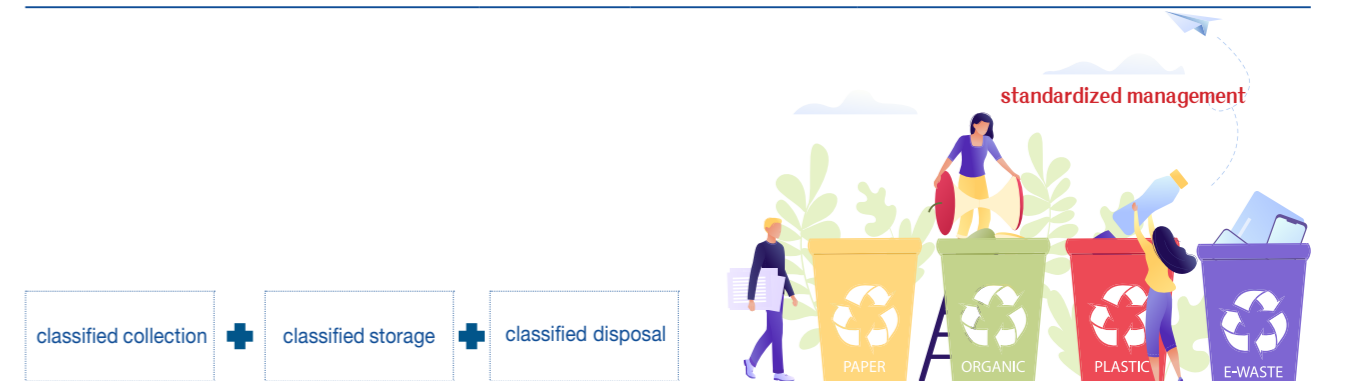
Solid Waste Management

We have formulated the *Prevention and Control System of Solid Waste Pollution* to strictly classify and control solid waste. For general solid waste, we prepare ternary solutions or other finished products for reproduction or sale through resource utilization to maximize the utilization value of general solid waste. Please refer to the "Resource recycling" section of this report for details. For the household waste generated in the working and production processes of employees, we carry out classified management mode and transfer it to a professional third-party team for compliant disposal.

For hazardous waste, we strictly follow the mode of "classified collection + classified storage + classified disposal" for standardized management to avoid environmental safety accidents such as toxic gas emissions or explosions caused by hazardous waste's mutual contact. For some recyclable hazardous solid waste, we recycle it for reproduction and produce the raw materials of precursors to be reused.

CNGR's Solid Waste Discharge Data

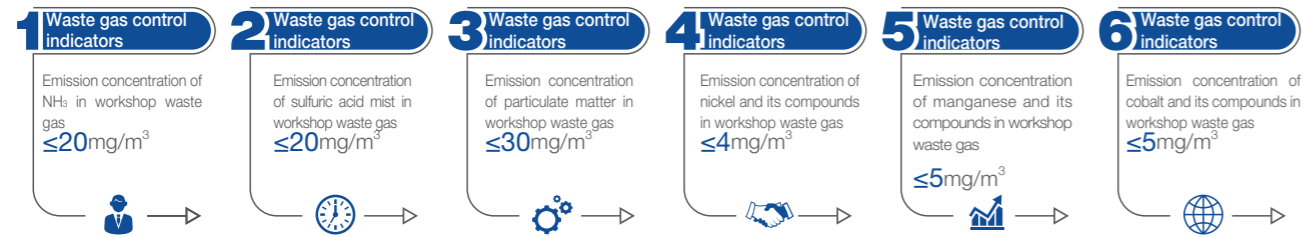
ESG Indicators	Unit	2020	2021	2022
Total quantity of waste (excluding household waste)	ton	5,859.25	14,550.31	32,924.76
Quantity of hazardous waste produced	ton	1,550.17	726.21	1,738.74
Quantity of general industrial waste produced	ton	4,309.08	13,824.10	31,186.02
Quantity of hazardous waste recycled	ton	976.56	986.33	80.61
Quantity of general industrial waste recycled	ton	4,508.62	13,347.23	634.10
Total quantity of waste recycled	ton	5,485.19	14,333.56	714.71
Quantity of hazardous waste disposed compliantly	ton	/	/	1,640.25
Quantity of general industrial waste disposed of compliantly	ton	/	/	29,404.65
Disposal amount of hazardous waste per ton of precursor	t/t product	/	/	0.01
Quantity of general industrial waste disposed of per ton of precursor	t/t product	/	/	0.13



Waste Gas Management

We have formulated the *Prevention and Control Management System of Waste Gas Pollution* and strictly made the program to reduce toxic gases emissions caused by our operations. CNGR's main waste gas includes ammonia, sulfuric acid mist, particulate matter, and waste gas of nickel, cobalt, manganese, and their compounds. We have formulated seven strictly controlled indicators for waste gas, formulated adaptive monitoring measures for each indicator, and coordinated the management of production workshops, EHS departments, equipment departments, boiler management departments, etc. to ensure the compliant emission of waste gas.

Waste Gas Emission Limits



In addition to indexed control, we carry out targeted disposal schemes for different waste gases. For dust in the production process, we use bag pulse and water curtain spray to reduce dust diffusion; for ammonia and sulfuric acid mist, we reduce their escape through fans, acid/alkali pumps, and spray towers, and carry out daily PH monitoring; for waste gas containing nickel, cobalt, manganese and their compounds, we use circulating water pump and spray tower to remove them, and carry out a regular inspection; for organic waste gas, we adopt activated carbon adsorption to avoid the adverse impact of waste gas on the environment.

We have inspected the waste gas discharged from the tail gas absorber quarterly. At the end of the reporting period, the inspection pass rate of Ningxiang Industrial Base, Qinzhou Industrial Base, and Tongren Industrial Base was 100% every quarter.

CNGR's Waste Gas Discharge Data



Noise Control

We have formulated and implemented the *Prevention and Control Management System of Noise Pollution* and the *Three-simultaneities of Environmental Protection and Pollutant Discharge Permission Management System*, requiring that supporting environmental protection facilities must be designed, constructed, and put into use simultaneously when business activities are carried out to avoid noise pollution caused by the failure of environmental protection facilities to be put into use in time. For the noise in the plant area, we carry out standardized management following the requirements of the pollutant discharge permit and regularly test relevant data every year to ensure that the emission reaches the standard.

During the installation and commissioning of production equipment, we regulate the noise sources mentioned in the environmental impact assessment and the process noise involved in production and operation and take measures. In addition, we provide basic shock absorption and noise elimination facilities for the project equipment to reduce noise from the source and adopt low-noise equipment to improve the working environment. We also seal the plant and increase the green vegetation in the plant area to reduce the adverse impact of noise transmission on the plant operation and the surrounding environment.

Biodiversity Conservation

Biodiversity is the basis for the survival and development of human society, and biodiversity loss is as important a global challenge as addressing climate change. As a responsible enterprise, CNGR is very likely to have an irreversible impact on local biodiversity due to its unfamiliarity with local environmental characteristics or the biosphere in the process of internationalization. Therefore, CNGR has formulated the *ESG Policy of CNGR*, promising to carry out biodiversity risk identification and promote its net positive impact (NPI) on biodiversity. Moreover, we actively call on employees to take joint actions to target the local ecological environment in operating areas around the world, carry out environmental protection actions, and jointly fulfill the responsibilities for ecological environmental protection with the enterprise.



Qinzhou Industrial Base's Action on Guarding the Most Beautiful Coastline of the Beibu Gulf

Qinzhou Industrial Base actively organizes employees to participate in environmental protection activities. In 2022, it organized employees to conduct voluntary garbage cleaning activities on the coastline of Beibu Gulf twice to maintain the beautiful coastline scenery.



Photos of guarding the most beautiful coastline of Beibu Gulf

Our Morowali Industrial Base has developed a biodiversity conservation plan and has reached cooperation with the local government of Indonesia. The Morowali Industrial Base organized a team to go to Sombori, an island near the Morowali region, to carry out biodiversity construction work with local residents. We fully understand local residents' needs and marine ecology conditions, organize and carry out activities such as "listening to the needs of local people for biodiversity," "cultivating small coral reefs and building a home for marine organisms," "joining the seabed cleaning activity and cleaning up marine litter," do our best to promote local ecological protection and reduce the negative impact on marine biodiversity, and fulfill CNGR's responsibilities in the local area.



04

Excellence and Win-win

CNGR firmly believes that the long-term and steady development of the enterprise cannot be achieved without the cohesion of employees, business partners, and stakeholders. We fully respect and protect the basic rights and interests of employees, always put user needs in the first place, and create infinite possibilities for user experience through design-driven and technological innovation. In the meantime, we work together with our partners to develop with local communities and create a value ecosystem featuring mutual trust and win-win results.

本章所响应的 SDGs



Healthcare	44
High-quality Products	58
Community and Partners	63

Healthcare

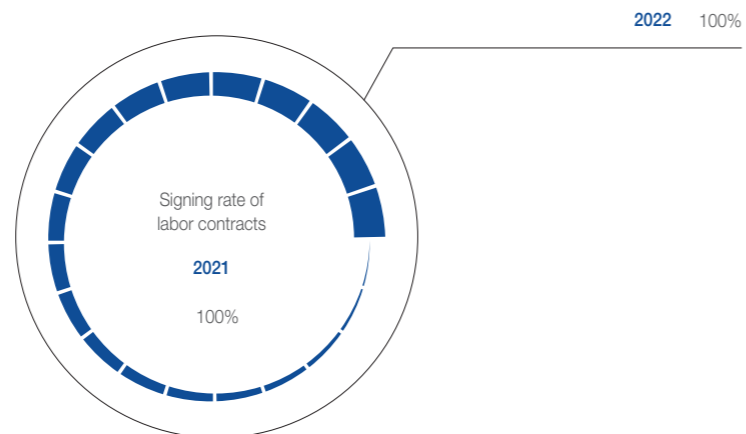
We believe that employees are the foundation of the long-term development of the enterprise and the true creators of enterprise value. Adhering to the "people-oriented" development strategy, CNGR is committed to creating an inclusive, diversified, and international company, creating a fair and just employment mechanism, continuously improving the talent introduction, promotion and development system, ensuring employee compensation and other welfare policies, supporting employees' career development and working experience in an all-round way, and enhancing their happiness and sense of belonging.

Diversity, Equality and Inclusion

CNGR respects and cares for every employee, protects their legitimate rights and interests, and does its best to create a diversified, equal, and inclusive workplace for employees.

Compliant Employment

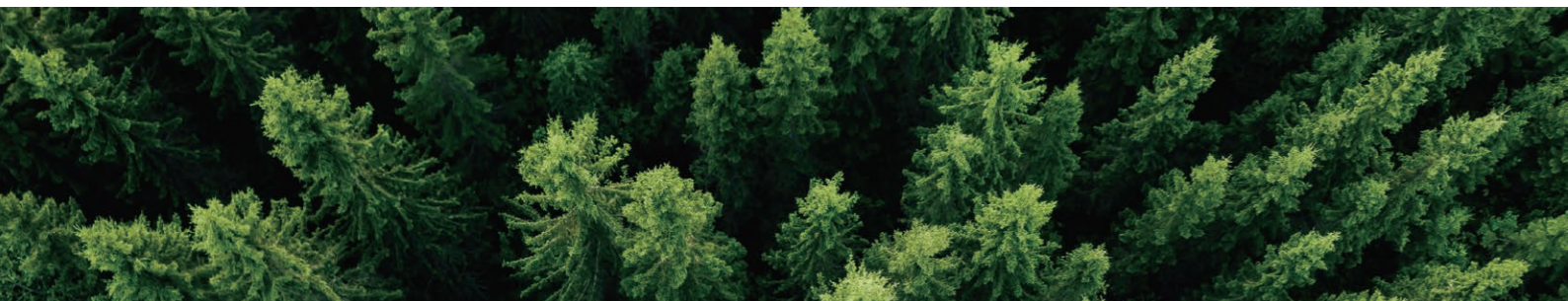
To create a sound workplace environment, CNGR strictly abides by the *Labor Law of the People's Republic of China*, the *International Bill of Human Rights*, and other relevant laws and regulations, as well as the applicable laws and regulations in the place of operation, improves the internal employment rules and regulations such as the *Recruitment Management System*, the *Salary Management System*, and the *Personal Performance Management System* with reference to the battery passport human rights and child labor indicator requirements of the Global Battery Alliance (GBA), and signs labor contracts with employees according to law. We promise to prohibit the employment of child labor and any form of forced labor, formulate internal management systems such as *Remedial Procedures for Child Labor and Underage Workers* and *Management Procedures for Preventing Forced Labor*, respect and protect the legitimate rights and interests of all employees, and insist on creating an equal and fair development platform and employment environment for employees.



ESG indicators	Unit	2021	2022
Signing rate of labor contracts	%	100%	100%
Illegal employment	Case(s)	/	0
Human rights violation proceedings	Case(s)	/	0

Diversity and Equality

We respect the equal basic rights and interests of all employees and have formulated the *Anti-discrimination Management Procedure*. We promise to resolutely put an end to discrimination against employees due to factors such as race, religious belief, age, nationality, sexual orientation, gender, marital status, pregnancy, political affiliation, or disability, always adhere to the employment principle of equal remuneration for equal work and gender equality, protect the minimum wage of employees, insist on opposing any form of harassment, and safeguard the legitimate rights and interests of female employees, and support a diversified and international workforce.

