China Hongqiao Group Limited
中國宏橋集團有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)
Stock Code : 1378

2025

Environmental, Social and Governance Report

CONTENTS

REPORT COMPILATION NOTES

China Hongqiao Group Limited releases the Environmental, Social, and Governance ("**ESG**") Report for 2025 (the "**Report**" or the "**ESG Report**"). The Report highlights China Hongqiao Group Limited ESG initiatives and achievements over the year, fully addressing stakeholders' expectations for China Hongqiao Group Limited's ESG management and information disclosure, so as to strengthen the understanding of and long-term confidence in China Hongqiao Group Limited among all sectors.

Basis of Reporting

The Report has been prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Code (the "**Code**") under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and strictly complies with the "mandatory disclosure" requirements and the "comply or explain" provisions thereof. In addition, this Report also makes reference to the Sustainability Accounting Standards Board ("**SASB**") Standards, the International Financial Reporting Standards ("**IFRS**") S1 and S2 issued by the International Sustainability Standards Board ("**ISSB**"), and the disclosure requirements of the United Nations Sustainable Development Goals ("**SDGs**"). Unless otherwise specified, currency units in the Report are denominated in Renminbi ("**RMB**").

Definition of Terms

For ease of expression and reading, references in this Report to "**China Hongqiao**", "**the Group**" or "**we**" refer to China Hongqiao Group Limited (together with its subsidiaries). Shandong Hongcan Material Technology Co., Ltd. ("**Shandong Hongcan**"), Binzhou Zhanhua District Huihong New Material Co., Ltd. ("**Zhanhua Huihong**"), Shandong Hongqiao New Material Co., Ltd. ("**Shandong Hongqiao**"), Shandong Hongqiao Lightweight Technology Co., Ltd. ("**Hongqiao Lightweight**"), Shandong Hongshun Circular Technology Co., Ltd. ("**Shandong Hongshun**"), Zouping Hongfa Aluminum Technology Co., Ltd. ("**Zouping Hongfa**"), Binzhou Hongzhan Aluminum Technology Co., Ltd. ("**Binzhou Hongzhan**"), Weihai Haixin New Material Co., Ltd. ("**Weihai Haixin**"), Yunnan Hongtai New Material Co., Ltd. ("**Yunnan Hongtai**"), PT Well Harvest Winning Alumina Refinery ("**PT Well Harvest Winning**"), Zouping Hongzheng New Material Technology Co., Ltd. ("**Hongzheng New Material**"), Yunnan Hongqi New Material Co., Ltd. ("**Yunnan Hongqi**"), Shandong Hongqiao Aluminum Industry Holding Co., Ltd. ("**Hongqiao Holdings**", formerly known as Shandong Hontron Aluminum Industry Holding Co., Ltd.), Shandong Hontron Aluminum Co., Ltd. ("**Hontron Aluminum**", formerly known as Binzhou Hongbo Aluminum Technology Co., Ltd.), Zouping Hongcheng Aluminum Technology Co., Ltd. ("**Zouping Hongcheng**"), Zouping Hongzhuo Aluminum Co., Ltd. ("**Zouping Hongzhuo**"), Weihai Chenxin New Material Co., Ltd. ("**Weihai Chenxin**"), Shandong Honghe Lightweight Technology Co., Ltd. ("**Shandong Honghe**"), Shandong Hongjun New Material Technology Co., Ltd. ("**Shandong Hongjun**"), Yunnan Hongqiao New Energy Co., Ltd. ("**Yunnan Hongqiao New Energy**"), Shandong Hongtu Power Energy Co., Ltd. ("**Shandong Hongtu**"), Shandong Hongji Electric Drive Technology Co., Ltd. ("**Shandong Hongji**"), Binzhou Municipal Beihai Xinhe New Material Co., Ltd. ("**Beihai Xinhe**"), and Yunnan Honghe New Material Co., Ltd. ("**Yunnan Honghe**") are all subsidiaries of China Hongqiao.

Reporting Principles

The Group has prepared and compiled the Report in accordance with the four reporting principles of materiality, quantitative, consistency, and balance, and has applied the reporting principles set out in the guidance of the aforementioned Code in the following manner:

Materiality: The content of the ESG Report is determined through the stakeholder engagement and materiality assessment process. This involves identifying key ESG issues, collecting and reviewing opinions and suggestions from management and stakeholders, assessing the relevance and materiality of various issues, and preparing and validating the reported content. The ESG Report addresses the key topics that are of interest to different stakeholders.

Quantitative: The disclosure of quantified environmental and social KPIs in the ESG Report allows stakeholders to gain a comprehensive understanding of the Group's ESG performance. Where appropriate, the Report includes information on the criteria, methodology, references and data sources used to calculate these KPIs.

Consistency: To ensure comparability of ESG reports over time, the Group has made efforts to maintain a consistent reporting format and calculation methodology, as far as reasonably practicable. If there are any changes in the methods, the Group will present and explain them in detail in the corresponding chapters.

Balance: The Group presents relevant data and content in an objective and balanced manner.

Reporting Scope

The Report focuses on the ESG performance of China Hongqiao's aluminum products and sales business during the period from 1 January 2025 to 31 December 2025 (the "**Year**", "**During the reporting period**" or "**During the Year**"). Such business is the core operation of the Group and the main source of its revenue. In order to enhance the comparability and completeness of this Report, certain parts will include appropriate forward-looking and retrospective explanations. Unless otherwise specified, the economic, environmental and social key performance indicators ("**KPIs**") disclosed in the Report are based on the production sites and offices of the Group's production bases located in Shandong and Yunnan Provinces of the People's Republic of China (the "**PRC**"), as well as in overseas operations in Indonesia, all non-outsourced canteens, and offices in other regions (detailed data are listed in Appendix 1).

Confirmation and Approval

The Sustainability Committee of the Board of Directors (the "**Board**"), and the senior management team of the Group approved the Report on 24 April 2026 and hereby warrant that the content of the Report does not contain any false records, misleading statements, or material omissions.

Data Source and Reliability Assurance

The data and case studies in the Report are primarily sourced from the Group's official documents, statistical reports, and relevant public information. The Group ensures that the Report contains no false records or misleading statements and is fully responsible for the truthfulness, accuracy, and completeness of its content. The Report is prepared in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese one shall prevail. During the reporting period, certain data have been restated due to adjustments in statistical methods. In the event of any inconsistency with the data reported in previous years, this Report shall prevail.

Access and Feedback

The Report can be viewed and downloaded from the Stock Exchange's website (www.hkexnews.hk) and the Group's official website (www.hongqiaochina.com).

We value your views on the Report. Should you have any comments or suggestions, please feel free to email us to the following email address: zghqesg@hongqiaochina.com.

CHAIRMAN'S STATEMENT

Looking back at 2025, in response to the imperative of green and low-carbon transformation and the evolving trends of the global economic landscape, China Hongqiao has maintained strategic composure, advancing steadily through challenges and difficulties while forging new frontiers through innovation and change. Based on profound insights into industrial development patterns and proactive commitment to sustainable development responsibilities, we have built resilience through our full industrial chain layout, continuously focusing on extending, supplementing, and strengthening the industrial chain. We have deepened green transformation and digital-intelligent upgrading, driven technological innovation empowerment and high-quality industrial upgrading, and ceaselessly explored a sustainable development path for the aluminum industry that coexists harmoniously with nature and advances in step with the times.

Going Green as Our Foundation, Exploring New Pathways for Industrial Transformation

We have consistently upheld the vision of green development, striving to build environmentally friendly, green and efficient high-standard production models, making green the most distinctive foundation of our corporate development and contributing our wisdom and efforts to global carbon neutrality initiatives. Looking back on the year, the Group continued to advance its green transformation in depth, officially releasing the China Hongqiao Group Limited Carbon Emission Reduction Action Report and solemnly putting forward the "25•55 Dual Carbon" goal – that is, committing to achieving carbon peaking in our own operations by 2025 and carbon neutrality in our own operations by 2055.

On the energy supply side, we continued to accelerate the development of new energy projects, including wind and solar energy storage integration. These efforts aim to build a clean, low-carbon, safe and efficient energy supply system that creates a green pattern of multi-energy complementarity. Currently, the Group's first batch of solar projects in Yunnan Province with an installed capacity of approximately 2GW has achieved full grid connection, with the construction of the second phase project also being accelerated, which will continue to inject clean momentum into green production. During the Year, the Group's Yunnan Green and Low-Carbon Demonstration Industrial Park was officially commissioned, with its production line being the world's first 600kA Plus super electrolytic cell production line deployed for scaled application. As of the end of this reporting period, the total capacity of electrolytic aluminum from the Yunnan Green Aluminum Innovation Industrial Park and the Yunnan Green and Low-Carbon Demonstration Industrial Park has exceeded one-third of the Group's total capacity. In 2025, the proportion of green electricity used by the Group reached 39.96%. Furthermore, we have implemented a molten salt energy storage green steam project. Leveraging the molten salt energy storage system, we can successfully convert green electricity into stable, high-quality industrial steam, with an estimated annual supply of 1.028 million tonnes of green industrial steam. This provides a replicable model for green electricity consumption and carbon reduction for the entire industry.

We have not stopped at energy transition, but have extended our efforts to deeper-level R&D innovation and production transformation, concentrating on refined process control, key equipment innovation and frontier technology deployment. We have not only continued to strengthen industry-university-research collaboration, advancing the exploration and development of multiple technologies including flexible electrolysis technology, but have also seized market opportunities in new energy vehicle lightweighting to build a full-process automotive lightweighting research, development and manufacturing base. During the Year, the Group launched three core process technologies: high-strength high-toughness aluminum alloy rapid extrusion technology, high-precision profile bending and forming technology, and large-scale component welding deformation control technology, while simultaneously releasing five key new materials and four green low-carbon alloy products. Meanwhile, the Group's subsidiary Hongqiao Lightweight was honoured with the "2025 Special Contribution Award for Promoting Advancement in China Die Casting Technology" in recognition of its outstanding technical contributions. Furthermore, focusing on the development direction of comprehensive digital-intelligent transformation, we have comprehensively advanced digital-intelligent construction across all business segments. In the electrolytic aluminum segment, we innovatively developed and fully applied the "Intelligent Aluminum AI&L Model", effectively driving continuous improvement in energy efficiency through building an intelligent management and control system integrating "data, mechanism and experience" as a trinity. Leveraging this model, the Yunnan Green and Low-Carbon Demonstration Industrial Park commissioned by the Group during the Year became the world's first electrolytic aluminum AI intelligent system production line. This intelligent system was also successfully selected for Shandong Province's "2025 Industrial Sector Industry-Specific Large Model 'Open Competition Program to Select the Best Candidates' Research Project".

Turning Waste into Treasure: Creating a New Paradigm for Resource Circulation

We vigorously develop the circular economy, dedicating ourselves to transforming "waste" at the end of the industrial chain into "new resources" for front-end production through model and technological innovation, building a self-sustaining resource circulation system. Our Sino–German Hongshun Recycling Technology Industrial Park focuses on two core segments: end-of-life vehicle recycling and dismantling, and recycled aluminum. We continue to build a renewable resources industrial system covering green dismantling and high-value recovery. Upon project completion, it is expected to reduce carbon emissions by approximately 1.9 million tonnes annually. Meanwhile, leveraging regional industrial advantages, the Park has established a collaborative carbon reduction system spanning multiple entities and segments. Through initiatives including integrating regional scrap aluminum resources, expanding direct supply services of recycled molten aluminum, and precise regeneration and reuse of used beverage cans, it promotes energy conservation and carbon reduction across the industrial chain, providing significant impetus for the green development of the regional aluminum industrial cluster.

During the Year, the Group achieved remarkable success in green circular development, with multiple subsidiaries attaining breakthrough accomplishments. Shandong Hongshun was successfully selected for the "Third Batch of Shandong Province Renewable Resources Industrial Parks" list and the 2025 Binzhou "Zero-Waste Factory" list. Another subsidiary, Zouping Hongfa, also delivered an outstanding performance. Building a multi-channel aluminum recycling supply chain centred on its core can body material products, the company achieved a recycled aluminum proportion exceeding 45% for can body materials this year, representing an increase of over 10 percentage points year-on-year, successfully meeting phased targets for raw material carbon reduction. Moreover, its recycled aluminum PCR (Post-Consumer Recycled) grade improved substantially, with product traceability evaluation results attaining the highest AAA level rating. Its "Recycled Aluminum Can Body Material Circular and Graded Utilisation Project" was awarded the Third Prize of the Shandong Circular Economy Science and Technology Award.

Embracing Responsibility, Co-creating a New Vision of Shared Development

We remain firmly committed to our social responsibilities, integrating support for community development and advancement of common prosperity into our corporate strategy. We have established long-term mechanisms for community engagement and value co-creation, striving to ensure that the fruits of corporate development benefit broader social groups.

We actively undertake philanthropic initiatives and rural revitalisation programmes. In Yunnan and other regions, we have assisted in constructing school bathhouses, health centres and roads, and donated over one thousand medical emergency vehicles, substantively improving local economies and living conditions and benefiting hundreds of thousands of people. In terms of support for vulnerable groups, we pay close attention to the wellbeing of left-behind children living with grandparents, actively participating in charitable projects such as the "Weiqiao Rainbow Home" and "Three-in-One Student Aid", conveying corporate warmth through compassionate engagement. As a leading enterprise in the industrial chain, we give full play to our leading role in promoting the aluminum industry cluster and creating employment opportunities. We proactively recruit those facing employment difficulties, and provide employment opportunities for veterans and persons with disabilities, enabling them to access to stable employment support. Going forward, we will further expand employment channels and build a more inclusive working environment.

People First: Building the Driving Force for Enduring Success

We regard our employees as the Group's most valuable capital. Upholding the principles of "Respect, Inclusion, Empowerment and Care", we are dedicated to ensuring that the growth of our people resonates in harmony with the development of our enterprise.

We attach great importance to the growth and wellbeing of every employee. We continuously optimise our remuneration and benefits system, conducting regular industry benchmarking and internal assessments to provide our people with compensation that is both externally competitive and internally equitable. By building fair and transparent career development frameworks and promotion pathways, we create sustainable platforms for employee advancement. In terms of humanistic care, we actively organise cultural and sporting activities, festive greetings, health screenings and other welfare initiatives, and provide assistance to employees in difficulty, ensuring that the warmth and care of the enterprise reaches every individual. We also place workplace safety as our utmost priority, ensuring that every employee can work and live in a safe and healthy environment through corporate standards, safety measures and regular trainings. Furthermore, we continuously deepen our efforts in building a diverse and inclusive culture, respecting the value and contribution of every employee, and striving to enhance our employees' sense of belonging, happiness and pride.

We remain committed to deeply integrating sustainable development principles into our corporate strategy and operations, continuously advancing our efforts in green development, social responsibility and other domains. During the Year, we received multiple accolades and honours from international organisations and authoritative institutions in recognition of our outstanding sustainability practices, including "ESG Leading Enterprises 2025" from Bloomberg Businessweek/Chinese Edition, the "Asia Responsible Enterprise Awards – Corporate Sustainability Reporting Award" from Enterprise Asia, and "Best Environmental, Social and Governance (ESG)" from Extel (formerly Institutional Investor).

Standing at the new starting point of 2026, China Hongqiao will continue to uphold the core value of "starting a business for the country and benefiting the people", embracing the grand vision of "a community with a shared future for mankind". We will embed ESG principles deeply into the lifeblood of our corporate operations, persisting unremittingly along the path of sustainable development. We will focus on the cultivation and development of new-quality productive forces, integrate into the construction of a modernised industrial system, expand the depth and breadth of our industrial chain, and forge a new paradigm of green, low-carbon, intelligent and efficient industrial development, seeking shared advancement and wellbeing with society. Together with all stakeholders, we are ready to respond to the questions of our times through practical and dedicated action, and to write a new chapter in the sustainable development of the aluminum industry through responsible commitment.

Zhang Bo
Chairman of the Board

24 April 2026

ABOUT CHINA HONGQIAO

Corporate Profile

China Hongqiao was incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange in 2011. As a leading aluminum product manufacturer in the world, the Group specializes in the production and sales of molten aluminum alloy, aluminum alloy ingots, aluminum fabrication products and alumina products. After more than 20 years of development, the Group has formed a complete closed-loop industrial chain operation pattern of "mining – alumina – primary aluminum – aluminum deep processing and new materials – recycled aluminum," with remarkable scale benefits. Currently, it has thirteen production bases in Zouping, Weiqiao, Binzhou, Huimin, Yangxin, Beihai, Zhanhua, Boxing, Weihai, Linyi, Wenshan Prefecture of Yunnan, Honghe Prefecture of Yunnan, and Indonesia.

China Hongqiao's production process and technical equipment lead the global industry. Its thermal power production uses subcritical and supercritical power generation units, all of which have ultra-low emissions and are better than the emission standards of natural gas power generation units. Its alumina production adopts the world's advanced Bayer process. The Group's primary aluminum production uses the world's first production line with large-scale application of 600kA Plus super electrolytic cells, a technology that represents an international benchmark. The process technology and automation control of the Group's high-precision aluminum sheet, strip and foil production lines used for the production of aluminum deep-processing products have reached the international leading level, and the Group's high-end products such as packaging cans, PS and CTP bases for modern thermal printing, aluminum foil blanks, aerospace and special high-end aluminum alloy plates and strips, can completely replace related imported products. Aiming at lightweight development, relying on scientific and technological innovation resources such as Weiqiao (Suzhou) Lightweight Research Institute, Weiqiao & UCAS Joint Laboratory, and Weiqiao & UCAS Research Academy, with the development of a series of high-strength and high-toughness new aluminum alloy materials for new energy vehicles as the core, the Group is committed to provide automotive lightweight system solutions and building a world-leading full-process lightweight research and development, experimentation, and manufacturing base. The Group is committed to demonstrating leadership in the circular economy, and cooperates with the Germany's Scholz Recycling to build the Sino-German Hongshun Circular Technology Cooperation Project, focusing on the recycling and dismantling of scrapped cars, and recycled aluminum, recycling industrial products, and giving full play to its own advantages and value in the circular economy.

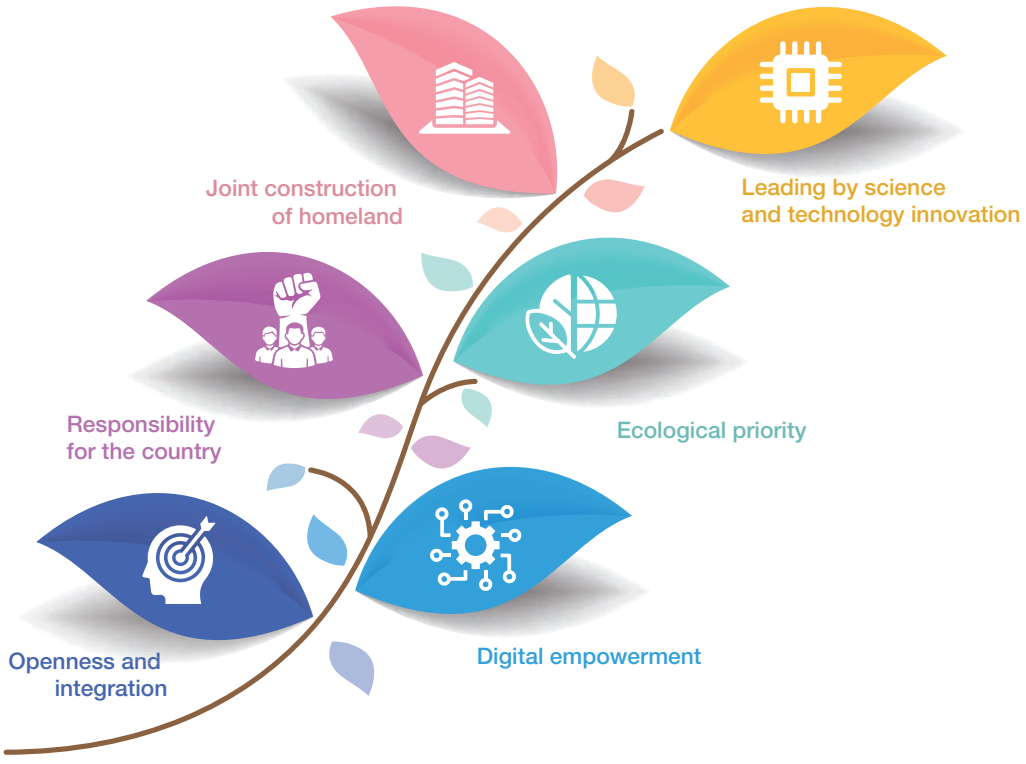
Moving forward, China Hongqiao will further enhance its fully integrated, closed-loop industrial chain spanning "mining – alumina – primary aluminum – aluminum deep processing and new materials – recycled aluminum". The Group aims to establish a world-class, high-end aluminum manufacturing hub characterized by strong growth potential, robust supporting infrastructure, and a commitment to high-quality, sustainable development.

Management Philosophy

Adhering to the core value of "starting a business for the country and benefiting the people", China Hongqiao domestically takes driving regional economic development, promoting workforce employment, increasing staff income, building a harmonious society, accelerating rural revitalisation and advancing common prosperity as the core driving force and conscious pursuit of its corporate development, and is committed to contributing to the all-round development of the local economy and society. Internationally, China Hongqiao actively responds to the national "Belt and Road" Initiative, focusing on the development needs of the Group's principal businesses, further consolidating and optimising the Group's full industrial chain layout for aluminum. In recent years, China Hongqiao has vigorously promoted international production capacity collaborative cooperation, successively establishing the PT. Well Harvest Winning Alumina Project in Indonesia, the bauxite resources project in Guinea, and the iron ore project in Simandou, Guinea.

As a world-leading aluminum manufacturer, China Hongqiao is committed to becoming a resource-efficient and environmentally friendly enterprise, adheres to creating an environmentally friendly, green and efficient production model, actively upholds the principles of sustainable development and places strong emphasis on delivering social value alongside economic performance. At the same time, the Group also comprehensively optimises the allocation of upstream and downstream resources in the aluminum industry to empower the long-term, stable and sustainable development of the enterprise.

In its future development, the Group will vigorously implement the six major strategies of "leading by science and technology innovation, digital empowerment, ecological priority, openness and integration, responsibility for the country, and joint construction of homeland" to promote the steady and long-term development of the enterprise, stability and harmony, and continuously accelerate its pace of building a respected, century-standing manufacturing enterprise.



Six major strategies of the Group

2025 Annual Honours in Sustainable Development

As of the disclosure date of this Report, China Hongqiao, with its Corporate Sustainability Assessment (CSA) 2025 score, has been included in the S&P Global Sustainability Yearbook (China Edition) 2026.

2025 Sustainability Ratings (Selected)

ESG Ratings

S&P Global[1]
CSA Score: 48; ESG Score: 53

WIND[2]
ESG Rating: AA

ESG Practice Category

1. SDG Impact Awards – Excellence Award (United Nations Development Programme, UNDP)
2. Asia Responsible Enterprise Awards – Corporate Sustainability Reporting Award (Enterprise Asia)
3. ESG Leading Enterprises 2025 (Bloomberg Businessweek/Chinese Edition)
4. Best Environmental, Social and Governance (ESG) (Extel)
5. Hong Kong Green and Sustainable Finance Awards 2025 -Outstanding Visionary Carbon Neutral Planning Blueprint Award (HKQAA)
6. Hong Kong Green and Sustainable Finance Awards 2025 -Pioneering Award for Climate Disclosure Contribution (HKQAA)
7. Environmental, Social and Corporate Governance Awards & Extraordinary Brand Awards 2025 (Capital Magazine)
8. ESG Excellence Project Award (Gelonghui Golden Awards)
9. Best ESG Pioneer Award (Hong Kong Ta Kung Wen Wei Media Group)
10. Best ESG Practice Award (Hong Kong Ta Kung Wen Wei Media Group)
11. 2025 Greater Bay Area Excellent Enterprise Sustainability Report -Special Report Award (GoldenBee)
12. 2025 Excellent Enterprise Sustainability Report -Leading Enterprise Award (GoldenBee)
13. 2025 China Top 500 Charity Entrepreneurs (Research Center for Common Prosperity and Human Resources Development, Beijing Institute of Technology)
14. 2025 World Top 500 Charity Enterprises (Research Center for Common Prosperity and Human Resources Development, Beijing Institute of Technology)
15. Silk Road Enterprise Green Development Pioneer Award (ESG Research Institute of Northwest University of Political Science and Law & China.com)
16. 2025 China Green Manufacturing and Innovation Excellence Award (World Business Outlook)

Business Operations Category

17 Asia-Pacific's Best Companies 2025 (TIME & Statista)

18 2025 Shandong Province Green Factory List (Shandong Provincial Department of Industry and Information Technology)

19 2025 Shandong Province Key Industry Energy Efficiency "Leader" List (Shandong Provincial Department of Industry and Information Technology)

20 2025 Shandong Province New Materials Leading Enterprise Cultivation Database Inclusion List (Shandong Provincial Department of Industry and Information Technology)

21 2025 Top 100 Private Enterprises in Yunnan Province – 3rd Place (Yunnan Federation of Industry and Commerce)

22 2025 Top 20 Private Manufacturing Enterprises in Yunnan Province – 3rd Place (Yunnan Federation of Industry and Commerce)

23 2025 Top 20 Private Enterprises in Yunnan Province for Job Creation – 8th Place (Yunnan Federation of Industry and Commerce)

24 2025 Top 20 Private Enterprises in Yunnan Province for Innovation Capability – 18th Place (Yunnan Federation of Industry and Commerce)

25 2025 Top 100 Enterprises in Yunnan Province – 19th Place (Yunnan Enterprise Federation)

26 2025 Top 100 Manufacturing Enterprises in Yunnan Province – 10th Place (Yunnan Enterprise Federation)

27 2025 Top 100 High-tech Enterprises in Yunnan Province – 6th Place (Yunnan Enterprise Federation)

28 2025 China Excellent Die Castings Award for Special Contribution (19th Shanghai International Die Casting & Non-Ferrous Casting Exhibition)

Capital Market/Governance Category

29 Listed Enterprises 2025 (Bloomberg Businessweek/ Chinese Edition)

30 Asia's Most Honored Company (Extel)

31 Best Corporate Board (Extel)

32 Best Investor Relations Team (Extel)

33 Best Investor Relations (Extel)

34 Top 100 Comprehensive Strength (No.42) (HK Stock Top 100 Research Centre)

35 Annual Most Investment Value Award (HK Stock Top 100 Research Centre)

36 Annual Excellent Southbound Connect Company (HK Stock Top 100 Research Centre)

37 Elite Award – Hong Kong Stock Value Demonstration Case (China Fund News)

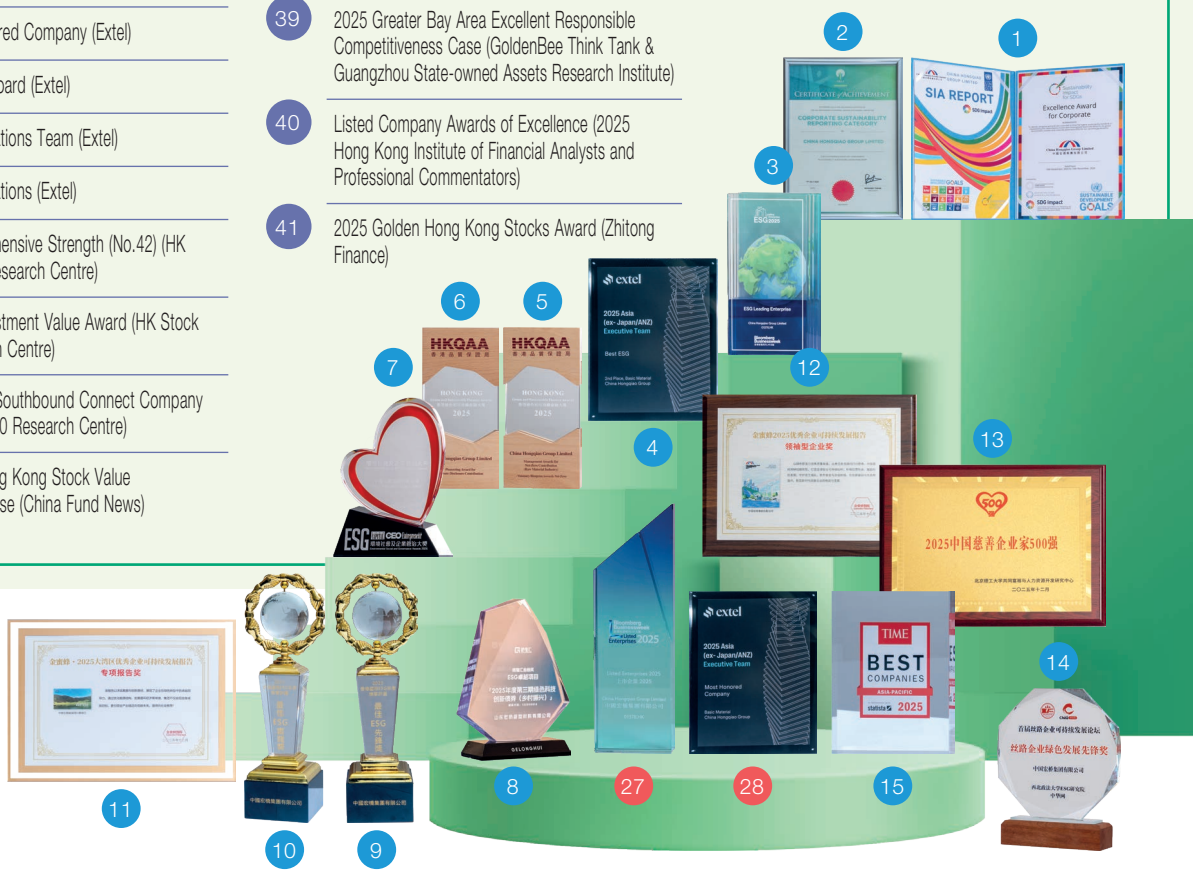
38 Outstanding Contribution Enterprise Award (Hong Kong Ta Kung Wen Wei Media Group)

39 2025 Greater Bay Area Excellent Responsible Competitiveness Case (GoldenBee Think Tank & Guangzhou State-owned Assets Research Institute)

40 Listed Company Awards of Excellence (2025 Hong Kong Institute of Financial Analysts and Professional Commentators)

41 2025 Golden Hong Kong Stocks Award (Zhitong Finance)

42 2024 Chinese Offshore Bond Market – Outstanding Issuer (Duration Finance)



STAKEHOLDER ENGAGEMENT

We deeply understand that stakeholders are closely related to our operational management and business development. Therefore, we have established diversified communication and interaction mechanisms, maintaining friendly and close communication and exchange with various types of stakeholders through multiple channels, promptly listening to and understanding the expectations and demands of stakeholders. We incorporate the feedback and suggestions put forward by stakeholders into corporate governance, in order to review and enhance our management practices and action performance under various sustainability issues.

Stakeholders	Expectations and Requirements	Communication and Response Methods
Government and Regulatory Authorities	• Compliance with the national policies and laws and regulations • Promotion of the regional economic development • Creation of job opportunities • Payment of taxes in accordance with the law • Production safety	• Regular submission of information • Email, telephone and other online communications • Special report • Inspection and supervision
Shareholders and Investors	• Investment returns • Operation in compliance with laws and regulations • Enhancement of corporate value • Transparency of information and effectiveness of communication	• General meeting • Announcements and circulars by the Group • Email, telephone and other online communications • Special report • On-site inspection • Roadshows and exchange meetings • Website of the Group and social media
Suppliers	• Integrity management • Fair competition • Supply chain collaboration • Mutual benefits and win-win results	• Review and assessment • Cooperation negotiation and business communication • Conferences and seminars and training • Regular summits and forums
Customers	• Product quality and safety • Quality customer service • Integrity management • Privacy protection	• Customer service centre and hotline • Customer opinion survey • Customer communication meeting • Website of the Group and social media • On-site visits

Stakeholders	Expectations and Requirements	Communication and Response Methods
Creditors	• Stable operation • Risk prevention • Information transparency and efficient communication	• Group announcements and circulars • Email, telephone and other online communications
Financial Institutions	• Compliant operations • Transparency of information and effectiveness of communication • Enhancement of corporate value	• Group announcements and circulars • Email, telephone and other online communications • Website of the Group and social media • On-site visits
Employees	• Protection of employee rights and interests • Occupational health and safety • Employee remuneration and benefits • Employee training and development	• Employee Communication Meetings and Democratic Consultation Sessions • Group Internal Publications and Intranet • Employees mailbox • Training and workshop • Employee activities • Employee representatives meeting • Employee complaint and satisfaction survey
Media Organisations	• Information transparency and efficient communication • Positive interactive relationships	• Group announcements and circulars • Website of the Group and social media • Email, telephone and other online communications
Local Communities	• Community communication and grievance mechanisms • Environmental protection • Protection of rights and interests • Support for community development	• Seminars and exchanges • Site visits • Community grievance channels • Website of the Group and social media • Public welfare services
Non-governmental Organisations	• Promoting regional economic development • Supporting industry development • Social contributions and serving people's livelihoods • Positive interactive relationships	• Participation in industry forums • Study tours and mutual visits • Public welfare services

MATERIALITY MANAGEMENT

During the preparation of this Report, China Hongqiao has conducted a materiality assessment in accordance with Appendix C2 Environmental, Social and Governance Reporting Code under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, SASB Standards, and other domestic and international sustainability disclosure rules, standards, and rating requirements. The assessment has been integrated into the Group's risk management processes to identify sustainability issues that may have a significant impact on the Group's long-term development and its stakeholders.

To gain an in-depth understanding of the significance of various sustainability topics, we conducted this year's materiality assessment following the principle of double materiality. Financial materiality focuses on evaluating and analysing the potential impacts of each topic on the Group's business development, financial planning, and performance. Impact materiality focuses on evaluating and analysing the external effects of the Group's performance on each topic on the economy, environment, and society. Stakeholder opinions were solicited through questionnaire surveys, and the results were analysed comprehensively to identify the seven topics of utmost importance to the Group. The outcomes of the materiality assessment have been reviewed by the Board and are further elaborated in the relevant sections of this report, including the management and practices implemented by the Group.

Background Analysis and Topic Identification

- Taking into full consideration and integrating five categories of factors — domestic and international sustainable disclosure standards/regulations[1], international initiatives[2], global economic and macro-policy trends[3], global market trends[4], and the Group's strategy and development needs[5] — 25 sustainability topics relevant to the Group's business operations and development were identified, forming a sustainability topic list.

Assessment of Impact Materiality and Financial Materiality

- The Group conducted a materiality survey among its stakeholders[6], inviting them to assess the impact materiality and financial materiality of each sustainability topic. A total of 1,023 valid responses were received.
- Based on the survey results, the Group analysed and evaluated the level and priority of impact materiality, as well as the level and priority of financial materiality for each sustainability topic.

