

# ESG Policy of CNGR

## 1. Introduction

Established in September 2014, CNGR Advanced Material Co., Ltd. (CNGR shares 300919.SZ) is a holding subsidiary and listed entity of Hunan CNGR Holding Group Co., Ltd. We are a professional comprehensive service provider of new energy materials for lithium batteries. As a player in the field of new materials and new energy in the national strategic emerging industries, the Company has been recognized as a national enterprise technology center and a national high-tech enterprise, and has won the titles of "National Intelligent Manufacturing" and "Green Manufacturing Factory". With the mission of devoting itself to the development of new energy and building a better life for mankind, CNGR is determined to become the most valuable comprehensive service provider of new energy materials in the world. The Company believes that sustainable development is the future development direction of the industry, an important path choice to cope with the global energy structure transformation and climate change risks, and an important concept and measure to implement China's scientific outlook on development. Based on its own industry nature and goal pursuit, the Company wholeheartedly creates value for all partners and human social development, and hopes to improve business ESG performance by strengthening its own environmental, social and governance (ESG) management.

To this end, CNGR has clearly put forward three ESG operation concepts of **practicality and self-discipline, excellence and win-win, and harmonious ecology**, striving to practice sustainable development in corporate governance, common progress with various partners, and co-existence with nature. In combination with its own business characteristics and best practices at home and abroad, the Company carries out comprehensive communication with stakeholders based on the principles of integrity, equality and transparency, listens to the feedback and opinions of stakeholders, responds to the demands and expectations of stakeholders in a timely and effective manner, and updates and adjusts the Company's sustainable development plans and practices based on the feedback. With reference to relevant international standards, guidelines and initiative tools, and in combination with relevant policy guidelines, industry development trends, company development strategies and suggestions of external experts, we construct major ESG topics related to our own business, respond to all topics one by one in the ESG report, and highlight and disclose highly material topics in the report. The Company has updated its organizational structure in October 2022 to establish the leadership of the Sustainable Development Committee in ESG and EHS work. In the future, CNGR will continue to formulate and improve ESG policies and management systems, strive to achieve comprehensive and first-class ESG management, and contribute to sustainable development in a responsible manner.

## 2. Scope

The Policy is applicable to all employees, directors and management personnel at the operating

places and subsidiaries of CNGR worldwide and at the industrial facilities directly or indirectly controlled or operated by CNGR worldwide. CNGR is committed to exert influence over joint ventures not controlled by the Company and urge them to act in accordance with the provisions of the Policy. In addition, CNGR encourages suppliers<sup>1</sup> and partners to refer to and abide by the relevant provisions of the Policy.

### 3. Policy Commitments

#### **Environment**

##### **Climate change and energy management**

CNGR implements compliant and efficient climate change, carbon neutrality and energy management in strict accordance with the Paris Agreement. The Company abides by the *Energy Conservation Law of the People's Republic of China* and the *Renewable Energy Law of the People's Republic of China* to reduce energy consumption and promote the use of renewable energy. The Board of Directors of CNGR has overall responsibility for climate change risk management, forms a top-down climate change management architecture and response plan based on the disclosure framework of the Task Force on Climate-related Financial Disclosures (TCFD) and the climate-related disclosure standards developed by the Technical Readiness Working Group (TRWG) under the International Sustainability Standards Board (ISSB) under the International Financial Reporting Standards (IFRS) Foundation, and sets targets for tackling climate change, carbon neutrality and energy management. In this regard, CNGR is committed to:

- Achieving 100% clean electricity in the bases in China by 2025;
- Achieving operational carbon neutrality by 2040;
- Setting carbon emission reduction targets with reference to the Science Based Targets initiative (SBTi), regularly tracking the progress of the targets, and disclosing them to all stakeholders in society;
- Strengthening the energy-saving transformation of existing facilities in the base and expanding the use of high-efficiency and low-energy-consumption facilities in the new base;
- Identifying, analyzing and assessing climate physical risks, transition risks and opportunities related to operations with reference to the TCFD framework, and disclosing them regularly;
- Responding to CDP Climate Change Questionnaire annually;
- Disseminating climate change-related knowledge to internal and external stakeholders to enhance their understanding of climate change.