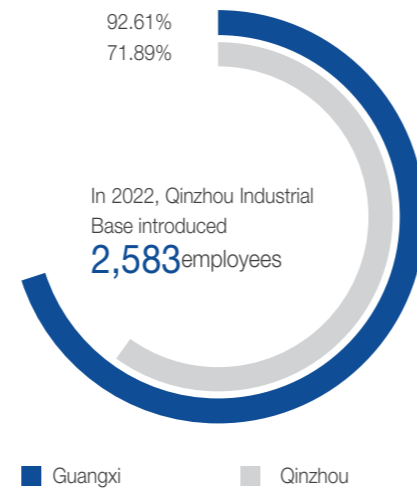


Indicators	Unit	2022
Total number of employees	Person(s)	10,386
Total number of part-time employees	Person(s)	246
Total number of full-time employees	Person(s)	10,140
Divided by gender		
Number of male employees	Person(s)	7,639
Number of female employees	Person(s)	2,747
Divided by ethnic group		
Number of Han employees	Person(s)	6,873
Number of ethnic minority employees	Person(s)	2,777
Number of foreign employees	Person(s)	736
Divided by age		
Number of employees under the age of 30	Person(s)	4,027
Number of employees aged 30 to 50	Person(s)	6,029
Number of employees over the age of 50	Person(s)	330
Number of new employees	Person(s)	7,303
Divided by gender		
Number of new male employees	Person(s)	5,693
Number of new female employees	Person(s)	1,610
Divided by age		
Number of new employees under the age of 30	Person(s)	3,312
Number of new employees aged 30 to 50	Person(s)	3,894
Number of new employees over the age of 50	Person(s)	97
Total number of persons in governing bodies	Person(s)	490
Divided by gender		
Number of male employees	Person(s)	431
Number of female employees	Person(s)	59
Divided by ethnic group		
Number of Han employees	Person(s)	418
Number of ethnic minority employees	Person(s)	62
Number of foreign employees	Person(s)	10
Divided by age		
Number of employees under the age of 30	Person(s)	30
Number of employees aged 30 to 50	Person(s)	413
Number of employees over the age of 50	Person(s)	47
Total number of employee turnover	Person(s)	3,470
Divided by gender		
Number of male employees that left	Person(s)	2,746
Number of female employees that left	Person(s)	724
Divided by ethnic group		
Number of Han employees that left	Person(s)	2,448
Number of ethnic minority employees that left	Person(s)	923
Number of foreign employees that left	Person(s)	99
Divided by the reason for leaving		
Number of employees that voluntarily left	Person(s)	2,846
Number of employees that non-voluntarily left	Person(s)	624

Personnel Recruitment

During the recruitment, CNCR has standardized and ordered the recruitment management process according to the *Recruitment Management System* to ensure the quality of recruitment and select qualified and excellent talents. Through online recruitment, campus recruitment, on-site recruitment, internal recommendation, headhunting companies, industry associations, and other personnel recruitment channels, we maximize the breadth of information release, accurately match recruitment resources, and reserve talents for the company's future development.

To promote the economic development of the place where we operate, we successively participated in many special personnel recruitment activities such as "targeted recruitment," "recruitment in the countryside," and "talent night fair" and carried out special autumn campus recruitment activities in 2022. In 2022, Qinzhou Industrial Base introduced 2,583 employees, of which 92.61% were from Guangxi and 71.89% were from Qinzhou, greatly guaranteeing the employment of local people and promoting local economic development.



Employee Communication

CNCR respects employees' freedom of association and expression and encourages them to speak up bravely. We have established the *Management Procedure for the Right of Freedom of Association and Collective Bargaining* to ensure that all employees have the right to form and join trade unions and participate in collective bargaining on an equal and free basis. We have set up trade unions in all industrial bases, regularly organized employee exchange activities such as congresses of workers and staff, and conducted dialogues on the concerns of employees. We have formulated the *Communication and Exchange Control Procedure*, which stipulates the communication and complaint methods of different types of internal and external information.

In 2022, we carried out two semi-annual employee satisfaction surveys in all industrial bases, including anonymous questionnaires, symposiums, and interviews, to understand the satisfaction of employees from the aspects of working environment, logistical support, salary and welfare, development and promotion, etc., analyze the survey results, and make special improvements to the outstanding problems fed back by employees. In 2022, the employee satisfaction survey covered 64.17% of CNCR's employees and collected a total of 6,665 valid questionnaires, with an employee satisfaction rate of 81.79%.



Employee Training and Development

We know that the long-term development of the Company cannot be separated from the cultivation of high-level and high-quality talents. We are always committed to providing accessible career development channels for employees, building a high-quality employee training system, and carrying out comprehensive employee training activities to seek coordinated improvement of employees with the Company.

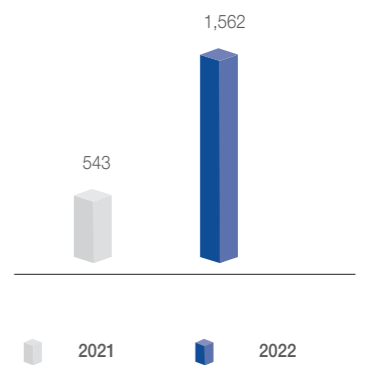


Employee Development

In order to strengthen the construction of the talent echelon of CNCR and promote the identification, appointment, and development of talents, we have formulated internal promotion systems such as the *Measures on Cadres Management* and the *Management Regulations on Employee Transfers*. In addition to regular promotion, we also encourage employees to achieve career promotion through open internal competition with the help of the "WeCom-Cloud Recommendation Platform".

Besides, in order to promote employees' active improvement and self-improvement ability, we continue to promote a scientific and effective performance appraisal mode, formulate the *Personal Performance Appraisal System* and issue an employee performance appraisal plan, covering all regular employees in the Company.

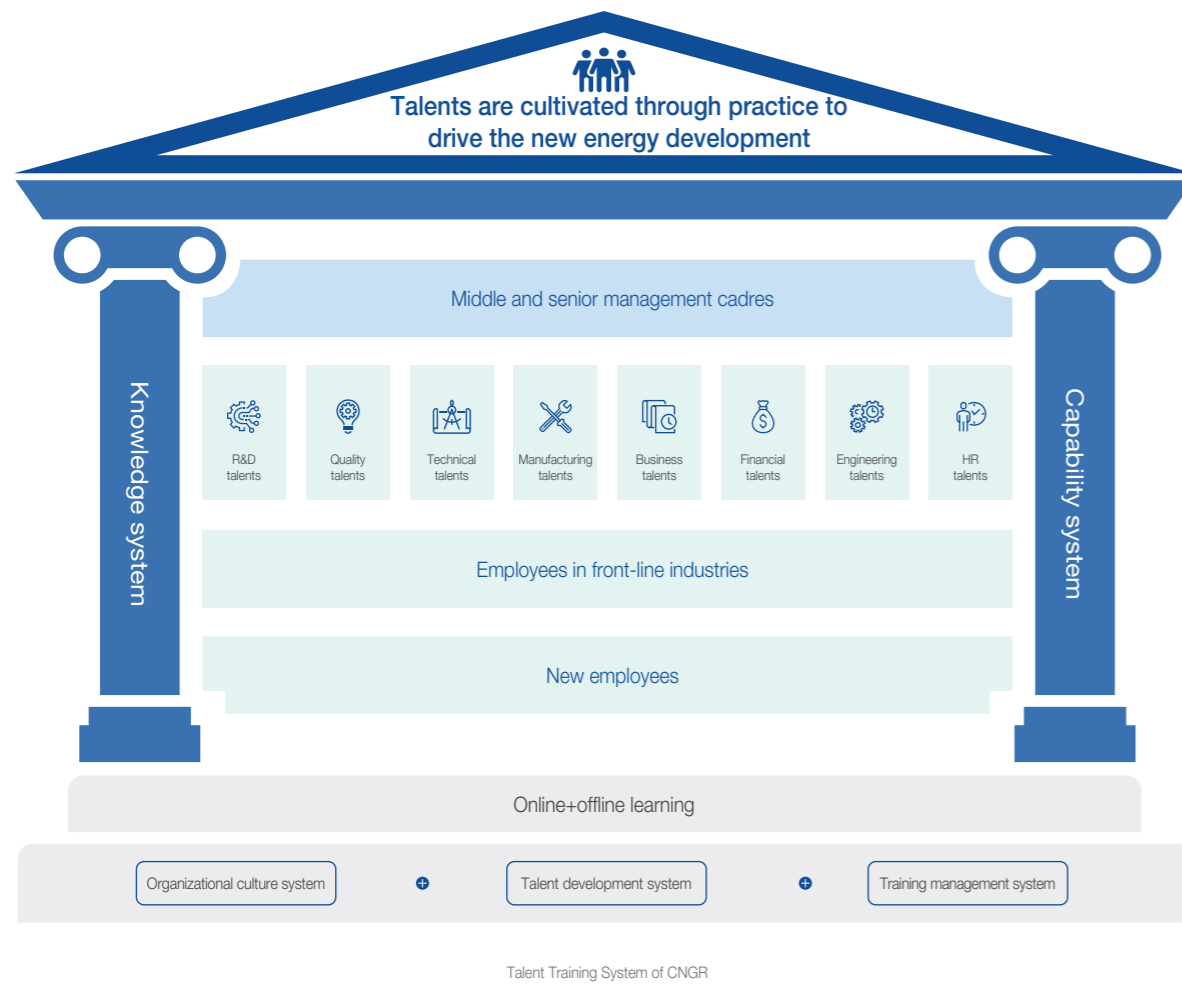
Number of employees promoted



Indicators	Unit	2021	2022
Number of employees promoted			
Number of vacant positions occupied by internal candidates (internal recruitment)	Position(s)	/	1,536
Percentage of employees receiving regular performance and career development reviews in Ningxiang Industrial Base	%	100%	100%
Percentage of employees receiving regular performance and career development reviews in Tongren Industrial Base	%	100%	100%
Percentage of employees receiving regular performance and career development reviews in Qinzhou Industrial Base	%	100%	100%

Employee Training

In order to effectively improve the overall professional competence of employees, CNGR actively bears corporate responsibilities, continuously builds a high-quality employee training system, and carries out comprehensive employee training activities to seek coordinated improvement of employees with the Company. We have formulated the *Training Management System and the Management Measures for Online Learning Platforms* and launched the online learning platform "CNGR Classroom", forming a variety of employee training systems.



We carry out leadership empowerment training camps for middle and top cadres, as well as special training such as team leader training camps, workshop director training camps, and skill level certification in industrial bases. Through various special training and training camps, we effectively help employees continuously improve their knowledge and skills and enhance the competitiveness of the Company's talents.

We encourage employees to continuously improve their educational background and have formulated the *Implementation Plan for Upgrading from Junior College to Bachelor's Degree*, which provides support for employees' educational background improvement plans. Every year, we select and recommend qualified employees to the Hunan University of Technology and Business and Xiangtan University for upgrading from junior college to bachelor's degree and pay tuition fees for employees who have obtained diplomas. During the reporting period, we awarded a total of 81,600 CNY in tuition reimbursement to 17 employees.



Cadre Leadership Empowerment Training Camp

In 2022, we set up 12 courses from three levels of role cognition, personnel management, and team building, including *Manager Quality Improvement, Human Resource Management for Non-HR Managers, Financial Management for Non-financial Managers, and Project Management*.

"Eyas Training Program" for Campus Recruits

In 2022, CNGR carried out the "Eyas Training Program" for 484 new employees from campus recruitment, and systematically trained them for one year from three stages: cultural integration, post cognition, and fixed-post study. Through this program, we help them complete the transformation from student to employee, improve their professional and vocational abilities, and provide an impetus for the sustainable development of the Company.



2022 Campus Recruits Training

Indicators	Unit	2021	2022
Total duration of training	Hour(s)	41,611	215,815
Number of employees participating in training	Person(s)	14,328	157,357
Training time per capita	Hour(s)	10.12	20.78
Average training duration per employee per year — by base			
Ningxiang Industrial Base	Hour(s)	10.34	18.84
Tongren Industrial Base	Hour(s)	10.8	41.15
Qinzhou Industrial Base	Hour(s)	/	25.49
Kaiyang Industrial Base	Hour(s)	/	33.28

Employee Well-being

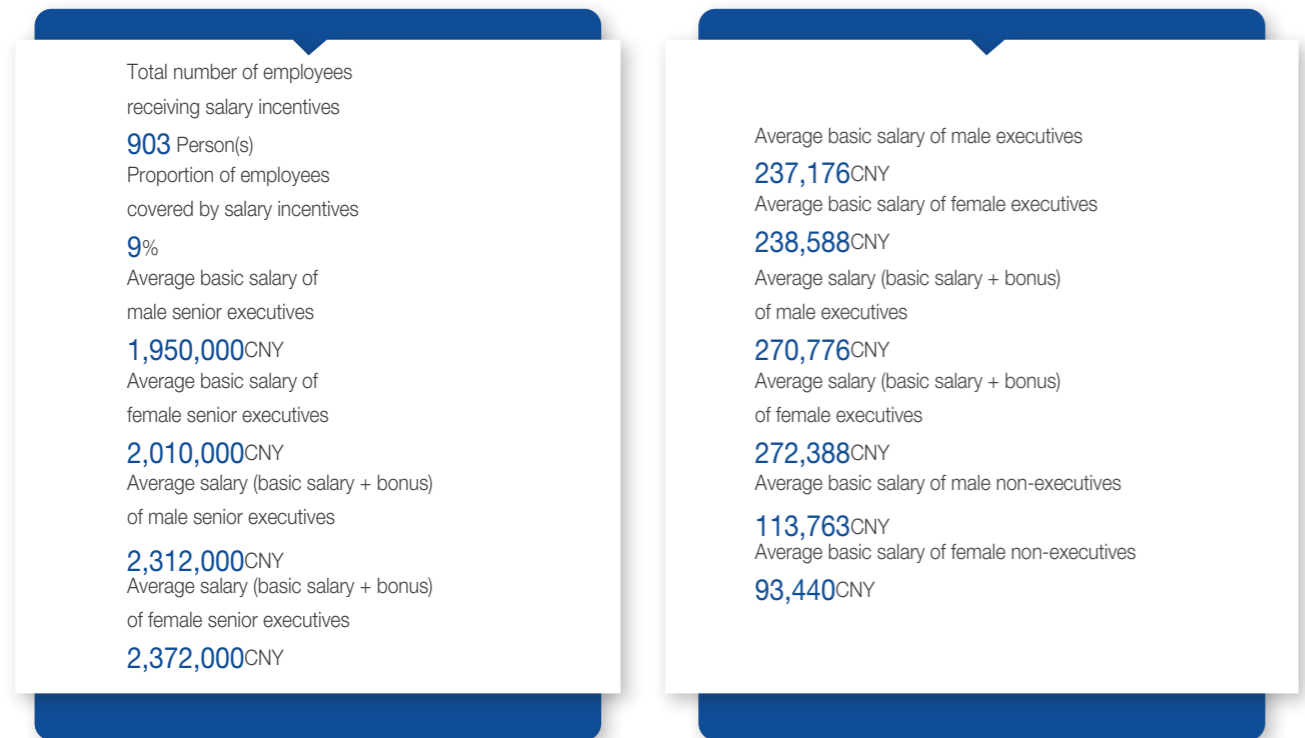
CNGR continues to improve the Company's welfare system, implements employee welfare policies, and shares the Company's development dividends with employees. Meanwhile, we focus on creating a relaxed and warm team atmosphere for employees, implementing employee care, carrying out diversified care activities, improving the living environment of employees, and continuously improving the happiness of employees, so as to realize the vision of joint growth of employees and the Company.