Integrated Assessment of Double Materiality

- Based on the assessment results of impact materiality and financial materiality, a comprehensive analysis and ranking were conducted. Each topic's double materiality level was classified as Critical, Highly Important, Important, or Moderately Important, forming the 2025 Materiality Matrix to illustrate the priority of each sustainability topic.

Validation of Assessment Results and Disclosure and Response to Material Topics

- The Board has reviewed and confirmed the results of the materiality assessment.
- Guided by the assessment outcomes, the Group has provided focused and detailed disclosures in the relevant sections of this report on the management measures and specific actions taken in relation to each material topic, offering targeted responses and guiding the continuous enhancement of management practices for these topics.

Materiality Assessment Process of the Group

1 Domestic and international sustainability disclosure standards and regulations include Appendix C2 Environmental, Social and Governance Reporting Code under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board (ISSB), and the SASB Standards.

2 International initiatives include the Sustainable Development Goals (SDGs), the 30th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP30), and the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct.

3 Global economic and macro-policy trends include, at the international level, developments in international trade conditions and policies, the global temperature control targets under the Paris Agreement, the Science Based Targets initiative (SBTi), and the European Union (EU) Carbon Border Adjustment Mechanism (CBAM); and, at the domestic level, China's carbon peaking and carbon neutrality targets, the Belt and Road Initiative, as well as trends in digital and intelligent transformation and the development of the circular economy.

4 Global market trends include the shift in market demand and consumer preferences towards green and low-carbon products such as low-carbon aluminum and recycled aluminum, as well as continuously rising requirements in international markets for product quality and ESG performance (e.g. carbon emission reduction and optimisation of energy structure).

5 The Group's strategic planning and development needs focus on six strategic directions: "leading by science and technology innovation, digital empowerment, ecological priority, openness and integration, responsibility for the country, and joint construction of homeland". The Group has been improving its full industry chain layout, expanding the depth and breadth of aluminum applications, and continuously advancing green and low-carbon transformation, circular economy development, technological innovation and digitalisation. At the same time, the Group has actively promoted regional economic development, supported rural revitalisation and common prosperity, and fostered the coordinated enhancement of the Group's economic, environmental and social value.

6 Stakeholders participating in the materiality survey include the Group's directors, senior management, employees, customers, suppliers, shareholders and investors, creditors, financial institutions, media organisations, government and regulatory authorities, local communities, and non-governmental organisations.

Environmental **Social** **Governance**

Extremely Material	Very Material	Material	Moderately Material
23 Risk and Compliance Management	7 Circular Economy	14 Customer Relationship Management	18 Employee Diversity
10 Technological Innovation	25 Information Security and Privacy Protection	16 Human Rights Protection	8 Regional Economic Development
13 Product Quality and Safety	17 Employment Management	6 Water Resource Management	9 Community Engagement
21 Occupational Health and Safety	24 Business Ethics	12 Responsible Supply Chain	4 Biodiversity Protection
20 Employee Remuneration and Benefits	2 Pollutant Discharge Management	22 Stakeholder Engagement	
5 Energy Management		3 Waste Management	
1 Climate Change Response		11 Intellectual Property Protection	
		19 Employee Training and Development	
		15 Contributing to Industry Development	

The Group's 2025 Materiality Matrix

Detailed Description of Double Materiality

Material Issues	Scope of Impact	Affected Stakeholders	Risks	Opportunities	SDGs	Our Response	Chapters on Management and Actions
Risk and Compliance Management	• Value Chain Upstream • Operations • Value Chain Downstream • Communities	• Employees • Customers • Suppliers • Shareholders and Investors • Creditors • Financial Institutions • Media Organizations • Government and Regulatory Authorities • Local Communities • NGOs	• **Operational Risks:** In light of changes in the global trade landscape, increasingly stringent domestic regulatory compliance requirements, and the Group's development plans, inadequate management in areas such as risk control, internal control, and compliance may lead to business disruptions, legal proceedings, or administrative penalties, which could in turn weaken competitiveness and result in a loss of market share. • **Financial Risks:** The occurrence of major risk events may cause financial losses to the Group and adversely affect its operating conditions. It may also reduce the confidence of financial institutions in the Group, thereby decreasing available financing and increasing financing costs.	• **Operational Opportunities:** A sound risk management and internal control system can enhance the Group's resilience to risks and support the stable operation of its businesses. It can also strengthen the Group's strategic resilience and facilitate the expansion of its global business presence. • **Market Opportunities:** Effective risk monitoring and control can help the Group adjust its business strategies in a timely and appropriate manner to respond to changes in market and customer demands, thereby enhancing market competitiveness. It can also strengthen the confidence of capital markets and regulatory authorities in the Group.		To build a more forward-looking and resilient risk management mechanism and integrate risk management throughout the entire process of daily operations, the Group has: • Established a risk management structure with clear responsibilities and multi-level coordination. • Developed a closed-loop management mechanism covering risk identification, risk assessment, risk response and risk reporting. • Conducted regular comprehensive evaluations and reviews of the risk management and control system.	Risk and Compliance Management

Material Issues	Scope of Impact	Affected Stakeholders	Risks	Opportunities	SDGs	Our Response	Chapters on Management and Actions
Technological Innovation	• Value Chain Upstream • Operations • Value Chain Downstream • Communities	• Employees • Customers • Suppliers • Local Communities	• **Technological Risks:** Leakage of core technologies or the loss of key technical personnel may hinder the Group's innovation and research progress, weaken its technological advantages, and reduce its market competitiveness. • **Market Risks:** If research and development directions deviate from industrial policy guidance or market trends, the commercialisation and application of technological achievements may face obstacles, making it difficult to develop competitive products and resulting in missed business opportunities. • **Financial Risks:** Continuous investment in research and innovation requires increased financial and human resource inputs, which may raise financial costs. If research directions deviate or technological development fails, it may lead to resource waste and sunk costs.	• **Technological Opportunities:** By strengthening the research and innovation system and advancing breakthroughs in key and frontier technologies, the Group can establish technological barriers and enhance its technological advantages and core competitiveness. • **Operational Opportunities:** Technological innovation and optimisation of production processes can improve production efficiency, reduce energy consumption and carbon emissions, optimise cost structures, and enhance product quality, thereby achieving improvements in quality and efficiency. • **Market Opportunities**: By continuously promoting technological innovation in line with national and industry policies as well as market and customer preferences, the Group can respond flexibly to market trends, develop green and low-carbon products through innovation, enter emerging markets, and further strengthen its competitive advantage and influence in the global aluminum industry.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	The Group has established an innovation system centred on innovation platforms, supported by industry–academia–research collaboration and professional talent, to continuously promote technological breakthroughs, product innovation and digital transformation: • Established a well-structured and highly coordinated research and innovation management system. • Developed multi-level and open research and innovation platforms, and strengthened collaboration among industry, academia and research institutions. • Established innovation incentive mechanisms and technical exchange and interaction mechanisms to cultivate technical talent.	Innovation-Driven Development

Material Issues	Scope of Impact	Affected Stakeholders	Risks	Opportunities	SDGs	Our Response	Chapters on Management and Actions
Product Quality and Safety	• Value Chain Upstream • Operations • Value Chain Downstream • Communities	• Employees • Customers • Suppliers	• **Market Risks:** If product safety or quality issues arise, they may trigger customer complaints or product recalls, which could lead to the loss of key customers and orders, reduce market share, and adversely affect the Group's business revenue. • **Financial Risks:** Product defects or quality and safety incidents may expose the Group to administrative penalties, legal proceedings and customer compensation, thereby increasing operating costs and putting pressure on cash flow. • **Reputational Risks:** The occurrence of major product quality or safety incidents may damage the Group's reputation and weaken market confidence and customer loyalty.	• **Market Opportunities:** By improving the product quality management system and implementing high standards for product quality and safety, the Group can enhance product competitiveness, attract customer resources, expand market share, and promote sustained business growth. • **Reputational Opportunities:** Safe and high-quality products can enhance customer satisfaction and market trust in the Group, establish a responsible corporate image, and, in the long term, significantly strengthen the Group's brand reputation and industry influence.	3 GOOD HEALTH AND WELL-BEING 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	The Group has implemented strict quality control and has established a full-chain quality management system covering raw material procurement, production and manufacturing, inspection and testing, delivery services, and after-sales feedback: • Responsibilities have been clearly defined, quality baselines have been enforced, and quality discipline has been strengthened in daily production. • Intelligent technologies have been progressively integrated throughout the entire product quality management process. • A sound after-sales handling and product recall mechanism has been established.	Product Quality Management

Material Issues	Scope of Impact	Affected Stakeholders	Risks	Opportunities	SDGs	Our Response	Chapters on Management and Actions
Occupational Health and Safety	• Value Chain Upstream • Operations • Value Chain Downstream • Communities	• Employees • Customers • Suppliers • Government and Regulatory Authorities	• **Operational Risk:** Should the Group's management of production safety and occupational health be inadequate, safety incidents may occur, resulting in employee injuries or fatalities, production interruptions, and damage to equipment and facilities, thereby affecting business continuity and order fulfilment, and incurring additional operational costs. • **Financial Risk:** Poor management of occupational health and safety may lead to safety incidents or occupational health risks, which could expose the Group to administrative penalties, litigation claims, and economic losses from production suspension or shutdowns.	• **Operational Opportunity:** A sound occupational health and safety management mechanism may reduce the frequency of safety incidents, lower operational costs such as work injury compensation, equipment and facility maintenance, and insurance expenses, while also enhancing production efficiency and operational stability, thereby strengthening the Group's competitiveness. • **Brand Opportunity:** By fostering a safe and healthy working environment, the Group can improve employee satisfaction and loyalty, reduce talent attrition, enhance its employer brand value, which also contributes to greater trust from investors and the public, thereby increasing the Group's social influence.	 	Comply with relevant laws and regulations and continuously improve a systematic and standardised occupational health and safety management system covering the entire company: • Strengthen the implementation of production safety responsibilities. • Conduct risk-level control and identification, inspection, and remediation of hazards. • Establish emergency response plans and carry out regular emergency drills. • Provide occupational health and safety training tailored to different roles.	Occupational Health and Safety

Material Issues	Scope of Impact	Affected Stakeholders	Risks	Opportunities	SDGs	Our Response	Chapters on Management and Actions
Energy Management	• Value Chain Upstream • Operations • Value Chain Downstream	• Customers • Suppliers	• **Market Risk:** Should products fail to meet market demands in areas such as energy efficiency, consumption reduction, and clean energy utilisation, business opportunities may be lost, market share reduced, and revenue adversely affected. • **Operational Risk:** Adjustments to the energy structure may expose the Group to risks of unstable energy supply or price fluctuations, which could negatively affect production continuity and delivery stability. • **Financial Risk:** High-energy-consumption equipment may face obsolescence or replacement, leading to asset depreciation; self-built photovoltaic power generation facilities and other related investments will increase cash flow pressure in the short to medium term.	• **Market Opportunity:** Through optimisation of the energy structure and refined energy management, energy consumption can be reduced, costs lowered, and efficiency improved, thereby enhancing the cost advantage and green competitiveness of products and meeting the demands of downstream markets and customers. • **Operational Opportunity:** By deploying renewable energy, such as through self-built photovoltaic power generation facilities, carbon emissions and long-term energy cost volatility risks can be reduced, while dependence on single fossil fuels is lowered, thereby strengthening energy security. • **Financial Opportunity:** Through energy-saving technological upgrades and digitalised management, unit energy consumption of products can be reduced, lowering operational and compliance costs, and improving the Group's profitability.	7 AFFORDABLE AND CLEAN ENERGY	Focusing on energy security, efficiency improvement, and structural optimisation, the Group shall continue to advance the transition of energy utilisation towards cleaner, more intensive, and higher-efficiency approaches: • Obtain certification for the energy management system. • Promote energy-saving technological upgrades. • Advance the recovery of surplus energy and waste heat. • Strengthen refined energy management.	Climate Strategy Energy Management

Material Issues	Scope of Impact	Affected Stakeholders	Risks	Opportunities	SDGs	Our Response	Chapters on Management and Actions
Employee Remuneration and Benefits	• Operations	• Employees	• **Operational Risk:** Should the employee compensation and benefits system lack external competitiveness or internal fairness, it may be difficult to attract and retain talent, leading to higher employee turnover, which could adversely affect production efficiency and business stability, while also increasing operational costs related to recruitment and training. • **Compliance Risk:** If the Group's management of employee compensation and benefits is not properly regulated, labour disputes or legal claims may arise, increasing compliance costs and potentially causing negative publicity that could damage the Group's brand image.	• **Operational Opportunity:** By establishing a fair and competitive compensation system alongside a comprehensive benefits programme, employee satisfaction, sense of belonging, and engagement may be effectively enhanced, improving talent attraction and retention. At the same time, it can stimulate employee initiative and creativity, providing a solid talent foundation for the Group's development. • **Brand Opportunity:** This contributes to shaping a responsible employer image, enhancing employer reputation and credibility, and strengthening the Group's brand value and social influence.		The Group shall safeguard employees' basic rights in accordance with the law and continuously improve the compensation and benefits system by strengthening performance linkage, capability orientation, and long-term development orientation: • Conduct regular industry benchmarking and internal assessments to maintain external competitiveness and internal fairness of compensation. • Establish a scientific performance management mechanism and provide channels for performance communication. • Actively implement employee care initiatives and support programmes.	Employee Remuneration and Benefits

Material Issues	Scope of Impact	Affected Stakeholders	Risks	Opportunities	SDGs	Our Response	Chapters on Management and Actions
Climate Change Response	• Value Chain Upstream • Operations • Value Chain Downstream • Communities	• Employees • Customers • Suppliers • Shareholders and Investors • Financial Institutions • Media Institutions • Government and Regulatory Authorities • Local Communities • NGOs	• **Policy Risk:** Increasingly stringent domestic and international climate regulations may raise carbon emission compliance costs. • **Technology Risk:** Keeping pace with technological developments to conduct green and low-carbon technology research and development requires substantial investment; incorrect technology route choices or failure to achieve expected results may result in sunk costs and resource waste. • **Market Risk:** Failure to continuously launch green and low-carbon products and reduce product carbon emissions may prevent the Group from meeting downstream market and customer demand for low-carbon products, potentially leading to order loss, reduced market share, and lower revenue. • **Operational Risk:** Frequent extreme weather events may adversely affect plant equipment, facilities, and raw material supply, potentially causing production interruptions, asset depreciation, and impacting operational stability while increasing operational costs.	• **Operational Opportunity:** By deploying renewable energy, optimising the energy structure, refining production processes, and improving resource utilisation efficiency, energy consumption can be reduced and operational costs lowered. • **Market Opportunity:** Through green and low-carbon technology R&D, optimisation of production processes, and the launch of green low-carbon products such as recycled aluminum, the green competitiveness of products can be enhanced, helping to increase market share. Expanding into emerging markets, such as lightweight solutions for new energy vehicles, can create green competitive advantages and strengthen the Group's overall competitiveness and value. • **Policy Opportunity:** In line with the development of green finance, excellent performance in green and low-carbon initiatives may provide greater financing opportunities and lower financing costs. Construction of green low-carbon projects and energy-saving technological upgrade projects may also receive government subsidies and financial support.		The Group shall systematically integrate climate change factors into its development strategy, business decisions, and daily management. In line with its "25•55 Dual Carbon" targets, while implementing its own emission reduction actions, the Group shall actively promote energy saving and carbon reduction across the upstream and downstream of the value chain: • Advance the green and low-carbon transition and the achievement of carbon peaking and carbon neutrality targets through energy structure optimisation, green low-carbon technology and product innovation, and the development of a circular economy. • Promote energy conservation and emission reduction across the value chain through the application of green technologies, supply of low-carbon products, and collaborative management.	Climate Response

GOVERNANCE

Sound and effective corporate governance is the foundation of an enterprise's stable operation and sustainable development. As a world-leading operator of the full aluminum industry chain, China Hongqiao has continuously optimised its governance structure, improved its governance mechanisms, and built a scientific and efficient modern corporate governance system that aligns with its long-term strategic planning and the characteristics of its industrial chain development. We adhere to the principle of integrity and compliance, enhancing the resilience of our corporate development through systematic and forward-looking risk management and control. Through a robust compliance oversight mechanism and a strong culture of integrity, the principles of integrity and fairness are internalised within the organisation. Through these transparent and responsible corporate governance practices, we safeguard the long-term, high-quality development of the Group.

Sustainability Governance

The depth of governance determines the reach of sustainable development. We have deeply integrated sustainability concepts into the core framework of corporate governance, establishing a systematic, standardised, and efficient sustainability governance system led by the Board, continuously refining governance and decision-making mechanisms, and forming a management closed loop characterised by strategic guidance, standardised execution, and performance review. By consolidating these governance foundations, we provide robust support for the realisation of the Group's sustainability vision and overall strategy, guiding the enterprise to navigate market changes steadily and achieve continuous growth.

Board Statement

The Board firmly believes that sound sustainable development governance is not only the cornerstone of the Group's high-quality development but also a key driver for sustaining investment value growth and creating long-term returns for stakeholders. The Board attaches great importance to sustainable development initiatives, and has established a robust and effective sustainable development governance structure in accordance with the requirements of Appendix C2 Environmental, Social and Governance Reporting Code to the Listing Rules of the Stock Exchange. The Board continues to refine the governance mechanisms, strengthening the Board's oversight and engagement in the Group's sustainable development affairs, and driving the deep integration of sustainable development principles into the corporate strategy, governance, and business operations.

As the highest authority responsible for ESG management and information disclosure, the Board holds ultimate oversight responsibility for the Group's ESG strategy, objectives, risk management, and related matters. Concurrently, the Board has delegated authority to the Sustainability Committee to assist in guiding, evaluating, and overseeing ESG-related affairs, and regularly reviews reports from this Committee.

Governance Structure and Mechanisms

To ensure the effective implementation of the ESG strategy and objectives, we have established a top-down, high-efficiency sustainable development governance structure led by the Board. The Group has clearly defined the boundaries of responsibilities at each level and continuously refined the governance decision-making and reporting mechanisms. By strengthening the implementation of responsibilities across all levels and fostering cross-departmental collaboration, we guarantee the standardised execution of the Group's ESG management initiatives and elevate sustainable development governance standards.

Sustainable Development Governance Structure of the Group

The Board

- Review and approve the Group's ESG strategy, objectives, and material matters involving ESG (including the assessment of material ESG issues); fulfil responsibilities regarding ESG strategy formulation, information disclosure, and other requirements stipulated by laws, regulations, and regulators.
- Ensure the Board diversity and that all Directors possess appropriate skills to comprehensively address ESG matters.
- Ensure the Group possesses talent with appropriate skills, and formulate effective policies and measures to implement and manage the Group's ESG affairs.
- Ensure the Group establishes and maintains suitable and effective risk management and internal control systems (including significant risks related to ESG).
- Ensure that resources, staff qualifications and experience, relevant training programs, and budgets allocated for ESG management and information disclosure are sufficient and appropriate.
- Review changes in the nature and severity of material risks (including ESG risks), as well as the Group's capacity to respond to changes in its business and external environment.
- Review the scope and quality of management's work in monitoring risks (including ESG risks) and internal control systems, as well as the effectiveness of the internal audit function and other external audit institutions.

Sustainability Committee

The Sustainability Committee: In accordance with the Terms of Reference and Procedures of the Sustainability Committee, the Sustainability Committee provides recommendations or relevant assistance to the Board regarding the Group's sustainable development initiatives and coordinates the implementation of the Board's decisions. Its main responsibilities include, but are not limited to:

- Strategy and System Construction: Formulate the Group's vision, objectives, strategy, and structure for sustainable development (including climate change); study management systems, procedures, standards, and methodologies across various areas of sustainable development and provide recommendations.
- ESG Affairs Oversight: Assist the Board in guiding, evaluating, and overseeing the management framework, risk management, and capacity building in the fields of sustainable development and ESG to ensure their continuous optimisation; identify and assess risks related to sustainable development (including climate change), discuss the adequacy of measures for material risks with management, and report to and advise the Board.
- Stakeholder Engagement: Facilitate regular communication of members of the Group's highest governance body and senior management with stakeholders on ESG issues, and oversee the effectiveness of stakeholder communication channels and methods.

- Performance Management and Reporting: Oversee the implementation of ESG objectives and strategies; formulate and review ESG management performance targets and Key Performance Indicators (KPIs), and assess progress against these targets; provide recommendations on performance-based compensation regarding management's execution of ESG management affairs and achievement of performance targets; receive and review reports on sustainable development matters (such as the effectiveness of the ESG management structure and KPI performance) and report to the Board.
- Business Sector Supervision: Supervise the operation of the sustainable development management systems across the Group's various business sectors; review and assess the impact of the Group's businesses on the environment, society, and sustainable development; and provide recommendations for enhancing sustainable development performance.
- ESG Report Review: Review the Group's ESG reports and other ESG-related disclosures, and provide recommendations to the Board.

Executive Level

Under the Group's overall sustainable development strategic planning and policy framework, various functional departments and business units within the Group shall implement specific ESG initiatives in accordance with the respective responsibilities and business characteristics:

- ESG Implementation: Specifically execute ESG strategies, objectives, policies, and various management measures, and regularly report on ESG work progress.
- ESG Information Management: Systematically manage qualitative information and quantitative data related to ESG; continuously collect and organise ESG data during daily operations and conduct internal departmental reviews; annually consolidate ESG information from all departments to compile the annual ESG report, which shall be ultimately submitted to the Sustainability Committee of the Board for review and approval.

China Hongqiao strictly adheres to the principles of sustainable development, integrating them into every stage of the operations. Building on strict compliance with local laws and regulations in all regions where we operate, and aligning with our strategic and business development requirements, we have established and continuously refined a sustainable development policy system covering the entire Group, and formulated the Sustainability Management Policy. These measures offer comprehensive institutional safeguards to ensure the implementation of the sustainable development initiatives of the Group.

China Hongqiao Sustainable Development Policies	
Governance	Sustainability Management Policy
	Corporate Code of Conduct
	Board Diversity Policy
	Integrity Management and Anti-corruption Policy
	Information Security Policy
	Tax Policy
	Whistleblowing Policy
	Stakeholder Complaint Handling Guideline
Environmental	Environmental Protection Policy
	Biodiversity and Forest Conservation Policy
Social	Supplier Code of Conduct
	Human Rights Policy and Anti-Trafficking Statement
	Policy on the Protection of the Rights and Interests of Women
	Occupational Health and Safety Policy
	Community Policy

ESG Risk Management

China Hongqiao has established appropriate and effective risk management and internal control systems and continues to optimise and enhance them. The Group has fully integrated ESG risk management (including climate change risks) into the overall enterprise risk management system in accordance with international and domestic sustainability disclosure standards, and with reference to the Enterprise Risk Management – Integrating Environmental, Social, and Governance-Related Risks into Enterprise Risk Management framework jointly issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and the World Business Council for Sustainable Development (WBCSD). The Board assumes full responsibility, supported by the Sustainability Committee, to jointly manage and control all material ESG-related risks.

In terms of climate change, the Group strictly adheres to the regulatory requirements of Part D of the Environmental, Social and Governance Reporting Code issued by the Stock Exchange, systematically identifies climate-related risks and opportunities that may potentially impact the production and operations, industrial layout, and financial performance of the Group. For each type of risk and opportunity, the Group has formulated scientific and comprehensive response plans, and uses scenario analysis to comprehensively evaluate the resilience and adaptive capacity regarding climate-related risks. For details, please refer to the section Responding to Climate Change in the Report.

Selection and Appointment of Directors and Senior Management

The Nomination Committee is established under the Board, responsible for making recommendations to the Board regarding matters such as the Board composition, director candidates, and qualification criteria. The Group standardises the selection and appointment processes for executive directors and senior management in accordance with regulations such as the Articles of Association, the Terms of Reference and Procedures of the Nomination Committee, and the Procedures for Shareholders to Nominate a Person for Election as a Director of the Company:

Selection of Directors

The Nomination Committee screens director candidates, conducts prudent investigations and considerations regarding their qualifications and resumes, and submits candidate recommendations to the Board. Following deliberation by the Board, the Board may appoint the candidates as directors in accordance with the provisions of the Group's articles of association, or submit proposals to the Shareholders' General Meeting for election of the candidates as directors. Subject to compliance with relevant regulations, shareholders may also nominate director candidates.

Appointment of Senior Management

Candidates for senior management positions are formally appointed upon deliberation and approval by resolution of the Board.

Board Diversity

Diversity among the Board members is a critical factor in achieving the Group's strategic objectives. We are committed to building the Board that features diverse and complementary backgrounds in terms of professional expertise, gender, age, and cultural perspectives. This approach enhances the scientific rigour, inclusivity, and forward-looking nature of the Board's decision-making, enabling the Group to navigate the complexities of the global business environment with greater agility and to meet the evolving demands of sustainable development.

We have formulated the Board Diversity Policy to ensure that diversity factors are fully considered when selecting director candidates. These factors include, but are not limited to, educational background, professional experience, knowledge and skills, gender, age, cultural background, ethnicity, and length of service. We are committed to actively ensuring a balance among Board members in terms of skills, experience, and diversity of perspectives. To this end, we have established specific board diversity targets, such as maintaining a female member ratio of 30% or above. The Nomination Committee reviews the Board's diversity composition (including skills, knowledge, and experience) and the implementation of measurable targets annually, and makes recommendations on any proposed changes to the Board to align with the Group's strategic development and governance requirements.

As of the date of this Report, the Board comprises 12 members, structured as follows: Independent Non-Executive Directors: 4 members, representing 33.33% of the Board; Female Directors: 5 members, representing 41.67% of the Board. The Board members possess diverse professional backgrounds spanning business administration, economics, law, finance, accounting, and international trade, etc., and have extensive industry experience, along with specialised expertise in corporate operations management, risk control, and compliance.

Enhancement of Director Performance Capabilities

Faced with the increasingly complex external environment and evolving regulatory requirements, we continue to strengthen the capacity building of the Directors. Through diverse learning pathways and targeted knowledge updates, we assist Board members in accurately grasping regulatory dynamics, deepening industry understanding, enhancing professional competencies, and improving decision-making effectiveness. During the reporting period, we provided learning materials to all Directors covering topics such as regulatory laws and regulations, Directors' duties, insider dealing, share trading, share acquisitions, connected transactions, and climate-related disclosures. Directors also actively participated in continuous professional development and training, including sustainability training related to climate. We encourage and facilitate Directors to engage in relevant training or continuous learning in areas such as Corporate Governance and Directors' Performance.

Case Study **Specialised Training on "ESG and Sustainability Disclosure"**

Continuously strengthening ESG capabilities is a key initiative for the Group to solidify the foundation of its sustainable development. During the Year, we engaged an external professional institution to conduct specialised training on "ESG and Sustainability Disclosure" for the Directors, senior management, and relevant departmental staff of the Group. The training systematically addressed regulatory trends and capital market expectations, focusing on Stakeholder Concerns, Stock Exchange Disclosure Requirements, ESG Rating Analysis and the Group's ESG Working Plan. This program equipped participants with a clear grasp of the core essentials and practical standards for ESG information disclosure, clarified the advancement direction for the Group's ESG initiatives, and ultimately drove the optimisation of the ESG management system and enhanced the quality and efficiency of ESG governance through improved professional competencies.

Directors' and Executives' Compensation

The Board has established a Remuneration Committee, responsible for formulating and reviewing the compensation policies and packages for the Directors and senior management. The Group follows the Articles of Association and the Terms of Reference and Procedures of the Remuneration Committee to execute the compensation decision-making process for Directors and senior management: The Remuneration Committee proposes recommendations to the Board on the compensation policy and structure for Directors; after deliberation by the Board, these are submitted to the Shareholders' General Meeting for approval. The compensation policy and structure for senior management are implemented upon approval by the Board.

- Executive Directors: Receive a fixed director's fee, discretionary bonuses, allowances and other fringe benefits, and be entitled to retirement benefits. The remuneration is subject to consideration by the shareholders' general meeting, and the Board of Directors is authorized to determine the exact amount.

- Non-executive Directors: Receive a fixed director's fee, discretionary bonuses, allowances and other benefits, and enjoy retirement benefits. The remuneration is considered by the general meeting of shareholders and determined by the Board of Directors under authorization.

- Independent Non-executive Directors: Receives only a fixed director's fee, with remuneration reviewed by the general meeting of shareholders and determined by the Board of Directors under authorization; apart from this, they do not receive salary, allowances, or other benefits from the Group, nor do they participate in the Group's internal performance assessments linked to compensation.

- Senior Management[1]: Receive salaries, allowances, and other benefits commensurate with their positions and are entitled to retirement benefits. Furthermore, in alignment with their job responsibilities, key performance indicators (KPIs) related to ESG areas, such as work safety and environmental protection, are linked to their performance-based remuneration.

Risk and Compliance Management

To build the core capabilities that support strategic implementation and ensure sustainable development, China Hongqiao has placed the construction of a risk control system in a key position of modernised governance and refined operations. Facing an increasingly complex business environment, we are committed to establishing a more forward-looking and resilient risk management mechanism, leveraging systematic controls to empower high-quality business growth. Through key initiatives such as solidifying risk management processes, deepening operational risk reviews, and cultivating an enterprise-wide risk culture, we strive to integrate risk management into the entire daily operation workflow, effectively enhancing the efficacy and value contribution of our risk prevention and control efforts.

Risk Management Framework

China Hongqiao has established a risk management framework characterised by clear responsibilities and multi-level coordination, which clearly defines the roles and authorities of the Board, management, each functional department, and business units in risk management. Through standardised reporting and approval processes, risk management is closely integrated with functional management tasks, ensuring that all risk management activities are conducted in strict accordance with internal management regulations.

[1] The Group's senior management includes the CEO.

The Board	• As the highest accountability body for risk management of the Group, it is responsible for approving the overall risk management framework and supervising the effectiveness of its implementation. • Regularly receives special reports from management on risk management and internal control work, and evaluate effectiveness of the risk management and internal control systems, and to identify any significant deficiencies.
Audit Committee	• Assist the Board in supervising and evaluating the implementation of the Group's risk management policies, risk management and internal control systems, and financial reporting procedures, and provide independent professional advice to the Board.
Functional Departments and Business Units	• Identify and assess risks relevant to their scope of operational management responsibilities based on the specific business characteristics; collaborate with management to analyse and evaluate the significance of these risks, formulate risk response measures, and implement continuous monitoring and control. • Set risk management objectives according to operational management needs and track the achievement of these objectives, including metrics such as annual risk review coverage and the occurrence of significant risk events. • Consult professional institutions or experts when necessary, and report to the Board of Directors in accordance with internal management procedures.
Oversight Departments	• The Group's auditors formulate the annual audit plan based on the principle of "full audit coverage" and the high-risk areas identified in the previous year. They conduct audit supervision on the completeness and effective implementation of internal systems, as well as compliance in key business areas such as procurement, sales, production, and finance, while tracking the effectiveness of rectification measures. A comprehensive audit of all subsidiaries under the Group is completed every three years.

Risk Management Framework of the Group

Risk Management Process

To systematically assess and effectively control various risks in operations and business processes of the Group, China Hongqiao has established a closed-loop management mechanism spanning "Risk Identification – Risk Assessment – Risk Response – Risk Reporting". This approach ensures comprehensive risk control across critical areas such as financial security, production operations, and compliance management. Each of the Group's business units has also developed corresponding risk control procedures tailored to its actual operations, forming a vertically integrated and multi-layered collaborative control system. By continuously strengthening risk synergy management between the headquarters and business units, we constantly enhance the overall risk resilience of the Group, providing a solid foundation for the high-quality development.

Risk Identification	• Regularly identify and report risk factors. continuously updating the risk register
Risk Assessment	• Analyse identified risks, assess their likelihood and impact, and determine risk priorities
Risk Response	• Formulate and implement response measures for various risks to minimise the likelihood of risk occurrence or mitigate the impact when risks materialise
Internal Communication	• Establish an internal risk communication mechanism to regularly convey risk management strategies and processes to all employees, ensuring that everyone clearly understands the current risk landscape and their specific responsibilities • Formulate a standardised risk reporting system to regularly report risk status and implementation of risk response measures to senior management and the Board, providing basis for decision-making

Risk Management Process of the Group

Taking the foreign exchange risk and AI fraud risk categories identified by us as examples:

Risk Type	Risk Description	Response Measures
Foreign exchange risk	Based on the Group's overseas business layout, imports of bauxite and production equipment, exports of certain aluminum alloy processed products, certain bank balances, bank borrowings, convertible bonds and senior notes involve foreign currency denominations, exposing the Group to exchange rate fluctuation risks.	• Continuously monitor changes in exchange rates and interest rates, adjust foreign exchange fund management strategies as needed, and utilize swap instruments to mitigate foreign exchange risks. • Promote a cross-border cash pool management model, carry out centralised and unified management and use of domestic and overseas funds.
AI Fraud Risk	During the Group's digital intelligence construction process, the introduction of AI technology may bring internal fraud risks, such as relevant personnel embedding biases in training data, modifying model parameters, or exploiting algorithm loopholes to seek illegitimate benefits for themselves, specific suppliers, potential partners, etc.	• Establish a digital intelligence monitoring platform to conduct routine monitoring and supervision of AI application behaviours through technical means. • Carry out special training on AI-compliant application, etc., to strengthen risk awareness

Case Study **Building a Standardised Risk Control System for Business Units to Achieve Closed-Loop Management in Production Processes**

The subsidiary of the Group, Shandong Hongcan, promotes the deep integration of risk management mechanisms with production processes. The company has established a full-process, standardised risk management system that achieves precise identification and systematic response to risks in all aspects of product manufacturing, ensuring closed-loop operation of risk control:

- **Specialised Organisational Structure:** The company has established a "Risk and Opportunity Assessment Team" authorised by the General Manager, responsible for coordinating the formulation of risk management plans and acceptable criteria, and guiding overall risk assessment work. Each business department is responsible for the specific implementation of risk identification, assessment, and response measures, forming a layered implementation with clear responsibilities and authorities as organisational assurance.

- **Closed-Loop Process Operation:** Each responsible department conducts comprehensive risk screening and identification on production workshops, key processes, and operational personnel. For identified risks, a comprehensive assessment is conducted from dimensions such as severity and frequency of occurrence to scientifically determine risk levels. Based on assessment results, targeted response plans are formulated to reduce or eliminate risk impacts. The technical inspection department regularly organises reviews of risk management effectiveness to ensure the process remains continuously effective and constantly optimised.