##### **Environmental and resource impacts**

CNGR attaches great importance to the environmental and resource impacts caused by its own operation, strictly abides by the *Environmental Protection Law of the People's Republic of China* and

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<sup>1</sup>For the purposes of the Policy, the supplier refers to any person or organization that provides, sells or leases materials, products or services directly to CNGR.

the *Circular Economy Promotion Law of the People's Republic of China*, and formulates environmental management policies and circular economy plans. CNGR requires that the environmental protection policies cover all business scopes and suppliers in principle, and gradually carry out resource recycling management around the three major modules of product design, production and waste battery recycling. In this regard, CNGR is committed to:

- Implementing the environmental management policy system, actively carrying out the certification of environmental management standard system at all operational sites, and protecting the surrounding environment;
- Practicing green production and trying to reduce the consumption of natural energy and resources in production, operation, office, logistics and transportation;
- Carrying out environmental protection awareness training for all internal employees (including interns and labor dispatchers);
- Disclosing all positive and negative environmental information in a compliant manner, including penalties for various environmental impacts.

### **Pollutant discharge**

CNGR carries out leveled and classified waste and pollutant control in strict accordance with the requirements of local laws, regulations, policies and standards of the operational sites, so as to reduce or lower the discharge of various pollutants and ensure that compliance requirements are met without causing harm to society and the environment. The Company discloses pollutant discharge in accordance with the ESG disclosure requirements of international institutions such as the Global Reporting Initiative (GRI) and Shenzhen Stock Exchange. In this regard, CNGR is committed to:

- Improving the disposal capacity of harmful wastes, harmful gases, sewage and wastewater, and achieving 100% harmless disposal within the feasible range;
- Improving the ratio of general solid waste recycling to resource utilization, and increasing the solid waste recycling ratio to the industry-leading level;
- Continuously reducing the intensity of pollutant discharge as far as feasible from 2022;
- Enhancing the awareness and understanding of all internal employees on pollutant disposal and emission reduction;
- Encouraging employees, suppliers and customers to perform their pollutant discharge responsibilities and fulfill relevant commitments;
- Monitoring and assessing progress and performance to achieve continuous improvement.

### **Coping with water pressure**

CNGR attaches great importance to its water resources management capability, strictly abides by the *Water Law of the People's Republic of China*, and requires that the water resources management policy cover all business scopes and all suppliers in principle; actively identifies the situation in high-

risk areas of local water resources at the operational site, assesses the physical risk<sup>2</sup>, reputational risk<sup>3</sup> and regulatory risk<sup>4</sup> caused by water resources pressure, actively strengthens cooperation with the outside world on the improvement of water resources use efficiency, and strictly manages the financial quantification of water resources governance costs. In this regard, CNGR is committed to:

- Checking water footprint and continuously expanding the business scope of water footprint check;
- Regularly carrying out risk analysis, identification and assessment of water resources pressure;
- Reducing or avoiding production operations in areas with high risk of water resources;
- Continuously improving the awareness and understanding of all internal employees on water resources protection;
- Complying with all laws, regulations and current standards applicable to water resources management, and publicly disclosing relevant information on water resources use and disposal.