Employee Salary

CNGR is committed to creating fair and reasonable salaries and welfare with market competitiveness. We strictly abide by the *Labor Law of the People's Republic of China* and other laws and regulations, formulate the Salary Management System applicable to all employees of CNGR, and promise to provide a salary higher than the national minimum wage standard and to ensure the internal fairness of salary distribution.

To attract and retain excellent management talents and business backbone and enhance the cohesion of employees, we have formulated the *2022 Incentive Plan of Restricted Stock (Draft)*¹³ and improved the medium – and long-term incentive mechanism. The incentive targets the Company's directors, senior managers, core technicians, and other personnel who the Board of Directors deems necessary to be motivated. As of the end of the reporting period, CNGR has awarded a total of 903 employees, and the number of restricted shares awarded reached 3,993,835 shares.

We have formulated the Employee Stock Ownership Plan 2022. The employees participating in this Plan include directors (excluding independent directors), supervisors, senior management, core management, core backbone, and other personnel considered by the Board of Directors to be in need of incentive by serving in the Company (including its holding subsidiaries and branches). As of the end of the reporting period, the total number of employees participating in this Plan is not more than 13, including three directors (excluding independent directors), supervisors, and senior managers. The total funds to be initially raised by the Plan is not more than 515.9 million CNY.



¹³ 2022 Incentive Plan of Restricted Stock (Draft)

Employee Welfare and Care

Adhering to the people-oriented business philosophy, CNGR is committed to creating a comfortable working atmosphere for employees, providing rich welfare, actively carrying out employee care and condolence work, effectively improving employees' sense of happiness and belonging, and creating a warm and harmonious working environment. We provide employees with a variety of welfare and care that are practically needed, resolutely implement basic welfare such as social security, provident fund, statutory holidays, and annual physical examination, and establish a perfect welfare security system to continuously improve the welfare of employees.



We are committed to creating a people-oriented working environment, organizing and carrying out a variety of employee activities, advocating work-life balance, making employees work efficiently and live happily, and striving to pass on the Company's care to every employee.



Lecture on Women's Health Knowledge: "Care for Women's Health, Create Confidence and Charm"

CNCR cares for female employees and fully understands and protects their rights and interests. On the occasion of Women's Day, Qinzhou Industrial Base cooperated with physicians from the First People's Hospital of Qinzhou to hold the Women's Health Lecture on "care for women's health, create confidence and charm".



"Warm CNCR": Consolation for Employees in Need

CNCR is concerned about the difficulties and needs of employees in work and life and provides timely help. On January 28, 2022, Ningxiang Industrial Base organized the "Warm CNCR" consolation activity for employees in need. The trade union, on behalf of the Company, visited employees' families who were seriously ill or suffered from sudden accidents and gave them consolation money.



Value of holiday welfare materials
6,575.3 thousand CNY

Critical illness solatium
22 thousand CNY

Number of employees applying for financial difficulties allowance
171 Person(s)

Occupational Health and Safety

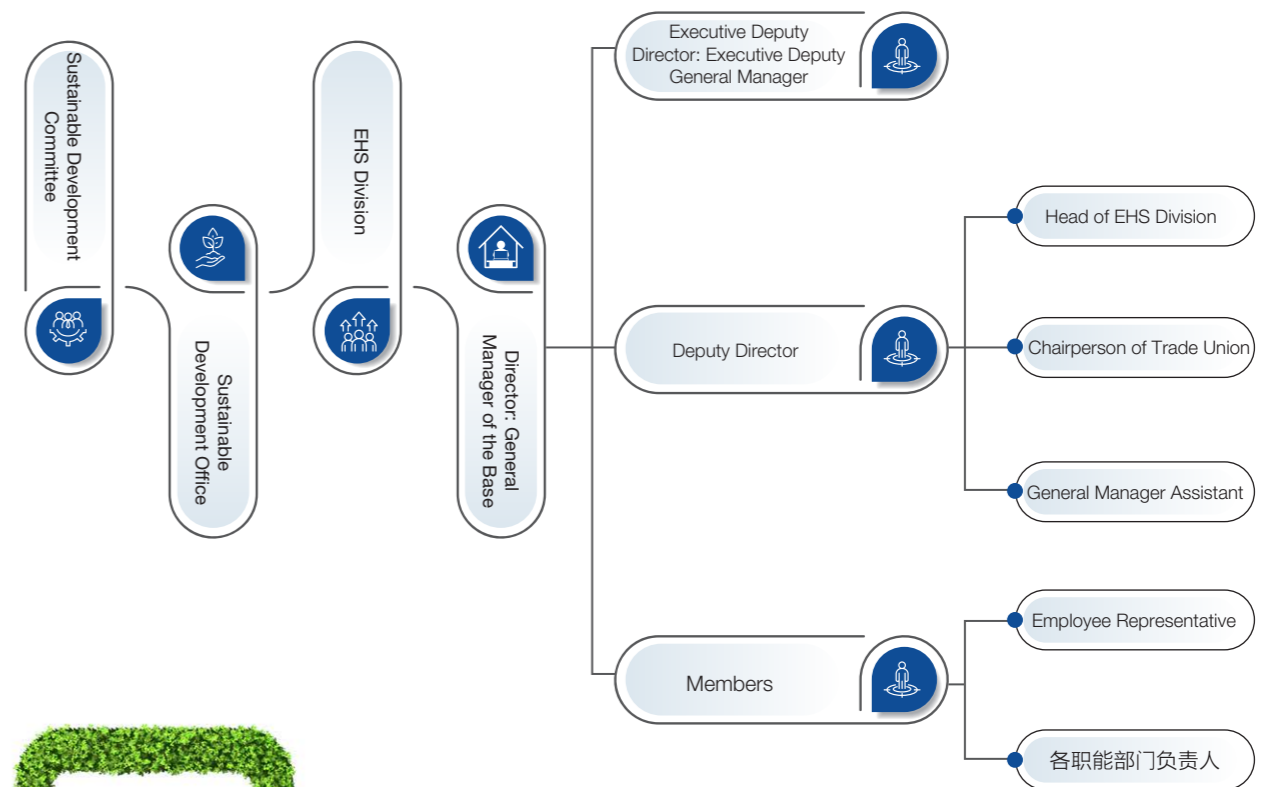
Safety is the cornerstone for CNCR to achieve sustainable business operations. We are committed to creating a healthy and safe working and living environment for our employees.

Occupational Health and Safety Management System

CNCR has always regarded safety management as its primary responsibility, strictly abided by the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Law of the People's Republic of China on Work Safety*, and other relevant laws and regulations, and formulated the *Environmental and Occupational Health and Safety Manual* to standardize the internal occupational health and safety management process.

In 2022, the domestic subordinate industrial bases fully passed the GB/T 45001 and ISO 45001 occupational health and safety management system certifications.

Organizational Structure of Safety, Environmental Protection, and Occupational Health Committee



Indicators	Unit	2021	2022
Amount of work safety input	10,000 CNY	/	4,326.03
Number of work safety accidents	Case(s)	41	82
Work-related deaths	Person(s)	0	0
Number of regular employees' deaths due to production accidents	Person(s)	0	0
Number of contractual employees' deaths due to production accidents	Person(s)	0	0
Lost working hours in line of duty	Hour(s)	/	169,884
Lost time injury frequency rate (per 200,000 hours)	%	0.72	0.89
Number of occupational disease events	Case(s)	0	0

Work Safety Management

To build a safe workplace, we will continue to strengthen hazard prevention and control, actively carry out the preliminary work of the dual prevention mechanism of risk hierarchy control and hidden danger investigation and management, allocate emergency materials in accordance with laws and regulations, regularly organize emergency plan drills, ensure the effectiveness of emergency plans, and strive to control the risk before the formation of hidden dangers and eliminate hidden dangers before accidents.

We attach importance to the construction of a safe and healthy workplace and arrange a safety hazard investigation team to carry out safety inspections in each factory. In addition, we actively use modern new technologies to assist in safety work, such as the introduction of AI intelligent algorithm cameras to identify dangerous disciplinary offenses. In 2022, CNCR investigated a total of 7,905 potential safety hazards, with a rectification rate of 96.83%.

We actively carry out risk and hazard sources identification and implement various work to reduce the impact. Each industrial base formulates safety risk notification charts according to the current construction situation and the actual risk distribution and carries out hierarchical control and hidden danger investigation according to different risk levels. The bases continuously strengthen the assessment and supervision of risk evaluation before team operation in daily work and promote the normalization of risk evaluation. In 2022, CNCR identified a total of 1,015 hazard sources.

We have formulated the *Emergency Plan for Work Safety Accidents* in accordance with the *Law of the People's Republic of China on Work Safety* and the *Guidelines for Enterprises to Develop Emergency Response Plan for Work Place Accidents* to clarify emergency management responsibilities and fully prepare emergency resources and form a strict management system to prevent casualties and property losses to the greatest extent. Based on various guidelines and emergency plans, we regularly carry out emergency drills to check the compliance of emergency plans so as to improve the Company's ability to deal with emergencies and collaborative emergency response ability, enhance the safety awareness of employees, curb various accidents and escort the Company's work safety.

Ningxiang Industrial Base has organized **98** emergency drills with the themes of fire protection, special equipment, confined space, hazardous chemicals, electric shock, comprehensive emergency drills, etc.

Tongren Industrial Base has organized **72** emergency plan drills, with a total of **2,165** participants.

Qin Zhou Industrial Base has organized **49** emergency drills with **481** participants

Implementation of Emergency Drills in Industrial Bases in 2022

Safety Culture Construction

CNCR always regards employee safety as the basis of enterprise work safety management and carries out targeted safety education according to different posts. To improve the safety awareness of employees, we regularly carry out occupational health training such as work safety knowledge training, hazardous chemicals knowledge and emergency measures, occupational health and safety training, three-level safety training for new employees, safety management training for special operations, etc., so as to enhance the safe operation ability of employees.



Implementation of Safety Training in Industrial Bases in 2022



Work Safety Knowledge Competition of Ningxiang Industrial Base

On July 4, 2022, Ningxiang Industrial Base held a work safety knowledge competition. The competition took a variety of forms of quizzes, testing employees' mastery of safety knowledge on safety awareness, labor protection, special equipment, hazardous chemicals, etc., enhancing employees' safety awareness, further improving the safety management level of the plant area, and promoting the development of safety culture in the plant area.



Occupational Health Management

CNGR takes employees' health protection as an important goal. CNGR has strictly abided by the *Law on the Prevention and Control of Occupational Diseases* and other relevant regulations, formulated the *Management Measures for Health Examination*, strengthened the prevention and control of occupational diseases to effectively control occupational diseases, prevent employment risks, and protect the health of operators. At the same time, we have taken a series of occupational health and safety guarantee measures to continuously improve employees' health and the effectiveness of safety management.

Occupational Health and Safety Management Measures



Chemical Safety Management

CNGR attaches great importance to the safety management of chemicals, strictly abides by the *Regulation on the Administration of Precursor Chemicals*, the *Guidelines for the Investigation and Management of Safety Risks and Hidden Dangers of Hazardous Chemical Enterprises* and other relevant laws and regulations, and has established the *Quality Standards for Hazardous Chemical Substances*, the *Management System for Hazardous Substances* and the *Safety Management System for Precursor, Explosive and Hazardous Chemicals* to standardize the chemicals management of the Company and prevent the chemicals from affecting the environment and occupational health and safety during transportation, storage, use, and disposal. At the same time, the Company has taken various measures to manage chemicals.



Chemicals Management Measures

In addition, in order to actively respond to emergencies such as chemical leakage and improve the ability of employees to cope with emergencies, we have prepared the training courseware of *Training on Safety Management, Accident Prevention and Emergency Response Measures for Hazardous Chemicals* and urged all departments and workshops to carry out special training on hazardous chemicals involved.



Emergency Drill for Ammonia Water Leakage in Tongren Industrial Base

Tongren Industrial Base carried out an emergency drill for ammonia water leakage in 2022. By simulating the emergency rescue of ammonia water leakage accidents and personnel rescue on site, employees became familiar with the necessary emergency operations, which further enhanced their awareness of prevention and the ability of emergency escape and self-rescue and provided valuable experience for real accident emergency actions.



High-quality Products

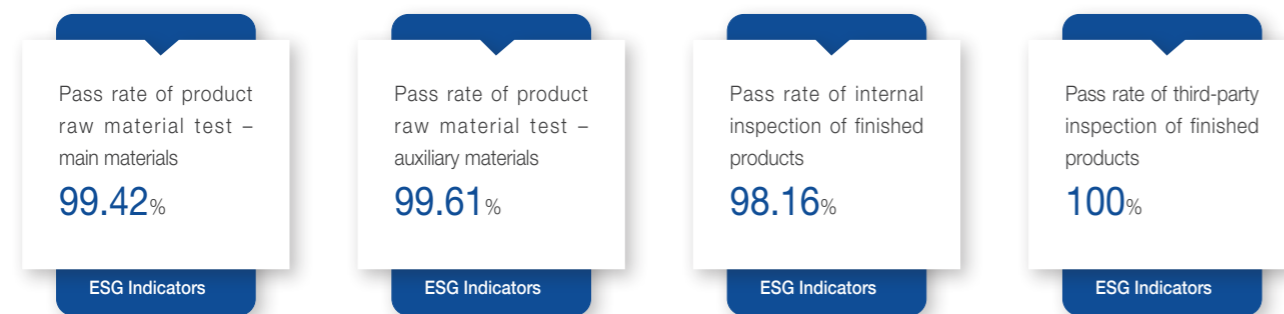
High-quality products and services are the foundation of the Company. CNGR always keeps product quality at a high level and regards technological innovation as the first competitiveness of the brand.