Risk Management Practices

The Group promotes the comprehensive implementation of risk prevention and control and compliance management requirements into daily management practices through comprehensive evaluation and review by the Board-level risk control system, risk reviews at the level of various functional departments and business units, audit supervision, and risk control compliance education and training, thereby building a comprehensive risk defence line across all aspects. During the reporting period, we have conducted external and internal audits of our risk management processes.

Management System Review

During the reporting period, the Board has conducted an evaluation and review of the risk management and internal control systems of the headquarters and various business units. The scope covered all important control areas in our operation and management, including finance, operations, compliance, and other aspects. After discussion, the Board concluded that the risk management and internal control systems are effective and adequate, and that the relevant resource investments and personnel performance capabilities are aligned with the requirements for the operation of the risk management and internal control systems.

Risk Review and Audit

During the reporting period, multiple risk reviews and audit-related tasks have been carried out in the Group, including but not limited to:

- Organised investigations into the risk status of suppliers, eliminating unqualified suppliers; organised all business units to conduct comprehensive self-inspection and self-correction, systematically identified and sorted out risk hazards, and implemented targeted rectification measures.

- Conducted full-process, normalised, and continuous supervision and review of risks involved in important business processes such as bidding, tendering, and fund disbursement.

- In conjunction with the annual audit plan, we carried out comprehensive audits and follow-up audits on operating units across business segments, including electrolytic aluminum, thermal power, alumina, and aluminum deep processing.

Risk Control and Compliance Education

To strengthen risk information sharing and collaborative prevention capabilities, the Group relies on a monthly meeting mechanism to regularly communicate typical risk cases and key control points, promoting experience exchange and joint prevention and control across departments and units.

In terms of employee risk awareness cultivation, each business unit actively carries out diverse forms of risk control and compliance training based on its own characteristics, continuously enhancing the risk prevention and compliance performance capabilities of frontline personnel. During the Year, the Group has organised 22 risk control and compliance training sessions, with a total of 1,122 training hours, covering 781 participants. The training content has included regional labor compliance, corporate reputation and public opinion risk management, financial and cost compliance control, procurement and tendering compliance, supply chain and contract risk management, etc.

Case Study **Strengthening the Foundation of Compliance Training and Enhancing Frontline Risk Awareness**

During the reporting period, the Group continued to advance the systematisation and normalisation of risk and compliance management training. Subsidiaries Shandong Hongcan and Zhanhua Huihong deeply integrated compliance concepts into frontline operations, effectively enhancing employees' risk prevention capabilities through layered, categorised, and normalised training mechanisms.

Risk and Compliance Management Training

Shandong Hongcan organised risk and compliance management training in accordance with the annual training plan, following the principle of "annual basic full coverage + mandatory pre-job training for new employees", achieving comprehensive coverage without omissions. New employees receive 72 credit hours of company rules and regulations training after onboarding, ensuring they understand the regulations before starting work. On this basis, each department organises specialised training based on its own business characteristics to continuously improve position-specific risk prevention capabilities. Zhanhua Huihong organised all employees to participate in system construction and standardised training. Meanwhile, the company conducts regular risk and compliance management training for all employees once per quarter, timely communicating and interpreting the latest laws, regulations, policies, and changes in internal corporate processes, continuously strengthening employees' risk awareness.

Business Conduct

In the context of global business, adhering to high ethical standards and operating in compliance with laws and regulations are the fundamental guarantees for achieving sustainable development. China Hongqiao always places integrity and compliance at the core of the operations. The Group upholds the business principles of honesty, fairness, and transparency and also strives to embed these values throughout every link of the value chain. By building systematic governance mechanisms, implementing strict risk controls, and cultivating a compliance culture involving all employees, we aim to join hands with partners from all sides to jointly shape a sustainable business ecosystem founded on integrity and driven by responsibility.

Anti-Corruption

China Hongqiao strictly adheres to applicable anti-corruption laws and regulations, including the Anti-Money Laundering Law of the People's Republic of China and the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). We maintain a "zero-tolerance" stance towards any form of corrupt behaviour. In our Corporate Code of Conduct, we clearly define our positions on anti-corruption, anti-bribery, anti-money laundering, conflict of interest avoidance, and the prohibition of insider trading. Furthermore, we actively advocate for and encourage our value chain partners to recognise and practice these principles.

Integrity Governance System

China Hongqiao requires all employees to abide by laws and regulations in all business activities, and strictly prohibits the use of authority, position, or resources to seek personal gain or harm the interests of the Group. Based on the Integrity Management and Anti-Corruption Policy as our fundamental standard of conduct, we explicitly prohibit acts such as corruption, bribery, fraud, malpractice, and illegal fundraising. This policy applies to our Directors, all employees (including full-time, part-time, and temporary staff), and any individuals acting as agents or trustees on behalf of us (such as contractors). It provides specific regulations regarding the acceptance of benefits, conflicts of interest, sponsorships, charitable donations, community investments, political activities, and political contributions. In addition, we have formulated supporting internal management systems such as the Anti-Fraud Measures and Control Procedures and the Stakeholder Complaint Handling Guideline. Through these measures, we continuously refine our anti-corruption supervision mechanisms, providing a robust institutional guarantee for our compliant and steady operations.

The Board holds ultimate responsibility for our business ethics matters. The Audit Committee assists the Board in fulfilling its oversight duties by designating relevant departments or personnel to conduct supervision and inspections across our Group and its subsidiaries. The Economic Supervision Department is responsible for the implementation of integrity management measures and related review work.

All employees bear responsibility for their own integrity in professional conduct and shall sign the Commitment Letter of Integrity in Professional Conduct, committing to consciously resist corruption, malfeasance and other misconducts, and proactively declare and apply for recusal when an actual or potential conflict of interest arises. We have incorporated integrity performance into the assessment and evaluation system for personnel in key positions to standardise duty fulfilment and strengthen accountability. Our assessments focus on three core dimensions: integrity, disciplinary compliance, and professional ethics. Specific evaluation criteria include whether any corrupt acts have occurred, whether mandatory integrity training was attended on time, and whether violations were proactively reported. The results of these assessments serve as a critical basis for performance appraisals, cadre selection and appointment, as well as promotion and commendation for personnel in key positions.

Integrity Risk Management

China Hongqiao has established a comprehensive integrity risk control system. By integrating risk identification and assessment mechanisms, differentiated control measures, normalised supervision and inspections, and diversified educational campaigns, we systematically strengthen our capabilities in preventing and controlling integrity risks. This approach enables us to effectively prevent, detect, and address potential corrupt behaviours that may arise in our Group's operation and management.

Integrity Risk Identification and Assessment

Integrity risk identification and assessment form the foundational step of our integrity risk control. We have established a standardised process for identifying and assessing integrity risks, and review the process through necessary procedures to ensure that all types of integrity risks are identified comprehensively and accurately. This provides a solid basis for subsequent precise prevention and control, as well as long-term supervision.

Integrity Risk Response

Based on our actual operation, management, and business activities, we have systematically identified key types of integrity risks, critical processes, and key positions. Building on this identification, we conduct targeted assessments of integrity risks associated with various functional departments by considering their specific position characteristics. Additionally, we comprehensively evaluate the probability of occurrence and potential impact of these risks to establish a tiered risk assessment system. This system categorises all types of integrity risks into three levels to define control priorities, ensuring that risk levels are precisely aligned with corresponding control measures.

To ensure the effective prevention and response to integrity risks, the Group has moved away from a "one-size-fits-all" approach. Instead, we implement differentiated control measures tailored to different risk levels and positions, clearly assigning responsibilities to specific positions and individuals:

- *Differentiated Risk Control for Different Risk Levels*

Risk Level	Risk Examples	Control Measures
Level 1 Risks: High probability of occurrence and severe impact	e.g., collusion and bid-rigging in procurement tendering; Non-compliant approval risks in large-sum fund payments.	Directly supervised by the Economic Supervision Department, with monthly special inspections conducted.
Level 2 Risks: Moderate probability of occurrence or limited impact	e.g., minor false claims in daily expense reimbursements; Oversight risks in qualification audits during supplier onboarding.	Led by heads of relevant departments of the Group for control, with quarterly risk screenings implemented.
Level 3 Risks: Low probability of occurrence and minor impact	e.g., price deviations in the procurement of office supplies.	Included within the scope of our annual Group-wide risk inspections.

In addition, taking into account the characteristics of different positions, the Group has designed differentiated control mechanisms to strengthen the prevention and control of integrity risks:

Management Decision-Making Positions

Establish a "Decision Disclosure + Accountability Traceability" Mechanism: For matters involving major project investments and asset disposals, the basis and process of decision-making shall be publicly disclosed internally in advance. In addition, maintain decision archives to clarify the responsibilities of all participants, ensuring that relevant individuals can be directly traced and held accountable should any integrity risks arise.

Procurement Tendering & Review Positions

Establish a "Three-Party Review + Interest Declaration" Mechanism: Personnel are required to sign a Commitment Letter on Integrity prior to reviews. Individuals with any affiliations to suppliers are recused from participating in the review process. Additionally, the Economic Supervision Department conducts random inspections of the tendering process, with tender results, and review bases publicly disclosed on a quarterly basis.

Financial Fund Settlement Positions

Establish a "Hierarchical Authorisation + Cross-Verification" Mechanism: Clearly define approval authorities for different transaction amounts. Every fund payment requires hierarchical approval within the Financial Settlement Department to strictly prohibit "single-person handling." The Economic Supervision Department provides oversight throughout this process.

Integrity Supervision and Audit

China Hongqiao has established a normalized, multi-level supervision and audit mechanism, which strictly enforces a closed-loop management process of "detection, feedback, rectification, and re-verification" to continuously enhance the effectiveness of our integrity governance.

Through routine inspections, special supervisory reviews, and audits, we implement embedded supervision across our business processes. The Group regularly conducts internal audits to assess the effectiveness and implementation of the business ethics policies and integrity systems. The Group ensures that all business departments undergo an internal audit at least once every three years. Any issues identified during supervision and inspections are immediately reported to the relevant responsible departments, with full-process tracking of rectification measures to ensure closed-loop resolution of all problems.

During the reporting period, the Group has conducted in-depth risk audits on all high-risk businesses and major projects, and also carried out annual risk audits for routine business operations, achieving a coverage rate of nearly 100%. The Group continuously supervises and audits critical links and processes, including tendering and bidding, as well as fund disbursements.

Integrity Accountability Mechanism

For suspected non-compliant behaviours, we immediately assign inspectors to conduct preliminary verification. Based on the authenticity and severity of the alleged violations, we establish special inspection teams to carry out on-site investigations of the relevant personnel. If the employee is confirmed to have committed a violation through investigation, we will impose disciplinary measures in accordance with the nature and severity of the act and our internal regulations. These measures include, but are not limited to, public censure, position transfer, demotion, termination of employment, or claims for compensation. If partners such as suppliers and customers are confirmed to have violated integrity agreements, we will take remedial actions, including unilateral contract termination, disqualification from our supplier list, and recovery of losses. For cases involving serious circumstances, we will refer the responsible individuals to judicial authorities in accordance with the law and pursue their legal liability.

During the reporting period, the Group or employees did not experience any violations of business ethics or legal cases arising from corruption, bribery, embezzlement, fraud, conflicts of interest, money laundering, or insider trading, nor were there any related convictions or fines.

Integrity Culture Construction

An integrity culture serves as the intrinsic foundation for building a robust defence against integrity risks. Through diverse channels such as training lectures, case sharing, internal publications, warning education videos, and integrity meetings, China Hongqiao continuously deepens the penetration and influence of integrity education. We strive to internalise integrity concepts in our hearts and externalise them in our actions, ensuring they are deeply integrated into our corporate culture and daily operations.

We organise annual integrity-themed training on anti-corruption and anti-bribery for our Directors and all employees (including part-time staff, temporary workers, contractors, etc.). We distribute internally policy documents such as the Integrity Compliance Notice and the Family Integrity Initiative Letter to all staff. These initiatives ensure that every employee fully understands and complies with the Group's anti-corruption policies and requirements, thereby strengthening employees' integrity awareness.

During high-risk periods for integrity violations, such as the Spring Festival and National Day holidays, we strengthen control by issuing integrity work notifications and conducting reminder interviews with personnel in key positions. These measures ensure that integrity requirements are communicated to every employee and cadre. The Chairman of the Board regularly convenes integrity meetings to summarise and reflect on past cases of violations and disciplinary breaches, urging heads of all departments to strengthen integrity risk prevention and control within their respective scopes. Furthermore, each department organises monthly integrity meetings to conduct case-based warning education, guiding employees to learn from these lessons and fortify their ideological defences.

During the reporting period, the Group has conducted a total of 23 on-site integrity training sessions, covering topics such as anti-corruption policy advocacy and warning education through typical cases, and organised 1,056 integrity interviews targeting personnel in key positions.

On-site Integrity Training

Integrity Supervision for Business Partners

A fair and transparent market environment relies on the collaborative efforts of enterprises across the value chain. To this end, China Hongqiao has integrated integrity requirements into the business cooperation processes, with a particular focus on high-risk areas such as procurement and tendering. The Group continuously strengthens integrity supervision and actively communicates our integrity philosophy to the business partners. By working together to prevent integrity risks within the supply chain, we aim to jointly build a healthy business ecosystem characterised by "collaborative integrity construction, shared risk prevention, and win-win development based on trust."

Strict Vetting at the Entry Stage

During supplier admission, we conduct comprehensive reviews of their qualifications and integrity compliance status. When signing business contracts, we require suppliers to simultaneously sign an Integrity Agreement or a Commitment Letter on Honest Bidding and Integrity. These documents explicitly prohibit illegal and non-compliant behaviours such as commercial bribery and unfair competition, and stipulate liability for breaches, thereby preventing corruption risks at the source.

Continuous Supervision During Cooperation

Throughout the business cooperation process, we actively communicate and promote anti-corruption requirements from policies such as the Supplier Code of Conduct and the Integrity Management and Anti-Corruption Policy to our business partners, including suppliers and customers. We conduct end-to-end supervision and monitoring of all suppliers and customers to ensure their adherence to relevant laws, regulations, and our Group's policies.

During the reporting period, 100% of the Group's cooperative suppliers have signed Anti-Corruption Agreement or Letter of Integrity Commitment. Throughout our engagements with these suppliers, we have identified no instances of corruption, bribery, or improper benefit transfers. Furthermore, no significant commercial corruption cases involving the suppliers themselves have been discovered.

Anti-Unfair Competition

China Hongqiao is committed to working with the business partners to maintain a fair, open, and healthy market environment. We strictly comply with applicable laws and regulations in the countries or regions where we operate, including the Anti-Unfair Competition Law of the People's Republic of China and the Anti-Monopoly Law of the People's Republic of China. We strictly prohibit any form of unfair competition and monopolistic conduct.

We have incorporated requirements regarding anti-unfair competition into our Corporate Code of Conduct. All employees of the Group shall consistently uphold the principles of integrity, freedom, and fair competition in business activities. We respect the legitimate rights and interests of our competitors and partners, and strictly prohibit any illegal or improper acts that disrupt market order, such as fabricating or disseminating false information, infringing upon trade secrets, or engaging in fraud and misleading practices. Meanwhile, through institutional development, educational campaigns, and internal supervision, we manage and prevent risks related to unfair competition. Our operating units, based on business needs, have formulated internal policies such as the Anti-Monopoly and Anti-Unfair Competition Management Policy. Additionally, we conduct irregular training on anti-unfair competition for relevant personnel.

Regarding suppliers, we require them to adhere to the principles of fair competition outlined in our Supplier Code of Conduct during the business interactions. Furthermore, all suppliers shall sign the Commitment Letter on Honest Bidding and Social Responsibility. In this document, they pledge to compete legally and fairly and operate with integrity. Specifically, they guarantee that during the bidding process, they will not exclude or squeeze out other bidders, collude with other bidders, obtain bids through deception or falsification, or offer bribes to tendering personnel.

During the reporting period, the Group did not incur any litigation or administrative penalties arising from acts of unfair competition.

Tax Compliance

Paying taxes in accordance with the law is a fundamental responsibility of corporate citizenship and the bottom line we uphold for compliant operations. In global business operations and tax management activities, China Hongqiao adheres to the principles of legality, integrity, transparency, and responsibility.

We have formulated the Tax Policy as the guiding principle for the tax management activities of all employees, and pledge to continuously improve our tax management system with the following commitments:

- Strictly comply with the tax laws and regulations of the countries or regions where we operate;
- Refrain from adopting unreasonable business arrangements to transfer earnings or profits for improper gains, or from carrying out tax avoidance in jurisdictions where tax avoidance is possible;
- Not to adopt tax structures or transaction arrangements that lack commercial substance or have tax avoidance as their primary purpose;

- Strictly adhere to the arm's length principle in related party transactions, ensuring that transaction pricing is fair and transparent;

- Ensure that tax information is true, accurate, and complete, and that tax activities are implemented in a legal and compliant way.

To effectively prevent and manage potential tax risks in the Group's operations, we have strengthened internal controls, systematically identifying, monitoring and managing key tax risk points. We continuously monitor changes in tax-related laws, regulations and policies, and communicate relevant requirements to employees to enhance their sensitivity to tax risks, ensuring that we keep abreast of policy developments and fulfil our tax obligations in accordance with the law.

Whistleblowing Mechanism and Whistleblower Protection

China Hongqiao encourages the stakeholders, including employees, suppliers, customers, investors, and the community, to supervise our business activities. We invite them to report or file complaints regarding any actual or suspected violations of business ethics, as well as any illegal or non-compliant behaviours.

Whistleblowing Mechanism

To foster an integrity culture of "dare not be corrupt, cannot be corrupt, and do not want to be corrupt", achieve "blind-spot-free" supervision, and combat all forms of corruption, we have formulated the Whistleblowing Policy and established a comprehensive complaint and whistleblowing mechanism. Stakeholders may report or file complaints with the Economic Supervision Department in accordance with the procedures stipulated in the Whistleblowing Policy. Upon receiving a report or complaint, we will initiate investigation procedures in compliance with laws and regulations, promptly track and handle the case, and provide feedback on the outcome to the whistleblower.

We provide stakeholders with independent reporting channels that operate 24/7. Stakeholders may submit reports or complaints at any time, safely and conveniently, through diverse methods including telephone, email, mail, and in-person reception, and may do so in their local languages. Meanwhile, through various forms of training and communication, we actively inform stakeholders about our whistleblowing mechanisms, channels, and whistleblower protection policies. Whistleblowers may submit reports either under their real names or anonymously through the following methods:

- Whistleblowing Hotline: 0543-4161356/0543-4161355

- Whistleblowing Email: zbjjcc@163.com

- Mailing Address for Written Reports: Economic Supervision Department, Huixian 1st Road, Zouping Economic Development Zone, Zouping, Shandong, China

Whistleblower Protection

To encourage stakeholders to actively and promptly report misconduct, we have established a comprehensive whistleblower protection mechanism to effectively safeguard the legitimate rights and interests of whistleblowers.

Strict Confidentiality Mechanism

The Group manages all whistleblower identity information, report content, and related materials as confidential documents. Such information will not be disclosed without the whistleblower's consent. In cases where disclosure is mandatory due to legal requirements or investigation needs, the Group will take necessary measures to minimise any potential risks faced by the whistleblower to the greatest extent possible.

Zero Tolerance for Retaliation

The Group maintains a "zero-tolerance" stance towards any acts of retaliation against whistleblowers, and makes every effort to protect whistleblowers from any form of retaliation whatsoever. Any individual found responsible for retaliatory actions will be dealt with seriously in accordance with laws and regulations.

Principle of Fair Treatment

Even if the reported content is not fully substantiated upon investigation, the Group will ensure that the whistleblower does not face any unfair disciplinary action or other adverse consequences as a result.

Information Security and Privacy Protection

Amidst the digital transformation sweeping across all industries, information security risks have become critical to our steady development. We regard data and information as the core assets of the Group. In strict compliance with relevant laws and regulations, including the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Personal Information Protection Law of the People's Republic of China, we have actively built a comprehensive, collaborative, and defence-in-depth information security management system. By embedding information security principles into our business operations, we are committed to safeguarding business continuity and protecting stakeholder privacy.

Information Security Management

Building an information security management system is a continuous evolutionary process. To this end, we have formulated the Information Security Policy applicable to the entire Group and continuously optimised and refined internal management regulations such as the Information System Operation Security, Backup, Incident, and AI Security Management Policy and the Data Security Management Detailed Rules. These documents guide information security management across the Group Headquarters and all operating units, covering key aspects including system management, data management, access control, and AI security management.

To ensure the effectiveness of information security management, we have established a Data Governance Committee, constructing a top-down three-tier governance architecture comprising the leadership level, the governance level, and the execution level: Data Governance Committee is established at the leadership level, to coordinate and oversee the Group's data security management through reviewing management reports and conducting irregular inspections. Data Governance Working Group is set up at the governance level, to supervise the implementation of tasks and rectification of issues by the execution level. It regularly or on-demand reports progress on data security management and significant matters to the leadership Level. Data Governance Execution Group is set up at the execution level, which is responsible for carrying out specific data governance tasks. It conducts regular self-inspections and promptly provides feedback and reports information security issues and risk events to the Management Level.

Organisation	Composition	Main Responsibilities
Data Governance Leading Group	• The Group Chairman and President serves as the Head. • Non-Executive Directors serve as Deputy Heads. • Members consist of heads of various business/functional departments and the director of the Digital Intelligence Management Department.	• Formulation of data governance strategy • Overall planning for the construction of a data governance system • Supervision of data governance work • Approval of major issues • Cross-departmental coordination
Data Governance Working Group	• Composed of relevant heads from the Data Management Division of the Digital Intelligence Management Department, experts, and data stewards from business sectors.	• Refine data governance work plans and tasks • Formulate management policies, processes, and technical solutions, and drive their implementation • Coordinate dispute resolution and issue rectification
Data Governance Execution Group	• Composed of professional staff from the Digital Intelligence Management Department and digital intelligence specialists from business departments.	• Execute daily data governance tasks • Identify, report, and track data issues • Assist in optimising data management rules and mechanisms

We have established a responsibility-oriented assessment mechanism. Key indicators, including the implementation of policies, achievement of task objectives, and risk feedback, are directly linked to the personal compensation, performance evaluations, and promotions of personnel at both the leadership and execution levels. This approach serves to strengthen and enforce information security responsibilities. Meanwhile, we establish annual management objectives, including standardising security protocols, conducting at least one emergency drill per year, commissioning third-party risk assessments annually, and organising security training quarterly. We have ensured the effective implementation of these initiatives through continuous tracking and evaluation. During the reporting period, we have further refined the information security management specifications and strengthened protection across the entire data lifecycle. We successfully completed all scheduled tasks, including risk assessments, security training, and emergency drills, thereby achieving all annual information security management objectives. No information security incidents occurred within the Group during the reporting period.

Additionally, regarding IT infrastructure and information management systems, we continue to advance standardisation and normalisation to ensure effective support for business operations. Our core information systems have completed the filing for Classified Protection of Cybersecurity, meeting the national Level 3 requirements. Additionally, our data management capability has reached the Robust Level of data management capability maturity.

Information Security Risk Management

The identification and control of information security risks are the top priorities of our information security management. We have established a full-chain risk assessment and management mechanism characterised by "proactive discovery, dynamic assessment, continuous monitoring, and rapid response." In addition, we promote normalised and periodic assessments for our core business systems. These efforts aim to achieve closed-loop risk management and continuously enhance our overall risk management capabilities.

Strengthening Data Management	During the reporting period, we have systematically established a data classification and grading management system, formulated the Data Security Classification and Grading Operation Procedures. We have completed the inventory of our data assets and upgraded our protection framework, implementing differentiated security measures for data based on their specific levels.
Network Boundary Protection	To address security risks arising from the decentralisation of internal and external network boundaries, we have deployed additional protection devices to strengthen security safeguards within complex network environments.
Dynamic Assessment and Monitoring	We regularly scan and assess our network exposure surface. By combining active testing with passive monitoring, we gain comprehensive visibility into data flow paths and access behaviors. This enables us to promptly identify potential risks, such as abnormal calls, and automatically trigger alerts and remediation actions, thereby achieving a closed-loop disposal process of "monitoring, assessing, and blocking."
Security Penetration Testing	Based on our actual business needs, we conduct irregular security penetration tests on our production and pre-production systems annually. Additionally, we engage external security vendors to perform regular penetration tests twice a year.
Security Device Inspection	We have appointed additional security administrators to strengthen daily inspections. We have also developed an "Intelligent Security Agent" by integrating human expertise with AI technology. This system applies AI to identify potential risks, which are then promptly inspected and addressed by our security administrators, significantly enhancing the efficiency of risk identification and remediation.
IT Audit	We engage third-party audit firms annually to conduct IT audits covering our core business systems, data centres, data management systems, and data security management frameworks. Throughout the audit process, we place significant emphasis on risk control across all stages of the data lifecycle. During the reporting period, our IT audit results were generally positive, and we have completed all improvements in response to specific optimisation recommendations.

Furthermore, in the process of our digital and intelligent transformation, we have introduced AI technology to build intelligent platforms based on our business needs. In this regard, we have formulated the AI Assistant Layered Control and Secure Usage Specification. Through management measures covering data lifecycle security, model security, and audit supervision, we strive to minimise various risks associated with the use of AI technology, ensuring that AI tools better serve our business development.

Information Security Emergency Response

The occurrence of information security incidents may negatively impact our business operations. To address this, we have formulated an Information Security Incident Emergency Plan, which implements classified management for various types of incidents (such as malicious programs, cyberattacks, and information destruction). We have established mechanisms for normalised monitoring, immediate reporting, and efficient, rapid emergency response. If our employees discover information security vulnerabilities, suspicious behaviors, or incidents, they can immediately report them to the System Security Division of our Digital Intelligence Management Department via intranet email, instant messaging, or internal telephone lines. Upon receiving a report, the System Security Division immediately activates the emergency plan based on the incident level and in accordance with our emergency response workflows. We promptly control and mitigate information security risks to ensure rapid business recovery. Following the conclusion of emergency operations, we conduct timely investigations and summaries to optimise and refine our emergency response mechanisms. In addition, we organise annual information security emergency drills to test our response speed and continuously enhance our emergency management capabilities.

Information Security Culture Construction

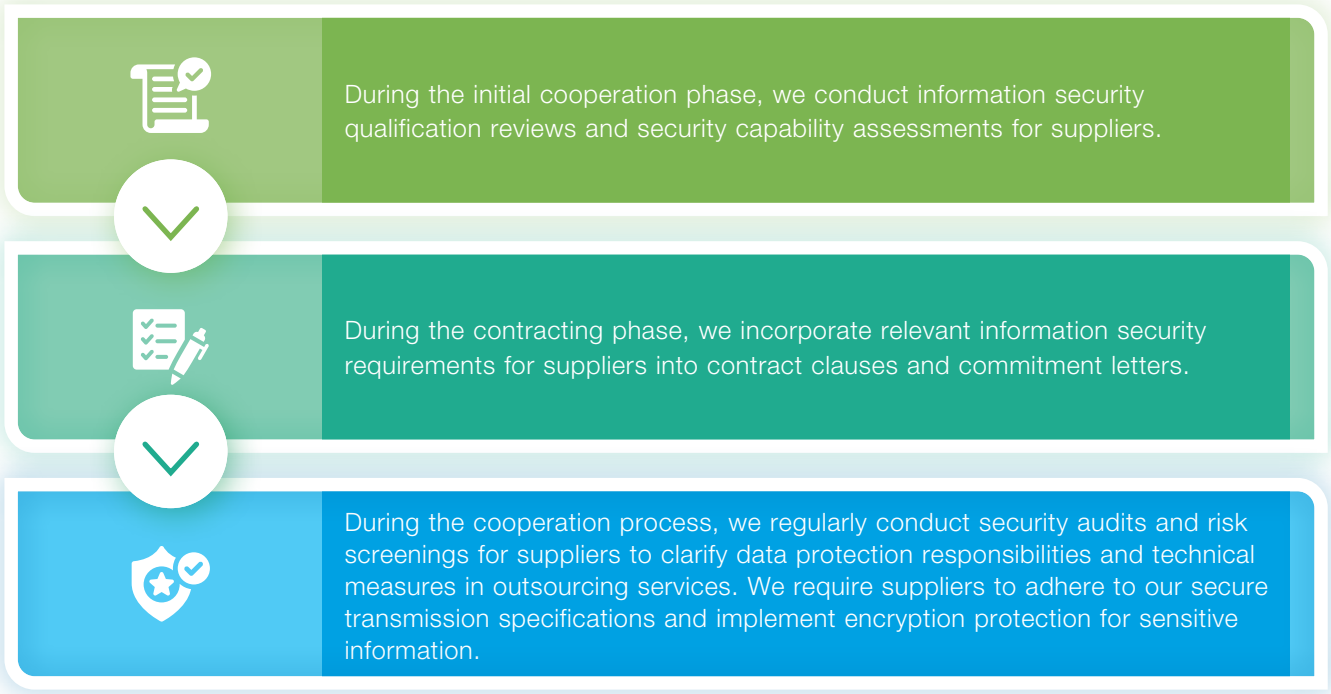
We firmly believe that a robust security defence begins with the security awareness of every employee. To strengthen information security awareness across our entire workforce, we disseminate fundamental security knowledge and communicate our information security policies to all employees through various channels, including training lectures, case sharing, security bulletins, and employee handbook briefings. These initiatives ensure that every employee understands their responsibility for the information they access. We conduct irregular information security awareness training and assessments for all employees. Additionally, we invite data security experts to provide specialised information security training for personnel in relevant positions within our Digital Intelligence Management Department and various business/functional departments, helping employees enhance their professional capabilities. During the reporting period, the Group organised a total of 10 information security training sessions, covering topics such as enhancing cybersecurity and data security awareness, anti-fraud and information protection, data lifecycle management, and secure operation of office and information systems, with a total of 33,339 participations.

Data Governance Training

Furthermore, we actively encourage all employees to report or provide feedback to our Digital Intelligence Management Department upon discovering any information security issues or risks. We provide appropriate rewards to employees who proactively report security hazards or propose improvement suggestions, thereby fostering a corporate culture where “security is everyone’s responsibility”.

Third-Party Information Security Management

We focus not only on information security within our own operations but also on potential information security issues that our partners, such as suppliers, may encounter during business interactions. Regarding suppliers, we have formulated the Supplier Code of Conduct and the Supplier Information Security Management Policy. We have established a data protection plan covering the entire data lifecycle. Through mechanisms for entry qualification, continuous supervision and review, and dynamic change management, we ensure that data security risks remain controllable throughout our third-party cooperation processes:



Privacy Protection

Respecting and protecting the privacy rights of our stakeholders is the cornerstone of building trust with both internal and external stakeholders. We prevent unauthorised access, tampering, leakage, or destruction of data and information by advancing institutional development, implementing internal standards, strengthening technical safeguards, and conducting company-wide awareness campaigns. These efforts ensure the privacy security of our stakeholders:

- We have formulated and continuously refined policies such as the Confidentiality Policy and the Customer Privacy Protection Policy. These documents clearly define our obligations regarding customer information confidentiality and establish management mechanisms for the entire lifecycle of customer data – including collection, storage, usage, transmission, sharing, and destruction – thereby standardising our privacy protection practices.

- We strictly enforce data security management specifications and implement protective measures such as access control, encrypted transmission, and log auditing. Specific examples include:
  - The hardware and software configurations of all computers are centrally managed by our Digital Intelligence Management Department. Private connections of external peripherals and the installation of unauthorised software are strictly prohibited.
  - Following the "least privilege" principle, we have strictly set access permissions for data information;
  - We apply technical encryption to sensitive data, such as customer records and product drawings. Decryption for transmission or usage is permitted only after obtaining formal approval.
- We conduct educational campaigns to communicate our privacy protection policies and confidentiality measures to all employees. Furthermore, we sign confidentiality agreements with employees in specific roles as well as with customers, suppliers, and other business partners to mitigate the risk of privacy breaches.
- We have established a reporting mechanism for customer privacy security incidents. In the event of such an incident, employees are required to immediately report to our Marketing centre and Digital Intelligence Management Department. Relevant departments will then rapidly activate emergency plans to address and manage the risk, striving to avoid or mitigate any negative impact.

Our Code of Business Conduct also clarifies our stance and actions regarding customer privacy protection:

We provide customer information to third parties only when it complies with legal requirements, when we have obtained the customer's explicit consent, or when it is strictly necessary for providing our products or services.

We properly retain customer information for a reasonable period, in accordance with legal requirements and actual business needs.

All employees must strictly comply with relevant laws, regulations, and internal policies throughout the entire lifecycle of customer information – collection, usage, storage, and destruction – and faithfully fulfill their confidentiality obligations.

We collect, use, and store customer information only when it is lawful and necessary. Furthermore, we inform customers at the point of collection to obtain their explicit authorisation.

We fully safeguard the legal rights of customers regarding their information. This includes the right to consent to or refuse the collection and usage of their data, as well as the rights to access, copy, modify, and delete their information.

During the reporting period, no customer privacy leakage incidents have occurred within our Group.

RESPONDING TO CLIMATE CHANGE

Addressing climate change has been a core issue for enterprises to achieve long-term stable operations and high-quality development, and a key driver for enterprises to transform and upgrade and build future competitiveness. Proactively managing climate-related risks and capturing low-carbon opportunities have become a strategic necessity for maintaining resilience and achieving sustainable growth. Throughout the development of the Group, climate considerations are systematically integrated into development strategies, business decision-making and daily management. Efforts are undertaken around reducing greenhouse gas emissions, enhancing energy efficiency and strengthening climate resilience. On the basis of compliance with applicable laws and regulations, and in light of industry characteristics and regional resource endowments, the Group has coordinated the advancement of clean energy utilisation, process and technological upgrades, and green supply chain development, thereby steadily reducing exposure to climate-related risks and enhancing operational resilience. Through the dual drivers of institutional development and practical implementation, the Group continuously refines its climate governance and risk response mechanisms, promoting the deep integration of emission reduction targets with business development, and achieving a virtuous cycle between the fulfilment of environmental responsibilities and sustainable corporate growth.

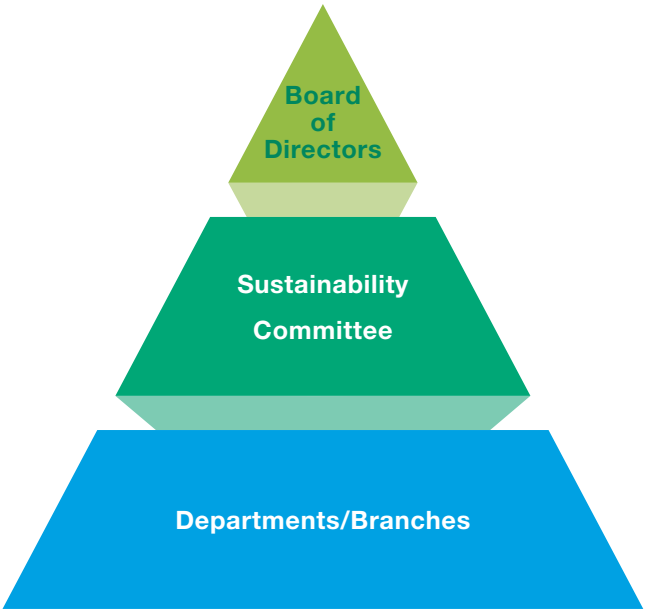
Climate Governance

We have attached great importance to the environmental, social and economic impacts brought about by climate change, and have established and continuously refined our climate change management system and related policies, systematically incorporating climate change management into our ESG governance framework.