### **Biodiversity conservation**

CNGR believes that the restoration and repair of all biological habitats and the protection of biodiversity are one of the global topics. The Company attaches great importance to the impact of its own operation and production on biodiversity, supports and abides by the *Convention on Biological Diversity* initiated by the United Nations Environment Programme, actively identifies its own biodiversity risks, and promotes its net positive impact (NPI) on biodiversity. In this regard, CNGR is committed to:

- Minimizing all potential adverse impacts of business activities on the maintenance of biodiversity, reducing habitat disturbance, degradation and indirect impacts on habitat during operations to the extent feasible, and comprehensively protecting biodiversity and ecosystems in the vicinity of operational sites;
- Avoiding direct deforestation and the introduction of suppliers conducting business operations through deforestation;
- Avoiding construction or production operations in the vicinity of globally and nationally important biodiversity conservation areas;
- Inviting a third-party professional organization to assess the biodiversity (habitat status, species quantity, protection status) near the operational site;
- Disseminating biodiversity-related knowledge to internal and external stakeholders.

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<sup>2</sup>Physical risk: relates to water quantity (scarcity and flooding) and water quality that is unfit for use (pollution) — United Nations Global Compact;

<sup>3</sup>Reputational risk: relates to the impact on a company's brand and can influence customer purchasing decisions — United Nations Global Compact;

<sup>4</sup>Regulatory risk: relates to the capacity of government to manage water effectively and sustainability — United Nations Global Compact;

## ***Social***

### **Product and R&D**

CNGR is fully aware of the importance and necessity of environmental protection and energy and resource conservation, constantly pursues the development of green products, and continuously reduces the negative impact of production and operation activities on the environment and society. The Company strictly follows the laws and regulations related to intellectual property and information protection in the project operation area, actively protects independent intellectual property rights, and fully respects the intellectual property rights of others. In this regard, CNGR is committed to:

#### *Green product development*

- Incorporating the reduction of energy use, water use and waste generation in subsequent operations and production processes into the product development phase;
- Considering environmental standards and health impacts during production and use in product development/design, and introducing alternative products for toxic and harmful substances;
- Complying with relevant laws, regulations and standards, assessing the hazards of products and substances, and disclosing the risks to health and the environment caused by the content of SVHC<sup>5</sup> substances in products;
- Continuing to explore green packaging solutions and giving priority to recyclable, degradable and lightweight packaging materials;
- Carrying out full life cycle analysis of products.

#### *Intellectual property protection*

- Respecting intellectual property rights and protecting independent intellectual property rights;
- Fully respecting the intellectual property rights of the partner and using its intellectual property rights strictly within the scope of authorization.

### **Customer relationship management**

Adhering to the "customer-centered" service concept, CNGR provides sufficient guarantee for customer satisfaction with high-quality products and excellent services, responds quickly to customer needs, is responsive to customer complaints and feedback, and properly handles them to meet customer expectations.

### **Equality, diversity and inclusion**

CNGR fully complies with the internationally recognized human rights stipulated in the

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<sup>5</sup>Short for Substances of Very High Concern, which refer to substances that meet the provisions of Article 57 of EU REACH Regulation. REACH Regulation refers to *the Registration, Evaluation, Authorization and Restriction of Chemicals* enacted by the Europe Union, which came into force on June 1, 2007 and regulates the safety of chemical production, trade and use in Europe.

*International Bill of Human Rights*, the International Labor Organization's *Declaration on Fundamental Principles and Rights at Work*, and the contents elaborated in relevant national laws and regulations, respects the human rights of all employees and affected communities, and strives to avoid human rights issues in business. The Company adheres to the principle that the human rights of employees, suppliers, contractors and other partners should be fully respected and protected, and closely cooperates with all stakeholders. In this regard, CNGR is committed to:

*Diversified and equal employment*

- Eliminating modern slavery in all businesses, not employing and using all forms of forced and compulsory labor, strictly prohibiting the employment of child labor, and resisting all forms of forced labor;
- Adopting effective human rights policies, conducting human rights due diligence or human rights risk assessment and taking measures to prevent or mitigate human rights risks when operating in areas where governance is weak and/or where human rights violations are widespread, in accordance with international best practices;
- Strictly following the requirements of local labor laws and regulations, and adhering to the principles of diversified, inclusive and equal employment. Signing labor contracts according to law, ensuring reasonable working hours, salary and welfare, and providing a working environment of integration and mutual assistance;
- Consistently avoiding discrimination, sexual and non-sexual harassment, intimidation or violence based on gender, gender identity, sexual orientation, race, ethnicity, religion, age, marital status, pregnancy, disability, medical condition, nationality, or other legally protected characteristics. The Company is committed to eliminating discrimination in employment, actively providing employment opportunities for vulnerable groups, and protecting the legitimate rights and interests of female employees, rejecting any form of discrimination and violence and forbidding any form of violation and abuse of human dignity;
- Establishing anonymous complaint channels for infringement to protect the human rights of employees. When any employee reports violation of his/her human rights through channels, he/she will be protected from any form of retaliation.