Product Quality Assurance

Adhering to the management policy of “technology changes the world and quality determines the future,” CNGR has established a quality management system that conforms to the Company’s business characteristics and fully implemented product quality control to be responsible for every process, every product, and every customer.

We have established the *Internal Audit Management Procedure* and the *Management Review Procedure*, and have passed ISO 9001: 2015 and IATF 16949: 2016 quality management system certification. The Company reviews the system operation condition every year and optimizes and adjusts the organizational structure of the quality system in 2022 according to the organizational business development mode and the Company’s control mode.

In addition, the Company has formulated the *Nonconforming Product Control Procedures*, the *Management System for Product Abnormalities*, and the *Control Procedure for Product Monitoring and Measurement* to monitor and evaluate the quality of products and raw materials in the whole process of delivery. CNGR will send the products for inspection according to the control plan and SOP requirements. The testing center will use calibrated testing instruments to test and give feedback on the results. The products will be properly disposed of in strict accordance with the rules and procedures based on the judgment results. In this year, there were no major product quality problems or product recalls in CNGR.



Innovation, Research, and Development

CNGR attaches great importance to the project management of R&D, establishes CNGR Research Institute and formulates the corresponding R&D project management system and R&D project acceptance mechanism to ensure full identification of customer needs, and prepares several system documents such as the *Acceptance Standards for Semi-finished Products/Finished Products*, the *Commissioning Management System for R&D New Products* and the *Management System for Independent R&D Projects* to ensure the effective organization and successful implementation of various R&D work.

In addition, to consolidate the basic R&D capability and improve the R&D efficiency, CNGR pays attention to the incentive for R&D talents. While establishing a perfect project management system, we continuously improve various R&D management and incentive mechanisms such as the *Incentive Measures for Precursor R&D*, provide R&D support, stimulate innovation vitality, and guide employees to better exert their innovation ability.

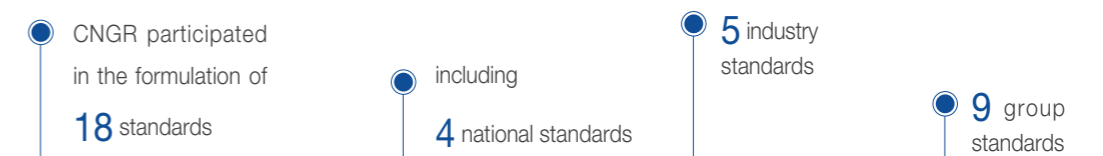
External Cooperation

CNGR continues to follow and learn from cutting-edge industry technologies and trends, actively holds exchange seminars with prestigious universities, research institutions, and industry associations at home and abroad, and extensively participates in formulating industry standards to realize the common progress of the Company and the industry.

In 2022, we continued to deepen our cooperation with well-known universities and research institutes such as Tsinghua University, Guizhou University, Central South University, and the University of Science and Technology of China, explore the frontier fields of the industry, draw on each other’s strengths, support the development of talents in universities, and jointly build an open and innovative ecology. At the same time, the Company worked closely with upstream and downstream partners of the global industry chain for joint research and development, and built a professional, market-oriented, and diversified leading R&D cooperation system with full coverage.

We actively joined the authoritative external standardization technical committee and became a member of the Powder Metallurgy Subcommittee of the National Standardization Technical Committee of Nonferrous Metals. Meanwhile, many employees of the Company are members of the industry or national standard technical committees, such as the Energy Resources and Environment Professional Council of the All-China Environment Federation, the National Technical Committee 297 on Environmental Standardization for Electrical and Electronic Products and Systems of Standardization Administration of China, the Powder Metallurgy Subcommittee of the National Standardization Technical Committee of Nonferrous Metals, and the Low Carbon Standard Working Group of the National Standardization Technical Committee of Nonferrous Metals.

This year, CNGR participated in the formulation of 18 standards, including 4 national standards, 5 industry standards and 9 group standards.



R&D Achievements Highlight

Through the research on the material mechanism, CNGR guides the structural design of precursor, foresightedly explores the development direction of precursor products, and leads the technological breakthrough in the industry. We have carried out comprehensive research on the basic mechanism of new energy materials and the application of new products.



High-capacity Long-cycle High-nickel Precursor Technology

Given the poor structural stability of high-nickel precursor materials and many side reactions on the particle surface and poor cycling performance during charging and discharging, CNGR has comprehensively used the independently developed process to develop high-capacity long-cycle precursor materials with high crystallinity, preferred orientation growth of crystal faces, high-specific-capacity core, and high-stability shell.



High-voltage Tetracobalt Technology

Lithium cobalt oxide batteries have the problems of poor overcharge resistance and cycle life. By improving the structure and surface stability of materials under high voltage, CNGR solved the problem of decreasing cycling performance and energy density of lithium cobalt oxide under high voltage and realized a tap density of products over 2.6 g/cm³, effectively improving the energy density of materials.



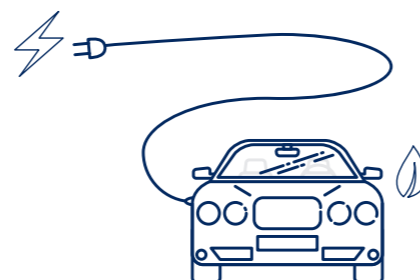
Major Honors of Scientific Research and Innovation of CNGR

The project of *Key Technologies and Industrialization of Green Manufacturing of Lithium-ion Battery Cathode Material Precursor* won

the **second prize** of the Guizhou Provincial Science and Technology Advancement Award

"Development of Key Controllable Technologies for High-performance Ternary NCA Precursor Materials" has reached **the international advanced level** after evaluation

The "Intensive Cultivation Project of Intellectual Property Rights for Ternary Precursor Material of High-performance Traction Battery" was funded with **200,000 CNY** from the Intellectual Property Strategic Special Fund of Hunan Province in 2022.



Intellectual Property Protection

Intellectual property rights are the core assets of the Company and the source and guarantee of the Company's value. CNGR adheres to the principle of "respecting the intellectual property rights of others and protecting intellectual property rights of the Company", and promotes the high-quality development of the Company's business with a sound intellectual property management system.

We strictly abide by the relevant laws and regulations of the country, industry, and location where the business is carried out on intellectual property rights, and have formulated internal management policies such as the *Induction Intellectual Property Statement*, the *Independent R&D Project Management System*, and the *Patent Management System* in combination with the actual operation of the Company to establish a complete intellectual property management system. In 2022, CNGR passed the GB/T 29490-2013 Intellectual Property Management System Certification, and the signing rate of the *Induction Intellectual Property Statement* by full-time employees was 100%.

While effectively protecting our intellectual property rights, we have established an intellectual property analysis and early warning mechanism to avoid the risk of infringement of others' intellectual property rights. We established a patent early warning database for products/technology such as ternary precursors to continuously monitor the changes in the legal status of high-risk patents and the disclosure of newly applied patents and timely understand the technical development trends and patent risks in this field; in addition, we actively carried out patent search and analysis for new projects such as sodium battery in the early stage of the project to understand the current situation of patents in this field for reference in the selection of technical routes and avoid infringement risks.

To protect the exclusive rights of the inventors to their inventions and creations, we encourage the technical personnel of enterprises to invent and create and stimulate technological innovation. We have continuously improved various intellectual property management and incentive mechanisms while establishing a sound intellectual property management system. CNGR has established a commission award for the gross profit of new products, based on which we established incentive measures for cutting-edge product research and development, process innovation, mechanism exploration, and other dimensions this year.

To enhance employees' awareness of intellectual property protection, we have carried out abundant training on intellectual property rights for them, so that they can fully understand the obligations and responsibilities to be complied with for intellectual property compliance.

During the reporting period, CNGR applied for a total of 299 domestic patents, including 40 domestic invention patents, 14 utility model patents, and 3 Patent Cooperation Treaties (PCT) this year, obtained a total of 143 authorized patents (including 68 invention patents and 75 utility model patents), and we registered 20 trademarks.



Training on Overseas Intellectual Property Layout and Dispute Response

On June 22, 2022, we conducted a training on the *Overseas Intellectual Property Layout and Dispute Response* for patent engineers and core R&D personnel. This training focused on laws and regulations related to intellectual property rights and explained the necessity, approaches, and strategies of overseas patent layout and intellectual property complaint response mechanism.



High-quality Customer Service

CNGR actively protects the legitimate rights and interests of customers, strictly abides by a series of system documents such as the *Customer Service Control Procedure*, the *Customer Requirement Response System*, the *Customer Complaint Handling Management System*, and the *Communication Control Procedure*, standardizes the customer service process, clarifies the responsibilities of relevant functional divisions, provides high-quality services for customers through multi-department collaboration and strives to protect the rights and interests of customers. This lays a solid foundation for the sustainable development of business and provides a sufficient guarantee for achieving customer satisfaction.

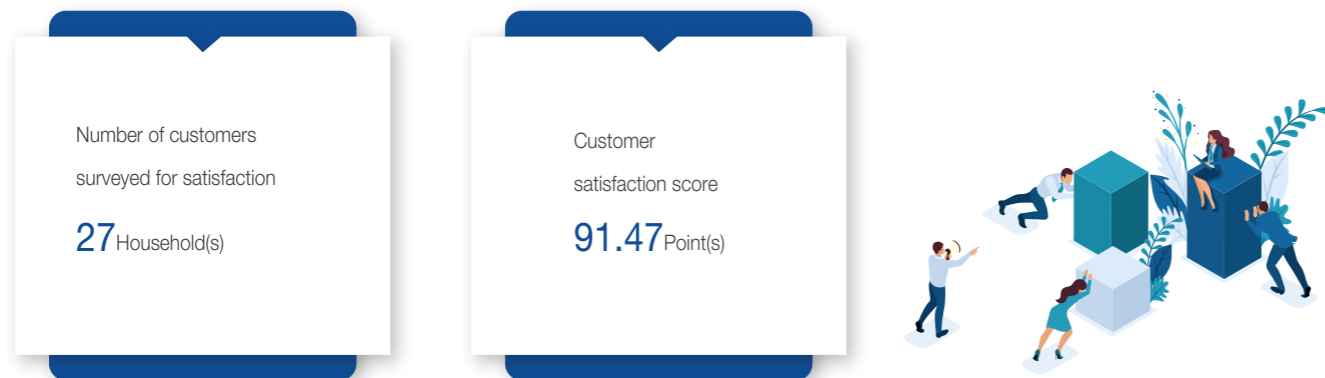
Whole-process Customer Service System

CNGR adopts matching service teams for different customer groups to deeply analyze their needs and product characteristics, form straight contact and interaction between quality/technology/sales personnel and different functional personnel of customers, and establish technical support, product quality return visit, and good information feedback and improvement mechanism to ensure the business progress of customers in all links.

We have established a sound customer complaint quality management system to improve the efficiency of customer problem recording and handling. We have set up various complaint channels, including complaint lines, WeChat, email, fax, etc., with which all relevant departments can understand customer demands. We require relevant personnel to reply within 3 working days after receiving customer complaints or within the time limit specified by the customer. In case of major customer complaints, the handling progress shall be reported to the customer every day.

ESG Indicators	Unit	2022
Customer complaint rate	%	0.18
Total number of product quality complaints	Case(s)	85
Handing of products and services complaints – closed	Case(s)	85
Handing of products and services complaints – unclosed	Case(s)	0
Withdrawal rate of customer complaints	%	100%

We are committed to improving customer satisfaction in each operation link and have established a customer satisfaction survey mechanism for product quality, service, and delivery time. Every year, we design questionnaires according to the key indicators in the process of customer service, carry out satisfaction surveys on customers with annual sales of more than 300 tons and all automobile customers, listen to customer demands in-depth, fully explore customer dissatisfaction, and implement further rectification.



Community and Partners

CNGR always believes that only by working hand in hand with partners and developing with local communities can a company obtain powerful support and a solid guarantee.

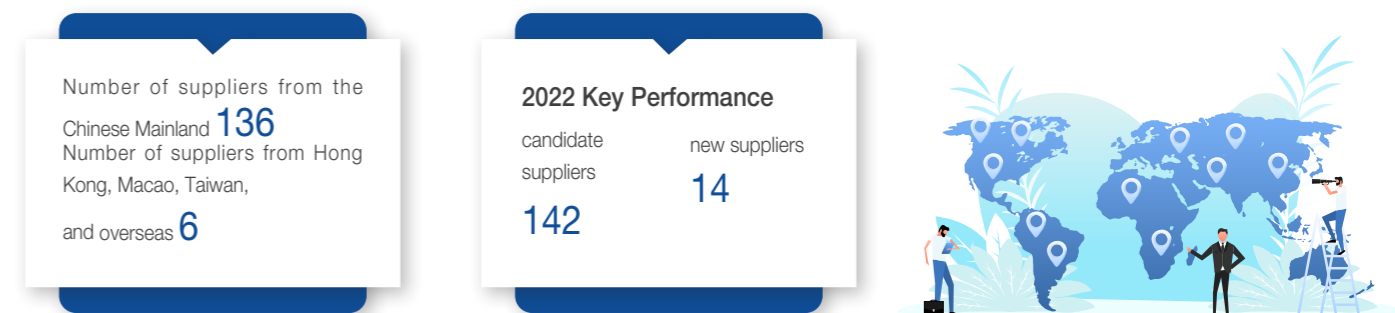
Sustainable Supply Chain

CNGR regards the supplier as an important partner. We are committed to building a responsible supply chain, actively driving the common development of the supply chain with our actions as the call and influence.

Supplier Management

We have formulated the *Management System for Production Material Suppliers*, clarified the responsibilities of each division, and made clear and strict regulations on the development, investigation, review, trial use, access, evaluation, and other management systems of suppliers. We divide suppliers into four categories of main materials, auxiliary materials, equipment, and engineering for targeted classification management.

The Company quarterly conducts performance appraisal on suppliers of production materials covering four aspects of quality, technology, business, and compliance, formulates an annual on-site review plan according to the performance of the previous year, and conducts on-site review or online research on suppliers. For the identified nonconformities, the supplier shall make rectifications within 7 working days. If the rectification fails, the procurement shall be stopped immediately under the requirements of the *Management System for Production Material Suppliers*. In 2022, we carried out 37 internal evaluations of suppliers and guided them to complete the rectification.