The Board, as the highest decision-making and oversight body, assumes ultimate responsibility for climate change-related matters of the Group. It is responsible for reviewing and approving climate strategies, targets and major matters, overseeing the identification, assessment and management of climate-related risks and opportunities, and ensuring the adequacy and effectiveness of relevant resources, policies and internal control systems.

The Board establishes a Sustainability Committee, which is responsible for coordinating the analysis, communication, assessment, and reporting of sustainability-related matters, including climate change. The Committee, taking into account the Group's business operations, regularly monitors information on updates to policies and regulations, changes in the market environment, extreme weather impacts, energy usage, greenhouse gas emissions, and the progress of key emission reduction projects. It also organizes relevant departments and branches to identify, assess, and continuously monitor climate-related risks and opportunities. All functional departments of the Group (including the Finance Department, Environmental Protection Company, and Safety Supervision Department) and its subsidiaries conduct annual internal analyses and communications on climate-related risks and opportunities, carrying out assessment and implementation tasks according to their respective responsibilities. This supports the gradual integration of climate considerations into financial analysis, risk management, and business decision-making processes. The Sustainability Committee oversees the review of these assessments and implementation results, and submits reports on significant risks, opportunities, and response progress to the Board for deliberation.

Through the governance structure of "Board –Sustainability Committee – Departments/Branches", we have continuously enhanced our climate governance capabilities, promoting the Group's steady response to climate change challenges and achieving long-term sustainable development.



The Group's Climate Governance Structure

We have incorporated climate change-related indicators, including energy conservation and efficiency improvement, into the performance appraisal system for management at all levels, and have linked senior management remuneration to key indicators such as the implementation progress and effectiveness evaluation of energy conservation and emission reduction projects. At the same time, through the cascading of targets, energy conservation and emission reduction requirements have been integrated into employees' performance-based remuneration assessment. For employees whose assessment results have not met expectations, we have provided targeted guidance and support to continuously enhance overall execution effectiveness.

Through regular professional training, external expert guidance, cross-departmental practices and knowledge-sharing mechanisms, we have continuously enhanced the expertise of the Board and the Sustainability Committee in areas such as climate risk, carbon management and sustainable development, ensuring that the Group's Board and Sustainability Committee are able to effectively oversee and promote the implementation of the Group's climate policies and measures.

Climate Strategy

We selected two contrasting scenarios – SSP1-2.6, representing a low-carbon transition pathway, and SSP5-8.5, representing a high-emissions pathway – based on our "25•55 Dual Carbon" targets[1] and business planning, and conducted assessments of climate physical risks and transition risks over the short, medium and long term. These scenarios help us comprehensively reflect climate-related risks and uncertainties that may arise under different policy, energy, technology, market and extreme weather conditions. Taking into account the characteristics of the Group's energy use, asset footprint and production model, they enable us to effectively assess risks across different time horizons and review the resilience of our business.

- ✓ Under the SSP1-2.6 (sustainability) scenario, compared with 1850-1900, the global surface temperature is projected to increase by 1.3℃-2.4℃ during 2081-2100, while global mean annual land precipitation is expected to rise by approximately 0%-6.6%. Compared with 1995-2014, the global mean sea level is projected to increase by approximately 0.32-0.62 meters by 2100.

- ✓ Under the SSP5-8.5 (high emissions, high growth) scenario, compared with 1850-1900, the global surface temperature is projected to increase by 3.3℃-5.7℃ during 2081-2100, while global mean annual land precipitation is expected to rise by approximately 1%-13%. Compared with 1995-2014, the global mean sea level is projected to increase by approximately 0.63-1.01 meters by 2100.

During the 2025 reporting period, we conducted climate scenario analysis on the assumption that our business model, core assets and major operating regions would remain broadly stable, based on climate science information available up to the end of the reporting period and with reference to prevailing policies, market conditions, technology trends and our existing management framework. The analysis indicates that under different scenarios, acute and chronic physical risks may affect the Group's operations, investment decisions and value chain collaboration to varying degrees, thereby further supporting the Group's continued optimisation of its low-carbon transition and risk management strategies.

Given uncertainties in the external environment, the Group has established corresponding capabilities to adjust and adapt to climate change. The major areas of uncertainty considered include the pace of policy implementation, changes in energy and carbon markets, technological development, and the evolution of extreme weather events. Leveraging our existing governance framework, the Group will progressively integrate climate-related considerations into financial analysis, risk management and operational decision-making, while advancing transition and adaptation measures such as energy structure optimisation, circular economy development and technological innovation. Going forward, the Group will align with its short-, medium- and long-term planning to dynamically optimise capital expenditure, production capacity layout, technology pathways and value chain coordination, and continuously enhance climate resilience.

Under both scenarios, we identify physical climate risks including river flooding, extreme rainfall flooding, typhoons, extreme high temperatures, landslides, droughts, sea level rise, mean temperature increase, water supply shortages/water quality deterioration, and ecosystem degradation. Using assessment tools such as Think Hazard!, COASTAL RISK SCREENING TOOL, and Aqueduct 4.0, these risks are evaluated and classified into four levels: high, medium, low, and very low, with corresponding mitigation strategies developed.

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[1] "25•55 Dual Carbon" targets: refers to achieving carbon peaking by 2025 and net-zero emissions in our own operations by 2055 under the existing business framework.

Physical Risk Rating Table

Risk Rating High Medium Low Very low

Acute Physical Risks	Assessment of Impacts on Key Operating Locations of the Group											
	Binzhou, Shandong Province, China		Weihai, Shandong Province, China		Linyi, Shandong Province, China		Wenshan Zhuang and Miao Autonomous Prefecture, Yunnan Province, China		Honghe Hani and Yi Autonomous Prefecture, Yunnan Province, China		Ketapang Regency, West Kalimantan Province, Indonesia	
	SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5
River Flooding												
Extreme Rainfall Flooding												
Typhoons												
Extreme High Temperatures												
Landslides												
Droughts												

Chronic Physical Risks	Assessment Timeframe	Assessment of Impacts on Key Operating Locations of the Group											
		Binzhou, Shandong Province, China		Weihai, Shandong Province, China		Linyi, Shandong Province, China		Wenshan Zhuang and Miao Autonomous Prefecture, Yunnan Province, China		Honghe Hani and Yi Autonomous Prefecture, Yunnan Province, China		Ketapang Regency, West Kalimantan Province, Indonesia	
		SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5
Sea Level Rise[2]	Short-term (2021–2040)												
	Medium-term (2041–2060)												
	Long-term (2081–2100)												
Mean Temperature Increase[3]	Short-term (2021–2040)												
	Medium-term (2041–2060)												
	Long-term (2081–2100)												
Water Supply Shortages/Water Quality Deterioration[4]	Short-term (2030)												
	Medium-term (2050)												
	Long-term (2080)												
Ecosystem Degradation[5]	Short-term (2021–2040)												
	Medium-term (2041–2060)												
	Long-term (2081–2100)												

2 Using 1995–2014 as the baseline period, a dedicated assessment of sea level rise was conducted for three time horizons: short-term (2021–2040), medium-term (2041–2060), and long-term (2081–2100). Based on Intergovernmental Panel on Climate Change (IPCC) climate scenario data, under the SSP1-2.6 scenario, compared with the baseline period, projected sea level rise in East Asia is 0.2 m, 0.4 m, and 0.8 m for the short, medium, and long term respectively (95% confidence level); and in Southeast Asia, 0.2 m, 0.3 m, and 0.8 m (95% confidence level). Under the SSP5-8.5 scenario, compared with the baseline period, projected sea level rise in East Asia is 0.2 m, 0.5 m, and 1.2m for the short, medium, and long term respectively (95% confidence level); and in Southeast Asia, 0.2 m, 0.4 m, and 1.1 m (95% confidence level). Using the COASTAL RISK SCREENING TOOL, these sea level projections were applied to simulate and assess the extent and risk levels of sea level rise impacts on the Group's operating locations.

3 Using 1995–2014 as the baseline period, a dedicated assessment of average temperature trends was conducted for three time horizons: short-term (2021–2040), medium-term (2041–2060), and long-term (2081–2100). Based on IPCC climate scenario data, under the SSP1-2.6 scenario, compared with the baseline period, the projected average temperature increases are 1.4°C, 1.9°C, and 2.4°C for East Asia (95% confidence level), and 0.8°C, 1.2°C, and 1.5°C for Southeast Asia (95% confidence level). Under the SSP5-8.5 scenario, compared with the baseline period, the projected average temperature increases are 1.6°C, 2.9°C, and 6.5°C for East Asia (95% confidence level), and 1.0°C, 2.0°C, and 4.3°C for Southeast Asia (95% confidence level). Following the standards of the IPCC Sixth Assessment Report, a classification of continuous average temperature increase was conducted based on these projections.

4 Using the period 1979–2019 as the baseline, under a pessimistic climate scenario, water stress for the key years 2030, 2050, and 2080 is analyzed based on Coupled Model Intercomparison Project Phase 6 climate forcing models, integrated with the Aqueduct 4.0 dataset and per capita water resource data for each Chinese province.

5 Based on the standards of the IPCC Sixth Assessment Report (AR6), the risk level of ecosystem degradation is assessed according to projected changes in average temperature.

Our Group has identified the core impacts of major climate-related risks and opportunities on its own operations and financial aspects, and provides qualitative disclosures below on the existing and expected financial impacts of each factor. Affected financial statement items cover fixed assets, revenue, asset impairment losses, administrative expenses and capital expenditures, among others. As the assets or business activities affected by climate-related transition risks, physical risks, and opportunities, as well as the related capital expenditures, financing, or investment arrangements, are still primarily coordinated under an overall business and project management model, and given the lack of a unified basis for quantitative statistics and the high uncertainty in impact measurement, our Group is currently unable to provide quantitative disclosure on the financial position, financial performance, and cash flows for a single climate-related risk or opportunity in a reasonable and cost-effective manner. As at the end of the reporting period, our Group has not identified any material climate-related risks and opportunities that would cause a material adjustment to the carrying amounts of assets and liabilities in the next reporting period.

Physical Risk Type and Physical Risk Impact Description	Response Measures	Likelihood of Risk Occurrence[6]	Impact Timeframe[7]	Impact Scope	Financial Impact
Acute Physical Risk – Frequent or Intensifying Extreme Weather Events					
The frequent occurrence and intensification of extreme weather events such as hurricanes, floods, wildfires, droughts, and heatwaves may lead to the destruction of some of our Group's production facilities and office buildings, potentially affecting production, warehousing, and office operations, as well as upstream and downstream supply in the short term, thereby causing repair and restoration expenditures, insurance costs, losses from work stoppages, and the risk of asset impairment.	1. Enhanced Physical Resilience: - Selecting plant sites in areas with higher terrain, ensuring the plant's elevation is higher than surrounding roads, and building independent drainage and irrigation systems. - Reinforcing and maintaining plants and facilities, and equipping them with engineering facilities for flood control, wind protection, and fire protection. - Reducing wildfire risks for new energy projects in Yunnan through engineering measures such as clearing weeds, setting up fire breaks and fire trenches. 2. Disaster Prevention Inspections and Emergency Preparedness: - Establishing a regular inspection mechanism, including regular patrols by personnel in vehicles, regular drone inspections, and real-time monitoring by smart cameras. - Conducting targeted disaster prevention preparations and inspections based on the characteristics of different seasons and regions, and regularly inspecting protective facilities such as drainage outlets and perimeter walls. - Stockpiling emergency supplies in advance to respond to extreme weather.	Very likely	Short-term	Value chain upstream, operations, and value chain downstream	Assets and Liabilities, Expenditures

6 The likelihood of risk occurrence is classified as almost certain, very likely, likely, unlikely, and almost impossible. Almost certain means a major event will occur at least once in the next year, or it occurs frequently in daily operations; Very likely means a major event may occur once in the next year, or it occurs frequently in daily operations; Likely means a major event may occur once in the next year, or it occurs only under certain circumstances in daily operations; Unlikely means a major event may occur once in the next 5-10 years, or it occurs only in rare circumstances in daily operations; Almost impossible means a major event is likely to occur less than once in the next 10 years, or it generally does not occur in daily operations.

7 The impact timeframe is divided into short-term, medium-term, and long-term. Short-term generally refers to the period from 1 year to 5 years (inclusive of 1 year) after the end of our Group's sustainability information reporting period; Medium-term generally refers to the period from 5 years to 10 years (inclusive of 5 years) after the end of our Group's sustainability information reporting period; Long-term generally refers to the period of more than 10 years after the end of our Group's sustainability information reporting period. This impact timeframe is determined with reference to our Group's operating budget cycle, strategic planning cycle, and major investment decisions and capital expenditure arrangements, to support the phased assessment and management of climate-related risks and opportunities.

Physical Risk Type and Physical Risk Impact Description	Response Measures	Likelihood of Risk Occurrence[6]	Impact Timeframe[7]	Impact Scope	Financial Impact
	3. Financial Risk Transfer: - Purchasing adequate property insurance and regularly reviewing the coverage of policy terms 4. Monitoring and Assessment: - For projects in Yunnan, deploy 24-hour wildfire monitoring equipment. - The Indonesian company has equipped the port with radar to monitor wind speed. If the speed exceeds 12 m/s, the emergency plan is activated to suspend operations, with dedicated personnel on duty to execute the emergency procedures. - Conduct an annual disaster assessment of plants, steel structures, and all production-related facilities.				
The increasing frequency and intensity of extreme weather events such as typhoons, floods, wildfires, droughts, and heatwaves may cause short-term disruptions to upstream supply and logistics arrangements, leading to production halts, affecting downstream order fulfillment, and resulting in higher procurement, transportation, and inventory management costs, as well as order delays and revenue losses.	1. Supply Chain Resilience Building: - Promoting supplier diversification, establishing and allocating supply sources in multiple regions to reduce dependence on a single region or supplier. - Jointly assessing climate risks with key suppliers and requiring them to develop emergency plans. - Adjusting transportation routes and increasing the proportion of rail transport to reduce the impact of extreme weather on logistics. - Subsidiaries, such as PT. Well Harvest Winning, have adopted fully enclosed conveyor belts and pipeline pumps for transportation to reduce the impact of heavy rain on loading, unloading, and transport. 2. Operational Continuity Management: - A combination of self-owned and third-party warehousing is adopted to disperse warehousing and logistics risks and increase safety stock of key raw materials and finished products. 3. Digital Monitoring: - Utilizing technology platforms to monitor global weather and supply chain node status in real-time for early warnings.	Very likely	Short-term	Value chain upstream, operations, and value chain downstream	Expenditures, Revenue

Physical Risk Type and Physical Risk Impact Description	Response Measures	Likelihood of Risk Occurrence[6]	Impact Timeframe[7]	Impact Scope	Financial Impact
The frequent occurrence of extreme weather events such as hurricanes, floods, wildfires, droughts, and heatwaves may threaten the health and safety of our Group's employees and contractors, increasing medical and occupational health expenditures, insurance and compensation costs, and human resource allocation costs, and have a certain impact on production and operations.	1. Preventive Measures and Facilities: - Equipping workplaces with emergency shelters, ventilation/cooling systems, and backup communication equipment. - Implementing flexible work arrangements or remote work when extreme weather warnings are issued. 2. Emergency Plans and Response: - Formulating and continuously improving emergency plans for extreme weather and natural disasters. - Synchronizing emergency plans with downstream customers and promoting the implementation of training and drill requirements. - Organizing regular emergency drills, including evacuation, rescue, and medical assistance procedures. - Establishing an emergency contact list to ensure all employees can be contacted promptly. 3. Training and Care: - Providing employees with training on disaster prevention, avoidance, and first aid knowledge. - Providing relevant insurance for employees.	Very likely	Short-term	Value chain upstream, operations, and value chain downstream	Assets and Liabilities, Expenditures
Chronic Physical Risk – Sea Level Rise					
Sea level rise may lead to the inundation of key assets such as coastal production bases and port facilities, potentially rendering certain areas unsuitable for operation or affecting the stability of production, operations, and upstream/downstream supply, and leading to increased expenditures on protective engineering, maintenance, relocation, and insurance, as well as the risk of asset impairment.	1. Defensive Adaptation: - The risk of sea level rise is considered in the planning and construction of coastal assets, with sites selected at an elevation of 5-6 meters above sea level. - Investing in the construction of protective facilities around key coastal assets. 2. Strategic Retreat/Transformation: - Avoiding high-risk areas of sea level rise when selecting sites for new projects. 3. Financial Risk Transfer: - Purchasing adequate property insurance and business interruption insurance, and ensuring they cover assets affected by risks related to sea level rise.	Unlikely	Short and medium term	Value chain upstream, operations, and value chain downstream	Assets and Liabilities, Revenue

Physical Risk Type and Physical Risk Impact Description	Response Measures	Likelihood of Risk Occurrence[6]	Impact Timeframe[7]	Impact Scope	Financial Impact
Chronic Physical Risk – Mean Temperature Increase					
A continuous rise in average temperature will increase pressure on energy production and supply, leading to higher energy costs for office and production sites, thereby increasing operating expenditures.	1. Energy Efficiency Improvement: - Carrying out energy-saving retrofits on existing HVAC systems or replacing them with high-efficiency equipment. - Carrying out energy-saving retrofits on buildings. 2. Energy Management: - Installing smart meters and energy management systems to monitor and optimize energy consumption in real-time. - Adjusting work shifts to increase operations during off-peak hours (e.g., at night) to take advantage of lower electricity prices. - Building new renewable energy sources to achieve partial self-sufficiency in electricity consumption.	Likely	Short and medium term	Operations	Assets and Liabilities, Expenditures
A continuous rise in average temperature may reduce the work efficiency of employees in outdoor and high-temperature environments, increasing costs for human resource allocation, occupational health protection, insurance, and operational management.	1. Work Arrangement Optimization: - Adjusting outdoor work hours to avoid the hottest parts of the day. - Increasing shift frequency and rest time on days of extreme heat/cold. 2. Engineering and Protective Measures: - Providing cooling equipment for outdoor employees. - Providing personal protective equipment. 3. Health and Training: - Providing heatstroke prevention and cooling supplies. - Conducting pre-work blood pressure monitoring and warnings for special groups such as older employees, and equipping with Automated External Defibrillators (AEDs) and emergency medicines. - Strengthening safety training for high-temperature work and disseminating knowledge on heat-related illness prevention. - Providing health check-ups for employees to ensure they are in good physical condition.	Likely	Long-term	Operations	Expenditures

Physical Risk Type and Physical Risk Impact Description	Response Measures	Likelihood of Risk Occurrence[6]	Impact Timeframe[7]	Impact Scope	Financial Impact
Rising temperatures may render certain areas unsuitable for operation, thereby affecting the stability of production, operations, and upstream/downstream supply, leading to increased equipment retrofitting, relocation, backup deployment, and capital expenditure, and giving rise to risks of asset impairment and reduced operating income.	1. Formulating Long-term Strategic Plans: – Conducting climate scenario analysis to assess the long-term viability of existing operational locations under different warming scenarios – Incorporating climate risks as a key consideration in site selection decisions for new investments 2. Enhanced Operational Resilience: – Investing in a distributed operational model to reduce dependence on a single geographical area 3. Adaptation and Transformation: – Increasing investment in adaptive technologies, such as investing in more powerful cooling systems to cope with high-temperature weather	Unlikely	Long-term	Value chain upstream, operations, and value chain downstream	Assets and Liabilities, Revenue
Chronic Physical Risk – Water Supply Shortages or Deterioration in Water Quality					
Tight water resource supply may affect our Group's production and business activities, increasing the management demand for water in production and daily operations, thereby raising costs for water intake, storage, water-saving retrofits, and alternative water source development, and having a certain impact on the stability of upstream supply and downstream customer delivery.	1. Water Conservation and Efficiency Improvement: – Establishing water recycling systems, adopting water-saving technologies and equipment, and conducting leak detection and repair – Incorporating water conservation targets into the performance assessment of various departments – Promoting the concept of water conservation 2. Water Source Diversification and Self-sufficiency: – Developing alternative water sources, such as collecting rainwater, building reclaimed water reuse facilities, and using seawater reverse osmosis technology for water treatment	Very likely	Short, medium, and long term	Value chain upstream, operations, and value chain downstream	Assets and Liabilities, Expenditures
Deterioration of water quality will lead to increased water treatment costs, affect the stability of upstream water supply and the operation of related public utilities, thereby increasing water intake and usage costs.	1. Seeking Backup Water Sources: – Actively seeking and testing backup water sources, such as municipal tap water, collected rainwater, or purchased nearby reclaimed water, to diversify risks 2. Participating in Governance at the Source: – Cooperating with local governments and other enterprises to participate in watershed protection and improve the quality of incoming water at the source	Unlikely	Short, medium, and long term	Operations	Expenditures

Physical Risk Type and Physical Risk Impact Description	Response Measures	Likelihood of Risk Occurrence[6]	Impact Timeframe[7]	Impact Scope	Financial Impact
Chronic Physical Risk – Ecosystem Degradation					
Ecosystem degradation may expose some operational sites to natural disasters such as floods, landslides, and soil erosion, which could directly damage or destroy fixed assets like production bases, warehouses, and office buildings, leading to operational interruptions, increased expenditure on protective engineering, and asset impairment.	1. Carrying out Ecological Protection: - Investing in ecological restoration projects around plant areas to enhance natural buffering capacity 2. Engineering Protection: - Constructing or reinforcing protective facilities against specific disasters (such as landslides and mudflows) 3. Risk Monitoring: - Building a digital biodiversity management platform, using intelligent technologies to monitor species and habitats, and promptly identifying ecological risks	Likely	Short, medium, and long term	Operations	Assets and Liabilities

Combining our "25•55 Dual Carbon" goals with our business development plans and strategies, we have selected the Net Zero Emissions by 2050 Scenario (NZE) and the Stated Policies Scenario (STEPS) from the five scenarios in the IEA's model to identify and assess the short-, medium-, and long-term transition risks and opportunities faced by our Group's business development due to climate change challenges, and to formulate and timely improve response measures to continuously strengthen corporate climate resilience.

In the Net Zero Emissions by 2050 Scenario (NZE), global energy-related carbon dioxide emissions will reach net zero by 2050, thereby helping to limit the global temperature rise to within 1.5°C. In the Stated Policies Scenario (STEPS), which only considers specific policies already enacted or announced by governments, annual CO_2 emissions from energy and industrial processes will rise from 34 gigatonnes in 2020 to 36 gigatonnes in 2030 and remain at a similar level until 2050. If emissions continue on this trend, there is a 50% probability that the global temperature will rise by about 2.7°C by 2100; By 2050, the share of renewable energy in global electricity generation will be close to 55%; Between 2020 and 2050, global coal use will decrease by 15%, oil use will increase by 15%, while the increase in natural gas use will be close to 50%. Based on the analysis of the two scenarios above, our Group has identified policy risks, legal risks, technology risks, market risks, and reputational risks, and has formulated corresponding response measures for different risk types.

Transition Risk Type and Transition Risk Impact Description	Response Measures	Likelihood of Risk Occurrence[8]	Impact Timeframe[9]	Impact Scope	Financial Impact
Policy Risk – Carbon Pricing Mechanism					
The implementation of carbon taxes, emissions trading systems, etc., by governments may raise our Group's management requirements for emissions management, energy use, and compliance, thereby increasing investment in energy-saving and emission-reduction equipment and raising compliance costs.	1. Internal Emission Reduction: – Investing in energy-saving technologies and equipment to improve energy efficiency – Substituting with clean energy – Optimizing production processes to reduce carbon emissions at the source 2. Utilization of Market Mechanisms: – Actively participating in the carbon trading market for the buying and selling of carbon allowances – Developing or purchasing certified carbon credits (carbon offsets) for compliance	Very likely	Short, medium, and long term	Operations	Assets and Liabilities, Expenditures
Policy Risk – Mandatory Reporting Requirements					
The need to follow frameworks or rules such as the ISSB standards and Securities Exchange information disclosure guidelines for climate information disclosure may increase our Group's requirements for ESG data collection, internal control, information verification, and disclosure management, and increase expenditures on compliance preparation, system construction, training, and external assurance.	1. ESG Capacity Building: – Establishing a cross-departmental ESG data collection and management system – Providing specialized ESG training for relevant employees 2. Process Standardization: – Formulating standardized internal ESG information collection and verification processes – Engaging independent third-party assurance providers to assure the report to enhance credibility 3. Proactive Management: – Regularly tracking the latest changes in ESG reporting rules in various countries and regions	Almost certain	Short, medium, and long term	Operations	Expenditures

8 The likelihood of risk occurrence is classified as almost certain, very likely, likely, unlikely, and almost impossible. Almost certain means a major event will occur at least once in the next year, or it occurs frequently in daily operations; Very likely means a major event may occur once in the next year, or it occurs frequently in daily operations; Likely means a major event may occur once in the next year, or it occurs only under certain circumstances in daily operations; Unlikely means a major event may occur once in the next 5-10 years, or it occurs only in rare circumstances in daily operations; Almost impossible means a major event is likely to occur less than once in the next 10 years, or it generally does not occur in daily operations.

9 The impact timeframe is divided into short-term, medium-term, and long-term. Short-term generally refers to the period from 1 year to 5 years (inclusive of 1 year) after the end of our Group's sustainability information reporting period; medium-term generally refers to the period from 5 years to 10 years (inclusive of 5 years) after the end of our Group's sustainability information reporting period; Long-term generally refers to the period of more than 10 years after the end of our Group's sustainability information reporting period.

Transition Risk Type and Transition Risk Impact Description	Response Measures	Likelihood of Risk Occurrence[8]	Impact Timeframe[9]	Impact Scope	Financial Impact
Policy Risk – Industry-specific Regulatory Tightening					
The raising of energy efficiency standards, fuel economy standards, and product carbon footprint thresholds may elevate the requirements for our Group's existing equipment and products in terms of technology, energy efficiency, and compliance. This may prompt our Group to accelerate asset upgrades, process optimization, and investment assessment arrangements, and affect related asset management and retrofitting expenditures.	1. Forward-looking Monitoring: – Appointing dedicated personnel and positions to continuously monitor policy trends and conduct impact analysis 2. Asset and Investment Management: – Formulating an asset upgrade or phase-out roadmap and making corresponding provisions for asset impairment – Using new regulatory requirements as a mandatory threshold for new project investment decisions	Likely	Medium and long term	Operations	Assets and Liabilities, Expenditures
Policy Risk – Subsidy Policy Withdrawal					
The reduction or cancellation of government subsidies for high-carbon-emission industries may reduce some of our Group's policy-based income support.	Financial Resilience Building: – Reducing reliance on subsidy income and enhancing our own profitability – Incorporating the impact of subsidy phase-outs into financial budgets and investment decisions	Likely	Short, medium, and long term	Operations	Revenue
Legal Risk – Litigation Risk					
If climate risk management or related information disclosure fails to adequately respond to regulatory requirements and stakeholder expectations, our Group may face legal challenges, leading to increased compliance efforts and related expenditures, reputational damage, and an adverse impact on revenue.	1. Enhanced Risk Management: – Integrating climate risk into our Group's comprehensive risk management framework – Establishing a prudent internal approval process for climate-related information disclosure to avoid "greenwashing" 2. Compliance and Insurance: – Conducting regular compliance audits in the ESG field – Purchasing relevant insurance such as Directors and Officers' liability insurance to transfer financial risks 3. Stakeholder Communication: – Maintaining frank and transparent communication with investors, communities, etc.	Unlikely	Short and medium term	Operations	Expenditures, Revenue

Transition Risk Type and Transition Risk Impact Description	Response Measures	Likelihood of Risk Occurrence[8]	Impact Timeframe[9]	Impact Scope	Financial Impact
Technology Risk – Alternative Technology Competition					
Continuous advancements in green and low-carbon technologies, increased industry competition, and accelerated adjustments in downstream customer procurement preferences may affect our Group's production technology and product layout, leading to increased R&D investment and impacting revenue.	1. Strategic Insight and Analysis: – Establish a dedicated technology R&D team to continuously track the R&D progress and cost curves of cutting-edge technology roadmaps 2. Proactive Participation and Strategy: – Strategically invest in promising cutting-edge technology projects – Establish strategic partnerships or alliances to obtain key technology licenses or jointly develop cutting-edge technological achievements 3. Internal Transformation: – Shift R&D focus to low-carbon, sustainable technology and product solutions	Likely	Short, medium, and long term	Value chain upstream, operations, and value chain downstream	Assets and Liabilities, Expenditures, Revenue
Technology Risk – Investment Support for Existing Assets and Supply Chain					
Maintaining the compliant operation and stable use of existing high-carbon assets (such as coal-fired power plants) and related supporting systems may increase our Group's capital requirements for asset upgrades, equipment retrofitting, and continuous investment, and affect related assets and liabilities.	1. Asset Optimization and Phase-out Plan: – Conduct "stranded risk" assessments on existing assets and develop a clear roadmap for asset upgrades, retrofitting, or early retirement – For existing assets that must be maintained, conduct strict cost-benefit analyses and prioritize investing in projects with the highest rates of return 2. Supply Chain Reshaping: – Promote low-carbon transformation among existing suppliers – Gradually develop and introduce green suppliers that meet future standards to reduce reliance on high-carbon supply chains	Likely	Short and medium term	Operations	Assets and Liabilities
Technology Risk – Failure to Invest in New Technologies					
If the R&D results of green and low-carbon technologies fall short of expectations, it may extend our Group's technology upgrade payback period and increase expenditures on R&D, testing, and pilot programs.	1. Diversified Technology Portfolio: – Disperse the failure risk of a single technology route through cooperative R&D, participation in industry alliances, etc. 2. Building an Innovation Ecosystem: – Establish cooperation with universities and research institutions, attract top external talent, and improve the success rate of R&D	Unlikely	Short, medium, and long term	Operations	Expenditures

Transition Risk Type and Transition Risk Impact Description	Response Measures	Likelihood of Risk Occurrence[8]	Impact Timeframe[9]	Impact Scope	Financial Impact
Market Risk – Changes in Consumer Preferences					
Consumers' growing preference for low-carbon and environmentally friendly products and services may drive up upstream raw material requirements and prompt adjustments in downstream customer procurement preferences, thereby affecting our Group's product development and certification expenditures, as well as sales revenue.	1. Product Innovation and Portfolio Optimization: – Increase R&D investment to develop new low-carbon and sustainable products – Optimize the existing product portfolio, gradually phase out high-carbon products, and increase the proportion of green products 2. Market Communication and Brand Reshaping: – Strengthen sustainable brand promotion and transparently disclose information such as product carbon footprints 3. Customer Relationship Management: – Establish strategic partnerships with major customers with low-carbon procurement needs to jointly develop solutions	Very likely	Short, medium, and long term	Operations	Expenditures, Revenue
Market Risk – Supply Chain Cost Volatility					
Suppliers raising prices due to transition risks may have a certain impact on upstream procurement costs, our Group's production cost control, and supply arrangements, thereby increasing expenditures.	1. Supply Chain Synergy and Partnerships: – Sign long-term pricing agreements with key suppliers to lock in costs and share benefits 2. Supply Chain Diversification and Resilience Building: – Promoting supplier diversification, establishing and allocating supply sources in multiple regions to reduce dependence on a single region or supplier – Conduct ESG risk assessments of suppliers and incorporate their ESG performance into procurement decisions	Likely	Short, medium, and long term	Value chain upstream, and operations	Expenditures
Market Risk – Limited Availability and/or Rising Costs of Recycled or Renewable Materials					
The tight supply and price volatility of key raw materials required for the green and low-carbon transition may affect upstream supply stability, our Group's production arrangements, and downstream customer deliveries, thereby increasing procurement and material management expenditures and having a certain impact on revenue.	1. Supply Chain Expansion and Reserves: – Establish stable supply channels for renewable or recycled materials through multiple channels to ensure sufficient supply 2. Technological Innovation and Materials Science: – Design products that are easy to recycle and disassemble to increase the material recycling rate 3. Circular Economy Model: – Establish a "production-recycling-reuse" closed-loop system to reduce reliance on virgin materials	Likely	Short, medium, and long term	Value chain upstream, operations, and value chain downstream	Expenditures, Revenue

Transition Risk Type and Transition Risk Impact Description	Response Measures	Likelihood of Risk Occurrence[8]	Impact Timeframe[9]	Impact Scope	Financial Impact
Market Risk – Financing Channel Constraints					
Financial institutions such as banks and investors incorporating climate risk as a key consideration in their decision-making may raise the financing threshold and funding arrangement requirements for some of our Group's projects, and affect the management of related assets and liabilities.	1. Proactive Communication and Information Disclosure: – Regularly publish high-quality ESG/sustainable development reports to proactively demonstrate our Group's climate risk management capabilities and transition strategy to financial institutions 2. Broadening Financing Channels: – Actively participate in the green finance market by issuing green bonds and sustainable development-linked loans	Unlikely	Medium and long term	Operations	Assets and Liabilities
Market Risk – Increased Concerns and Negative Feedback from Partners and Stakeholders					
If stakeholders have higher expectations for our Group's climate performance or ESG management effectiveness, it may increase our Group's costs in communication, response, and management coordination, and affect customer cooperation, investor confidence, and the pace of market expansion, thereby impacting revenue.	1. Establish a Proactive and Transparent Communication Mechanism: – Proactively disclose progress on climate targets and the management effectiveness of ESG-related issues of concern to stakeholders 2. Incorporating Feedback into Decision-Making: – Establish a systematic process for collecting, analyzing, and providing feedback on stakeholder opinions – Integrate the reasonable expectations and concerns of stakeholders into our Group's strategy and operational improvement and optimization measures	Unlikely	Medium and long term	Operations	Revenue
Reputation Risk – Damage to Brand Reputation					
If our Group's performance or communication on climate-related issues fails to adequately meet market expectations, it may impact our brand image and market perception, thereby affecting customer choices and revenue.	1. Substantive Review and Due Diligence: – Establish an internal audit and approval process for marketing claims to ensure all information is true and accurate 2. Practicing Responsible Marketing: – Adhere to sustainable marketing principles and avoid exaggeration – Focus on communicating specific, verifiable actions and results, rather than vague promises	Unlikely	Medium and long term	Operations	Revenue

Transition Risk Type and Transition Risk Impact Description	Response Measures	Likelihood of Risk Occurrence[8]	Impact Timeframe[9]	Impact Scope	Financial Impact
Reputation Risk – Industry Stigmatization					
If the industry in which we operate faces significant negative external attention due to climate or environmental issues, it may affect upstream willingness to cooperate, our Group's market communication and brand perception, and downstream customer procurement judgments, thereby impacting revenue.	1. Industry Collective Action and Advocacy: – Actively participate in or lead industry initiatives to jointly develop and implement low-carbon technology standards and best practices – Communicate the company's efforts and progress in promoting the industry's green transformation to society through industry platforms 2. Differentiation Strategy: – Demonstrate our performance through third-party certifications and ratings 3. Brand Promotion and Narrative: – Clearly articulate our Group's transformation story, highlighting our investment and contributions to solutions for the industry's green and low-carbon transition and to social responsibility	Almost Impossible	Medium and long term	Value chain upstream, operations, and value chain downstream	Revenue

Opportunity Type and Description of Opportunity Impact	Specific Measures	Impact Timeframe[10]	Impact Scope	Financial Impact
Resource Efficiency				
Through equipment upgrades, retrofitting and process optimisation, the Group can reduce its energy consumption and daily operating costs, enhance production efficiency and cost control capabilities, thereby reducing expenditures and increasing revenue.	1. Comprehensive Promotion of Green and Energy-Saving Technologies: – Invest in the upgrading and retrofitting of green energy-saving technologies, production processes, and equipment to significantly reduce energy consumption per tonne of aluminum, leading to a substantial decrease in electricity costs and an increase in gross profit margin 2. Motivating All Employees for Energy Conservation: – Incorporate energy consumption into employee performance appraisals to continuously promote energy conservation and carbon reduction efforts	Short, medium, and long term	Corporate Operations	Expenditures, Revenue

10 The impact timeframe is divided into short-term, medium-term, and long-term. Short-term generally refers to the period within 1 year (inclusive) after the end of our Group's sustainability information reporting period; medium-term generally refers to the period from 1 year to 5 years (inclusive) after the end of our Group's sustainability information reporting period; Long-term generally refers to the period of more than 5 years after the end of our Group's sustainability information reporting period. This impact timeframe is determined with reference to our Group's operating budget cycle, strategic planning cycle, and major investment decisions and capital expenditure arrangements, to support the phased assessment and management of climate-related risks and opportunities.