*Talent retention and development*

- Attaching importance to talent retention and development, promising to smooth the career development path of employees, providing complete vocational skills training and career promotion channels for employees at all levels, and helping employees grow;
- Implementing internal management such as working hours, welfare management, recruitment and dismissal in accordance with the requirements of relevant laws and regulations;
- Fully protecting the rights and interests of employees, caring about their safety and health through various measures, and promoting talent development through incentives, guidance

and training;

- According to the laws and regulations of the operational site, respecting the rights of employees to freedom of association and collective bargaining, and supporting employees to participate in social groups and organizations. If there are associations and/or trade unions acting on behalf of employees, the Company undertakes to negotiate in good faith with their representatives.

### **Occupational health and safety**

CNGR attaches great importance to the occupational health and safety of every employee, and a safe and healthy workplace is the most basic guarantee for employees. In order to facilitate health and safety management and actively maintain a safe and healthy working environment, the Company continuously promotes the effective operation of the system through various means such as system construction and implementation, skill training, safety awareness enhancement, potential risk identification and continuous improvement to effectively protect the health and safety of employees. In this regard, CNGR is committed to:

- Strictly abiding by the laws, guidelines and rules and regulations on health and safety in the country and region where the business activities are carried out;
- Effectively communicating the Company's occupational health and safety management policies to suppliers, contractors and partners, and requiring them to be equally committed to implementing relevant requirements;
- Integrating health and safety into the formulation, planning and conduct of all business activities;
- Setting the safety management objectives of the base to effectively reduce the safety accident rate;
- Strictly following the relevant laws and regulations of the operational site, and carrying out employment and annual physical examination for employees with reference to relevant industry standards and guidelines;
- Comprehensively identifying, assessing and controlling the occupational health risks of employees, formulating detailed closed-loop risk management processes and countermeasures when risks occur, and regularly monitoring the performance;
- Ensuring that health and safety training is organized for employees, contractors and other interested parties, and technology and resources are available to ensure that all operation activities are carried out safely;
- Implementing the accountability system for safety accidents, and involving the main performance indicators of health and safety in the performance and salary of relevant business supervisors, senior management and other responsible persons.

### **Responsible supply chain**

CNGR focuses on the sustainability of the supply chain, strives to promote the common sustainable development of the industry chain with the influence of leading enterprises in the new energy material industry, and works with upstream and downstream partners of the industrial chain to improve and promote the sustainability management of the supply chain and reduce the adverse impact on the environment and society. In this regard, CNGR is committed to:

- Avoiding or reducing the procurement of disposable materials or products as much as possible and giving priority to recyclable materials or products;
- Strictly abiding by EU Directives/Regulations/Standards (RoHS Directive, REACH Regulation, EU *Packaging and Packaging Waste Directive*, etc.), and prioritizing the procurement of green and healthy materials;
- Requiring suppliers to timely update their internal management standards for environment-related substances that are no less strict than international standards, complete and further submit the annual monitoring results of restricted substances in raw materials and substances;
- Informing the suppliers of CNGR's principles of ethics, integrity, honesty and fairness, as well as other sustainability-related requirements and expectations of the Company;
- Observing the United Nations Global Compact, the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas of the Organization for Economic Cooperation and Development (OECD), and other international conventions and industry initiatives of the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCME), and carrying out mineral supply chain due diligence management, including the establishment of mineral traceability systems;
- Requiring suppliers to conduct external ESG audits. When non-compliance with responsible supply chain policy requirements is identified, the Company will investigate such incidents to know the cause and effect and take appropriate actions; the Company works with suppliers and other stakeholders together to address identified issues and mitigate their actual or potential adverse impacts as appropriate;
- Reviewing our ongoing relationship with the supplier in case of the supplier's unwillingness or inability to take action to prove its compliance within the agreed time frame, until and including termination of employment;
- Continuously improving its own supplier ESG audit system with reference to international general audit standards for responsible supply chains such as SMETA and RBA;
- Using tools to conduct the due diligence, which may include on-site inspection, third-party verification, information collection from third-party sources, such as officials, international organizations and civil society, consultation with relevant experts, and access to technical literature;
- Training employees and suppliers of the Company involved in resource acquisition,



procurement, sales, trade, contracting, contract management and other related functions within the framework of supplier risk management, including sustainability-related contents such as environment, safety and occupational health.

### **Tailings management**

CNGR strictly abides by the laws and regulations of the country where the project is operated and designs and manages its tailings facilities in accordance with *Global Tailings Management Industry Standards*. In this regard, CNGR is committed to:

- Taking responsibility for the full-life-cycle management and risk assessment of its tailings facilities from design, construction and operation to closure, with social, environmental, local economic and technical factors as the basis for decision-making;
- Formulating the design criteria and safety audit plans for tailings facilities to minimize risks throughout their life cycle (including closure and post-closure period), and identifying, evaluating and managing all significant economic, public health, safety, social and environmental risks associated with the Company's activities in consultation with its stakeholders and other affected parties;
- Designating personnel with expertise and experience to be responsible for relevant monitoring and surveillance processes for tailings facilities, regularly check the stability of the facilities and systematically investigate and report anomalies;
- Establishing an emergency response plan, damage repair plan, and closure plan in case of destruction of tailings facilities, and providing adequate funding;
- Providing appropriate vocational and technical training to assess the competence of personnel involved in or responsible for tailings management;
- Making relevant information on tailings facilities public in a timely and transparent manner.

### **Community communication and public benefit and charity**

CNGR pays close attention to the rights and well-being of local communities and residents, while undertaking its corporate social responsibilities to feed back the society. In this regard, CNGR is committed to:

- Strictly abiding by the host country's policies and regulations on human rights and indigenous peoples, following the tenure governance guidelines of the Food and Agriculture Organization of the United Nations — *Respecting Free, Prior and Informed Consent: Practical Guidance for Governments, Companies, NGOs, Indigenous Peoples and Local Communities in Relation to Land Acquisition* (FPIC), ILO Convention No. 169 and the United Nations Declaration on the Rights of Indigenous Peoples, and recognizing the individual and collective interests of indigenous peoples;

- Designing development plans in favor of indigenous peoples through active consultation and communication with local communities, and maintaining regular contact with affected ones at all stages of exploration, construction, operation and closure, so as to achieve regional prosperity, enhance economic momentum and effectively reduce regional development gaps through innovative solutions;
- Encouraging the active participation of indigenous peoples and traditional communities in addressing issues related to corporate activities, including risks of and/or impacts on community populations, allowing free, prior and informed consultation and consent, and monitoring compliance with control and/or mitigation measures;
- Minimizing negative impacts on local communities throughout the project;
- Closely linking the self-development of the Company with the development of the community, and seeking to make significant contributions to the national, regional and local economies of the country where the project is operated by building a volunteer service system of CNGR, strengthening the community volunteer service ability, motivating employees to participate in public welfare undertakings, investing in improving local basic conditions such as transportation, education, health and medical care, and planning process projects to support vulnerable groups.