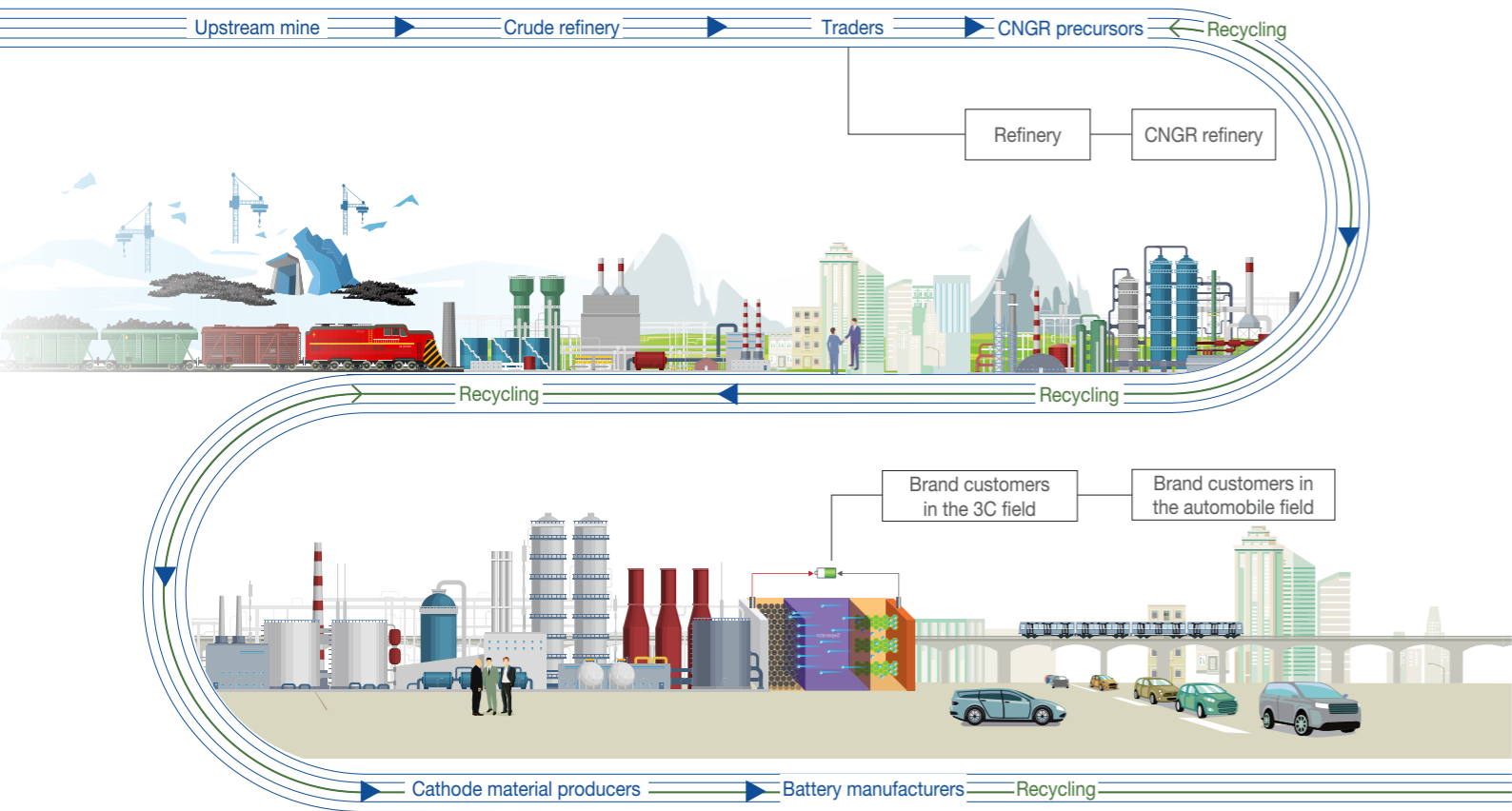
Responsible Mineral Management

CNGR carries out supply chain due diligence management in accordance with the five-step approach framework of the *OECD Due Diligence Guidelines for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidelines)*, the *Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains (China Guidelines)* and the *Due Diligence Management Standards for Cobalt Smelters*, and formulated and published the *Due Diligence Management Policy for Responsible Global Mineral Supply Chains* on the official website.¹⁴ We joined the Responsible Cobalt Initiative (RCI) in 2019 and comprehensively upgraded the due diligence management system of the mineral supply chain in 2022. According to the requirements of the 2nd edition of the *China Guidelines*, we upgraded the five-step method to the six-step method, added the working framework of "providing conditions in due course and cooperating to carry out remediation", and incorporated manganese on the basis of previous years to form a due diligence management system for nickel, cobalt, manganese and other metals, further improving the due diligence management work. To implement responsible mineral supply chain management, the Sustainable Development Committee was formally established in October 2022, which is responsible for the Company's sustainability strategy and has a Sustainable Development Office to carry out specific work under the guidance of the Committee. The operation center, renewable resources center, quality, human resources, production and operation, finance, production, trade union, and other relevant divisions also participated in due diligence management.

To better manage the raw material supply chain and improve information transparency, we have established a material traceability system and also carried out blockchain traceability to make the traceability of material sources online and blockchain-led. In 2022, the Company participated in the GBA battery passport pilot project, a blockchain traceability pilot project, to realize the complete traceability from the source of mine materials to the output of precursor products, while providing evaluation information on human rights and child labor and strengthening the due diligence management of the supply chain.

¹⁴ Due Diligence Management Policy for Responsible Global Mineral Supply Chains

We conduct due diligence on all raw material suppliers, collect supplier data through reliable third-party information, KYS (Know Your Supplier) questionnaire, mineral source survey, on-site evaluation, complaint mechanism, customer feedback, etc., and draw a raw material supply chain map and update it semi-annually. In 2022, the data collection rate of cobalt suppliers was 100%, the data collection rate of nickel suppliers exceeded 90%, and the data collection rate of manganese suppliers was 70%. The target collection rate in 2023 is 100%.



Mineral Supply Chain Map of CNGR

In 2022, we conducted an on-site evaluation of risks related to the mineral supply chain from three aspects, including armed conflict, human rights, and government governance, and invited third-party agencies to conduct supply chain due diligence management audits on CNGR, smelters in key links, and suppliers using recycled materials. The audit results showed no risks of serious human rights violations such as the use of child labor, forced or compulsory labor, and support for non-governmental armed forces. In addition, we also regularly publicize the awareness of due diligence management to the senior management of cobalt and nickel raw material suppliers and help and guide suppliers to establish a due diligence management system. The Company published the *Social Responsibility Appeal Management Process*¹⁵ on the official website, accepting supervision from stakeholders and all sectors of society. The complainant can put forward opinions, suggestions, or appeals to the Company through WeChat Mini Program, suggestion box, and reporting mailbox. The reporting channels are detailed in the "Reporting Mechanism" section of this report.

At present, Ningxiang Industrial Base and Tongren Industrial Base have passed the RMAP review and have been included in the compliance list. In 2022, 16 domestic and foreign suppliers of cobalt-containing raw materials passed the Responsible Mineral Initiative (RMI) audit, and 1 nickel supplier passed the independent third-party due diligence management audit. The Company continuously tracks and guides suppliers who fail to pass the independent third-party audit through online and offline communication and guidance.

¹⁵ Social Responsibility Appeal Management Process

Supply Chain ESG Management

It is our consistent attitude to actively drive suppliers to jointly practice sustainable development. CNGR has issued the *Suppliers' Code of Conduct*¹⁶, requiring suppliers to implement ESG management in the fields of human rights, safety and health, environmental protection, and anti-corruption.

We require the suppliers to provide ISO 14001, ISO 45001, ISO 9001, or equivalent certificates when selecting suppliers. We also require suppliers to provide relevant materials for hazardous substances control, which need to pass the relevant internal acceptance and technical standards of the Company. We sign quality and technical agreements with suppliers according to the standards. In addition, we also required suppliers to fill in the BCM business continuity questionnaire once half a year, and report their business conditions, environmental safety-related systems, and major events to the Company, so as to prevent and control the business continuity risk.



In order to strengthen the ESG management of the supply chain, we regularly carry out relevant ESG audits every year to assist suppliers with high ESG risks to make corresponding rectifications. In 2022, we screened suppliers according to the ESG criteria and conducted the annual ESG audit of major candidate suppliers. None of the 14 new qualified suppliers were identified with actual and potential high ESG risks.

Supplier Integrity Publicity and Integrity Signing Meeting

In September 2022, we held a supplier integrity publicity and integrity signing meeting for all of our suppliers, further clarifying the requirements on business ethics and integrity and anti-corruption work, and working with all of those suppliers to achieve transparent procurement.



Supplier Integrity Publicity

For growing together with our suppliers, we provide all kinds of training for them, such as training on quality and integrity. In 2022, a total of 131 sub-suppliers participated in the training, and the level of supply chain management has been effectively improved.

¹⁶ Suppliers' Code of Conduct

Community Well-being

As a global corporate citizen, while creating economic benefits, CNGR also actively undertakes the social responsibilities and obligations of corporate citizens, participates in social development, and devotes itself to public welfare undertakings.

Support for Community Development

Adhering to the concept of "local for local", we actively help the development of local rural enterprises, such as supporting local characteristic industries and local employment. In 2022, CNGR contributed its own efforts to rural development, donating more than 1.78 million CNY in total, and providing 3,690 jobs for local people.

In 2022, CNGR contributed its own efforts to rural development, donating more than **1.78** million CNY in total

providing **3,690** jobs for local people



Tongren Industrial Base's Action on Visiting Neighboring Villagers in Need during the Spring Festival

During the Spring Festival, the "Neighborhood Village Assistance" project was launched in Tongren Industrial Base, providing about 3.5 million CNY in total for the renovation of the living environment of neighboring villages, setting a subsidy standard of 1,000 CNY/household for poor households in need, and paying 60,000 CNY for poor households every year. We have gradually expanded the scope of assistance for poor households in Yuping County. In 2022, we sent more than 30,000 CNY worth of rice, flour, grain, oil, and other materials and solatium.



Ningxiang Industrial Base's Action on Supporting Local Yellow Peach Planting Industry

June to August 2022 was the harvest season of local yellow peaches in Ningxiang. In order to support the development of local yellow peach planting, the trade union took the lead in purchasing more than 400 pieces of yellow peach, solving part of the sales problems for yellow peach growers in Ningxiang.



Kaiyang Industrial Base's Action on Employment and Introduction of Local Talents

Kaiyang Industrial Base employs interns and management trainees through local campus recruitment and recruits new employees through local social recruitment. In 2022, about 430 employees were employed in Kaiyang Industrial Base, mainly from Kaiyang County and its surrounding areas, thus effectively helping with the employment of the local residents.



Recruitment Site



Vulnerable Groups Protection

CNGR believes that as a good social citizen, it must shoulder the responsibility of protecting vulnerable groups. We organize employees to participate in various voluntary activities. In 2022, a total of 1,314 employees of the Company participated in voluntary activities, with a cumulative duration of 875 hours, which strongly demonstrated the sense of responsibility of CNGR.



Tongren Industrial Base's Activity of Love in Children's Day and Growth-accompanying

In 2022, the "Accompany with Love" base was set up in Tongren Industrial Base to regularly carry out activities such as door-to-door visits, knowledge lectures, assistance classes, and materials and warmth delivery. On June 1, together with Dalong Development Zone in Tongren City, Tongren Industrial Base carried out the Children's Day care activities of "Realizing Dreams and Welcoming the 20th National Congress of the Communist Party of China". Representatives of the pioneer Party members of Tongren Industrial Base sent suitcases, schoolbags, stationery, and other gifts to a total of 500 students from Dalong Primary School and Mayintang Primary School.



Ningxiang Industrial Base's Action on Volunteering for the Elderly and Care Delivering

On March 12, 2022, the General Manager Office of Ningxiang Industrial Base organized employees to carry out the "Volunteer to respect the elderly and convey sincerity with love" learn-from-Lei Feng activities at the Nursing Home of Shuangjiangkou Town, Ningxiang Economic and Technological Development Zone.



Protection for Indigenous Peoples and Cultural

While maintaining its own steady operation, CNGR shows due respect for local folk culture, protects local resources, customs, and other material and spiritual cultural heritage, and adheres to being a responsible corporate citizen.

We promise in the *ESG Policy of CNGR* that we always abide by the host country's policies and regulations on human rights and indigenous peoples, recognize the individual and collective rights and interests of indigenous peoples, actively consult and communicate with the community indigenous peoples on project issues, try our best to reduce negative impacts, and strive to promote local employment and economic development by building a voluntary service system and our stable operation and development. We respect the unique culture, history, language, customs, and characteristics of the indigenous peoples, develop no projects at the world heritage sites, and actively protect local tangible cultural heritage.



05

Practicality and Self-discipline

Adhering to the core value of practicality and self-discipline, CNGR puts compliance development in an important position, practices responsible governance, and attaches great importance to the information assets security and business ethics establishment, making steady progress on the road to sustainable development.

本章所响应的 SDGs



Compliance Management	72
Fair Operation	75

Compliance Management

Meanwhile, CNCR values law-based governance, continuously improves the compliance management system, strengthens internal control and risk control, implements information security and privacy protection, promotes compliance management, and boosts steady operation.

Corporate Governance

In accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange*, the *Guidelines of the Shenzhen Stock Exchange for Self-regulation of Listed Companies No. 2-Normative Operation of Listed Companies on the Growth Enterprise Board*, and the relevant regulations of the China Securities Regulatory Commission and other regulatory authorities, CNCR effectively implement internal systems such as the *Articles of Association* and the *Rules of Procedure of the General Meeting of Shareholders*, continuously standardize the structure of corporate governance, improve the internal control system, actively standardize the operation of the Company, strive to reduce risks, and ensure the effective operation of the corporate governance structure.

The Board of Directors of the Company has three special committees, i.e., the Strategy Committee, the Audit Committee, and the Nomination, Remuneration and Appraisal Committee, among them, the Nomination, Remuneration and Appraisal Committee and Audit Committee are chaired by independent directors. The Board of Directors is responsible for formulating the overall strategic plan of the Company, determining long-term performance and management objectives, and evaluating various risks. The Company specifies the policy on diversity of board members in the *ESG Policy of CNCR*, which includes but is not limited to gender, age, cultural and educational backgrounds, race, professional experience, skills, knowledge, and years of service.