Opportunity Type and Description of Opportunity Impact	Specific Measures	Impact Timeframe[10]	Impact Scope	Financial Impact
By reducing raw material usage, increasing recycling rates and promoting recyclable product design, the Group can enhance its resource utilisation efficiency and recycling levels, reduce raw material input and waste disposal costs, and optimise asset utilisation and resource allocation, thereby affecting assets and liabilities, reducing expenditures and increasing revenue.	1. Building a Circular Economy Industrial Chain: – Expand recycled aluminum production capacity and establish a comprehensive scrap aluminum recycling network; Invest in facilities to recover metallic aluminum from aluminum dross, enhancing comprehensive resource utilization and generating additional income from recovered resources 2. Bauxite Residue Recycling and Utilization: – Mixing Bauxite Residue with other materials for use in road base layers and layered applications, as well as using it as a soil conditioner 3. Promoting the Circular Use of Packaging Materials: – Adopting intelligent steel pallets to replace traditional wooden pallets and aluminum sleeves to replace paper sleeves, achieving circular use of packaging materials	Short, medium, and long term	Corporate Operations	Assets and Liabilities, Expenditures, Revenue
Promoting water-saving technologies and water circulation systems helps reduce the Group's water stress and operating costs, enhance water resource utilization efficiency and operational stability, and thereby reduce expenditures.	Promoting Water Circulation Systems: – Vigorously promote the adoption of water-saving and recycled water utilization technologies, such as steam condensate reuse retrofitting, to reduce fresh water consumption, and maximize wastewater recycling by optimizing production processes, thereby enhancing water resource utilization efficiency and saving operating costs	Short, medium, and long term	Corporate Operations	Expenditures
Energy Sources				
Procuring or self-generating renewable energy (such as solar and wind power) helps increase our Group's proportion of green energy use, reduce reliance on traditional fossil fuels and the impact of energy price volatility, and enhance energy security and supply stability, thereby reducing expenditures.	1. Building a Green Energy Supply System: – Through capacity replacement and transfer, expand our presence in regions rich in renewable energy, increase development of photovoltaic and wind power projects, and advance the construction of electrode boilers and molten salt energy storage for steam supply, to build a stable, efficient, green, low-carbon, and multi-energy complementary energy supply system, increase the proportion of renewable energy, achieve a green energy transition, and simultaneously reduce energy costs and price volatility risks 2. Promoting Green Logistics: – Accelerate the large-scale application of our own new energy vehicles in the logistics segment, gradually replacing diesel vehicles; Replace road transport with belt conveyor transport in certain business segments to reduce energy consumption and carbon emissions in transportation	Short, medium, and long term	Value chain upstream, operations, and value chain downstream	Expenditures

Opportunity Type and Description of Opportunity Impact	Specific Measures	Impact Timeframe[10]	Impact Scope	Financial Impact
Products and Services				
Launching green and low-carbon products such as recycled aluminum helps our Group capture market demand for low-carbon materials and green products, optimize our product structure, expand our customer base and market space, and increase revenue.	Building a Green and Low-Carbon Product System: - Increase R&D investment in technologies such as integrated copper-carbon composite cathode (RuC) for aluminum electrolysis, dual-chamber furnace smelting, and new aluminum alloy materials to reduce the carbon footprint of aluminum products, and continuously carry out low-carbon certification for aluminum products - Launch green and low-carbon products such as recycled aluminum and new aluminum alloy materials, optimize the product structure, build green and low-carbon aluminum brands like HQALoop and HQALight, expand market space, and meet market demand for green and low-carbon products	Short, medium, and long term	Operations, and value chain downstream	Revenue
Introducing artificial intelligence (AI) technology helps our Group improve operational efficiency, reduce energy consumption and management costs, and enhance supply chain synergy and business resilience, thereby reducing expenditures and increasing revenue.	1. Comprehensively Empowering Business with AI and Digital Technology: - Launch a comprehensive digital transformation plan, building intelligent management platforms and monitoring systems: construct a "Future Electrolytic Aluminum Plant" in the electrolytic aluminum segment, develop the "Zhi Lv" large model, and use a synergy of large and small models for automatic control of key process parameters (temperature, current, etc.) to reduce the energy consumption of electrolytic cells; Construct a "Smart Alumina Plant" in the alumina segment to achieve process-level digitalization and visualized management of equipment, processes, and safety; Construct a "Smart Power Plant" in the thermal power segment, focusing on process optimization and machine algorithm applications, such as intelligent desulfurization, intelligent denitrification, and inspection robots and unmanned inspections, to continuously enhance the intelligence level of production; In the deep processing segment, through an "AI + Quality Inspection" scenario, achieve real-time machine vision quality inspection of aluminum plates and strips, replacing the original random inspection method to achieve full inspection, while piloting AI projects to model the furnace charging process using large model technology, thereby improving charging success rates and reducing energy consumption	Short, medium, and long term	Operations	Expenditures, Revenue

Opportunity Type and Description of Opportunity Impact	Specific Measures	Impact Timeframe[10]	Impact Scope	Financial Impact
	2. Enhancing Photovoltaic O&M Efficiency with Intelligent Technology: – Cooperate with Weiqiao-UCAS Research Institute to develop projects such as intelligent inspection, solar power forecasting, and robotic cleaning of photovoltaic panels to improve operational efficiency and achieve stable development			
Market				
Leveraging green and low-carbon technologies or products to enter high-end or emerging markets helps the Group enhance its brand competitiveness and market influence, seize emerging demands and growth opportunities, and increase revenue.	Creating a Hub for Aluminum-based Lightweighting: – Target emerging market trends and demands such as new energy vehicle lightweighting, focus on the R&D of a series of high-strength, high-toughness new aluminum alloy materials for new energy vehicles, build a full-process automotive lightweighting R&D and manufacturing base and a world-leading aluminum-based lightweighting research center, provide systematic solutions for automotive lightweighting, and while consolidating our leading position in the automotive lightweighting materials field, contribute to emission and consumption reduction and green development in the automotive industry	Short, medium, and long term	Operations	Revenue
Collaborating with suppliers and customers to develop low-carbon solutions helps strengthen upstream synergy, our Group's operational stability, and downstream customer relationships, enhancing supply chain resilience and value chain synergy, and increasing revenue.	Promoting Multi-party Collaboration in the Value Chain: – Through establishing a carbon emission accounting system, collaborative development of technologies and products, and scrap aluminum resource recycling models, promote multi-party collaboration among upstream and downstream enterprises in the value chain, strengthen green management throughout the product life cycle, build a new circular economy model, and jointly create a transparent, resilient, and sustainable industrial chain ecosystem	Short, medium, and long term	Value chain upstream, operations, and value chain downstream	Revenue

Opportunity Type and Description of Opportunity Impact	Specific Measures	Impact Timeframe[10]	Impact Scope	Financial Impact
Financing Channels				
By issuing green bonds and promoting sustainable development-linked loans, our Group can broaden its financing channels, enhance financing flexibility, and attract ESG investors, thereby optimizing its capital structure and affecting its assets and liabilities.	1. Promoting Green Bond Issuance: – Formulate a green financing strategy and orderly promote the issuance of domestic green bonds to obtain low-cost green financing funds, specifically to support the strategic layout for upgrading the photovoltaic power generation and recycled aluminum industries 2. Promoting the Implementation of Sustainable Development-Linked Loans – Promote the practice of Sustainability-linked loans (SLLs), linking finance costs with key sustainable development indicators (such as those related to carbon emissions and energy), to foster synergy between financial management and carbon reduction targets and support green upgrades through financial innovation	Medium and long term	Operations	Assets and Liabilities
Government subsidies				
Receiving government tax relief and subsidies for renewable energy, energy efficiency projects, and R&D helps our Group reduce project investment pressure, enhance capital utilization efficiency, and increase revenue.	Tracking and Applying for Preferential Policies: – Continuously monitor government policies related to green and low-carbon transformation, strengthen the planning and management of projects such as green and low-carbon initiatives and energy-saving technological upgrades, and timely apply for government preferential policies to support the construction of green projects	Short, medium, and long term	Operations	Revenue

The Group has integrated the management of climate-related risks and opportunities into its sustainability governance, carbon reduction strategy and daily business decision-making, and continues to advance mitigation and adaptation efforts such as energy structure optimisation, circular economy development, technological innovation and green transformation. In line with its transition plan, the Group also dynamically adjusts capital expenditures, production capacity allocation and technology pathways.

During the Year, China Hongqiao published the 'China Hongqiao Group Limited Carbon Reduction Action Report' and formulated its climate-related transition plan. The plan was developed with reference to carbon inventory results, business development needs, policy trends, carbon market feedback and the maturity of relevant technologies. Its key assumptions include policy implementation intensity, energy prices, the development of low-carbon technologies and changes in customer preferences. Focusing on business operations, management, organisational culture and value chain advancement, the Group is promoting diversified emissions reduction measures to deliver its "25•55 Dual Carbon" targets. Going forward, the Group will continue to enhance the quality of its climate-related information disclosure by strengthening internal data management and scenario analysis mechanisms, and will disclose the related financial impacts in a timely manner should any material strategic adjustments arise.

To support the implementation of the above climate actions, the Group currently relies primarily on internal capital allocation to support green transition projects such as energy-saving technological upgrades and circular economy initiatives, while also actively exploring green financing options such as sustainability-linked loans. In the future, the Group will, in light of its transition plan, business development, policy and market changes, dynamically coordinate internal funds, external financing and other available resources to support the adaptation and mitigation actions disclosed above, and will continue to review the adequacy and effectiveness of such resource allocation.

Energy Structure Optimisation

We have continuously optimised our energy structure, steadily increasing the proportion of clean energy use and reducing reliance on fossil fuels. By relocating part of our aluminum electrolysis capacity and developing new energy projects, we enhance clean energy usage and energy efficiency, steadily advancing the achievement of our green and low-carbon operational targets. At present, the Group's total planned capacity for new energy projects has reached 4 GW, with 2 GW of photovoltaic projects in Yunnan already in operation. During the reporting period, the Group used a total of 38 million MWh of green electricity, accounting for 39.96% of our total electricity. The emission reduction from green electricity reached 316 million tCO_2e. Looking ahead, the Group will make full use of electricity generated from the new energy projects already in operation in Yunnan, further increasing the overall proportion of clean energy usage and achieving a cleaner and more efficient energy structure.

Case Study **Developing a Green and Low-carbon Demonstration Industrial Park**

To accelerate the achievement of the Group's carbon peaking and carbon neutrality targets, we have leveraged Yunnan's abundant green energy advantages to develop the Yunnan Green and Low-carbon Demonstration Industrial Park, the Yunnan Green Aluminum Innovation Industrial Park and the Wenshan Hongyan Aluminum Project. We have systematically advanced the relocation of electrolytic aluminum capacity and the optimisation of the energy structure, building a green Aluminum industry system integrating electrolytic aluminum, casting and downstream processing, as well as coordinated supporting facilities.

In terms of technological upgrading, the Yunnan Green and Low-carbon Demonstration Industrial Park has put into operation the world's first large-scale application of the 600kA Plus super electrolytic cell production line. This production line adopts the Group's proprietary 600kA Plus ultra-large aluminum electrolytic cell technology, achieving multiple innovations in areas such as magnetohydrodynamic stability and electro-thermal balance, significantly enhancing energy efficiency and operational performance, and promoting the green upgrading of electrolytic aluminum production at source. In terms of industrial chain coordination, the newly commissioned Wenshan Hongyan Project has been equipped with two high-standard casting production lines, directly utilising upstream low-carbon molten aluminum from Yunnan Hongtai for on-site deep processing. This has enabled an intensive short-process production model without solidification of molten aluminum, substantially reducing energy losses and logistics-related emissions.

The relocation of production capacity and the commissioning of these projects represent important outcomes of the strategic cooperation between the Group and Yunnan Province. In addition to creating thousands of jobs locally, these initiatives have provided strong support for extending, strengthening and upgrading the green aluminum industry chain in Yunnan through globally leading energy-saving technologies, thereby contributing to high-quality regional economic development.

Case Study **Molten Salt Energy Storage Supporting the Development of a Green and Smart Alumina Base**

With the continuous expansion of alumina production capacity, the demand for a stable supply of high-quality steam in the production process has been increasing. Our subsidiary, Shandong Anrun Energy Co., Ltd., has innovatively introduced molten salt energy storage technology. Using binary molten salt as the medium, this technology converts photovoltaic green electricity into thermal energy for storage and releases steam on demand. Upon commissioning, the project is expected to achieve a maximum steam supply capacity of 300 tonnes per hour, enabling 24-hour continuous steam supply, with an energy conversion efficiency of up to 95%.

The implementation of this project has delivered three key synergetic benefits. First, it has enhanced the local consumption capacity of renewable energy; second, it has ensured the continuous and stable supply of high-quality steam to support alumina production; third, it has improved the operational flexibility of conventional coal-fired units and optimised the energy structure. Following commissioning, the project is expected to save approximately 110,000 tonnes of standard coal annually and reduce carbon emissions by approximately 290,000 tCO_2e per year, thereby effectively supporting the development of a green and smart alumina base in the industrial park and providing a replicable technological pathway for low-carbon industrial transformation.

Case Study **Grid Connection of the Kongzhaopu Photovoltaic Power Station to Support Regional Green Transformation**

During the reporting period, the phase one of Kongzhaopu Photovoltaic Power Station in Luxi County, Yunnan, independently developed by the Group, was successfully connected to the grid. With an installed capacity of 160 MW, the project is expected to generate 240 million kWh of electricity annually, providing support for green electricity supply and the optimisation of the energy structure in Yunnan Province.

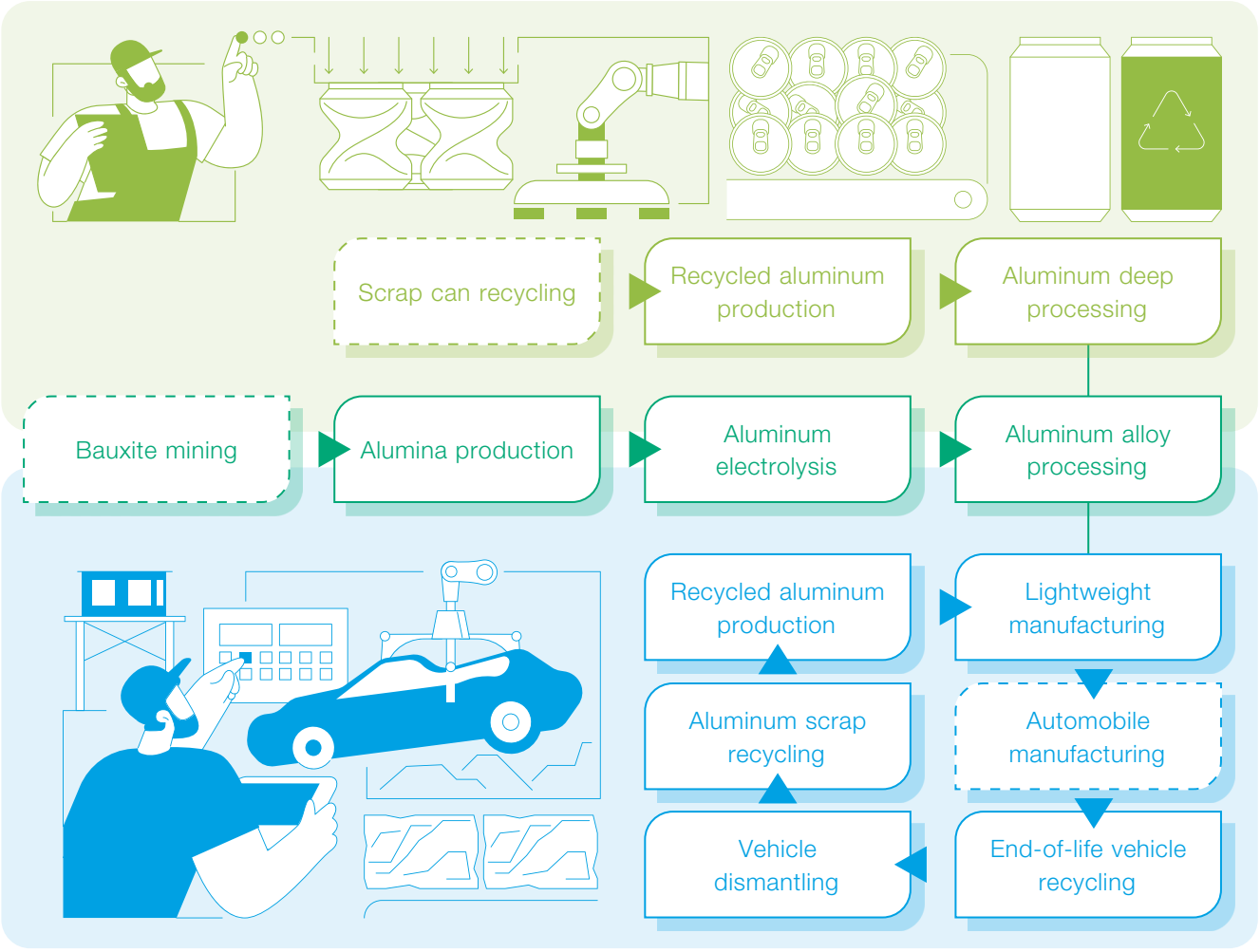
Kongzhaopu Photovoltaic Power Station in Luxi County, Yunnan

As the power station is one of the first projects implemented under the Group's planned photovoltaic projects with a total capacity of approximately 4 GW, the project team has overcome multiple challenges arising from complex terrain and variable climatic conditions, during site selection, surveying, construction and equipment installation. By striving to optimise construction planning and technical solutions, we have steadily advanced project development and ensured implementation on schedule.

The successful commissioning of the Kongzhaopu Photovoltaic Power Station is another milestone in the continuous advancement the Group's new energy deployment in Yunnan. It has not only injected momentum into regional clean energy development, but has also contributed to the achievement of China's carbon peaking and carbon neutrality targets.

Development of Circular Economy

In response to the dual challenges of climate change and resource constraints, we have established the circular economy as a core pathway for green transformation and have deeply integrated it into our overall development strategy, with a focus on building a full industrial chain closed loop of "bauxite mining – alumina production – electrolytic aluminum smelting – aluminum alloy processing – lightweight manufacturing – vehicle dismantling – recycled aluminum recovery". Through continuously improving resource recycling efficiency and enhancing the utilisation of waste as resources, we have reduced reliance on primary resources and lowered environmental impacts.



Closed-loop Recycled Aluminum Industry Chain[11]

[11] The dotted box represents the relevant business of operating entities over which China Hongqiao does not have operational control.

To further improve the closed loop of the resource recycling industry chain, we have partnered with Germany's Scholz Recycling to jointly develop the Sino–German Hongshun Recycling Technology Park. Centred on the "3+N model", the park focuses on two core segments: end-of-life vehicle recycling and dismantling, and recycled aluminum, building a renewable resources industrial system that integrates green dismantling with high-value recovery. The park incorporates advanced technologies such as end-of-life vehicle dismantling, automated metal shredding and sorting, and non-downcycling utilisation of recycled aluminum. Leveraging the synergetic advantages of both parties in resources, industrial digitalisation and the industrial chain, we have promoted the integrated development of end-of-life vehicle recycling, scrap aluminum recovery and component remanufacturing. At present, the phase I project has an annual capacity of dismantling 40,000 vehicles and a recycled aluminum capacity of 200,000 tonnes; upon completion of both phases, the project is expected to achieve an annual capacity of dismantling 100,000 vehicles and a total annual capacity of 500,000 tonnes of recycled aluminum, with an estimated annual reduction of approximately 1.9 million tCO_2e of carbon emissions. It will not only effectively secure the supply of raw materials for downstream aluminum processing, but also strengthen the key recycling link in Binzhou's aluminum industry chain, supporting the green and low-carbon development of the regional aluminum industry cluster.

Recycling and Utilisation of Aluminum Alloy Scrap

Recycling and Utilisation of End-of-Life Vehicles

Case Study **Innovative Practices at the Indonesia Operations – Building a New Model of "Source Segregation – Resource Circulation – Community Co-existence"**

In the operational practices at our Indonesia operations, our subsidiary PT Well Harvest Winning has systematically implemented the "Reduce–Reuse–Recycle (TPS 3R)" model. Through the establishment of dedicated facilities, domestic waste generated from office areas, workshops, canteens and surrounding communities has been sorted at source. At the same time, in collaboration with local community groups, recyclable materials have been reused or processed for recycling, effectively reducing landfill demand while creating both economic and environmental value for the community.

Approximately 10% of organic domestic waste, after stabilised treatment, has been continuously used as feed for livestock in local communities, forming a long-term circular practice involving community participation. In addition, PT Well Harvest Winning has collaborated with the Faculty of Agriculture of Tanjungpura University UNTAN to conduct research on the use of bauxite residue as a soil amendment, aiming to improve soil quality and promote the transformation of industrial waste into agricultural resources. These initiatives have not only strengthened the symbiotic relationship between the operations and the community, but have also provided a replicable model for building a sustainable circular ecosystem in operating locations.

Case Study **Innovative Practices in Circular Aluminum Application – Advancing the Green and Low-carbon Transformation of Aluminum Materials**

Zouping Hongfa, a subsidiary of the Group, has continuously promoted the efficient recycling and utilisation of recycled aluminum resources by strengthening product certification and improving recycling systems. In terms of product certification and traceability, Zouping Hongfa has obtained the first product evaluation certificate for resource recycling in China's aluminum deep-processing industry, with product traceability reaching AAA level, and has achieved certification under the ASI Chain of Custody (CoC). During the reporting period, Zouping Hongfa has expanded its recycled aluminum post-consumer recycled (PCR) grades from 8 categories to 17 categories, covering multiple product series with recycled aluminum content ranging from 35% to 80%, further enhancing the green attributes of its products. In the production process, Zouping Hongfa has collaborated with other companies to promote the reuse of recycled molten aluminum, and has established a multi-channel recovery and supply system for recycled aluminum through the "molten aluminum without solidification" project based on double-chamber furnaces and twin rotary furnaces. In addition, the proportion of recycled aluminum used in can stock at Zouping Hongfa has exceeded 45%, representing an increase of more than 10% compared with the previous year. While meeting downstream customers' requirements for recycled aluminum content, these efforts have continuously advanced raw material decarbonisation and the low-carbon development of products.


ASI CERTIFICATION
CHAIN OF CUSTODY
STANDARD

asi CERTIFIED CHAIN OF CUSTODY

PRESENTED TO

Zouping Hongfa Aluminum Technology Co., Ltd.
Zouping Dingrui Renewable Resources Co., Ltd.

CERTIFICATE NUMBER: 396
ASI STANDARD: CHAIN OF CUSTODY (V2 2022)
CERTIFICATION LEVEL: FULL CERTIFICATION
ASI ACCREDITED AUDITING FIRM: DNV BUSINESS ASSURANCE SERVICES UK LTD.
DATE OF ISSUE: 1 OCTOBER 2024
DATE OF EXPIRY: 30 SEPTEMBER 2027
CERTIFIED SINCE: 1 OCTOBER 2024

AUTHORISED BY

Aluminium Stewardship Initiative Ltd
ACN 606 661 125, Australia
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Validity of this Certificate is subject to continued conformance with the applicable ASI Standard and can be verified at www.aluminium-stewardship.org

CERTIFICATION SCOPE

Zouping Hongfa includes the research and development, production and sales of Aluminum alloy rolling products, including can body material, can cover material, Aluminium foil blank and other Aluminium related products, located in Binzhou City, China. The subsidiary ZouPing Dingrui is responsible for the manufacture of non-ferrous metal processing, located in Binzhou City, China.

Zouping Hongfa ASI CoC Certificate


评价证书
资源循环利用产品

证书编号：CQC2400920520001
发证日期：2025 年 11 月 18 日
有效期至：2027 年 09 月 01 日

申请人名称及地址： 邹平宏发铝业科技有限公司 山东省滨州市邹平县经济技术开发区会仙一路南侧
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生产厂名称及地址： 邹平宏发铝业科技有限公司 山东省滨州市邹平县经济技术开发区金玉大道杨村西邻
产品名称： 罐体料
型号/规格： PCR-8、PCR-9、PCR-10、PCR-11、PCR-12、PCR-13、PCR-14、PCR-15、PCR-16、PCR-17
评价模式： 文件审核+现场核查+获证后监督
评价标准/技术要求： CQC/PJ09001-2024《资源循环利用产品评价技术规范》

本产品材料再生利用率不低于：35%
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（AAA 级为最优）

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Zouping Hongfa Resource Recycling Product Evaluation Certificate

Expanding Downstream Processing

We have actively expanded the downstream aluminum processing industrial chain, continuously enhancing product value-added and promoting the upgrading of the industry towards high-end and green development. Through increased investment in research and development and technological innovation, the Group has established a diversified, high value-added product portfolio.

In the field of automotive lightweighting, we have collaborated with domestic and international research institutions and industrial partners to build a full-process industrial base covering research and development, testing and manufacturing. Among these, the large-scale integrated die-casting project has established a green demonstration industrial chain, with products widely applied in automotive structural components and key parts. In high-end aluminum materials for packaging, electronics and other sectors, the Group has achieved large-scale and stable supply of products such as can body stock, can-end stock substrate, double-zero foil blanks, and battery foil blanks, with quality reaching advanced domestic standards.

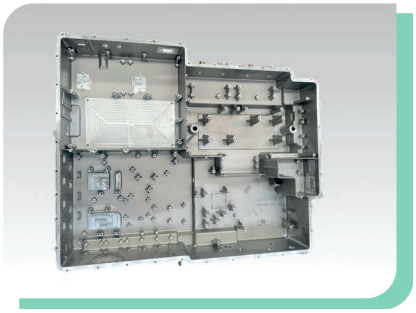
The application of lightweight materials is a key pathway to reducing carbon emissions across the full life cycle of vehicles. In line with this trend, we have focused on the automotive lightweighting sector and have developed industrial bases to high standards, systematically deploying the manufacturing of core components such as recyclable aluminum vehicle bodies, battery enclosures, and electric motor and control systems. The Group has independently developed eight types of high-strength and high-toughness aluminum alloys, with overall performance improved by more than 20% compared with conventional alloys. Vehicle body platforms, chassis components and transmission components manufactured based on these materials have achieved weight reductions of over 40%, 30% and 50% respectively compared with traditional products, and currently the related products have successfully entered the supply chain systems of more than 20 well-known domestic and international automotive manufacturers.

Case Study **Breakthrough in Integrated Die-Casting Technology – Enabling Efficient Manufacturing of Core Components for New Energy Heavy Trucks**

In the field of automotive lightweighting, our subsidiary Shandong Hongcan has successfully applied high-pressure integrated casting technology through independent R&D, overcoming industry challenges in large-scale precision forming. Using large-tonnage die-casting equipment, it achieves one-step, high-precision casting of large-scale power domain controller housings.

The product features a significant difference between maximum and average wall thickness. It uses a self-developed high-pressure die-casting aluminum alloy, ensuring structural strength while achieving substantial weight reduction compared with traditional multi-part welding processes, along with lower costs and reduced overall energy consumption.

This technological breakthrough has optimised performance, space and cost simultaneously, providing critical technical support for the efficient and high-quality production of core power domain controller components for new energy heavy trucks, and strongly promoting vehicle lightweighting and cost reduction while improving efficiency.


Multi-functional Power Domain Controller Housing

Operational Efficiency Improvement

Through digital transformation and process optimisation, we have achieved refined production management, reducing energy consumption and costs while improving overall operational efficiency and stability.

To enhance the safety, stability and low-carbon efficiency of energy systems, our various cogeneration companies have continuously advanced the intelligent upgrading of power and environmental protection facilities:

Intelligent Substation Construction	By building smart substations, we enable minimal staffing, unmanned inspections, and intelligent data collection, thereby reducing the risks associated with manual operations.
Automated Coal Conveying System Inspection	Inspection robots equipped with high-definition cameras and infrared thermal imaging monitor coal conveying equipment in real time, improving the accuracy of operation and maintenance.
Intelligent Environmental Facility Upgrades	Smart denitrification projects have been implemented, using data analysis systems to enable precise ammonia injection, reducing reagent consumption and emission fluctuations. Smart desulphurisation projects are also underway, leveraging magnetic levitation fans and intelligent slurry pump regulation to achieve high-efficiency, stable system operation.

Focusing on energy conservation, efficiency improvement, and green low-carbon objectives, our alumina subsidiaries systematically advance the low-carbon transformation of production systems through energy optimisation, process upgrades, digitalisation and smartisation, and green logistics development. These efforts continuously enhance energy utilisation efficiency, reduce full-process carbon emissions, and promote sustainable development across the industrial chain.

Low-carbon Upgrades of Processes and Energy Systems	By upgrading gasifiers and gas systems, traditional two-stage devices have been replaced with circulating fluidised bed gasifiers, achieving higher steam utilisation efficiency and improved coal utilisation.
Large-Scale Deployment of High-Efficiency, Energy-Saving Equipment	Core systems such as decomposition, calcination and leaching have introduced permanent magnet motors, magnetic levitation vacuum pumps, and magnetic levitation blowers to replace conventional high-energy-consuming equipment, effectively reducing electricity consumption under the same operating conditions while improving operational stability.
Cascaded Energy Utilisation and Waste Energy Recovery	Waste heat from calcination furnaces is recovered and applied to heat decomposition spent/mother liquor and other media, maximising residual energy utilisation. Back-pressure turbines have been installed in evaporation cooling and depressurisation stages to recover steam energy for power generation, reducing purchased electricity and enabling high-efficiency cascaded energy utilisation.

Digital and Intelligent Management Enhancement

Leveraging digital intelligence to empower production operations, a unified data platform integrates production, equipment, quality and energy data. Advanced process control, algorithms, and model analysis enable intelligent adjustment of process parameters, realising closed-loop process optimisation, refined energy management, and smart early warning systems, continuously lowering unit energy consumption.

Full-Chain Green Logistics System Construction

A multimodal transport system covering "mining – railway – inland waterway – sea – port – plant" has been established, incorporating enclosed belt conveyors, sealed stockyards, and tubular belt conveyors to achieve low-loss, low-emission material and product transfer. New energy vehicles are also promoted for on-site and short-distance transport, reducing reliance on road transport and lowering logistics-related carbon emissions.

Magnetic Levitation Vacuum Pump

Intelligent Central Control Room

Case Study **AI-Driven Intelligent Aluminum Manufacturing – Establishing a National Benchmark Smart Factory**

As a forefront unit for the Group's digital and intelligent transformation and a national-level smart factory demonstration site, our subsidiary Hongzheng New Material, guided by the principles of "innovation-led, digital empowerment, and safety foundation", systematically promoted the transformation of the traditional aluminum smelting industry towards high-quality and sustainable development through digitalisation, process innovation, and safety capability building.

Hongzheng New Material has innovatively developed and fully implemented the "Smart aluminum AI&L Model", establishing an intelligent control system that integrates data, mechanism, and experience. The model deeply incorporates professional knowledge bases, AI algorithms, and large language model technologies to achieve precise prediction of pot operating conditions and automatic optimisation of key process parameters, significantly reducing human intervention and greatly improving operational stability and control consistency. Leveraging a digital twin platform, the entire production process is visually monitored, providing strong support for stable operations.

Simultaneously, process optimisation and practical training capabilities have further empowered production. By applying innovative technical combinations to optimise the current distribution in electrolysis cells, operational voltage and electricity consumption are effectively reduced, achieving energy conservation and efficiency gains. These measures have significantly lowered abnormal pot rates, extended pot lifespan, reduced maintenance costs, and continuously improved production efficiency and energy utilisation, providing a demonstrative example for the digital and intelligent transformation and sustainable development of the aluminum smelting industry.

Promoting Technological Innovation

We have systematically promoted technological R&D and application innovation, continuously optimising production efficiency and energy utilisation. While effectively controlling costs and carbon emissions, we have steadily advanced the transformation and upgrading of our production system towards higher efficiency and sustainability.

To continuously reduce energy consumption and carbon emissions in aluminum electrolysis, we have focused on process refinement, key equipment innovation, and cutting-edge low-carbon technology development, systematically advancing technological innovation in aluminum smelting. Through the coordinated application of multiple core technologies, we have continuously improved energy utilisation efficiency and production stability, accelerating the upgrade of the aluminum electrolysis segment towards high efficiency, flexibility, and low carbon.