### **Cultural heritage**

CNGR is deeply aware of the importance of protecting cultural heritage and respecting the rights of local communities, given that mining and other forms of industrial development may cause profound and irreversible damage to cultural heritage. CNGR is committed to a mutually beneficial and constructive relationship based on respect for cultural diversity and the rights of indigenous populations. The Company also realizes relationships different from those with the territory, which involve not only material and socio-economic aspects, but also cultural and spiritual aspects. In this regard, CNGR is committed to:

- Developing no projects at world heritage sites or areas that may cause adverse effects on world heritage sites. If the Company considers exploration or extraction projects in the buffer zone or adjacent areas of the world heritage sites, it will first consult with external professional organizations;
- Recognizing the unique culture, history, language, customs and identity of indigenous peoples, respecting and promoting the rights, culture, heritage and livelihoods of indigenous peoples and traditional communities;
- Consulting with affected communities on measures that aim to protect important cultural heritage and achieve fair outcomes for affected communities, and documenting the mutually accepted consultation process and results;
- Screening related cultural heritage to identify risks and potential impacts of proposed construction activities on irreproducible, reproducible and significant cultural heritage prior to the development of new projects or when significant changes occur in project-related

activities. Where irreproducible, reproducible and significant cultural heritage may be involved in project-related activities according to screening, the nature and magnitude of potential impacts should be assessed and mitigation measures proposed to avoid, minimize, restore or compensate for adverse impacts.

## **Governance**

### **Information security**

CNGR fully respects the privacy and personal data of all people (including employees and customers). The Company collects and uses customer information in strict accordance with the requirements of laws and regulations, takes corresponding security protection measures to ensure that customer data and information are safe and controllable. All information collection, use, storage, sharing and destruction must comply with the requirements of *the Cybersecurity Law, Personal Information Security Specifications* and other laws and regulations of the place of operation. In this regard, CNGR is committed to:

- Collecting, using and retaining reasonably necessary personal data only for legitimate purposes of business needs, and trying to avoid gathering irrelevant data and information;
- Sharing no confidential or personal information of employees, customers or suppliers of the Company to third parties directly or indirectly in compliance with laws and regulations;
- Obtaining the consent of relevant parties in accordance with local laws when disposing of (including collecting, using, storing, sharing and destroying, etc.) data and information of employees, customers and suppliers, and clearly informing relevant parties of how to collect, use, store, share and destroy information, and how to access, update, control and protect information;
- Implementing relevant procedures and systems to guarantee the proper management and protection of the Company's, customer's or supplier's information; responsibly using relevant systems or handling information in accordance with relevant policies and procedures to protect data security, including paper/electronic information;
- Performing the relevant data retention and destruction obligations, retaining the Company's information based on legal, compliant or business needs, and keeping the data and information only for the minimum period required to achieve the stated purpose, unless it is necessary to extend the retention period or permitted by relevant laws; destroying the information, especially personal data, after the expiration of the relevant retention period;
- Establishing an emergency plan for information security incidents, and timely informing customers of the basic situation and possible impact, disposal measures taken or to be taken, suggestions for customers to independently prevent and reduce risks, remedial measures for customers, etc. in case of information security emergencies;
- Strictly forbidding to transfer of customer information and data to a country other than that where they are collected and stored, unless explicitly stipulated by relevant laws and

regulations or authorized by the customer.

### **Business ethics and anti-corruption management**

Adhering to the core values of "practicality and self-discipline, innovation and progress, opening up and cooperation, excellence and win-win", CNGR has a zero-tolerance towards any corruption, and maintains good business order to ensure healthy and sustainable development of the Company. In this regard, CNGR is committed to:

- Abiding by all applicable laws, regulations and international conventions in the place where it operates, and establishing an integrity and compliance system;
- Standing against any form of commercial bribery and corruption, providing effective complaint and reporting channels, encouraging reporting violations, and protecting the information and rights and interests of the informants;
- Preventing, investigating and holding accountable any violations of business ethics or violations involving corruption and bribery, strictly defining the violator's legal responsibilities according to the investigation results, and punishing he/she with due severity.
- Monitoring any form of bribery and corruption that may be directly or indirectly involved in the process of business, such as giving, offering or authorizing facilitation payments, and regularly evaluating and auditing relevant regulatory procedures;
- Regularly carrying out training and publicity on anti-corruption, anti-bribery, anti-unfair competition and other aspects to employees, suppliers and other interested parties through various channels;
- Incorporating anti-corruption, anti-bribery, anti-unfair competition and other requirements into supplier access and assessment, and strictly requiring suppliers to abide by relevant regulations.