As of December 31, 2022, CNCR has seven board members in total, including three independent directors and one female director. All of these seven directors have rich industry experience and professional competence in the fields of chemical engineering, business administration, and new energy.

Information on CNCR Board Members

Name	Independent director (Y/N)	Age	Number of titles as Board of Directors in listed companies (including CNCR)	Key competencies/Focus areas
Deng Weiming	No	54	1	Cathode material precursor
Wu Xiaoge	No	50	1	Cathode material precursor
Tao Wu	No	39	1	Cathode material precursor
Ge Xinyu	No	41	1	Investment
Cao Yue	Yes	41	5	Accounting
Li Wei	Yes	41	1	Digital economy
Liu Fangyang	Yes	38	1	New energy materials and devices



In 2022, the Company held 5 Shareholders Meetings, 16 Directors Meetings, with an attendance rate of directors of 100%, and 12 Supervisors Meetings.

Compliance Management

Compliance is the guarantee for the steady operation of enterprises. On the premise of strict compliance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and other related laws and regulations, CNCR formulated the *Compliance Management System* and established a supervisory group, which is responsible for exercising supervision functions on behalf of the President over the organization within the scope of supervision, and supervising the implementation, operation, and management of the guidelines, policies, rules and regulations, core processes of the organization within the scope of supervision, so as to escort the compliance operation of the Company. In overseas industrial bases, we abided by local laws and regulations and established CNCR International Legal Center to ensure the compliance management of our overseas operations.

In 2022, the Company formulated the *Compliance Management System* and other relevant documents, clarifying the main responsible personnel and main responsibilities of compliance review and supervision. The document requires all employees to receive compliance training and sign for confirmation, and record it in personal training records. Furthermore, we incorporated compliance management into the annual performance assessment of the heads of departments and units and strengthened the assessment management of compliance risk control. For violations, we strictly follow the *Code of Conduct Management, Provisions on Audit Accountability and Punishment, 30 Prohibited Behaviors of Employees, Reward and Punishment System*, and other relevant systems of the Company to investigate relevant accountability.

In 2022, we conducted four regulatory compliance training sessions for all directors and six compliance training sessions on labor contracts, international trade contracts, legal knowledge of contracts, laws and regulations on AOE certification import and export, labor dispute case summary, and investment filing guidelines for employees of the Procurement, Business, Legal, Finance, Human Resources Divisions and the Capital Center.

Risk Management

Since its founding, the Company has attached great importance to the establishment and improvement of risk management and internal control systems. We have defined the responsibilities of all the departments at all levels such as the Shareholders Meeting, the Board of Directors, the Board of Supervisors, and the management in risk management and control, and built a three-line-of-control structure integrating the control function at the business level, the enabling function at the HQ functional level and the supervision function of the audit and supervision center according to the "three lines" model, ensuring the effective implementation of the compliance and risk prevention and control strategy of the Company.

Management	Main Responsibilities
Board of Directors of the Company	<ul style="list-style-type: none"> Leading decision-making body of compliance and risk management
Company management	<ul style="list-style-type: none"> Comprehensively coordinate the construction and operation of the compliance and risk prevention and control system of the Company
Centers and bases (the first line of defense)	<ul style="list-style-type: none"> Be responsible for the compliance and risk management of the Company Implement internal control standards, carry out self-control, self-inspection, and self-correction of existing risks in consideration of own business needs, and put forward optimization suggestions and management requirements to functional divisions.
Securities Division and Legal Division of the Office of the Board of Directors (the second line of defense)	<ul style="list-style-type: none"> The compliance and risk management supervision division of the Company is responsible for introducing related systems and processes, and establishing and improving the internal control system. Direct and supervise business departments under their management, and report and make suggestions to higher bodies.
Audit and Supervision Center (the third line of defense)	<ul style="list-style-type: none"> Inspect and supervise the implementation of the compliance and risk management of the Company

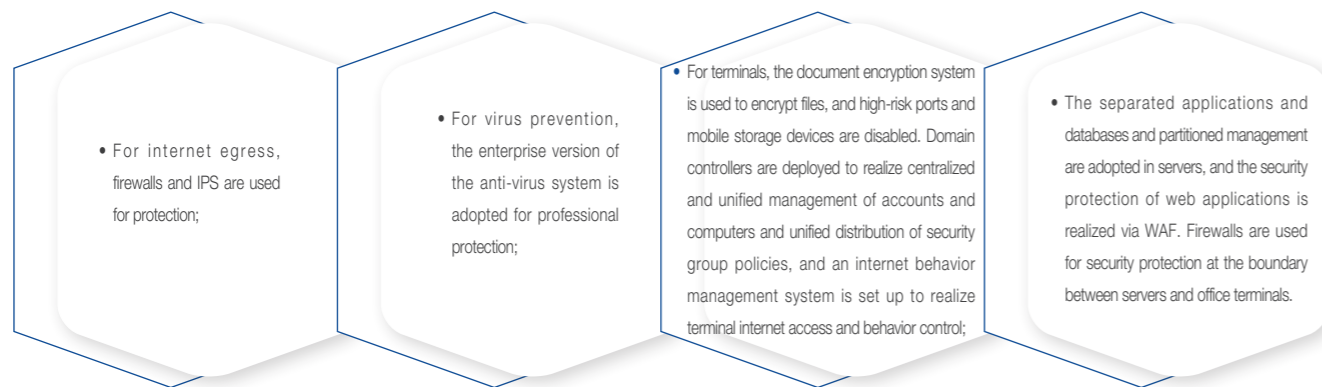
We emphasize enterprise risk management and control. The Company identified six major potential risks from the sources according to relevant business processes and formulated specific improvement measures one by one to prevent them from occurring. At the same time, we carried out an internal audit and determined different audit points for each audit project. A total of six risk management audits were carried out this year, targeted improvement measures were formulated and audit reports and rectification follow-up plans were formed.



Data Security and Privacy Protection

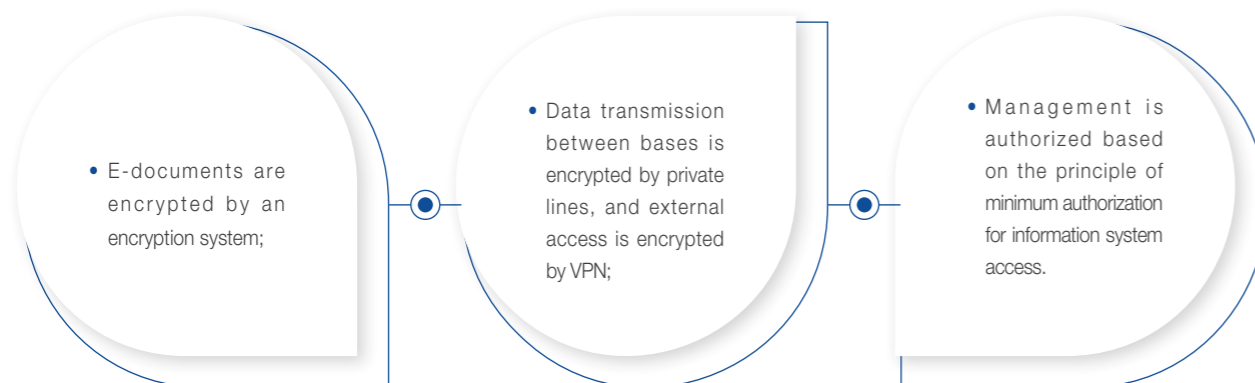
Abiding by the *Cybersecurity Law of the People's Republic of China*, the *Management Measures for Classified Protection of Information Security*, and other relevant laws and regulations, CNGR established an internal information security management system in accordance with ISO 27001. The General Manager of the Base leads the information security management work in an overall way, with the assistance and cooperation from all the departments to implement information security management measures effectively. In November 2022, the Tongren Industrial Base were certified by ISO 27001.

In order to protect information assets and reduce information security risks, we formulated a series of measures to protect information security:



It is our duty to protect customers' privacy so we made every effort to establish and improve customer privacy control measures:

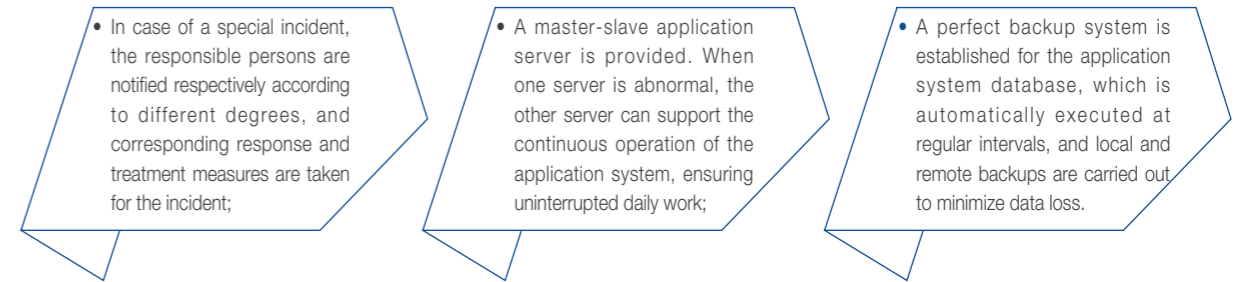
Customer Privacy Protection of CNGR



In 2022, the Company did not receive any complaints caused by breaches of customers' private data.

We also pay attention to the review of our own systems and measures. We continuously improve information security management and protect information assets security by information security audits and self-inspection. In 2022, we carried out information asset identification and risk assessment, self-inspection of serious security vulnerabilities in ERP, etc., further standardizing information security risk management, repairing serious software system vulnerabilities, and effectively ensuring the security of information assets.

For the purpose of effectively ensuring the normal operation of the IT system and reducing the losses caused by accidents, the Company established an emergency workflow for the IT application system, so as to remedy special incidents in time and minimize losses.



In order to improve the cognition of internal information security management and strengthen internal information security protection, we formulated an annual information security training plan to establish information security awareness among employees and effectively protect information assets security. In 2022, the Company carried out five information security training sessions for 160 trainees, with a total duration of 20 hours.

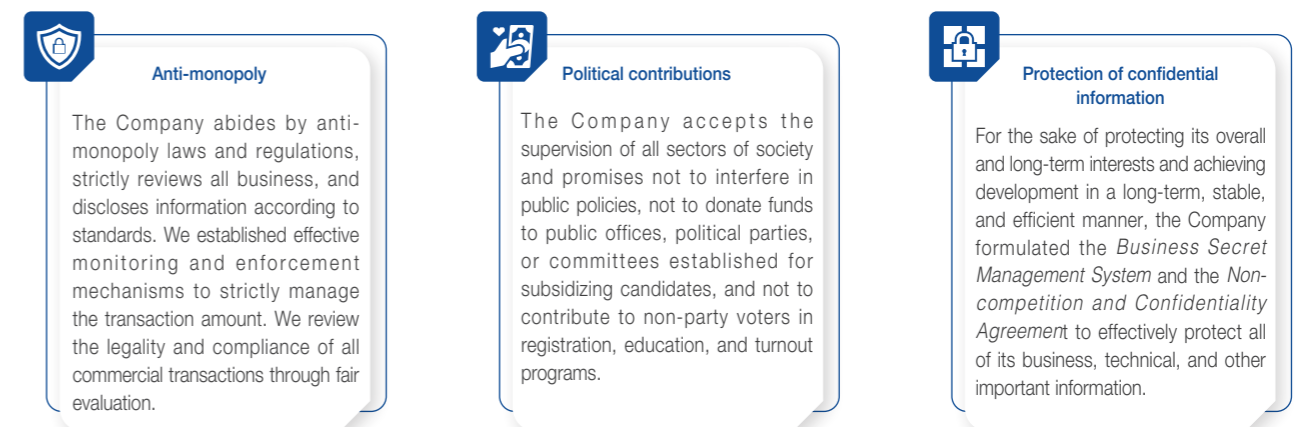
Fair Operation

CNGR highly values the impact of business ethics on itself and related stakeholders, resolutely abides by local laws and regulations in all operating sites, and comprehensively standardizes business ethics management

Business Ethics

Adhering to the core value of "practicality and self-discipline, innovation and progress, opening up and cooperation, and excellence and win-win", the Company strictly abides by the *Company Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery* of the State Administration for Industry and Commerce and other laws and regulations, and in accordance with the *Universal Declaration of Human Rights*, *OECD Guidelines*, *ILO Standards*, etc., the Company formulated and published the *Code of Business Conduct of CNGR*¹⁷, strengthening the business ethics of the Company, preventing and controlling corruption from the source, and guiding all employees to build a firm ideological defense line against corruption and bribery.

The Company adopts a "zero tolerance" attitude towards business ethics violations and formulated a number of management rules, rewards, and punishments to strictly manage the violations. The *Employee Handbook* clearly defines 30 *Prohibited Behaviors of Employees*, which is an insurmountable red line for each employee in their daily work and life. In case of violation of the *Employee Handbook*, the employees shall be given such punishments as written persuasion, written warning, serious warning, and termination of the labor contract, supplemented by those measures as the circulated notice of criticism, salary reduction, demotion, and dismissal.



¹⁷ Code of Business Conduct of CNGR

2022 Key Performance



Number of corruption proceedings concluded:
1

Anti-corruption

CNCR fully respects and resolutely abides by the applicable laws and regulations of the corresponding country, always adheres to integrity and ethics in our operations, and adopts a “zero tolerance” attitude to any form of corruption.

We keep in mind the mission of integrity, establish an internal integrity supervision and management mechanism focusing on prevention, continuously improve the integrity management system, perfect the internal control system, timely correct and investigate fraud, establish an accountability system, improve the anti-fraud ability of functional divisions, and establish a fraud reporting mechanism. The supervisory team comprehensively strengthens the construction of integrity, such as the construction of cadre integrity style and supervision of integrity work.

We also attach great importance to daily publicity and implementation and strive to curb corruption at the source. We require every regular employee to sign an integrity agreement and participate in every integrity training. In 2022, we conducted 26 business ethics and anti-corruption training sessions for all employees, totaling 34,502 hours. For directors and senior executives, we conducted 2 business ethics training sessions totaling 3 hours and 9 anti-corruption training sessions totaling 3,240 hours, laying a solid business ethics foundation for all employees.