- ✓ **Integrated copper–carbon composite cathode (RuC) technology for aluminum electrolysis application:** To address high electricity consumption in the aluminum electrolysis process, we have promoted the use of copper–carbon electrodes. By optimising electrode conductivity and voltage stability, the technology reduces energy consumption per unit product by nearly 500 kWh and improves current efficiency by approximately 1.2 to 1.5 percentage points, effectively enhancing electricity utilisation and supporting energy-saving development in aluminum electrolysis.

- ✓ **Anode and zero-effect technology innovation:** To address the issues of fluctuating alumina concentration, high effect energy consumption, and carbon emissions in traditional electrolysis cells, we have implemented refined controls such as voltage curve management, intelligent crust-breaking systems, and optimisation of feed rhythm, stabilising alumina concentration within an appropriate range and achieving "zero-effect coefficient" operation. In parallel, we have introduced high-temperature, anti-oxidation nano-ceramic coatings for prebaked anodes, optimised anode types, and controlled residual anode height, effectively extending the anode replacement cycle, reducing anode carbon consumption and fluoride-containing hazardous waste generation, while synergistically improving current efficiency and reducing emissions.

- ✓ **Aluminum–steel direct welding technology application:** By introducing aluminum–steel direct welding, replacing traditional explosive-welded transition joints, and implementing automated robotic welding, we have significantly simplified the structure of the guide rod group, reduced the number of welds and voltage drop, lowered guide rod cracking rates and maintenance costs, and improved welding quality consistency and overall energy efficiency.

- ✓ **Flexible electrolysis technology exploration:** In response to an energy structure with an increasing proportion of clean energy, we have collaborated with external research institutions to conduct trials on flexible electrolysis technology. By optimising pot insulation and heat dissipation structures and implementing real-time thermal monitoring, we have achieved dynamic regulation of current and voltage, ensuring cell stability while enhancing the utilisation of renewable energy such as wind, solar, and hydropower, promoting a flexible and low-carbon aluminum electrolysis process.

Green Office Practices

We continue to advance green office initiatives by reducing energy and resource consumption through energy-efficient lighting, digitisation, and paperless office practices, while implementing additional energy-saving measures tailored to the specific characteristics of each workspace. In water management, we have installed rooftop potable water storage tanks that leverage gravity for supply, replacing the continuous operation of water pumps and saving approximately 350,000 kWh of electricity annually. For air conditioning and heating systems, we use lithium bromide units and utilise surplus steam from our self-owned power plants, reducing electricity demand for cooling. During winter heating, we operate high- and low-temperature zones separately and employ variable-frequency controls for heating pumps, which adjust speed automatically based on actual pressure. These measures effectively improve operational efficiency and create an energy-saving, comfortable, and environmentally friendly office environment.

Building Green Brands

We coordinate efforts in green product certification, industrial deployment, and value communication, enhancing brand value and social impact through strengthened product traceability and international recognition.

As the concept of green and low-carbon development continues to deepen within the aluminum industry, international brand customers are increasingly requiring higher recycled aluminum content, improved traceability, and environmental compliance, with these demands cascading up the supply chain. In response, we focus on recycled and low-carbon aluminum products as key drivers, continuously strengthening our green product capabilities and building brand value.

- ✓ **Recycled Aluminum Products:** Our subsidiaries Zouping Hongfa and Binzhou Hongzhan have systematically advanced plans to increase the use of recycled aluminum. At the product level, we were the first in the domestic aluminum deep-processing industry to obtain the Resource Circulation Product Evaluation Certificate. Product traceability has achieved the highest AAA rating, and we have obtained the ASI (Aluminum Stewardship Initiative) Chain of Custody (CoC) certification, effectively addressing downstream customer requirements on recycled content, compliance, and transparency.

- ✓ **Green Low-carbon Aluminum Deployment:** Our subsidiary, Yunnan Hongqiao New Materials Co., Ltd., has proactively positioned Yunnan Hongyan and Yunnan Zhilv for future development. Leveraging local hydropower resources, we actively pursue green low-carbon aluminum certification, focusing on green low-carbon hot-rolled coil products, continuously enhancing green product supply capacity and market competitiveness. During the reporting period, these products successfully entered the green aluminum supply chains of international automotive companies.

- ✓ **Recycled Aluminum Brand Building:** Our subsidiary Shandong Hongshun leverages fully recycled aluminum cast alloys to become one of the first domestic cast aluminum alloy futures-registered delivery brands. This provides authoritative recognition in standardisation, traceability, and compliance, strengthening the "green, low-carbon, high-quality" image of our recycled aluminum brand and enhancing customer acceptance and partnership loyalty.

- ✓ **Environmental Value Communication:** Our subsidiary Shandong Hongshun systematically promotes the environmental value of recycled aluminum through official websites, promotional materials, and industry association platforms. It conducts publicity and industry exchange activities on the environmental value of recycled aluminum and organises recycling-related public welfare activities, promoting the concept of resource recycling while fulfilling its social responsibilities and continuously enhancing the brand's green image and industry influence.

- ✓ **Product Carbon Footprint Verification:** Our subsidiary Yunnan Hongqi has completed carbon footprint calculations for its liquid aluminum and remelting aluminum ingots. Our subsidiary Shandong Hongshun has completed carbon footprint calculations for its cast aluminum alloy ingots. These products have been certified under ISO 14067 and PAS 2050 standards. Subsidiaries such as Yunnan Honghe have also proactively conducted product carbon footprint assessments.


产品碳足迹证书

证书编号：PCF-2024-YJ-0249

发证日期：2024年11月30日
有效期至：2026年11月29日

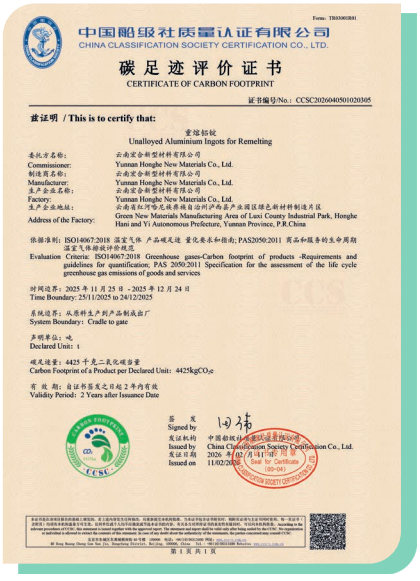
中国质量认证中心根据相关核查程序发布本证书，对如下内容的真实性和有效性予以证明：

产品名称/型号：	重熔用铝锭
委托人名称/地址：	云南宏启新型材料有限公司 云南省文山壮族苗族自治州砚山县干河彝族乡干河村委会碧云村
生产者名称/地址：	云南宏启新型材料有限公司 云南省文山壮族苗族自治州砚山县干河彝族乡干河村委会碧云村
生产企业名称/地址：	云南宏启新型材料有限公司 云南省文山壮族苗族自治州砚山县干河彝族乡干河村委会碧云村
数据时间边界：	2024年01月01日-2024年10月31日
功能单位：	每千克 重熔用铝锭
每功能单位产品碳足迹数值：	6.23 千克二氧化碳当量
核查所依据的标准及规则：	ISO14067及PAS2050相关规则
系统边界：	摇篮到大门
产品各阶段碳排放比例：	99.85% 原材料获取 0.15% 产品生产

签发：谢肇照

中国质量认证中心 CHINA QUALITY CERTIFICATION CENTRE

Carbon Footprint Certification for Remelted Aluminum Ingots Produced by Yunnan Hongqi


中国船级社质量认证有限公司
CHINA CLASSIFICATION SOCIETY CERTIFICATION CO., LTD.

碳 足 迹 评 价 证 书
CERTIFICATE OF CARBON FOOTPRINT

证书编号/No.：CCSC20260405010203O5

This is to certify that:

重熔铝锭
Unalloyed Aluminium Ingots for Remelting

委托方名称： Commissioner:	云南宏启新型材料有限公司 Yunnan Honghe New Materials Co., Ltd.
制造商名称： Manufacturer:	云南宏启新型材料有限公司 Yunnan Honghe New Materials Co., Ltd.
生产企业名称： Factory:	云南宏启新型材料有限公司 Yunnan Honghe New Materials Co., Ltd.
生产企业地址： Address of the Factory:	云南省红河哈尼族彝族自治州产业园区绿色新材料制造片区 Green New Materials Manufacturing Area of Luxi County Industrial Park, Honghe Hani and Yi Autonomous Prefecture, Yunnan Province, P.R.China

依据准则：ISO14067:2018 温室气体 产品碳足迹 量化要求和指南; PAS2050:2011 商品和服务的生命周期温室气体排放评价规范
Evaluation Criteria: ISO14067:2018 Greenhouse gases-Carbon footprint of products -Requirements and guidelines for quantification; PAS 2050:2011 Specification for the assessment of the life cycle greenhouse gas emissions of goods and services

时间边界：2025 年 11 月 25 日 - 2025 年 12 月 24 日
Time Boundary: 25/11/2025 to 24/12/2025

系统边界：从原料生产到产品制成出厂
System Boundary: Cradle to gate

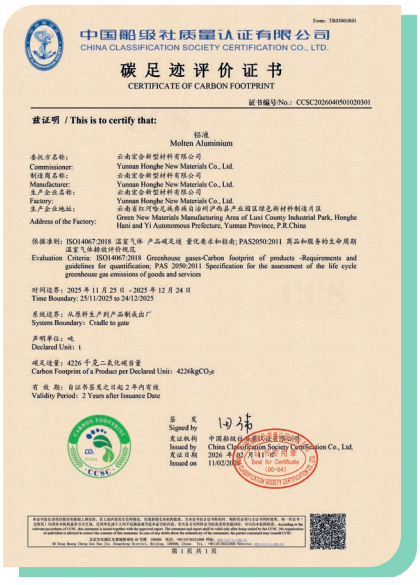
声明单位：吨
Declared Unit: t

碳足迹量：4425 千克二氧化碳当量
Carbon Footprint of a Product per Declared Unit: 4425kgCO_2e

有 效 期：自证书签发之日起 2 年内有效
Validity Period: 2 Years after Issuance Date

签 发
Signed by
发证机构
Issued by: China Classification Society Certification Co., Ltd.
发证日期
Issued on: 11/02/2026

Carbon Footprint Assessment Certificate for Remelted Aluminum Ingots Produced by Yunnan Honghe


中国船级社质量认证有限公司
CHINA CLASSIFICATION SOCIETY CERTIFICATION CO., LTD.

碳 足 迹 评 价 证 书
CERTIFICATE OF CARBON FOOTPRINT

证书编号/No.：CCSC20260405010203O1

This is to certify that:

铝液
Molten Aluminium

委托方名称： Commissioner:	云南宏启新型材料有限公司 Yunnan Honghe New Materials Co., Ltd.
制造商名称： Manufacturer:	云南宏启新型材料有限公司 Yunnan Honghe New Materials Co., Ltd.
生产企业名称： Factory:	云南宏启新型材料有限公司 Yunnan Honghe New Materials Co., Ltd.
生产企业地址： Address of the Factory:	云南省红河哈尼族彝族自治州产业园区绿色新材料制造片区 Green New Materials Manufacturing Area of Luxi County Industrial Park, Honghe Hani and Yi Autonomous Prefecture, Yunnan Province, P.R.China

依据准则：ISO14067:2018 温室气体 产品碳足迹 量化要求和指南; PAS2050:2011 商品和服务的生命周期温室气体排放评价规范
Evaluation Criteria: ISO14067:2018 Greenhouse gases-Carbon footprint of products -Requirements and guidelines for quantification; PAS 2050:2011 Specification for the assessment of the life cycle greenhouse gas emissions of goods and services

时间边界：2025 年 11 月 25 日 - 2025 年 12 月 24 日
Time Boundary: 25/11/2025 to 24/12/2025

系统边界：从原料生产到产品制成出厂
System Boundary: Cradle to gate

声明单位：吨
Declared Unit: t

碳足迹量：4226 千克二氧化碳当量
Carbon Footprint of a Product per Declared Unit: 4226kgCO_2e

有 效 期：自证书签发之日起 2 年内有效
Validity Period: 2 Years after Issuance Date

签 发
Signed by
发证机构
Issued by: China Classification Society Certification Co., Ltd.
发证日期
Issued on: 11/02/2026

Carbon Footprint Assessment Certificate for Liquid Aluminum Products produced by Yunnan Honghe

Case Study **Building a Green Low-carbon Aluminum Product System to Enable Industry Transformation**

HQALight and HQALoop Products

Amid the accelerating global low-carbon transition and rising requirements for green development in the aluminum industry, market demand for low-carbon aluminum products has become increasingly evident. To respond to this trend, we have established the green low-carbon aluminum brands HQALight and HQALoop, systematically advancing the construction of a low-carbon product system. HQALight focuses on low-carbon primary aluminum products. Leveraging renewable energy such as hydropower and applying energy-saving technologies including 600kA electrolytic cells and RuC electrodes, HQALight has achieved large-scale deployment in our Yunnan projects, significantly reducing the carbon intensity of primary aluminum. HQALoop specialises in recycled aluminum products. All raw materials come from circularly recovered scrap aluminum, and optimised recycling and remanufacturing processes further reduce the product's lifecycle carbon footprint. Through these two brands, energy-saving and carbon-reduction innovations are transformed into identifiable and traceable product systems, effectively meeting downstream customer demand for green low-carbon aluminum, and driving aluminum products toward high-end, low-carbon development.

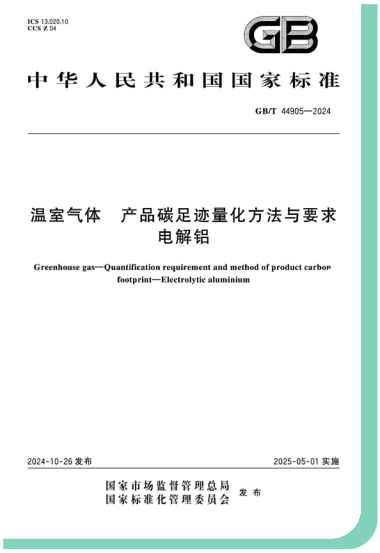
Fulfilment of Carbon Emissions Compliance Obligations

We strictly implement policy requirements related to carbon emissions, and establish standardized mechanisms for carbon emission accounting, reporting, and compliance to ensure compliant carbon emission operations. During the reporting period, the subsidiaries and related businesses of the Group included in the carbon market have fulfilled the compliance obligations for carbon emission allowance surrender on schedule.

Driving Industry Development

Through technological innovation and green practices, we play a demonstrative and guiding role, promoting industrial chain collaboration and supporting the high-quality, low-carbon upgrading of the industry.

The Group continues to deeply participate in the development of carbon emission-related standard systems, contributing constructively to national, industry, and association-level standard-setting processes. Since 2021, we have been engaged in green product evaluations and standards formulation organised by the Green Product Evaluation Center of the China Nonferrous Metals Industry Association, translating our practical experience into industry consensus. To date, the Group has participated in the drafting and revision of over 100 relevant standards, which cover multiple key standards directly related to carbon emissions and low-carbon assessment, including the national standard GB/T 44905-2024: Greenhouse Gas – Quantification Requirement and Method of Product Carbon Footprint – Electrolytic Aluminum, the association standard T/CNIA 0245-2024: Assessment Guidelines and Traceability Guidance for Green & Low-carbon Aluminum, and the industry standard Carbon Footprint Accounting and Reporting Methodology for Aluminum Products – Based on International Practices, providing a reference for the industry to establish a scientific and unified carbon accounting and green evaluation system, and effectively promoting industrial chain coordination and low-carbon upgrading.


ICS 13.020.10
CCS Z 04

GB

中华人民共和国国家标准

GB/T 44905—2024

温室气体　产品碳足迹量化方法与要求
电解铝

Greenhouse gas—Quantification requirement and method of product carbon footprint—Electrolytic aluminium

2024-10-26 发布　　2025-05-01 实施

国家市场监督管理总局
国家标准化管理委员会　发布

GB/T 44905-2024: Greenhouse Gas – Quantification Requirement and Method of Product Carbon Footprint – Electrolytic Aluminum


RMI　中汽中心 | 碳经济　中汽碳（北京）数字技术中心有限公司　中国有色金属工业协会绿色产品评价中心 CHINA GREEN METAL CERTIFICATION CENTER

铝产品碳足迹核算及报告方法学
——基于国际实践

Carbon Footprint Accounting and Reporting Methodology for Aluminum Products – Based on International Practices

Case Study **Joining the Aluminium Stewardship Initiative (ASI) to Promote Responsible aluminum and Sustainable Certification Systems**

The Aluminium Stewardship Initiative (ASI) is a globally recognised non-profit organisation that establishes performance and Chain-of-Custody (CoC) standards to drive continuous improvement in responsible production, responsible sourcing, and corporate governance within the aluminum value chain. To date, more than 300 leading aluminum companies worldwide have joined the initiative.

In 2021, we officially became an ASI member, integrating international sustainability standards into management and production practices and comprehensively advancing the responsible aluminum system. Leveraging ASI performance standards and CoC standards as key levers, the Group organised phased certification efforts across its branches. As of the disclosure date of this report, it has successfully enabled 11 companies – including Zouping Hongfa (including Zouping Dingrui), Binzhou Hongzhan, Hongqiao Holdings[12], Hontron Aluminum[13], Zouping Hongcheng, Zouping Hongzhuo, Yunnan Hongtai, Shandong Hongshun, Weihai Haixin, and Weihai Chenxin – to achieve ASI performance and CoC certification, covering the full spectrum from raw material sourcing, production, and processing to product delivery with sustainability and traceability management. By joining and actively engaging in ASI, the Group strengthens institutionalised ESG governance, while effectively responding to international and downstream customer demands for responsible aluminum, transparent supply chains, and low-carbon products.

ASI Certification of the Group (Partial)

12 Formerly known as Shandong Hontron Aluminum Industry Holding Co., Ltd. (“Hontron Holding”), and change its name to “Shandong Hongqiao Aluminum Industry Holding Co., Ltd.” in January 2026.

13 Formerly known as "Binzhou Hongbo Aluminum Technology Co., Ltd."

Promoting Decarbonisation Across the Industrial Chain

We leverage our low-carbon transformation as a key driver to promote energy-saving, emission reduction, and carbon footprint mitigation across the upstream and downstream of the value chain through green technology application, low-carbon product supply, and coordinated management.

Among these, we strive to advance the green transformation of transportation and distribution in the industrial chain, implementing multiple innovative measures to reduce carbon emissions, improve transport efficiency, and optimise resource allocation. In land transportation, we have introduced low-emission new energy heavy-duty trucks to replace traditional diesel vehicles for short-haul delivery of finished alumina to downstream enterprises, effectively reducing fuel dependency and carbon emissions. In bauxite transportation, leveraging the proximity of certain facilities to ports, we have constructed enclosed tubular belt conveyor systems to substitute road transport, further decreasing transport-related emissions. In waterway transportation, we collaborate with partners to develop hybrid and fully electric new energy vessels for short-distance shuttle operations, reducing emissions during port operations and contributing to zero-emission port operations. For suppliers, we have introduced carbon reduction incentive policies to encourage and guide the adoption of new energy vehicles, promoting value chain-wide emission reduction and enhancing green logistics capabilities. During the reporting period, the proportion of new energy vehicles used by the Group for coal transportation was 18.6%.

Tubular Belt Conveyor for Ore Transport

Case Study **Optimising Bauxite Marine Transport System to Support Low-carbon Supply Chain Transformation with Efficient Vessel Types**

With continuous improvements in port handling conditions and technical capabilities in Guinea, we and our partners have systematically optimised the ocean transport model for bauxite. The Group has actively worked with its partners to promote the optimization of transportation methods. In the transportation process, the Group has increased the proportion of use of Very Large Ore Carriers (VLOCs) with capacities exceeding 200,000 tonnes. These vessels feature continuous upgrades in structural design, propulsion systems, and energy efficiency management, resulting in significantly lower energy consumption and emissions per unit of transported ore compared to smaller vessels.

Large Ore Carrier for Bauxite Marine Transport

By scaling the use of high-efficiency vessels and optimising routes and loading organisation, the Group effectively reduces the carbon intensity of bauxite transoceanic transport, enhances the overall environmental performance of the logistics system, and provides strong support for the low-carbon and sustainable development of the raw material supply chain.

Climate Risk Management

We have established a systematic risk management framework and formulated response measures for different types of risks. The processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities have been incorporated into the regular review scope of the Group's risk management and internal control systems, and embedded into ESG management, internal control and daily management processes, while remaining aligned with the overall risk management framework. At the same time, the Group continues to monitor policy and regulatory developments, as well as developments in energy and carbon markets, so as to identify and respond to risks at an early stage in a timely manner and continuously enhance management effectiveness.

Risk Mapping and Identification	• Benchmarking against the IFRS S2 framework and taking into account regional climate disaster conditions, the Group conducts a preliminary mapping of categories of climate-related risks and opportunities. • By reference to two contrasting climate-related scenarios, namely the sustainable development scenario (SSP1-2.6) and the high-emissions scenario (SSP5-8.5), the Group identifies the transition risks and physical risks it may face under different policy intensities, paces of energy structure transition, technological development, changes in customer preferences and evolving extreme weather conditions. • Taking into comprehensive consideration factors such as policies and regulations, energy and carbon markets, technological development, extreme weather, exposure of major operating locations and business data, the Group reviews the various aspects of its operations that may be affected by climate factors, and ultimately develops a list of climate-related risks and opportunities to support the formulation of the Group's sustainable development strategy.
Risk Assessment	• Assessment is conducted with reference to the nature of the risk, likelihood of occurrence, impact horizon, and the extent of potential impacts on business operations, assets, the supply chain and financial performance. • Based on qualitative judgement and grading analysis, the Group identifies material climate-related risks that require priority attention and response.
Risk Response	• Relevant business departments formulate response measures for material climate-related risks, which are incorporated into operational management, investment assessment and daily business decision-making. • For identified climate-related opportunities, the Group assesses feasibility in light of its business development direction and gradually advances relevant initiatives.
Improvement Measures and Risk Monitoring	• The Group continuously monitors changes in policies, markets, technologies and extreme weather conditions, and, with reference to emissions, energy use and other relevant operational information, regularly updates its risk assessment and response measures. • Compared with the previous reporting period, the Group has further enhanced its climate risk identification, assessment and monitoring processes, and continues to strengthen the support provided by scenario analysis and data management for risk management.

Climate Risk Management Process

Climate Metrics and Targets

In alignment with China's "dual carbon" initiative, the Group has formulated medium- and long-term climate-related targets covering emissions performance associated with its own operations[14] and primary aluminum production, taking into account its business characteristics, direction of energy structure transition, technology pathways and emissions reduction capabilities. Such targets are reviewed and approved by the Board and the Sustainability Committee, and are subject to timely review in light of policy changes, technological development and project progress. In setting these targets, the Group has primarily considered international climate agreements, the implementation of China's "dual carbon" policies and industry transition trends, while also taking into account factors such as its own operational boundary, energy mix and decarbonisation potential, and has confirmed the targets through internal assessment and review.

We firmly implement the "three-step" strategy, progressing from initial decarbonisation to continuous decarbonisation and ultimately to deep decarbonisation, and steadily advance the "25•55 Dual Carbon" targets[15]:

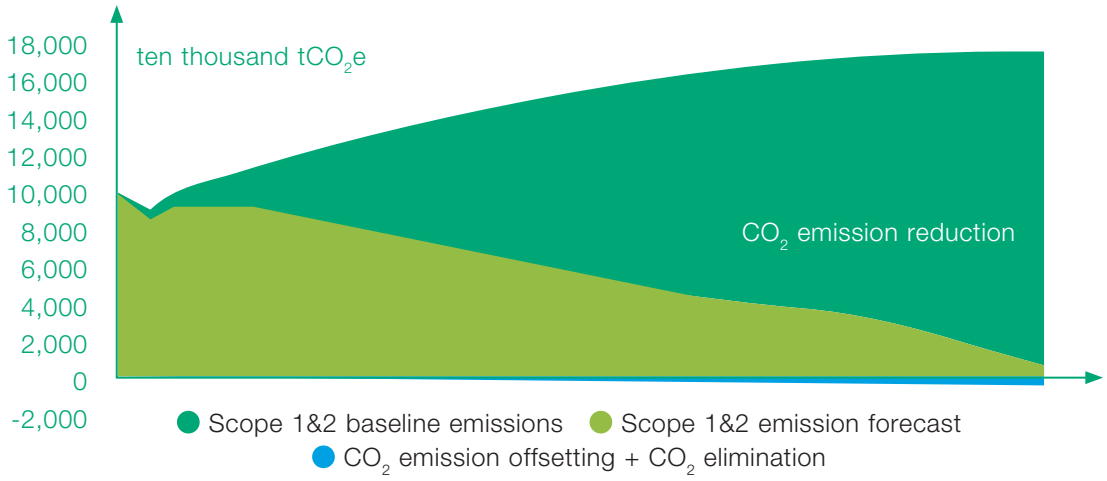
2025
Peak the emissions within our operational scope

2030
Continuously reduce the carbon intensity of primary aluminum

2035
The proportion of green electricity consumption shall be no less than 50%

2040
The carbon intensity of aluminum is projected to decrease 40%[16]

2055
Achieving net zero within our operational scope; The carbon intensity of primary aluminum is projected to approach 0



Carbon Neutrality Roadmap

14 Among these, the targets related to the Group's own operations primarily cover Scope 1 and Scope 2 greenhouse gas emissions, with the specific types of greenhouse gases and accounting boundaries consistent with the greenhouse gas emissions notes disclosed in this report.

15 The Group's greenhouse gas emissions targets are absolute targets. They have been established with reference to policies, industry trends and the Group's own circumstances, rather than being directly derived from any single industry decarbonisation methodology. At present, greenhouse gas emissions data have been assured in accordance with established reporting boundaries, while the targets themselves and the methodologies used to set them have not obtained third-party assurance.

16 Baseline year is 2020.

The initial decarbonisation phase (2020-2030)

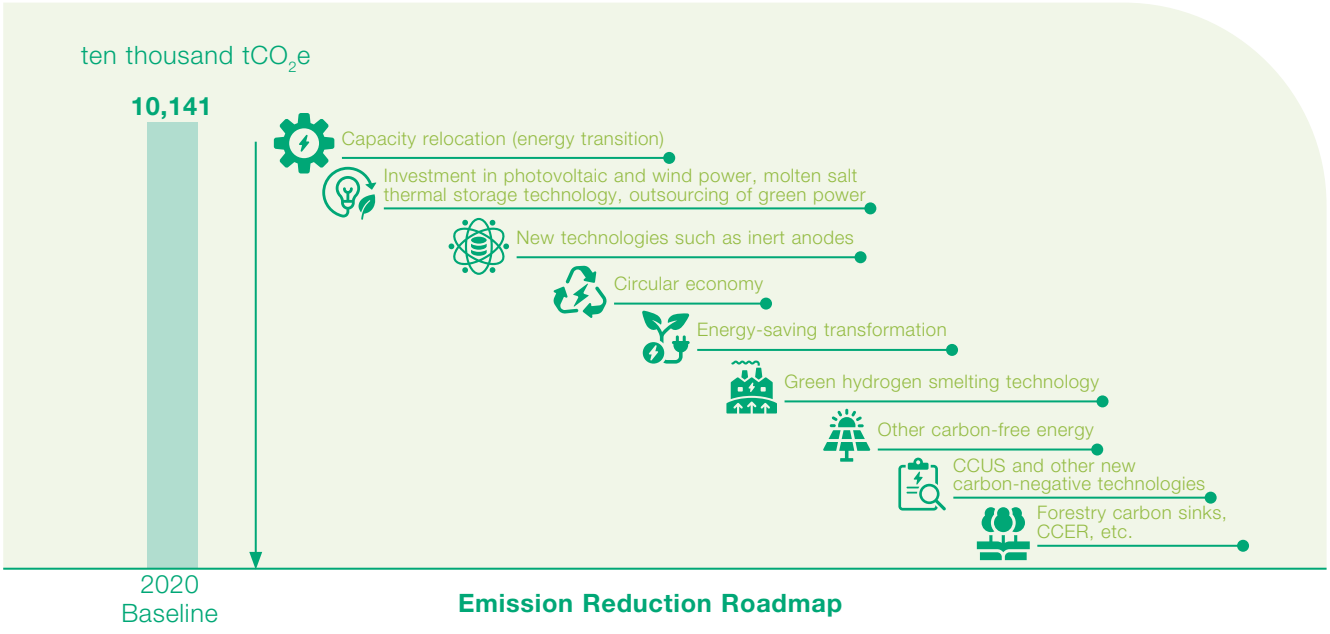
- Promote the relocation of hydropower aluminum, accelerate investment in wind power and photovoltaic, optimising the energy structure.
- Improve the intelligent control level of aluminum electrolytic cell and apply advanced aluminum production technology.
- Focus on the development of recycled aluminum to improve resource utilisation efficiency.

The continuous decarbonisation phase (2030-2040)

- Expand investment in green energy and increase the use of clean energy.
- Promote the low-carbon transformation of products and expand downstream aluminum processing.
- Apply advanced technologies to reduce carbon emissions and carry out trials of negative carbon technologies.

The deep decarbonisation phase (2040-2050)

- Continue to optimise the energy structure transition and invest in off-site green power, and apply negative carbon technologies such as CCUS.
- For residual emissions that remain difficult to eliminate after the implementation of self-driven emissions reduction measures, green electricity substitution and carbon-negative technologies, the Group will, taking into account policy requirements, developments in market mechanisms and the maturity of relevant methodologies, prudently assess the applicability of market-based emissions reduction instruments and relevant carbon removal solutions.



Emission Reduction Roadmap

GHG Emissions

We have established the Carbon Emissions Management Regulations, Greenhouse Gas Reporting and Verification Preparation Management System, and Carbon Content Testing Management System for Emissions from Coal-Fired Power Plants. In accordance with the ISO 14064-1:2018 standard and GHG Protocol, we adopt the operational control approach to conduct the 2025 greenhouse gas inventory for all entities within the consolidated scope.

GHG Inventory Organisational Boundaries

This carbon inventory covers all activities and facilities under the operational control of subsidiaries within the Group's consolidated scope.

GHG Inventory Operational Boundaries

During the reporting period, our greenhouse gas inventory covers Scope 1 direct emissions, Scope 2 energy indirect emissions, and selected Scope 3: other indirect greenhouse gas emissions.

GHG Category	Definition	Primary GHG Emission Sources
Scope 1	Direct GHG emissions refer to emissions generated by the organization itself, including those from fossil fuel combustion and industrial processes. These emissions are categorized into stationary combustion, mobile combustion, process emissions, and fugitive emissions.	• Emissions from fossil fuel combustion in stationary equipment • Emissions from fossil fuel combustion in mobile equipment • Process emissions • Fugitive emissions
Scope 2	Indirect GHG emissions result from the consumption of purchased electricity, heat, and other energy sources. This includes emissions associated with externally sourced power and steam.	• Purchased electricity • Purchased thermal energy
Scope 3	Covers all indirect greenhouse gas emissions occurring across the organization's value chain (excluding those included in Scope 2), including both upstream and downstream emissions.	• Purchased goods and services • Upstream transportation and distribution • Downstream transportation and distribution

GHG Types

Our greenhouse gas emissions inventory covers seven types of gases, including carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).

GHG Calculation Method

In accordance with the GHG Protocol Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018, we calculate carbon emission data using the calculation method, emission factors, and mass balance approaches. The primary formula used for greenhouse gas accounting is "Activity Data × Emission Factor". Energy-related emissions are calculated in accordance with the General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020) and the latest published electricity CO_2 emission factors published by the Ministry of Ecology and Environment, while overseas operations adopt the grid emission factors of their respective locations. All greenhouse gas emission data are ultimately converted into CO_2e based on the Global Warming Potential (GWP100) values provided in the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) to ensure the scientific robustness and comparability of the results. In the market-based accounting, the calculation methodology applied in 2025 remains consistent with previous years, with no significant changes. In the location-based accounting, we calculate Scope 2 emissions based on the Group's actual purchased electricity and the average emission factors of the regional power grids. In the quantification process, the Group primarily calculates emissions based on activity data, energy consumption data and relevant business information available within the reporting boundary, and assumes that such underlying data are complete and consistent under the current management approach. For different emission sources, the Group selects the calculation method, emission factor method or mass balance method, as applicable, based on the characteristics of the emission source, data availability and applicable accounting requirements, so as to enhance the applicability, scientific rigour and year-on-year comparability of the quantification results.

Emission Factors

For different emission sources under Scope 1 and Scope 2, we select appropriate emission factors to calculate greenhouse gas emissions in accordance with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions for Enterprises – Aluminum Smelting Industry, the General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589 – 2020), and the latest electricity emission factors published by the Ministry of Ecology and Environment.

GHG Emissions

During the reporting period, our total greenhouse gas emissions[17] (Scope 1 and Scope 2) decreased by 13,393,072 tCO_2e compared with 2024, mainly attributable to the relocation of part of the Group's electrolytic aluminum capacity to Yunnan during the reporting period, as well as an increased share of green electricity consumption.

For detailed data on the Group's greenhouse gas emissions (including Scope 1, Scope 2 (market-based and location-based), Scope 3, and related emission intensity), please refer to Appendix I.

The Group continuously discloses greenhouse gas emissions data for Scope 1 and Scope 2 and conducts verification of such emissions to enhance data accuracy and transparency. The Group has not yet established a formal internal carbon pricing mechanism, nor has it applied the formal internal carbon pricing in key decision-making. The Group continuously monitors relevant policies and regulations, carbon market developments, the effectiveness of energy-saving and emission-reduction projects, and the optimization of the energy structure to identify and assess carbon cost–related risks. Going forward, the Group will continue to pay attention to the national carbon market and industry regulatory requirements, explore and promote the development of internal carbon management capabilities, and, when conditions are appropriate, assess the feasibility of establishing an internal carbon pricing mechanism and gradually incorporating it into the management of key decision-making processes.

[17] Market-based calculation

ENVIRONMENTAL

China Hongqiao has always regarded environmental responsibility as the value anchor of the Group's sustainable development, and has remained committed to embedding the concept of green development into its development strategy and business operations, with a view to building a new pattern in which corporate development and ecological protection advance in coordination. We adopt a systematic approach to establishing an environmental management system covering all businesses, transforming environmental compliance requirements into routine internal management to ensure that environmental risks are preventable and controllable. We actively promote an eco-friendly production and operation model, adhere to both source control and process emission reduction, minimise pollutant emissions as far as possible, continuously improve resource utilisation efficiency, strengthen biodiversity governance and protection, and strive to minimise the potential negative impact of our production and operating activities on the ecological environment to the greatest extent possible, while continuously creating positive environmental benefits.