### **Diversity and independence of the Board of Directors**

CNGR deeply recognizes the importance of the diversity and independence of the Board of Directors to the sustainable development of the Company. In this regard, CNGR is committed to:

- Considering the diversity of the Board members from various aspects when setting the composition of the Board, including but not limited to gender, age, cultural and educational background, race, professional experience, professional skills, knowledge, and term of office, so as to make the composition of the Board more diversified;
- Ensuring that candidates nominated as independent non-executive directors meet the relevant requirements in the *Guidance Opinions Regarding the Establishment of the Independent Director Systems in Listed Companies* issued by CSRC, do not hold other positions in the Company except as directors, perform their duties independently, and are not affected by the Company's major shareholders, actual controllers or other units or

individuals that have a stake in the Company, and have sufficient time and energy to effectively perform the duties as independent directors.

- Designating the Nomination Committee of the Board of Directors of CNGR to monitor the implementation of the Policy and review it in due course to ensure its effectiveness.

### **Risk and compliance management**

CNGR firmly believes that risk and compliance management is the cornerstone of sustainable development of the enterprise. The Company has set up a Sustainable Development Committee and its office under the Strategy Committee of the Board of Directors, and under the direct responsibility of the members of the Board of Directors, to lead the ESG management work, forming a sustainability governance structure led by the Board of Directors, implemented by the Sustainable Development Office and closely coordinated by various departments, and establishing an enterprise risk management framework to clarify the rights and responsibilities of ESG risk management and improve the Company's ESG supervision and governance capabilities in an all-rounded way.

The enterprise risk management framework also provides a governance structure to identify, assess and account for all major risks (including but not limited to business, operation and ESG-related risks) and to ensure that risks are controlled at an acceptable level with reference to the Company's objectives. Responsibility for identifying, assessing and managing risks will be shared on an ongoing basis with the risk owners of all departments of the Company (i.e., department heads) and the Company's business units (i.e., senior management of the business units). The application of this framework covers from day-to-day activities to the strategic process at the Board level, giving rise to a consistent view of risk across the Company.

CNGR continuously and closely conducts dynamic supervision of its ESG risks, continuously reviews and revises individual risks and the overall process and mechanism, regularly evaluates major changes, optimizes the workflow and improves the risk management framework to ensure the compliance and stability of the Company's ESG risk management.

## **4. Organizational Leadership**

In October 2022, CNGR officially established the Sustainable Development Committee, with the director of the Company as its head responsible for ESG work. The Sustainable Development Committee is responsible for formulating the Company's sustainable development strategy and short-, medium- and long-term goals, integrating the concept of sustainable development into the operation and management of the Company and its subsidiaries, identifying the risks and opportunities faced by the Company, and regularly reviewing and approving ESG and EHS-related policies and systems. The Sustainable Development Office carries out specific work under the guidance of the Committee, and has an ESG Department and an EHS Department, which are responsible for specific work on ESG and EHS respectively.

In the future, CNGR will regularly review and adjust its organizational structure to further establish a sound sustainability management system that benefits both the Company and its subsidiaries.

## **5. Policy Review and Revision**

The Policy was approved by the Board of Directors on January 1, 2023 and was implemented from January 1, 2023. If necessary changes are required due to the needs of the Company and the ESG development trend, the changes will be submitted to the Sustainable Development Committee for review. It shall be submitted to the Sustainable Development Committee for approval at least every three years.

CNGR