We stick to the bottom line of integrity. While continuously improving self-requirements, we also actively drive suppliers to jointly create a clean and upright trading environment. In 2022, we signed the *Honesty and Integrity Confidentiality Agreement* with our partners to prevent improper behaviors in various business activities and standardize the integrity responsibilities and requirements of all parties. In 2022, 100% of suppliers signed the *Honesty and Integrity Confidentiality Agreement*. In case of serious damage to the Company’s interests, such as bribery and disclosure of the Company’s core secrets, we will directly eliminate the supplier and will not do business with it within three years.

In November 2020, we joined the Enterprise Anti-Fraud Alliance and became a member unit. Together with many benchmarking enterprises, we adhere to the concept of “establishing integrity, strengthening internal control and anti-fraud” and help more enterprises implement anti-fraud construction through innovation, cooperation, co-governance, and sharing, to escort the healthy development of the industry chain.

Whistleblowing Management

Robust reporting management is an important part of the Company’s business ethics. In order to safeguard the Company’s interests, strengthen the internal monitoring and management of the Company, prevent and control fraud, fully ensure the standardized implementation of whistleblowing management, and protect the legitimate rights and interests of whistleblower according to law, we have formulated the *Measures on Award-winning Reporting Management*¹⁸ to encourage employees and related parties to report acts of favoritism and harming the interests of the Company in an orderly manner according to law, to ensure the sustainable, stable, and healthy development of the Company.

In order to create a clean atmosphere, the Company clarified the whistleblowing acceptance process, carried out information verification and classification once received the reporting information, sent simple reports to the supervision leading group in each industrial base for handling, submitted material reports to the senior leaders for approval to carry out case investigation, prepared an investigation report after verifying the facts, communicated the opinions for handling according to the Company’s system, and transferred those involved in crimes to public security organs.



We open various channels for whistleblowing. Whistleblower can report internal violations, discipline violations, frauds, and behaviors that damage the interests and image of the Company by mail, telephone, letter, or in person, etc.

Whistleblowing Channels of CNCR

The Company’s Social Responsibility Public Email (for receiving social responsibility appeals):
cncrCSR@cncrgf.com.cn
Whistleblowers’ Email: jubao@cncrgf.com.cn
Whistleblowers’ Hotline: 19375166553
Whistleblowers’ Mailbox: 16/F, Block B, Yunda Central Plaza, Yuhua District, Changsha, Hunan Province
Audit and Supervision Center of CNCR Postal code: 410600

In-person Whistleblowing: Audit and Supervision Center

WeChat Mini Program for Reporting:

2022 Key Performance



The reports on violations of the Corporate Code of Conduct:
0



The reports on corruption clues:
8



¹⁸ Measures on Award-winning Reporting Management

ESG Key Performance

ESG Indicators	Unit	2020	2021	2022
Environment¹⁹				
Greenhouse Gas (GHG) Emissions				
Total Scope 1 emissions	tCO ₂ e	42,961	72,200	62,370.87
Total Scope 2 emissions	tCO ₂ e	317,911	592,700	529,292.07
Total Scope 3 emissions	tCO ₂ e	2,494,781	4,310,423	3,937,758.32
Total carbon emissions	tCO ₂ e	2,855,653	4,975,323	4,529,421.27
Scope 1 and 2 intensity	tCO ₂ e/t product	3.77	3.50	2.54
Scope 3 emission intensity	tCO ₂ e/t product	26.04	22.71	16.87
Carbon dioxide (CO ₂) emissions	tCO ₂ e	/	/	4,528,755.25
Methane (CH ₄) emissions	tCO ₂ e	/	/	569.36
Nitrous oxide (N ₂ O) emissions	tCO ₂ e	/	/	96.66
Sulfur hexafluoride (SF ₆) emissions	tCO ₂ e	/	/	0.00
Nitrogen trifluoride (NF ₃) emissions	tCO ₂ e	/	/	0.00
Perfluorocarbons (PFCs) emissions	tCO ₂ e	/	/	0.00
Hydrofluorocarbons (HFCs) emissions	tCO ₂ e	/	/	0.00
Energy Use				
Anthracite	kg	4,579,050.00	6,706,670.00	172,800.00
Gasoline	kg	/	/	27,884.55
Diesel	kg	29,593.46	66,503.80	232,450.04
Natural gas	m ³	2,569,399	10,670,533.00	16,731,579.26
Power consumption	kWh	273,348,600.00	556,479,868.00	638,399,919.67
Steam consumption	ton	154,506.00	423,830.41	538,090.06
Total energy consumption	GJ	1,534,449.32	3,247,293.79	4,399,490.39
Energy intensity	GJ/t product	16.01	17.10	18.85
Water Management				
Surface water withdrawal	Megaliter	417.40	678.37	1,291.32
Underground water withdrawal	Megaliter	0.00	0.00	0.00
Municipal-supplied water withdrawal	Megaliter	2,277.95	3,514.56	2,415.89
Total water withdrawal	Megaliter	2,695.35	4,192.93	3,707.22
Volume of reused water resources	Megaliter	/	/	4,460.58
Water recycling rate	%	/	/	54.61
Volume of wastewater discharged to surface water	Megaliter	0.00	0.00	469.43
Volume of wastewater discharged to third-party facilities	Megaliter	1,377.74	2,710.04	1,837.85
Total volume of wastewater discharge	Megaliter	1,377.74	2,710.04	2,307.27
Total volume of water consumption	Megaliter	1,317.61	1,482.89	1,399.94
Volume of COD emission	ton	/	/	41.69
Volume of water discharge per ton of precursor	L/t product	14.31	14.91	9.89
Waste Management				
Total quantity of waste	ton	5,859.25	14,550.31	32,924.76
Quantity of hazardous waste produced	ton	1,550.17	726.21	1,738.74
Quantity of general industrial waste produced	ton	4,309.08	13,824.10	31,186.02

¹⁹ (1) Unless otherwise stated, the environmental-related performance indicators in this report cover Ningxiang Industrial Base, Tongren Industrial Base, Qin Zhou Industrial Base, and Kaiyang Industrial Base, excluding Morowall Industrial Base.

(2) Please refer to the text of the report for the specific scope of indicators.

ESG Indicators	Unit	2020	2021	2022
Quantity of hazardous waste recycled	ton	976.56	986.33	80.61
Quantity of general industrial waste recycled	ton	4,508.62	13,347.23	634.10
Total quantity of waste recycled	ton	5,485.19	14,333.56	714.71
Quantity of hazardous waste disposed compliantly	ton	/	/	1,640.25
Quantity of general industrial waste disposed of compliantly	ton	/	/	29,404.65
Disposal amount of hazardous waste per ton of precursor	t/t product	/	/	0.01
Quantity of general industrial waste disposed of per ton of precursor	t/t product	/	/	0.13
Waste Gas Emissions				
Quantity of SO _x emission	kg	/	/	841.21
Quantity of NO _x emission	kg	/	/	15,845.71
Quantity of PM emission	kg	/	/	13,732.58
Quantity of POP emission	kg	/	/	0.00
Quantity of VOC emission	kg	/	/	2,192.91
Quantity of HAP emission	kg	/	/	387.78
Packaging Materials				
Wood packaging materials	kg	/	/	0.00
Metal packaging materials	kg	/	/	561.54
Plastic packaging materials	kg	/	/	5,125.87
Paper packaging materials	kg	/	/	102.68
Total packaging weight	kg	/	/	5,790.09
Unit precursor packaging material weight	kg/t product	/	/	0.02
Social				
Human Rights Performance				
Signing rate of labor contracts	%	/	100%	100%
Illegal employment	Case(s)	/	/	0
Human rights violation proceedings	Case(s)	/	/	0
Number of Employees				
Total number of employees	Person(s)	/	/	10,386
Total number of part-time employees	Person(s)	/	/	246
Total number of full-time employees	Person(s)	/	/	10,140
Divided by gender				
Number of male employees	Person(s)	/	/	7,639
Number of female employees	Person(s)	/	/	2,747
Divided by ethnic group				
Number of Han employees	Person(s)	/	/	6,873
Number of ethnic minority employees	Person(s)	/	/	2,777
Number of foreign employees	Person(s)	/	/	736
Divided by age				
Number of employees under the age of 30	Person(s)	/	/	4,027
Number of employees aged 30 to 50	Person(s)	/	/	6,029
Number of employees over the age of 50	Person(s)	/	/	330
Number of new employees	Person(s)	/	/	7,303

ESG Indicators	Unit	2020	2021	2022
Divided by gender				
Number of new male employees	Person(s)	/	/	5,693
Number of new female employees	Person(s)	/	/	1,610
Divided by age				
Number of new employees under the age of 30	Person(s)	/	/	3,312
Number of new employees aged 30 to 50	Person(s)	/	/	3,894
Number of new employees over the age of 50	Person(s)	/	/	97
Divided by ethnic group				
Number of new Han employees	Person(s)	/	/	5,020
Number of new ethnic minority employees	Person(s)	/	/	1,453
Number of new foreign employees	Person(s)	/	/	830
Total number of persons in governing bodies	Person(s)	/	/	490
Divided by gender				
Number of male employees	Person(s)	/	/	431
Number of female employees	Person(s)	/	/	59
Divided by ethnic group				
Number of Han employees	Person(s)	/	/	418
Number of ethnic minority employees	Person(s)	/	/	62
Number of foreign employees	Person(s)	/	/	10
Divided by age				
Number of employees under the age of 30	Person(s)	/	/	30
Number of employees aged 30 to 50	Person(s)	/	/	413
Number of employees over the age of 50	Person(s)	/	/	47
Total number of directors	Person(s)	/	/	7
Total number of independent directors	Person(s)	/	/	3
Total number of female directors	Person(s)	/	/	1
Total number of employee turnover	Person(s)	/	/	3,470
Divided by gender				
Number of male employees that left	Person(s)	/	/	2,746
Number of female employees that left	Person(s)	/	/	724
Divided by age				
Number of employees under the age of 30 in employee turnover	Person(s)	/	/	1,608
Number of employees aged 30 – 50 in employee turnover	Person(s)	/	/	1,820
Number of employees over the age of 50 in employee turnover	Person(s)	/	/	42
Divided by ethnic group				
Number of Han employees that left	Person(s)	/	/	2,448
Number of ethnic minority employees that left	Person(s)	/	/	923
Number of foreign employees that left	Person(s)	/	/	99
Divided by the reason for leaving				
Number of employees that voluntarily left	Person(s)	/	/	2,846
Number of employees that non-voluntarily left	Person(s)	/	/	624
Employee Development				
Number of employees promoted	Person(s)	/	543	1,562
Number of vacant positions occupied by internal candidates (internal recruitment)	Position(s)	/	/	1,536

ESG Indicators	Unit	2020	2021	2022
Percentage of employees receiving regular performance and career development reviews in Ningxiang Industrial Base	%	/	100%	100%
Percentage of employees receiving regular performance and career development reviews in Tongren Industrial Base	%	/	100%	100%
Percentage of employees receiving regular performance and career development reviews in Qinzhou Industrial Base	%	/	100%	100%
Employee Training				
Total duration of training	Hour(s)	/	41,611	215,815
Number of employees participating in training	Person(s)	/	14,328	157,357
Training time per capita	Hour(s)	/	10.12	20.78
Average training duration per employee per year – by base				
Ningxiang Industrial Base	Hour(s)	/	10.34	18.84
Tongren Industrial Base	Hour(s)	/	10.8	41.15
Qinzhou Industrial Base	Hour(s)	/	/	25.49
Kaiyang Industrial Base	Hour(s)	/	/	33.28
Salary Incentive				
Total number of employees receiving salary incentives	Person(s)	/	/	903
Proportion of employees covered by salary incentives	%	/	/	9%
Average basic salary of male senior executives	CNY	/	/	1,950,000
Average basic salary of female senior executives	CNY	/	/	2,010,000
Average salary (basic salary + bonus) of male senior executives	CNY	/	/	2,312,000
Average salary (basic salary + bonus) of female senior executives	CNY	/	/	2,372,000
Average basic salary of male executives	CNY	/	/	237,176
Average basic salary of female executives	CNY	/	/	238,588
Average salary (basic salary + bonus) of male executives	CNY	/	/	270,776
Average salary (basic salary + bonus) of female executives	CNY	/	/	272,388
Average basic salary of male non-executives	CNY	/	/	113,763
Average basic salary of female non-executives	CNY	/	/	93,440
Occupational Health and Safety				
Amount of work safety input	10,000 CNY	/	/	4,326.03
Number of work safety accidents	Case(s)	/	41	82
Work-related deaths	Person(s)	/	0	0
Number of regular employees' deaths due to production accidents	Person(s)	/	0	0
Number of contractual employees' deaths due to production accidents	Person(s)	/	0	0
Lost working hours in line of duty	Hour(s)	/	/	169,884
Lost time injury frequency rate (per 200,000 hours)	%	/	0.72	0.89
Number of occupational disease events	Case(s)	/	0	0
Product Quality				
Pass rate of product raw material test – main materials	%	/	/	99.42
Pass rate of product raw material test – auxiliary materials	%	/	/	99.61
Pass rate of internal inspection of finished products	%	/	/	98.16
Pass rate of third-party inspection of finished products	%	/	/	100
Customer Service				
Customer complaint rate	%	/	/	0.18
Total number of product quality complaints	Case(s)	/	/	85
Handling of products and services complaints – closed	Case(s)	/	/	85
Handling of products and services complaints – unclosed	Case(s)	/	/	0