Environmental Management System

Environmental compliance is the baseline requirement for business operations and a fundamental safeguard for achieving sustainable development. China Hongqiao strictly abides by relevant laws and regulations, including the Environmental Protection Law of the People's Republic of China and the Environmental Impact Assessment Law of the People's Republic of China, and has formulated and strictly implemented policies and related systems, including the Environmental Protection Policy of China Hongqiao Group Limited and the Compilation of Environmental Protection Management Systems of Shandong Hongqiao New Material Co., Ltd., so as to ensure that all business operations remain in full compliance with environmental regulatory requirements. At the same time, we have continued to strengthen environmental risk management, continuously improved environmental emergency response plans, enhanced our capabilities for risk prevention and response, and enhanced all employees' environmental awareness and their ability to fulfil their responsibilities through a variety of environmental training programmes.

Currently, among the Group's operating entities located in China that produce core products, the coverage rate of ISO 14001 environmental management system certification is 100%. As of the date of this report, the Group has a total of three subsidiaries recognised as national-level green factories, three subsidiaries recognised as provincial-level green factories, and one subsidiary recognised as a provincial-level green supply chain management enterprise. No major environmental incidents occurred during the Year, nor was the Group subject to any environment-related administrative penalties.

China Hongqiao Green Factory List

Company Name	Category
Shandong Hongqiao New Material Co., Ltd.	National-level Green Factory
Zouping Hongfa Aluminum Technology Co., Ltd.	National-level Green Factory
Zouping Hongzheng New Material Technology Co., Ltd.[1]	National-level Green Factory
Weihai Haixin New Material Co., Ltd.	Provincial-level Green Factory
Binzhou Beihai Xinhe New Material Co., Ltd.	Provincial-level Green Factory
Shandong Hongshun Circular Technology Co., Ltd.	Provincial-level Green Factory
Weihai Haixin New Material Co., Ltd.	Provincial-level Green Supply Chain Management Enterprise

ISO 14001:2015 Environmental Management System Certification (Partial)

[1] In March 2026, Zouping Hongzheng New Material Technology Co., Ltd. was included in the 2025 Green Factory List published by the Ministry of Industry and Information Technology.

Environmental Management Structure

In accordance with the ISO 14001 standard, we have established an environmental management system covering all operating locations and conduct one systematic environmental audit at all operating locations each year. To continuously enhance environmental management capabilities, we have established an environmental responsibility statement management system, with departments as the basic units. The branch companies under each business segment sign an environmental responsibility statement with the Group's Environmental Protection Company each year. Through cascading responsibility targets and implementing tasks level by level, environmental management responsibilities and annual environmental protection targets are clearly assigned and implemented at each department and post, ensuring the efficient and orderly operation of the Group's environmental management system and the effective achievement of environmental protection targets.

Board of Directors and Sustainability Committee	• Fully oversee the Group's environmental protection performance and formulate annual target strategies. • Formulate internal environmental protection policies and guidelines and supervise their implementation. • Monitor the latest developments in relevant environmental laws, regulations and standards in China.
Environmental Protection Department	• Formulate annual environmental protection targets and supervise production units in breaking them down and implementing them. • Establish a system for the identification and remediation of environmental hazards and supervise the closed-loop rectification of such hazards. • Coordinate environmental protection education and training as well as emergency drills to ensure the effective implementation of the annual training plan. • Conduct environmental performance assessments and implement reward and disciplinary measures based on the assessment results.
Subsidiaries operating in business segments such as thermal power, alumina, electrolytic aluminum and aluminum deep processing	• Break down and implement the Group's annual environmental protection targets and formulate and implement the environmental protection work plan of the respective unit. • In coordination with the Environmental Protection Department, carry out environmental protection training and publicity activities on a regular basis to enhance employees' environmental awareness. • Organise inspections of hidden risks in production facilities and pollutant discharge facilities and implement rectification and remediation measures. • Formulate emergency response plans for environmental emergencies and heavy pollution weather, and organise regular emergency drills.

Environmental Risk Management

We place great importance on environmental risk management in our business operations. In strict accordance with the requirements of internal policies and procedures such as the Emergency Management System for Environmental Emergencies, we have established and continuously optimised environmental risk management procedures to achieve closed-loop environmental risk management. We identify existing environmental risks by comprehensively identifying environmental risk sources, the scope of impacts, incidents and their causes, as well as potential consequences, and conduct comprehensive assessments from two dimensions: severity, classified into five levels, namely extremely severe, severe, moderately severe, general and minor; and frequency of occurrence, classified into five levels, namely almost never, rarely, occasionally, sometimes and frequently. Based on the assessment results, the relevant departments formulate response measures such as environmental risk avoidance, reduction or acceptance, which are implemented after professional evaluation by the Environmental Protection Company. At the same time, we review and verify the effectiveness of environmental risk response measures across subsidiaries within the scope of the ISO 14001 environmental management system certification every year to ensure that environmental risk prevention and control measures remain effective. Subsidiaries of the Group certified under the ISO 14001 environmental management system also regularly identify and assess environmental factors and formulate targeted preventive measures.

To strengthen our environmental risk prevention and control capabilities, we have actively introduced digital management tools and established an environmental monitoring information platform covering the Group as a whole, enabling real-time connection of pollutant emission data with the departments of ecology and environment at the national, provincial, municipal and county levels. The platform is independently managed by the Group, implements internal control standards that are stricter than national standards, and is equipped with a 24-hour early warning mechanism and dedicated personnel on duty, so as to ensure that pollutant emissions remain stably in compliance with the applicable standards and eliminate the risk of environmental non-compliance at source.

Environmental Emergency Management

We strictly comply with the requirements of relevant laws and regulations, including the Emergency Response Law of the People's Republic of China, the National Environmental Emergency Response Plan, and the Measures for the Administration of Contingency Plans for Environmental Emergencies, and have formulated and continuously improved internal management systems such as the Contingency Plan for Environmental Emergencies, the Emergency Response Plan for Heavy Pollution Weather, and the Provisions on the Administration of Investigation and Handling of Environmental Accidents, so as to ensure that various environmental emergencies are responded to efficiently and in an orderly manner.

We regularly organise and conduct environmental hazard inspections and emergency drills to effectively prevent and mitigate the impacts of environmental emergencies and safeguard public health and environmental safety. During the reporting period, we organised multiple environmental emergency drills. The drill scenarios covered a range of situations, including flood control and disaster prevention, electrode boiler explosion incidents, liquid ammonia leakage, fires in hazardous waste storage warehouses, abnormal operation of environmental protection facilities, and sulphur dioxide emissions exceeding the applicable standards. Through drills closely simulating actual emergency conditions, we have effectively enhanced all employees' ability to respond rapidly to environmental emergencies and handle them on site.

Case Study **Flood Control Emergency Management for Bauxite Residue Storage Areas**

Inspecting Flood Discharge Facilities

To reinforce flood-season safety safeguards for bauxite residue storage areas, our alumina subsidiary has, with the objective of preventing major floods, responding to major risks and tackling major disasters, continued to advance disaster risk prevention and control and emergency management capacity building for bauxite residue storage areas ahead of the flood season. In terms of facility improvement, our alumina subsidiary has focused on the repair and desilting of flood-control ditches, diversion ditches and seepage interception ditches, ensuring that the drainage system has remained unobstructed and reliable. At the same time, the subsidiary has completed the desilting of the emergency reserve water pond and installation of water-level monitoring devices, thereby providing support for emergency water supply during the flood season. In terms of emergency training, the subsidiary has revised the Flood Control Emergency Response Plan for Bauxite Residue Storage Areas, clearly setting out the response procedures for rainstorm warnings, personnel evacuation routes and the division of responsibilities for the deployment of emergency supplies. The subsidiary has also regularly carried out practical flood-control drills to strengthen rapid response capabilities in key areas such as the start-up of drainage pumps, slope monitoring and personnel evacuation, and has implemented checklist-based management and regular inspections for flood-control supplies such as high-capacity water pumps, flood-control sandbags and waterproof tarpaulins, ensuring that emergency equipment has remained ready for use at all times. In terms of hazard inspection, the subsidiary has established a rectification list through reviewing hidden hazards identified during previous flood seasons, has strengthened slope stability monitoring, and has established a coordinated early-warning mechanism with the meteorological authorities, so as to achieve the early identification, early warning and early handling of risks.

Case Study **Chlorine Leakage Emergency Drill**

During the Year, we organised a chlorine leakage emergency drill, simulating an emergency scenario involving leakage from a chemical storage facility. During the drill, emergency personnel completed key response actions in a standardised manner, including incident reporting, activation of the emergency response plan, on-site emergency repair, material handling and area cordoning. All departments worked in coordination and carried out response actions in a standardised and orderly manner, effectively testing the practicality and operability of the emergency response plan for environmental emergencies. Through the drill, we further improved the emergency response procedures for environmental emergencies and effectively enhanced all employees' awareness of environmental risk prevention and their ability to respond in a coordinated manner.

Chlorine Leakage Emergency Drill

Case Study **Gas Holder Leakage Emergency Drill**

During the reporting period, the Group's alumina subsidiary organised and carried out a practical emergency drill for the gas system based on a simulated scenario involving a plant-wide power outage, gas leakage and personnel poisoning, recreating a sudden leakage incident in the gas holder area. During the drill, inspection personnel immediately reported the incident and activated the emergency response plan. The evacuation team, first-aid team and maintenance team responded rapidly and worked in close coordination to carry out emergency response actions in an orderly manner, including the evacuation of on-site personnel, the rescue of injured personnel and pressurised leak sealing at the leakage source, thereby bringing environmental risks and safety hazards under timely control. After the drill, the drill team conducted a review and summary focusing on key aspects such as material deployment and communications support, and further refined the emergency response plan, comprehensively enhancing employees' emergency response and handling capabilities in relation to sudden environmental incidents and effectively reinforcing the line of defence for ecological and environmental safety as well as production safety.

Gas Holder Leakage Emergency Drill

Building an Environmental Protection Culture

We have attached great importance to building an environmental protection culture. Through diverse, comprehensive and wide-ranging environmental education, training and practical activities, we have promoted environmental protection concepts among all employees and have continuously enhanced their environmental awareness and professional competence. During the reporting period, the Group and its subsidiaries have, focusing on topics such as environmental protection laws and regulations, pollution prevention and control technologies, standardised management of hazardous waste, pollutant discharge standards, equipment and facility management, and environmental risk monitoring and control, organised thematic environmental protection training and professional skills training in the forms of policy and regulatory interpretation, case sharing and practical drills. A total of 345 environmental protection training sessions have been organised for all employees, with cumulative training time amounting to 124,100 hours and covering 60,835 participant attendances. In addition, the Group's subsidiaries and branches have organised management personnel and employees to participate extensively in practical activities such as tree planting and greening, improvement of plant-area greening, and ecological and environmental protection, further fostering among all employees a strong atmosphere of appreciating, planting and protecting greenery, and promoting the deep integration of environmental protection concepts into day-to-day operations.

Voluntary Tree Planting

In promoting community and environmental co-development, we have actively established platforms for external engagement. As one of Zouping City's Environmental Education Bases, our environmental information monitoring platform has been regularly opened to the public to showcase the Group's environmental protection practices and achievements. At the same time, we have actively responded to the needs of schools, associations and other organisations by organising visits, receptions and environmental education exchange activities on an irregular basis, proactively disseminating the Group's environmental protection concepts and practical experience, and promoting the development of a new environmental protection landscape characterised by collaborative governance between enterprises and communities.

Pollutant Discharge

Strengthening pollutant management has been an important safeguard for enterprises to fulfil their environmental responsibilities and achieve green and sustainable development. China Hongqiao has strictly complied with the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, as well as other laws and regulations relating to pollutant discharge. The Group has continuously strengthened the management and control of pollutant emissions and has been committed to minimising the adverse environmental impacts caused by emissions of waste gas, wastewater and other pollutants.

Exhaust Gas Emission Management

Air pollutants generated during our business operations have primarily arisen from the combustion of fossil fuels, such as coal, anode carbon blocks and natural gas, as well as from production processes including anode effects. The principal air pollutant indicators include nitrogen oxides, sulphur dioxide and particulate matter. We strictly comply with relevant air emission standards, including the Emission Standard of Air Pollutants for Thermal Power Plants (DB37/664-2019), the Comprehensive Emission Standard of Air Pollutants for Regional Areas (DB37/2376-2019), and the amendment to the Emission Standard of Pollutants for Aluminum Industry (GB 25465-2010). We fully implement air emission management systems and continuously strengthen air emission control to ensure all emissions meet regulatory compliance requirements. Since 2019, we have achieved ultra-low emissions of the three major air pollutants, namely nitrogen oxides, particulate matter and sulphur oxides. During the reporting period, air emission concentrations generated by all subsidiaries have complied with local emission standards.

Emission Reduction Actions

We have reduced air pollutant emissions through the following measures:

Source Control	• We have actively promoted clean production, introduced new pollution prevention technologies, and controlled air pollutant emissions to minimise their impact on the environment.
Intelligent Monitoring	• We have installed automatic monitoring devices at exhaust gas outlets to monitor in real time, 24 hours a day, the compliance of emissions and the operational parameters of environmental protection facilities, ensuring their stable operation. • Monitoring data are uploaded in real time to the government environmental supervision platform, enabling remote and continuous supervision by regulatory authorities and enhancing the transparency of environmental management.
Enhanced Treatment	• For nitrogen oxides, we have applied denitrification technologies such as "Low-NOx Combustion + Selective Catalytic Reduction (SCR)" and "Low-NOx Combustion + Selective Non-Catalytic Reduction (SNCR) + SCR", and adopted dual-chamber furnace high-temperature decomposition secondary combustion technology in aluminum deep-processing, thereby suppressing the formation of nitrogen oxides at the source. • For sulphur dioxide, we have applied desulphurisation technologies such as "Limestone–Gypsum Wet Desulphurisation" and tannin extract wet desulphurisation, achieving high-efficiency desulphurisation. • For particulate matter, we have applied various dust removal technologies, such as "High-Efficiency Electrostatic Precipitation + Wet Scrubbing", "Electrostatic–Bag Filter Hybrid + YT Membrane Filtration" and "Alumina Adsorption + Bag Filtration", ensuring stable and compliant particulate emissions. • For fluorides, we have applied a specialised flue gas dry purification system with "Alumina Adsorption + Bag Filtration" for targeted treatment. • For exhaust gases generated from hot rolling, cold rolling, roughing, finishing and annealing processes, emissions are collected through hoods and treated by oil removal purifiers, combined with low-NOx combustion measures to further reduce air pollutant emissions. Oil mist emissions generated from automobile dismantling are comprehensively purified through a closed extraction and storage system coupled with a dust removal system.

Case Study **Optimised Exhaust Gas Treatment Facilities to Achieve Organised Compliance Emissions**

To continuously enhance exhaust gas management, the Group's alumina subsidiary has established comprehensive pollution control facilities tailored to the characteristics of each production process. High-efficiency bag filters have been installed at major dust-generating points, including the limestone silo, transfer station, and calcination furnace. Flue gases from the calcination furnace are treated with the "Low-NO_x Combustion + SNCR + SCR" denitrification process, coupled with metal bag filters and YT membrane metal bag filters. The coal-to-gas system applies a high-efficiency tannin extract wet desulphurisation process to strictly control sulphur compound emissions, while ammonia-containing exhaust gases are treated using an acid–alkali neutralisation purification system for high-efficiency removal, achieving synergistic treatment through multiple processes.

Case Study **Implemented Intelligent Closed-Loop Control to Reduce Fugitive Emissions**

To address the challenges of controlling fugitive emissions in the aluminum electrolysis process, we have introduced computer-based multi-mode intelligent control technology in the electrolysis workshop. By monitoring changes in alumina concentration in the electrolyte in real time and automatically adjusting the alumina feeding amount according to fluctuations in the cell voltage, we have achieved precise control of the production process. In operational management, except for necessary procedures such as anode replacement and aluminum tapping, which require temporarily opening some cell covers, the cells remain fully enclosed during other production periods, effectively maintaining the enclosure performance and minimising the generation and escape of fugitive emissions from the electrolysis workshop, significantly improving the atmospheric environment in the workshop and surrounding areas.

Wastewater Discharge Management

The wastewater generated during our business operations mainly originates from domestic sewage and process wastewater, with the primary pollutant indicators including chemical oxygen demand, ammonia nitrogen, and total nitrogen. We strictly comply with relevant discharge standards, including the Emission Standard of Pollutants for Aluminum Industry (GB 25465-2010), the Comprehensive Discharge Standard for Water Pollutants, Part 3: Xiaoqing River Basin (DB37 3146.3-2025), the Comprehensive Discharge Standard for Water Pollutants, Part 4: Haihe River Basin (DB37 3146.4-2025), and the Integrated Wastewater Discharge Standard (GB 8978-1996). We also implement wastewater management systems to standardise wastewater treatment and discharge requirements. In all alumina production processes, full recovery of wastewater has been achieved, successfully reaching the goal of zero wastewater discharge, thereby eliminating the environmental impact of wastewater at the source. During the reporting period, all subsidiaries of the Group have discharged wastewater concentrations in compliance with local emission standards.

Discharge Reduction Actions

We have implemented the following measures to reduce the discharge of wastewater pollutants:

Source Control for Pollution Reduction	• The Group actively develops, introduces, and adopts low-pollution production technologies and process flows, reducing the generation of wastewater pollutants at the source and decreasing the burden on the aquatic environment. • High-efficiency water treatment facilities have been installed, with strict control over both the concentration and total volume of wastewater pollutants to ensure compliant discharge. • Routine inspections and professional maintenance are conducted at potential leakage points within the plant area, with hidden risks promptly identified and rectified to prevent wastewater leaks from contaminating groundwater or the surrounding environment. • All wastewater is pretreated on-site to ensure compliance with relevant standards before being discharged into the municipal sewer network for further purification at the local wastewater treatment plant.
Robust Monitoring System	• The Group has established a comprehensive, multi-layered water quality monitoring system and conducts regular water quality monitoring and integrated assessments. Monthly samples are collected and tested at discharge outlets by the Environmental Protection Department. Online monitoring equipment is installed at discharge points to track real-time water quality, with data synchronized to the department's monitoring platform, ensuring full traceability and regulatory oversight of wastewater discharge.
Enhance Wastewater Reuse	• In the desulphurisation process, desiccant adsorption treatment is applied to reduce fluoride content in wastewater, enabling its reuse. The process water tank is designed with a dual water supply system "reused water + industrial water", which meets operational water demand while reducing overall wastewater discharge. • During power plant operations, priority is given to recycling and reusing cooling tower blowdown. In addition, cooling towers have been upgraded to square, fill-free cooling towers, effectively reducing wastewater discharge while meeting process requirements. • Water used for spraying and cleaning outbound vehicles is collected and reused. After multiple reuse cycles, it is further reused for coal yard spraying. • Rainwater sedimentation and impurity removal tanks are constructed within the plant area. Through processes such as sedimentation and impurity removal, pollutants such as sodium chloride and magnesium chloride in rainwater are effectively reduced, preventing the discharge of contaminated rainwater. Part of the treated rainwater is reused in production, enabling the effective utilisation of natural water resources.

Case Study **Segregated Wastewater Treatment Enabling Zero External Discharge**

We have established industrial wastewater treatment plants, domestic wastewater treatment plants, and coal gasification wastewater treatment plants separately, based on the characteristics of the alumina production process.

Among these, the industrial wastewater treatment station adopts an integrated high-turbidity water purification system to treat circulating cooling system blowdown water and rainwater through processes including coagulation, sedimentation, filtration, and backwashing. The coal gasification wastewater treatment station applies a deammoniation (ammonia stripping) process to treat coal gas condensate water. All treated wastewater is reused in alumina production, enabling the circular utilization of production wastewater within the plant and achieving zero liquid discharge.

Case Study **Innovative Ammonia Stripping Process Enabling Full-process Recycling of High-ammonia Nitrogen Wastewater**

For high-ammonia nitrogen wastewater generated from the gas system, the alumina branch adopts an ammonia stripping (deammoniation) process for treatment, supported by facilities such as condensate buffer tanks, stripping columns, ammonia–water separation tanks, ammonia water storage tanks, ammonia water coolers, condensate coolers, and various transfer pumps. Through this system, ammonia-containing wastewater is treated and concentrated via ammonia stripping.

At the same time, the ammonia water recovered during the treatment process is reused for denitrification in calcination kilns, while the treated wastewater is reused as make-up water for production. This enables the resource recovery of ammonia nitrogen–containing wastewater through a full-process closed-loop system, achieving zero wastewater discharge.

Waste Management

We uphold the principles of "prevention first, source reduction, reuse, recycling, and resource recovery", and have formulated and continuously improved waste management systems, including the Solid (Hazardous) Waste Management Policy, to establish a management framework covering the entire lifecycle of waste. At the operational level, we strictly control the generation and discharge of waste across all stages of our business activities, and ensure environmentally compliant treatment through standardised classification, regulated storage, and compliant disposal procedures. To effectively mitigate environmental risks, dedicated anti-pollution storage facilities have been constructed, and qualified third-party organisations are regularly engaged to carry out professional treatment, ensuring compliant waste disposal. In addition, we actively expand resource recovery channels and continuously promote the conversion of waste into reusable resources, supporting the Company's green and low-carbon development.

To further enhance management effectiveness, we have established a target tracking and progress monitoring mechanism. Through regular evaluation, data monitoring, and performance analysis, we continuously promote the effective implementation of waste reduction targets. In the China Hongqiao Group Environmental Protection Policy, we explicitly commit to fully implementing waste reduction measures throughout the entire lifecycle, including product planning, design, production, equipment maintenance, and recycling, to ensure the achievement of reduction targets. We will continue to minimise the environmental impact of waste to the greatest extent through systematic management innovation and technological improvements, and fulfil our environmental responsibilities through concrete actions.

Product Planning	Adhere to the sustainable development strategy and, based on a full life-cycle perspective, systematically assess product environmental impacts, focusing on efficient resource utilisation and actively building a closed-loop aluminum resource recycling system.
Product Design	Integrate life-cycle assessment into the R&D process, set clear environmental objectives, and reduce the environmental impact across the entire product life cycle from the source through optimised material selection and structural design.
Production and Manufacturing	Strictly control the generation of process waste during the production process, establish quantitative targets for waste recycling and secondary utilisation, promote waste reduction and resource utilisation in production, and minimise resource consumption and waste emissions to the greatest extent.
Equipment Maintenance	Incorporate life-cycle impact assessment into equipment maintenance management, optimise equipment operation plans, and explore efficient and low-consumption operating models to ensure stable operation while reducing operational costs.
Recycling and Reuse	Strengthen in-depth cooperation with professional recycling and regeneration institutions, establish an aluminum product recycling traceability system, accurately measure recycling rates, and continuously improve the level of aluminum resource recovery and reuse.

Hazardous Waste

We strictly comply with laws and regulations such as the Standards for Pollution Control on Hazardous Waste Storage and the Measures for the Transfer of Hazardous Waste, standardising the collection, storage, and disposal management processes for hazardous waste to ensure compliant handling. At the same time, we actively promote the resource recovery and reuse of hazardous waste, continuously improving the comprehensive management and environmental performance of hazardous waste.

Discharge Management

For the full-process management of hazardous waste, we implement the following measures:

Establishment of a Dedicated Treatment Centre for Centralised Management	A dedicated hazardous waste temporary storage facility has been established to centrally coordinate the standardised storage and professional disposal of various types of hazardous waste, enhancing management efficiency and professional capabilities.
Enhanced Ledger Management and Strengthened Process Oversight	The hazardous waste transfer ledger management system is strictly implemented to standardise transportation and storage processes. Qualified professional third-party organisations are regularly commissioned to carry out compliant disposal, ensuring the entire process is traceable and properly supervised.
Implementation of High-Standard Leachate Prevention Design to Mitigate Environmental Risks	High-standard leachate prevention designs are applied to hazardous waste storage sites to effectively prevent leaks, avoid soil and groundwater contamination, and ensure the protection of the ecological environment.

During the reporting period, no hazardous waste leakage incidents occurred within the Group.

Case Study **Resource Utilisation of Waste Carbon Slag**

For the large volumes of waste carbon slag generated during the electrolytic aluminum production process, we implement resource recovery through carbon slag flotation technology. The waste carbon slag is first crushed, ball-milled, and classified before entering the flotation system, where reagents are added to separate valuable electrolyte and carbon powder. The flotation froth is dewatered by pressure filtration to form carbon powder, while the coarse flotation slurry is concentrated and dried to produce finished electrolyte powder. This technology achieves efficient separation of electrolyte and carbon powder from the waste carbon slag, reducing solid waste generation while enhancing resource recovery efficiency.

Case Study **Innovative Practices in Resource Recovery of Waste Solvent Oil**

In the aluminum deep-processing segment, waste solvent oil generated from the bending and straightening processes in the finishing workshop was previously treated as hazardous waste and periodically disposed of by external qualified units, resulting in a low resource recovery rate. To enhance the resource utilisation of hazardous waste, the Group's subsidiary, Zouping Hongfa, conducted systematic trials and feasibility studies on the reuse potential of waste solvent oil.

After evaluation and confirmation, the waste solvent oil can be used as a substitute for externally purchased cleaning oil to remove aluminum powder and oil stains from roller brushes during the roll assembly process, without affecting normal equipment operation or final product quality. By shifting the treatment of waste solvent oil from external disposal to internal resource recovery, the initiative not only effectively reduces the amount of hazardous waste outsourced for disposal but also promotes the production process towards a resource-closed-loop and waste minimisation management model. Following the implementation of this project, the annual purchase of auxiliary cleaning oil in the hot-rolling workshop can be reduced by approximately 20 tonnes, achieving a synergy of environmental and economic benefits.

Case Study **Promoting Clean Production and Precise Management to Reduce Hazardous Waste at Source**

The Group's subsidiary, Zhanhua Huihong, has consistently focused on green development, continuously advancing environmental management, process optimisation, and energy management system construction. In 2025, through its systematic energy efficiency management model, leading technological innovation capabilities, and full-process precise energy control, Zhanhua Huihong was selected for Shandong Province's 2025 Key Industry Energy Efficiency "Leader" list, reflecting its comprehensive achievements in green manufacturing and lean management.

In practice, we continuously optimise production processes and improve resource utilisation efficiency through energy-saving technology upgrades, the promotion of clean production, and the exploration of circular economy models, thereby reducing material losses and pollutant generation risks at the source. By strengthening process control, promoting efficient resource use, and coordinating the resource recovery of waste, we consistently lower energy consumption density while also alleviating the generation pressure of hazardous waste, enhancing the preventive and refined management of waste.

Non-hazardous Waste

We strictly comply with relevant laws and regulations, including the Standard for Pollution Control on the Non-hazardous Industrial Solid Waste Storage and Landfill (GB 18599-2020), and carry out classified collection and compliant disposal of non-hazardous waste. We also actively promote its conversion into recyclable resources and continuously enhance the level of resource utilisation of waste.

Discharge Management

Regarding non-hazardous waste, we implement a classification-based management approach and resource-oriented disposal strategy, with the following specific measures:

Industrial by-products resource utilisation	Industrial by-products such as fly ash, slag, and desulphurisation gypsum are sold in a unified manner to renewable resource companies for resource utilisation. Residual carbon blocks and residual carbon powders are sold as recycled resources, achieving comprehensive utilisation.
Disposal by relevant qualified entities	Electrolyte powders and blocks generated during the production process are sold to relevant qualified entities for standardised disposal.
Dedicated handling of construction waste	Construction waste is managed by the Engineering Management Department and entrusted to relevant qualified entities for compliant disposal.
Municipal collection of domestic waste	Domestic waste is collected and disposed of uniformly by municipal sanitation authorities.

Case Study Green Circular Practice of Packaging Materials

The Group will continue to strengthen the recycling and reuse of packaging materials and progressively improve the circularity rate of packaging materials.

Our aluminum products from the Lightweight and Deep Processing segments mainly use wooden pallets, cartons, and other packaging materials during storage and transportation. This results in high resource consumption and low recycling rates. To reduce resource waste and promote the green transformation of packaging, subsidiaries under the Group have actively implemented circular packaging solutions tailored to their business characteristics.

- **Shandong Honghe: Promotion of Reusable Transit Boxes**
  For product lines with high shipment volumes, existing custom cartons are gradually being replaced with reusable transit boxes (capable of being used over 3,000 times). The company collaborates with customers to plan the storage and logistics management of these boxes, establishing an efficient circular transit operation model.

- **Shandong Hongjun: Establishment of a Wooden Pallet Recycling Mechanism**
  For wooden pallets used with aluminum foam products, a recycling and reuse mechanism has been established and implemented. The company collaborates with customers to conduct centralised pallet collection and reuse, effectively extending the service life of the pallets and reducing resource waste.

- **Zouping Hongfa and Binzhou Hongzhan: Promotion of Smart Steel Pallets and Aluminum Sleeves**
  By promoting the use of reusable smart steel pallets and replacing paper sleeves with aluminum sleeves, the companies have significantly reduced the consumption of single-use packaging materials.

Reusable Smart Steel Pallets

Recyclable Collapsible Crates

Case Study **Green Office Practices and Resource Conservation Management**

We continuously integrate the concept of green and low-carbon practices into daily administrative management and office operations, promoting resource conservation and waste reduction through attention to details. In everyday office work, we actively implement a paperless office model, advocating electronic document transmission, online workflow approvals, and digital information sharing. Combined with measures such as double-sided printing and print quota management, this reduces the use of paper and printing consumables, enhancing office efficiency while lowering resource consumption. To further reduce the use of single-use items, we gradually replace disposable products with ceramic mugs and reusable tableware. Electric hand dryers are installed in office areas to reduce paper towel consumption, controlling the generation of general waste at the source.

In addition, we advocate making full use of resources and encourage employees to reuse everyday items such as envelopes, folders, and document bags. The use of eco-friendly office supplies, including refillable pens, renewable ink cartridges, and toner cartridges, is promoted to extend the service life of materials and reduce unnecessary consumption. At the same time, we have established a material demand assessment and inventory control mechanism, allocating office supplies according to actual needs to avoid duplicate procurement, inventory backlog, and idle resources, thereby further enhancing the efficiency of resource management.

We also extend the concept of green office practices to office environment renovation and facility management. During office refurbishment, centralised storage areas are designated for recyclable materials such as used cartons and cardboard, and standardised collection and disposal arrangements are implemented to promote the circular use of recyclable resources. At the same time, we gradually upgrade the lighting systems in public areas, office spaces, and supporting functional areas by adopting LED energy-saving lamps, enhancing lighting quality while reducing energy consumption.

Bauxite Residue Management

Bauxite residue is a general industrial solid waste generated during the alumina production process. It is alkaline in nature and contains a certain amount of soluble salts. If not properly managed, it may adversely affect soil condition in storage areas and groundwater quality.

We strictly comply with the Regulations on the Environmental Management of Tailings Pollution Prevention and Control and fully implement the relevant requirements on pollution prevention and environmental monitoring. Following dewatering and filtration treatment, bauxite residue is stored in dedicated facilities equipped with seepage prevention measures. Prevention and control zones and groundwater monitoring wells are also established to continuously monitor its potential impacts on the surrounding environment. To systematically advance bauxite residue reduction, we have formulated and implemented the Administrative Measures for Incentives for Bauxite Residue Reduction, under which teams achieving the relevant reduction targets are rewarded, thereby enhancing employees' engagement in green production. In terms of source control, the Group's alumina branch actively explores effective pathways for reducing generation of bauxite residue through process optimisation and technological innovation. Taking the high-pressure Bayer process production line as an example, lime is added to facilitate the conversion of goethite in bauxite into hematite, while key parameters, including slurry fineness, circulating spent/mother liquor concentration, digestion temperature and holding time, are precisely controlled. At the same time, the operational stability of the settling system is improved. These measures significantly enhance the alumina dissolution rate while effectively reducing bauxite residue generation and final discharge, thereby mitigating potential impacts on the surrounding environment.

To further strengthen the safety management of bauxite residue storage areas and standardise operational procedures, the alumina branch conducted training on the standardised development of bauxite residue areas during the reporting period. The training covered key personnel in relevant technical and management positions.

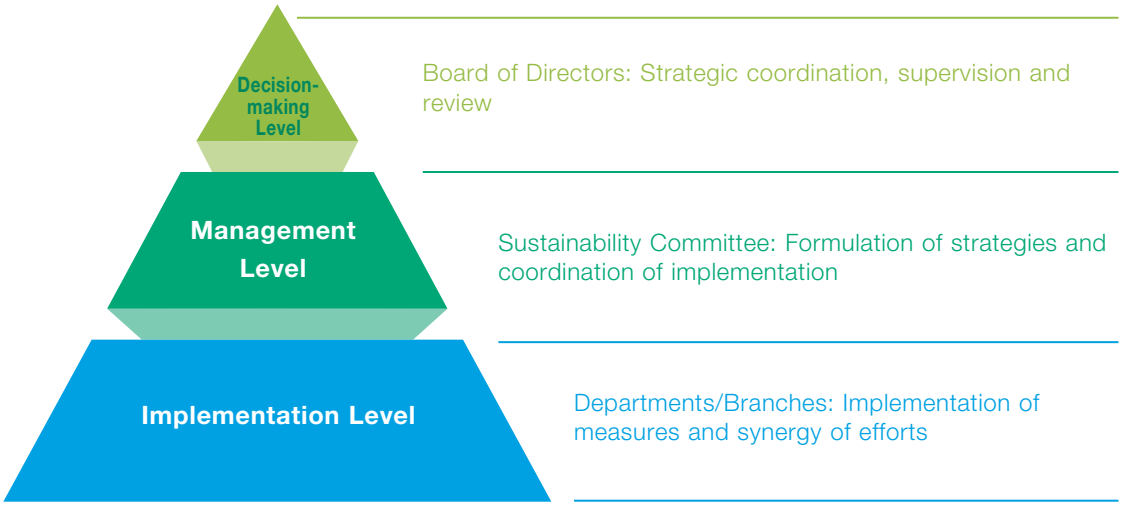
Ecosystem and Biodiversity Protection

Biodiversity conservation is an important foundation for maintaining ecosystem health, supporting sustainable economic development and safeguarding human well-being. China Hongqiao integrates biodiversity conservation into core corporate sustainable development strategy, systematically identifies potential impacts on ecosystems from various operational and value chain links, and actively builds an eco-friendly production and operation model.

In terms of compliance management, we strictly abide by the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Environmental Impact Assessment, and other laws and regulations, while actively responding to China's strategic arrangements for the development of ecological civilisation. Simultaneously, we follow international conventions such as the Kunming-Montreal Global Biodiversity Framework under the Convention on Biological Diversity (CBD), as well as laws and regulations related to biodiversity conservation and forest protection in the countries and regions where we operate. We continue to reduce our dependence on natural resources and ecological impacts, advance biodiversity conservation and ecological restoration, and contribute corporate efforts to the development of global ecological civilisation.