ESG Indicators	Unit	2020	2021	2022
Withdrawal rate of customer complaints	%	/	/	100
Customer Satisfaction				
Number of customers surveyed for satisfaction	Household(s)	/	/	27
Customer satisfaction score	Point(s)	83.5	91.3	91.47
Supplier Management				
Total number of candidate suppliers	Household(s)	/	/	142
Number of suppliers from Hong Kong, Macao, Taiwan, and overseas	Household(s)	/	/	6
Number of suppliers from the Chinese Mainland	Household(s)	/	/	136
Number of new suppliers in 2022	Household(s)	/	11	14
Number of evaluations for suppliers	Time(s)	/	/	37
New suppliers screened by ESG criteria (social or environmental criteria)	Household(s)	/	7	9
Number of suppliers that passed ESG audit within the year	Household(s)	/	/	9
Number of suppliers with actual and potential high ESG risks (significant negative social or environmental impacts)	Household(s)	/	2	0
Number of suppliers with high ESG risk who have completed rectification	Household(s)	/	/	0
Number of suppliers audited/certified by Responsible Minerals Initiative (RMI)	Household(s)	/	12	16
Number of suppliers certified by ISO 14001 system	Household(s)	/	/	89
Number of suppliers certified by ISO 45001 system	Household(s)	/	/	81
Number of suppliers certified by ISO 9001 system	Household(s)	/	/	144
Intellectual Property				
Patent application – Number of inventions	Case(s)	/	/	40
Patent application – Number of utility models	Case(s)	/	/	14
Patent application – Number of PCT patents	Case(s)	/	/	13
Patent grant – Number of inventions	Case(s)	/	60	70
Patent grant – Number of utility models	Case(s)	/	62	75
Number of registered trademarks	Nr.	/	7	20
Number of registered trademark applications	Nr.	/	5	1
Total number of participations in standard formulation	Nr.	/	/	18
By category				
Number of participations in the formulation of national standards	Nr.	/	/	4
Number of participations in the formulation of industry standards	Nr.	/	/	5
Number of participations in the formulation of group standards	Nr.	/	/	9
Information Security				
Total number of information security vulnerabilities or other network security incidents	Case(s)	/	/	1
Number of data leaks	Time(s)	/	/	0
Total number of complaints due to customer privacy breach	Case(s)	/	/	0
Number of information security training	Session(s)	/	/	5
Total duration of information security training	Hour(s)	/	/	20
Total number of participants in information security training	Person(s)	/	/	160

ESG Indicators	Unit	2020	2021	2022
Anti-Corruption				
Number of reported violations of the Corporate Code of Conduct	Case(s)	/	/	0
Number of reported corruption clues	Case(s)	/	/	8
Number of corruption proceedings concluded	Case(s)	/	/	1
Coverage of integrity agreement signed by suppliers	%	/	/	100%
Number of training on business ethics and anti-corruption for employees	Session(s)	/	/	26
Total hours of training on business ethics and anti-corruption for employees	Hour(s)	/	/	34,502
Coverage of employee training on business ethics and anti-corruption	%	/	/	100%
Number of training on business ethics and anti-corruption for executives	Session(s)	/	/	9
Total hours of training on business ethics and anti-corruption for executives	Hour(s)	/	/	3,240
Coverage of training on business ethics and anti-corruption for executives	%	/	/	100%
Number of training on business ethics and anti-corruption for directors	Session(s)	/	/	2
Total hours of training on business ethics and anti-corruption for directors	Hour(s)	/	/	3
Public Benefit and Charity				
Total expenditure of annual cash donation	10,000 CNY	/	/	110
Total expenditure of annual goods donation	10,000 CNY	/	/	68
Total investment in public benefit and charity	10,000 CNY	/	/	178
Total number of volunteers	Person(s)	/	/	1,314
Proportion of volunteers	%	/	/	49.8%
Total duration of voluntary activities	Hour(s)	/	/	875
Number of jobs provided	Position(s)	/	/	3,690
Compliance Governance				
Compliance training sessions provided to directors	Session(s)	/	/	4
Compliance training sessions provided to employees	Session(s)	/	/	6
Coverage rate of compliance training for directors	%	/	/	100%

Third-party Assurance Report



Independent Verification Statement

To the management and stakeholders of CNGR,

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as "TÜV SÜD") has been engaged by CNGR Advanced Material Co., Ltd. (herein referred to as "CNGR" or "the Company") to perform an independent third-party verification on CNGR Advanced Material Co., Ltd. 2022 Environmental, Social and Governance (ESG) Report (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with CNGR and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by CNGR and provided to TÜV SÜD. The scope of verification is limited to the given information. CNGR shall be held accountable for authenticity and completeness of the provided data and information.

Scope of Verification

Time frame of this verification:

- The Report contains the data disclosed by CNGR during the reporting period from January 1st, 2022 to December 31st, 2022, including economic, environmental and social information and data, methods for management of substantial issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- The verification took sampling way to carry out the on-site work, the physical scope of the selected location is CNGR Advanced Material Co., Ltd., 16/F, Block B, Yunda Central Plaza, Yuhua District, Changsha, Hunan Province.
- Scope of data and information for the verification:
- The scope of verification is limited to the data and information of CNGR and Plants/Production sites under its operational control covered by the Report.

The following information and data are beyond the scope of this verification:

- Any information and contents beyond the reporting period of this Report; and
- The data and information of CNGR's suppliers, partners and other third parties; and
- The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

Limitations

- The verification process is conducted in the above scope and place. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the organization are interviewed; and
- The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before January 1st, 2022 are beyond the scope of this verification.

Basis for the Verification

This verification process was conducted by TÜV SÜD's expert team with extensive experience in the economic, social, environmental and other relevant areas and drew the "Limited Assurance" conclusions thereof. The verification referred to the following standards:

- AA1000AS v3, Type 2 Engagement and Moderate Level of Assurance
- TÜV SÜD Procedure of Verification on Sustainability Report

In order to perform adequate verification in accordance with the contract and provide limited verification for the conclusions, the verification team conducted the following activities:

- Preliminary investigation of the relevant information before the verification;
- Confirmation of the presence of the topics with high level of materiality and performance in the Report;
- On-site review of all supporting documents, data and other information provided by CNGR; tracing and verification of key performance information;
- Special interview with the representative of CNGR's management; interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- Other procedures deemed necessary by the verification team.

Verification Conclusions

According to the verification, we believe the Report prepared by CNGR adheres to the requirement of AA1000AS v3. The verification team has drawn the following conclusions on this Report:

Inclusivity	CNGR has fully identified the internal and external stakeholders of the organization, such as Employees, shareholders and investors, customers, suppliers, governments, regulators, exchanges, industry associations, etc., and has established a stakeholder communication mechanism to regularly collect the real demands of stakeholders.
Materiality	CNGR has established a prioritization process for material topics, identified sustainability topics that are highly relevant to our industry and prioritized the topics, disclosed strategies, management actions and performance data in the company's sustainability management and operations process, and the Report content is substantive overall, with room for improvement in the impact analysis of material topics.
Responsiveness	CNGR has clearly disclosed the management methods and performance of major issues in the areas of taking actions on climate change, water management, waste management, employee training, occupational health and safety, product quality, and has established various stakeholder communication mechanisms to fully respond to stakeholders' demands and expectations.
Impact	CNGR has built a sustainable development strategy model. At the same time, the key target decomposition of the target pillars under this framework is clarified, and the progress is continuously tracked every year. In addition, CNGR builds ESG action plans to continuously improve the construction of the company's sustainable development system and build a solid foundation for sound and sustainable operations.

After verification on a sample basis, we believe that the data disclosed in the Report for the year 2022 are true and reliable for use by interested parties.

Recommendations on Continuous Improvement

- It is recommended that the company prepare future reports in accordance with the requirements of the Global Reporting Initiative (GRI) Sustainability Reporting Standards in order to further optimize ESG-related information management performance.

Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specialises in testing, certification, auditing and advisory services. Since 1866, TÜV SÜD has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. TÜV SÜD has been committed to sustainable development and actively promotes environmental protection related projects. Over the years, TÜV SÜD has been actively expanding its performance in energy management, renewable resources, and electric automobiles, etc., helping its customers meet sustainable development needs.

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch is one of TÜV SÜD's global branches and has an expert team whose members have professional background and rich industrial experiences.

TÜV SÜD and CNGR are two entities independent of each other and both TÜV SÜD and CNGR and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the Company. The verification is completely neutral. All the data and information in the Report are provided by CNGR. TÜV SÜD has not been involved in preparation and drafting of the Report, except for the verification itself and issuance of the verification statement.

Signature:

On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch

Zhu Wenjun
TÜV SÜD Sustainability Authorized Signatory Office
Mar 7, 2023
Shanghai, China

Note: In case of any inconsistency or discrepancy, the simplified Chinese version of this verification statement shall prevail, while the English translation is used for reference only.



GRI Index

Instructions	CNGR Advanced Material Co., Ltd. reported the information cited in this GRI Index with reference to GRI Standards from January 1, 2022, to December 31, 2022
Use of GRI 1	GRI 1: Foundation 2021

Indicators	Indicators Description	Location in this Report
GRI 2: General Disclosures 2021	2-1 Organizational details	About Us
	2-2 Entities included in the organization's sustainability reporting	About the Report
	2-3 Reporting period, frequency and contact point	About the Report
	2-4 Restatements of information	ESG Key Performance
	2-5 External assurance	Third-party Assurance Report
	2-6 Activities, value chain and other business relationships	About Us
	2-7 Employees	ESG Key Performance
	2-8 Workers who are not employees	/
	2-9 Governance structure and composition	Sustainability Governance
	2-10 Nomination and selection of the highest governance body	Sustainability Governance
	2-11 Chair of the highest governance body	Sustainability Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance
	2-15 Conflicts of interest	Risk Management
	2-16 Communication of critical concerns	Stakeholder Engagement
	2-17 Collective knowledge of the highest governance body	Sustainability Governance
	2-18 Evaluation of the performance of the highest governance body	/
	2-19 Remuneration policies	Employee Well-being
	2-20 Process to determine remuneration	Employee Well-being
	2-21 Annual total compensation ratio	/
	2-22 Statement on sustainable development strategy	Sustainability Management
	2-23 Policy commitments	Business ethics
	2-24 Embedding policy commitments	Sustainability Management
	2-25 Processes to remediate negative impacts	Fair Operation
	2-26 Mechanisms for seeking advice and raising concerns	Reporting Mechanism
	2-27 Compliance with laws and regulations	Anti-corruption
	2-28 Membership of associations	Innovation, Research, and Development
	2-29 Approach to stakeholder engagement	Stakeholder Engagement
	2-30 Collective bargaining agreements	Diversity, Equality, and Inclusion
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Analysis of Material Topics
	3-2 List of material topics	Analysis of Material Topics
	3-3 Management of material topics	Analysis of Material Topics

Indicators	Indicators Description	Location in this Report
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2022 ESG Highlights Review
	201-2 Financial implications and other risks and opportunities due to climate change	Addressing Climate Change
	201-3 Defined benefit plan obligations and other retirement plans	Employee Well-being
	201-4 Financial assistance received from government	/
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Community Well-being
	203-2 Significant indirect economic impacts	Community Well-being
GRI 204: PROCUREMENT PRACTICES 2016	204-1 Proportion of spending on local suppliers	Sustainable Supply Chain
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-corruption
	205-2 Communication and training about anti-corruption policies and procedures	Anti-corruption
	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and anti-monopoly practices	Business Ethics
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Circular Production
	301-2 Recycled input materials used	Circular Production
	301-3 Reclaimed products and their packaging materials	Carbon Peaking and Carbon Neutrality (Dual Carbon Action)
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Carbon Peaking and Carbon Neutrality (Dual Carbon Action)
	302-2 Energy consumption outside of the organization	Carbon Peaking and Carbon Neutrality (Dual Carbon Action)
	302-3 Energy intensity	Carbon Peaking and Carbon Neutrality (Dual Carbon Action)
	302-4 Reduction of energy consumption	Carbon Peaking and Carbon Neutrality (Dual Carbon Action)
	302-5 Reductions in energy requirements of products and services	Carbon Peaking and Carbon Neutrality (Dual Carbon Action)
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Footprint Management
	303-2 Management of water discharge-related impacts	Water Footprint Management
	303-3 Water withdrawal	Water Footprint Management
	303-4 Water discharge	Water Footprint Management
	303-5 Water consumption	Water Footprint Management
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Conservation
	304-2 Significant impacts of activities, products, and services on biodiversity	Biodiversity Conservation
	304-3 Habitats protected or restored	Biodiversity Conservation
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity Conservation
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Carbon Peaking and Carbon Neutrality (Dual Carbon Action)
	305-2 Energy indirect (Scope 2) GHG emissions	Carbon Peaking and Carbon Neutrality (Dual Carbon Action)
	305-3 Other indirect (Scope 3) GHG emissions	Carbon Peaking and Carbon Neutrality (Dual Carbon Action)
	305-4 GHG emissions intensity	Carbon Peaking and Carbon Neutrality (Dual Carbon Action)
	305-5 Reduction of GHG emissions	Carbon Peaking and Carbon Neutrality (Dual Carbon Action)
	305-6 Emissions of ozone-depleting substances (ODS)	Emission Management
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Emission Management
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Emission Management
	306-2 Management of significant waste-related impacts	Emission Management
	306-3 Waste generated	Emission Management
	306-4 Waste diverted from disposal	Emission Management
	306-5 Waste directed to disposal	Emission Management

Indicators	Indicators Description	Location in this Report
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable Supply Chain
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Diversity, Equality, and Inclusion
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Well-being
	401-3 Parental leave	Employee Well-being
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Diversity, Equality, and Inclusion
	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
	403-3 Occupational health services	Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	Occupational Health and Safety
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injuries	Occupational Health and Safety
	403-10 Work-related ill health	Occupational Health and Safety
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Training and Development
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Training and Development
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Training and Development
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Corporate Governance
	405-2 Ratio of basic salary and remuneration of women to men	Diversity, Equality, and Inclusion
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Diversity, Equality, and Inclusion
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Diversity, Equality, and Inclusion
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Diversity, Equality, and Inclusion
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Diversity, Equality, and Inclusion
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not occurred
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Diversity, Equality, and Inclusion
	413-2 Operations with significant actual and potential negative impacts on local communities Operations	Not occurred
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Supply Chain
	414-2 Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain
GRI 415: Public Policy 2016	415-1 Political contributions	Business Ethics
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	High-quality Customer Service
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	High-quality Customer Service
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Security and Privacy Protection

An aerial photograph of a terraced agricultural field. The field is divided into numerous horizontal rows, creating a striped pattern of vibrant green and deep purple. The perspective is from a high angle, looking down at the curves of the terraces. The colors transition from a bright, almost yellow-green at the bottom to a dark, almost black-purple at the top.

CNGR 中伟