In terms of management structure, we have established a three-tier biodiversity management system covering the decision-making, management, and execution levels, with clearly defined responsibilities at each level and strengthened coordination to ensure the systematic advancement of biodiversity protection measures and the realisation of demonstrable results. At the decision-making level, the Board takes the leadership and comprehensive oversight over work related to ecosystem and biodiversity protection, steering the overall direction and consolidating the management foundation.

At the management level, the Sustainability Committee under the Board of Directors is responsible for implementing strategic arrangements from the decision-making level, spearheading the formulation of sustainable development strategies, targets and implementation pathways related to biodiversity conservation and coordinating the delivery of relevant initiatives. At the implementation level, all departments and branches strictly adhere to resolutions related to ecosystem protection and biodiversity conservation, driving the implementation of various protective measures while coordinating with relevant internal departments and personnel to form a well-integrated and collaborative working framework, ensuring the full cascade of strategic objectives and the realisation of closed-loop implementation.



Biodiversity Governance Structure

In terms of the action framework, we align with the United Nations Sustainable Development Goals (SDGs). Drawing on the assessment methodology issued by the Taskforce on Nature-related Financial Disclosures (TNFD), we apply the LEAP approach (Locate, Evaluate, Assess, Prepare) to systematically evaluate the interactions and interdependencies between our global offices, production bases, self-owned power stations and surrounding ecosystems, and gradually develop science-based biodiversity conservation strategies.

Locate

Based on the geographical distribution characteristics of our global production bases and operational network, we fully recognise the differences in ecological features across regions, as well as the unique degrees of dependence and scope of impact of each operational node on natural ecosystems. Accordingly, ecological protection is taken as a preliminary consideration. In the project site selection phase, dedicated evaluations are carried out against the ecological conservation red line boundaries as delineated by local competent government authorities, guaranteeing that all operational sites are sited beyond the confines of such protected zones.

Within the scope of operational control, a preliminary screening, identification, and assessment is conducted on business activities that may have potential impacts on biodiversity and the ecological environment. We deploy biodiversity impact assessment tools including BiA, Map of Life, and Protected Planet for key operational sites such as headquarters office premises, production facilities, and centralised power stations on the basis thereof, with the aim of analyzing the current biodiversity status, protected area distribution, and habitat conditions within a ten-kilometer radius of each site, thereby furnishing a scientific foundation for the identification, assessment, and management of nature-related risks and opportunities.

Through a systematic analysis, we have identified 18 operational locations that are adjacent to areas of significant biodiversity. Based on this, and taking into account the quantity and spatial distribution of national-level nature parks, national-level nature reserves, and globally significant biodiversity areas (including Key Biodiversity Areas, internationally important wetlands, and World Natural Heritage sites) surrounding these locations, we have designated five locations as priority ecological areas for targeted protection and management: Mengzi City, Honghe Hani and Yi Autonomous Prefecture, Yunnan Province, China, Mile City, Honghe Hani and Yi Autonomous Prefecture, Yunnan Province, China, Yanshan County, Wenshan Zhuang and Miao Autonomous Prefecture, Yunnan Province, China, Luxi County, Honghe Hani and Yi Autonomous Prefecture, Yunnan Province, China and Ketapang Regency, West Kalimantan Province, Indonesia.

Priority Ecological Areas	Sensitive Areas within a 10-Kilometre Radius
Mengzi City, Honghe Hani and Yi Autonomous Prefecture, Yunnan Province, China	Wetland Park, Forest Park
Mile City, Honghe Hani and Yi Autonomous Prefecture, Yunnan Province, China	Forest Park, Geopark
Yanshan County, Wenshan Zhuang and Miao Autonomous Prefecture, Yunnan Province, China	Desert Park, Forest Park, Geopark
Luxi County, Honghe Hani and Yi Autonomous Prefecture, Yunnan Province, China	Desert Park, Forest Park, Geopark, Wetland Park
Ketapang Regency, West Kalimantan Province, Indonesia	Freshwater Marsh, Forest, Grassland

Evaluate

We referenced the TNFD-recommended ENCORE (Exploring Natural Capital Opportunities, Risks, and Exposure) database to screen and assess business-related impacts and dependencies on nature. By integrating the Group's operational realities with biodiversity database research findings, we conducted a scientific evaluation of the extent of each natural dependency and impact, systematically identifying the key interaction processes between the Group's production and operations and natural ecosystems.

Dependency and Impact Level Assessment Process		
1. Identification of Dependency and Impact Drivers	Based on the ENCORE database, we mapped the key drivers of our dependencies on and impacts to nature, taking into account the Group's operational realities.	
2. Dependency and Impact Level Assessment	Database Research	We conducted a comprehensive analysis using the WWF Risk Filter database, a biodiversity assessment tool recommended by the TNFD.
	Environmental Data Analysis	Drawing on biodiversity impact assessment results from third-party institutions, we analysed natural environment indicators at our ecological priority sites, including operational emissions (e.g., air and wastewater discharges) and species abundance in surrounding areas.

China Hongqiao's Operational Dependencies and Impacts on Nature

Very High | High | Medium | Low | Very Low | Not Applicable

Ecosystem Services		Solar Energy Production	Fossil Fuels Energy Production	Casting of Metals	Manufacture of Basic Precious and Other Non-ferrous Metals
Dependence on nature[2]:					
Provisioning services	Water supply		3		
Regulating and maintenance services	Global climate regulation services	4			
	Rainfall pattern regulation services (at sub-continental scale)				
	Local (micro and meso) climate regulation services				
	Air filtration services				
	Soil and sediment retention services				
	Solid waste remediation				
	Water purification services				
	Water flow regulation services		5		
	Flood mitigation services				
	Storm mitigation services				
	Noise attenuation services				
Impacts on nature[6]:					
Disturbances (e.g., noise, light pollution)					
Area of freshwater use					
GHG Emissions					
Non-GHG Air Pollutant Emissions					
Generation and release of solid waste					
Area of land use					
Emissions of toxic pollutants to water and soil					
Emissions of nutrient pollutants to water and soil					
Volume of water use					

2 Dependence refers to an organisation's reliance on natural systems, including the direct input of natural resources, nature-related factors in production, and measures taken to reduce environmental impacts.

3 According to the ENCORE database, fossil fuels energy production relies on water provisioning services provided by ecosystems to ensure stable and sufficient water supply for cooling systems, industrial cleaning, sanitation, daily operations, and fire safety management. Consequently, the dependency of the fossil fuels energy production sector on water supply is assessed as High.

4 According to the ENCORE database, the stable operation of solar power generation facilities is highly dependent on the effective regulation and stability of the global climate system, which mitigates the frequency and severity of extreme weather events and prevents damage to plant buildings and supporting infrastructure. In addition, rising temperatures and extreme weather events can directly and adversely affect operational performance. Therefore, the dependency of the solar power generation sector on global climate regulation is assessed as Very High.

5 According to the ENCORE database, fossil fuels energy production depends on watershed flow regulation to ensure a stable water supply for daily operational needs, including cooling systems and fire safety management. Therefore, the dependency of the fossil fuels energy production sector on flow regulation is assessed as High.

6 Impact refers to the effects that an organisation causes or contributes to on nature. Key natural impact drivers include disturbances such as noise and light disturbances, emissions of GHG, emissions of non-GHG air pollutants, and the generation and release of solid waste.

Assess

We have adopted professional risk analysis tools including Think Hazard!, the Coastal Risk Screening Tool and Aqueduct 4.0 to systematically assess and analyse climate- and nature-related physical and transition risks and opportunities. Through the application of these professional instruments, we have identified nature-related physical risks such as water resource shortages and ecosystem degradation, along with transition risks including policy changes and reputational impacts. Building on the basis of the foregoing identification, we have further explored the potential transition opportunities underlying the identified risks. The relevant findings are presented in the chapter on climate risk and opportunity management.

Prepare

During the course of our operations, we have focused on the fundamental drivers of nature loss and, in alignment with the four-step ARST Action Framework published by the Science Based Targets Network (SBTN), namely Avoid, Reduce, Restore & Regenerate, and Transform, have formulated and advanced specialised management actions. Through the foregoing efforts, we have established a full-chain response system encompassing "collaborative governance, ecological foundation establishment, and institutional safeguards", dedicated to achieving the organic integration and coordinated enhancement of ecological, economic and social benefits.

- Avoid

  Institutional Safeguards

  - Formulating the Biodiversity Conservation Policy, fully considering the potential impact on the ecological environment when carrying out business activities, and taking necessary measures to mitigate and manage adverse impacts on the ecological environment and species.
  - Establishing a new Standard Operating Procedure (SOP) at the subsidiary, PT Well Harvest Winning Alumina Refinery, to regulate employee response behaviours when encountering wild animals within operational areas, thereby providing support for biodiversity protection.
  - Developing and enforcing stringent biodiversity protection procedures at the subsidiary, Yunnan Hongqiao New Energy Co., Ltd., and its subordinate branches, guided by the core principles of "protection priority, minimal disturbance, and adaptation to local conditions" to ensure that protective measures are integrated throughout the entire project construction lifecycle.

  Site-selection Avoidance

  - Applying Geographic Information System (GIS) multi-factor overlay analysis technology during the early planning stage of the Yunnan New Energy Project to prioritise the selection of non-arable land, degraded land and other areas with lower biodiversity impact, while strictly avoiding sensitive areas such as ecological conservation red lines, nature reserves, wildlife habitats and migration corridors.

Ecological Buffer

- Delineating ecological buffer zones around the project sites of the Yunnan New Energy Project with the formulation of specialised protective measures to minimise the impact of construction activities on the ecological environment.

Layout Optimisation

- Based on the topography and ecological characteristics of the Yunnan New Energy Project site, rationally planning the layout of facilities such as photovoltaic modules and transmission lines that may affect wildlife movement, preserving necessary ecological land, constructing ecological corridors, and maintaining regional ecosystem connectivity, while in key migratory bird areas, giving priority to the use of underground cables to reduce the risk of bird collisions.

- Reduce

Impact Control

- Rigorously controlling working hours and noise intensity during the construction phase and adopting green construction techniques to minimise disturbance to small mammals, common birds and other wildlife in the Yunnan New Project; during the operational phase, reducing unnecessary disruption to surrounding wildlife habitats through measures such as strengthening routine management, delineating restricted access areas, and conducting environmental awareness training for employees, enabling the effective mitigation of the operational activities' impact on natural environments.

Smart Monitoring

- Deploying integrated environmental monitoring sensors across the operational boundaries of multiple new energy projects in Honghe, Kaiyuan, Luxi and Mile in Yunnan to transmit real-time data on 12 ecological indicators including PM2.5, noise, temperature and humidity, thus embedding ecosystem protection into routine operations and maintenance management.
- Developing a biodiversity digital management platform for operational sites near ecologically sensitive areas, deploying smart technologies to conduct dynamic monitoring of species and habitats, promptly identifying and addressing ecological risks, and ensuring the coordinated alignment of production operations with biodiversity protection.

Invasive Species Prevention and Control

- Strictly complying with relevant government requirements, and standardising the notification, approval and entry quarantine procedures for the introduction of species.
- Incorporating green vegetation into routine maintenance management, conducting regular pruning, irrigation and fertilisation of landscaped areas within the operational scope, and actively implementing integrated pest management to create a more favourable living environment for flora and fauna within the region.
- Regularly identifying and removing naturally growing plant seedlings not required for operational cultivation, preventing their potential evolution into invasive species in the wild, thus forging a solid foundation for biodiversity protection.

- Restore
  - Advancing the restoration of landscapes and seascapes across investment and operational sites, and achieving functional reconstruction and benefit realisation of degraded ecosystems through technological innovation.
  - Conducting specialised vegetation surveys prior to project construction, clearing only limited areas of secondary vegetation while strictly prohibiting any damage to protected plant species; upon completion of works on temporary land occupation, immediately carrying out ecological restoration by sowing native grass species and implementing slope revegetation to restore regional vegetation cover.
- Transform
  - Prioritising the selection of environmentally responsible and sustainable partners to enhance the ecological friendliness of the supply chain.
  - Fostering collaborative partnerships within the supply chain and cross-industry alliances to promote the sharing of nature conservation technologies and standards.
  - Actively engaging in the development of policies and standards to drive the establishment of a more robust institutional framework for nature conservation.

Case Study Ecological Greening initiatives in Guinea

With respect to the areas surrounding the Group's operational sites, SMB, a joint venture established by the Group in Guinea, has systematically assessed the potential impacts and risks that its operational activities may pose to biodiversity in those areas. The Guinean bauxite mining area, in which the Group holds investment and development interests through its joint venture SMB, has continuously implemented a series of comprehensive biodiversity protection programmes aligned with international standards and national regulations, focusing on three key areas, namely wildlife protection, natural habitat conservation and ecological restoration of degraded areas, which is instrumental in formulating a systematic and regularised ecological governance mechanism.

In the area of wildlife protection, the Group has systematically undertaken species inventory and dynamic monitoring, targeted protection of sensitive species, ecological corridor construction, and population relocation of affected species, while conducting regular awareness campaigns for employees and subcontractors to promote scientific practices in biodiversity protection. In the area of natural habitat conservation and ecological restoration, the mining area has continuously strengthened ecological protection for surrounding forests, wetlands and springside areas, advanced systematic restoration of soil and native vegetation, and strictly controlled disturbances to the surrounding ecological environment arising from infrastructure construction.

During the reporting period, SMB officially launched a large-scale tree planting project in Guinea, planning to plant 10,000 saplings across 400 hectares of already mined plateaus. The project adopts a planting model consisting of 75% native tree species and 25% cashew trees, ensuring effective ecological restoration of the mining area while also generating economic benefits for surrounding communities. The project has simultaneously advanced the planting of cypress trees along the mining area roads to effectively curb dust dispersion. In addition, the project has engaged residents of surrounding communities in the afforestation process, facilitating the rapid restoration of the regional natural ecosystem and community co-development, thereby steadily advancing the sustainable development of the mining area.

Native Species for a Renewed Green Landscape

Case Study **Bird Protection and Harmonious Coexistence with Power Grids**

Each subsidiary under the Group has adhered to the core principle of pursuing ecological protection and production operations in a coordinated manner, integrating biodiversity protection into all aspects of production. As the regional ecological environment has continued to improve, the population of bird species has gradually increased, and the risk of interaction between bird activity and the operation of power lines has consequently emerged. In addressing bird-related risks, each subsidiary has moved away from traditional deterrent approaches, embedding bird protection into the full process of designing and implementing protective measures, and proactively adopting non-harmful and active prevention methods. Through these efforts, the subsidiaries have achieved the dual objectives of scientific bird risk management and biodiversity protection, demonstrating their commitment to green development through concrete actions.

In the thermal power segment, the focus has been on mitigating the impact of power line operations on birds at the source: uniformly installing bird guards on line insulators to prevent birds from coming into contact with live equipment and to reduce the risk of trip-outs; simultaneously constructing artificial nests and installing protective plates to guide birds towards safe perching, thus reducing the risk of birds straying into equipment areas and achieving the approach of “promoting prevention through protection”.

In the alumina segment, tailored protection measures are implemented based on the characteristics of facilities in different regions and the behavioral patterns of local wildlife, strictly adhering to the principle of “protection and prevention in parallel.” For high-risk power transmission facilities such as 110 kV line gantries, wind-driven bird deterrent devices are installed. These devices use natural wind to rotate blades, generating reflective light and low-frequency sounds to deter birds while preserving migration corridors. In key equipment areas such as 110 kV power transformer intervals, intelligent cat deterrents, animal repellent devices, and isolation nets are installed. A combination of physical barriers and acoustic deterrence is used to prevent short-circuit incidents caused by small animals, while avoiding harm to wildlife.

Resource Utilisation

China Hongqiao has enshrined “efficient utilisation, circular utilisation and value maximisation” as the core objectives of its resource management. Focusing on key elements such as raw materials, energy and water resources, we have systematically advanced a conservation-oriented and intensive production model, committed to maximising the value of every resource. Through continuous optimisation of process flows, enhancement of equipment energy efficiency, and strengthening of refined management, we have effectively reduced resource consumption per unit of output, steadily improved resource input-output efficiency, and promoted the coordinated enhancement of resource utilisation efficiency and green development, thereby injecting green momentum into the sustainable operations of the enterprise.

Taking industry advanced levels and internal best practices as benchmarks, we have systematically advanced a "double standard" management mechanism. By benchmarking externally against industry leaders and internationally renowned enterprises, and internally establishing benchmarks across plants and production lines, we have continuously identified areas for improvement and optimised production management and resource utilisation efficiency. In the production process, we have embedded the requirements of "double standard" into the management of key indicators such as ore consumption, electricity consumption, steam consumption and alkali consumption, driving the coordinated enhancement of energy consumption, cost, safety and environmental performance.

Energy Management

Energy serves as a critical foundation for the Group's production operations and a core engine driving the green and low-carbon transition. China Hongqiao has formulated the Management Process for Water, Electricity, Steam Consumption and Energy Saving and Consumption Reduction, and has continuously advanced the transformation of energy utilisation towards cleaner, more intensive and more efficient models, focusing on energy security, energy efficiency improvement and structural optimisation, while maintaining stable supply and steadily reducing energy consumption per unit of output. Drawing on the characteristics of its industry, the Group has systematically promoted energy-saving technological upgrades, recovery of surplus energy and waste heat, and refined energy management, facilitating the efficient utilisation of traditional energy sources and the coordinated development of clean energy, and gradually establishing an energy management system centred on efficient energy use, consequently laying a solid foundation for the sustainable development of the enterprise. Some subsidiaries of China Hongqiao have obtained ISO 50001 energy management system certification, and the Group will actively promote more subsidiaries to achieve the same certification.

The Group has formulated energy management plans and targets, and regularly conducts energy audits to systematically assess energy consumption across various operational segments, thereby identifying potential areas for energy saving and consumption reduction. We regularly compile and review the energy usage of each unit, and link the achievement of energy targets by each unit to its performance.


能源管理体系认证证书

GB/T 23331-2020 / ISO 50001:2018

RB/T117-2014;

中国质量认证中心

CHINA QUALITY CERTIFICATION CENTRE

能源管理体系认证证书

GB/T 23331-2020 / ISO 50001:2018

RB/T117-2014,RB/T119-2015;

中国质量认证中心

CHINA QUALITY CERTIFICATION CENTRE

ISO 50001:2018 Energy Management System certification (Partial)

In 2025, the Group's renewable energy consumption amounted to 38 million MWh, accounting for 17.11% of total energy consumption; the Group's total energy consumption was 224 million MWh, with energy consumption density standing at 0.01 million MWh/million USD sales.

Water Resource Management

Water resources represent a critical element underpinning the Group's production operations and serve as a foundational resource ensuring the stability of production processes. We rigorously adhere to all applicable laws and regulations governing water resource management in the countries and territories where we operate, and have instituted the Management Process for Water, Electricity, Steam Consumption and Energy Saving and Consumption Reduction to manage and utilise water resources with a prudent and responsible attitude.

To strengthen water resource management and achieve water conservation targets, we have formulated a top-down water resource management framework under which the Board is responsible for reviewing strategies and major matters relating to water resource management, the management level is responsible for organising and implementing such strategies, and each production unit is responsible for executing water conservation measures and water consumption control.

The Group's water sources are primarily supplied by local water utilities at each operating location. The water consumed is mainly used for daily production and office activities, and there are no issues in sourcing applicable water resources.

We have embedded the principle of water resource protection into business activities across all segments, establishing quantitative annual assessment indicators for water resource management. The production management department has implemented full-cycle tracking management of these indicators, established a three-tier control mechanism at weekly, monthly and annual intervals, regularly analysed progress against the indicators, and defined phased work objectives.

Water Resources Risk Assessment

Against the backdrop of the growing impact of climate change, we have fully recognised the potential risks and challenges to water resource supply. Accordingly, we have conducted regular water risk assessments at each operational site, taking into account multiple water resource conditions at the production lines within the Group, namely geographical location, climate, surface water systems, water availability and water quality, alongside our own water withdrawal and consumption patterns as well as production and domestic wastewater discharge. Based on these assessments, water withdrawal and consumption at each operational site have remained in full compliance with applicable requirements, with effective control maintained throughout the production and domestic water use processes. No events occurred that had a material financial impact on production and operations. No adverse effects on the water supply of surrounding communities have been identified, and overall water resource management risks remain under control.

To systematically address various water resources risks, we have adhered to the principle of proactive prevention and precautionary control, implementing a series of targeted management measures:

Strengthening water withdrawal compliance management	closely tracking updates to national and local policies on water resource management and water withdrawal permitting, promptly reviewing and implementing compliance requirements; ensuring the full legality and compliance of water withdrawal activities by applying in advance for the renewal and modification of water withdrawal permits, establishing a record-keeping and time-sensitive alert mechanism, and conducting regular special self-inspections and corrective actions on water withdrawal compliance.
Advancing water conservation and intensive transformation	in response to the risk of production water shortages, continuously promoting water conservation technological upgrades across the entire process, upgrading water conservation technologies and equipment, and reducing freshwater consumption per unit of output at source; concurrently strengthening refined water management, formulating water consumption quotas for each process, and achieving precise control over water consumption.
Fostering a multi-party collaborative communication mechanism	developing regular communication channels with local water resources authorities and communities, sharing water withdrawal plans and operational information in a timely manner, and proactively responding to the legitimate needs of surrounding residents; conducting regular social impact surveys on water withdrawal, gathering feedback from communities and residents, and dynamically refining water withdrawal management plans to mitigate the potential impact of production water withdrawal on local livelihoods.

Case Study **PT Well Harvest Winning Alumina Refinery: Instituting a Risk-oriented Water Resilience Management System**

In Indonesia, our subsidiary PT Well Harvest Winning has encountered challenges arising from fluctuations in water availability during the dry season. To mitigate the risks of water scarcity, PT Well Harvest Winning has undertaken specialised risk assessments and devised and implemented a suite of systematic management and response measures: deploying a closed-loop water system in the alumina production process to achieve full recycling of filtered water and reclaimed water, thereby curtailing freshwater intake; addressing the issue of diminished water quality during the dry season by instituting a dedicated seawater treatment system for the brackish water mix, ensuring that water quality conforms to the rigorous process standards mandated for alumina refining; conducting ongoing surveillance of surface water availability, dynamically monitoring river flow rates, tidal conditions and water levels upstream and downstream of water intake points to ascertain that production operations do not adversely impinge upon the water supply of surrounding communities. To foster the sustainable stewardship of water resources, PT Well Harvest Winning has continually reinforced ecological protection along riverbanks and around water intake areas, augmenting groundwater recharge capacity and surface water retention through the preservation of green buffer zones and the restoration of riparian vegetation, attaining sustainable development in harmony with water resource conservation.

Efficient Utilisation of Water Resources

With respect to water utilisation in production processes, we have continuously driven process optimisation, innovation in water-efficient technologies and equipment upgrades to reduce water consumption intensity and enhance the efficiency of water recycling. Based on the differentiated water quality requirements of each production stage, we have precisely redirected treated wastewater to suitable production processes, enabling the minimisation of freshwater intake and wastewater discharge, and the effective reduction of the pressure on regional water resources and the environmental impact arising from production operations. During the reporting period, our water recycling rate reached 96.07%.

Business Segments	Water Conservation Initiatives
Alumina Segment	✓ Proactively adopting the dry stacking method for bauxite residue management, establishing a mature and stable system for the large-scale recycling of bauxite residue liquor. Recovering bauxite residue liquor through dedicated equipment and redirecting it to the water system used in alumina production, thereby achieving a closed-loop cycle for the process liquor and reducing water loss at the source of the production process.
Electrolytic Aluminum Segment	✓ Most of the wastewater generated from wet desulfurization is recycled back into the tower for reuse, maximizing the efficient utilization of water resources. ✓ Mitigating water loss through evaporation in equipment cooling processes by strengthening equipment maintenance to ensure the efficiency of recirculating cooling systems, thereby conserving cooling water consumption.
Recycled Aluminum Segment	✓ Actively advancing the retrofitting of steam condensate recovery, introducing steam condensate generated from heat exchange stations at the power plant into the water treatment system for recirculation as raw water for production, thereby effectively reducing freshwater consumption. ✓ Constructing new water storage tanks, installing supporting sewage pumps and water transmission pipelines to uniformly collect discharge water from heating stations and redirect it to circulating cooling water pools, consequently instituting a closed-loop water resource management model and achieving water recycling alongside cost reduction and efficiency enhancement.
Thermal Power Segment	✓ Maintaining efforts in advancing water conservation and intensive technological retrofitting to increase the concentration ratio of cooling towers within a controllable range. ✓ Utilising seawater cooling technology in place of freshwater cooling at coastal power plants, achieving a reduction in raw water consumption. ✓ Actively exploring optimisation strategies for cascading water use, investigating the application of reclaimed water in place of raw water across certain production processes, further

With respect to domestic water use, we have actively promoted water conservation awareness and reinforced accountability for water efficiency across existing office and residential areas, while deploying innovative water-saving technologies to reduce domestic water withdrawal and enhance the efficiency of domestic water utilisation. We have installed rainwater and wastewater separation systems across our production sites, with separate collection tanks for contaminated rainwater and clean rainwater. The collected clean rainwater is redirected to irrigation for landscaping and road cleaning, effectively enhancing the utilisation rate of rainwater resources and reducing freshwater withdrawal. In the office area renovation project, we have actively responded to the requirements for water conservation and consumption reduction by integrating water-saving design into the renovation plans and implementing a range of specific water conservation measures, thereby driving the green retrofitting of older office areas:

- ✓ Retrofitting water-efficient taps throughout all restroom areas to precisely control daily domestic water consumption.
- ✓ Adjusting the operating frequency of water supply pumps through variable frequency drives in response to dynamic changes in water flow to ensure the stability of water supply to upper floors, achieving a balance between energy efficiency and water supply safety.
- ✓ Deploying drip irrigation systems in the green areas on both sides of the office building to replace the original sprinkler irrigation method, optimising the efficiency of landscape irrigation and reducing water consumption for landscaping.

Case Study **Synergistic Optimisation of Key Processes to Establish an Efficient Closed-Loop Water Conservation System**

At the bauxite residue disposal area of our alumina subsidiary, we have systematically implemented water conservation innovations targeting high-water-consumption points across the production process. In the water recovery stage, we have capitalised on natural elevation gradients to enable gravity-driven water supply, thus reducing both the deployment and operational burden of recovery pumps while simultaneously enhancing water recovery efficiency and curtailing energy consumption. A coordinated mechanism has been established between the filter press workshop and other workshops, enabling the reduction of excess water between processes at source through optimised water utilisation strategies and a reduced liquid-to-solid ratio, thus alleviating the burden on downstream stages. The material spreading workshop has introduced a stepped spreading technique, which enhances dam construction efficiency while effectively curtailing water demand for operations. Concurrently, through modifications to the feed chute configuration and the addition of wastewater treatment facilities, the pathway for resource recovery has been restructured, reducing the annual influx of external water into the production process, progressively elevating the water recycling rate and steadily giving shape to a water conservation management system characterised by structural optimisation and coordinated synergy.

SOCIAL

As a steadfast practitioner of social responsibility, China Hongqiao has consistently upheld its original commitment to responsibility, deeply integrating this philosophy into its corporate development and proactively engaging with and serving society, thereby achieving resonance between high-quality corporate development and the enhancement of social value. We have placed employees as the cornerstone of our development, continuously improving employee rights protection and development systems throughout the entire career lifecycle, and fostering a fair and inclusive talent environment. We have taken innovation as the driving force, building an open and collaborative innovation ecosystem to propel the aluminum industry towards high-end, green and intelligent development. We have worked with communities as partners, establishing long-term value co-creation mechanisms to inject sustained momentum into regional development. We have also leveraged the value chain as a link, joining hands with suppliers and customers to build a resilient and sustainable industrial ecosystem.

Human Capital Development

Employees are the cornerstone of the Group's stable operations and sustainable development, as well as an enduring driving force for long-term value creation. Throughout the entire process of China Hongqiao's operations and management, we have focused on the entire employee lifecycle and continuously refined our practices in employment management, human rights protection, communication mechanisms, development systems, and remuneration and benefits. On the basis of compliance with applicable laws and regulations, we are committed to building a fair, transparent, orderly talent environment that is both attractive and fosters a sense of belonging. We have aligned our approach with business characteristics and development needs, paying close attention to the actual needs of employees across different positions and career stages. Through a combination of institutional development and day-to-day management, we have promoted a virtuous cycle between employee rights protection, capability enhancement and organisational development. Leveraging sustained investment and systematic management, we have endeavoured to foster a workplace atmosphere that respects individuals, encourages growth and shares achievements, advancing together with our employees and laying a solid talent foundation for the Group's high-quality development.

Employment Management

China Hongqiao has consistently adhered to a people-oriented management philosophy, regarding standardised and compliant employment management as the foundation of its human resources practices. The Group has conducted its employment management in strict accordance with applicable laws and regulations, including the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, as well as relevant labour and recruitment laws applicable in other countries or regions where it operates. By establishing an employment management framework covering the entire process—from recruitment and contract execution to on-the-job management and separation—the Group has safeguarded the legitimate rights and interests of employees, while continuously optimising its talent structure and enhancing organisational vitality and stability.

Recruitment and Employment Management

The Group has formulated the Recruitment Policy to ensure the standardised operation of recruitment and contract execution. Recruitment activities are conducted in accordance with a structured process of "demand submission – multi-channel posting – resume screening – professional interview – medical examination and onboarding", with job competency serving as the core evaluation criterion throughout, ensuring that selection standards are open, transparent, compliant and free from discrimination.

We have leveraged diversified channels, including social recruitment, campus recruitment, online platforms, employee referrals and talent exchange events, to continuously strengthen the introduction and pipeline development of talent for key positions. For management and professional technical roles, we have enhanced the precision of talent acquisition through university–enterprise cooperation and collaboration with recruitment agencies. The Group has also continuously improved its talent pipeline development to enhance its ability to attract and retain high-potential talent and key personnel.

In terms of labour relations management, we have entered into lawful labour contracts or relevant agreements with employees in accordance with the principles of equality, voluntariness and mutual consultation, clearly defining rights and obligations in areas such as job roles, working hours, remuneration and benefits, as well as rest and leave. For outsourced labour, we have conducted stringent reviews of contractor qualifications, executed lawful outsourcing agreements and clearly defined responsibilities to ensure that the legitimate rights and interests of outsourced personnel are safeguarded. In respect of separation management, we have respected employees' right to make independent career choices, and through exit interviews and data analysis, identified areas for organisational improvement. Where adjustments to positions or optimisation of business structures are involved, we have safeguarded employee rights and interests in strict compliance with applicable laws and regulations.

Case Study **Safeguarding Employee Rights during Green Transition**

To promote a green and low-carbon transition, we have continuously advanced capacity relocation and optimisation of industrial park layouts, adhering throughout to the principle of "fair transition." We have fully respected employee preferences and carried out personnel placement in strict compliance with applicable laws and regulations, minimising the impact on employees and their families. During the relocation of certain electrolytic aluminum capacities from Shandong to Yunnan, we proactively communicated with employees and sought their preferences, providing multiple options, including relocating to Yunnan along with the capacity or being internally redeployed within the original region, while ensuring the lawful continuity of remuneration, social insurance and related benefits. For employees choosing to relocate to Yunnan, we established supporting mechanisms, including scheduled home visit leave, travel assistance and regional subsidies, helping them balance family responsibilities and personal needs while working in a different location. At the same time, we have continued to monitor employees' adaptation to their new work environment, providing support through communication, engagement and service measures to facilitate their smooth integration into the new work and living environment.

Equal and Inclusive Employment

China Hongqiao is committed to a capability- and value-creation-oriented approach, building a fair, inclusive and diverse employment environment. We explicitly prohibit any form of discrimination based on gender, ethnicity, age, religious belief, political orientation, marital status or other personal characteristics, applying consistent standards across recruitment, promotion, training and remuneration allocation.

In terms of diversity management, we have established an employee structure monitoring mechanism, regularly analysing gender ratios, position distribution and promotion patterns, with oversight of diversity strategy implementation provided by the Board. The Group also incorporates diversity-related objectives into management performance evaluations, ensuring that the principles of equal employment are consistently implemented in practice.

We have maintained a strong focus on female employment and career development. With the advancement of production automation, the Group has continued to optimise job structures, actively expanding development opportunities for female employees, steadily increasing their representation and diversifying position allocation. At the same time, we also integrate the employment of disadvantaged groups into the overall talent strategy, supporting the employment of veterans and persons with disabilities through provision of suitable positions and safeguarding their labour rights in accordance with applicable laws, thereby continuously expanding more inclusive employment opportunities.

Furthermore, we actively advance localisation strategies, giving priority to hiring local employees across our operational regions to strengthen corporate–community integration. For employees from ethnic minority groups, we respect their cultural traditions and lifestyles, integrating local customs and practices into festival arrangements, dietary provisions and other aspects, thereby practising inclusive management.

Case Study **Fostering Integration through Respect and Building an Inclusive, Diverse Workplace**

During production and operations in multi-ethnic regions such as Wenshan and Honghe Prefectures in Yunnan, we have integrated cultural inclusion and employee integration management into our organisational governance. In recruitment and daily management, we have adhered to a principle of non-discrimination based on ethnicity or regional background, applying consistent standards in policy implementation, position promotion and skills evaluation.

Multicultural employee communication meeting

For employee groups with diverse ethnic backgrounds, language habits and lifestyles, we have prioritised respect and understanding, promoting a more open and diverse organisational culture. We have paid particular attention to the cultural needs and living habits of employees from different ethnic groups. Through organising communication and exchange meetings on diverse ethnic cultures, we promote mutual understanding and recognition among employees of different backgrounds. We also reflect cultural sensitivity in festival arrangements, employee activities, and daily communication practices. For example, organising collective activities with local characteristics during important ethnic festivals, incorporating traditional local clothing and dietary practices, and optimising logistical support, enabling employees to work comfortably in a familiar cultural environment. Our subsidiary, Yunnan Hongtai, was recognized as a "National Model Unit for Ethnic Unity and Progress Demonstration Area."

Human Rights Protection

China Hongqiao has formulated the Human Rights Policy and Anti-Trafficking Statement, committing to strict compliance with the laws and regulations of the countries or regions in which it operates, as well as internationally recognised human rights standards, including the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. Across its global operations, the Group places respect for and protection of human rights at the forefront, deeply integrating this principle into strategic decision-making and daily business practices. We firmly oppose all forms of improper conduct, including human trafficking, slavery, child labour, forced labour, discrimination and harassment. We respect employees' lawful rights to freedom of association and collective bargaining, and comprehensively safeguard their legitimate interests in equal employment, fair remuneration, and occupational health and safety.

During the reporting period, the Group did not record any human rights-related violations, nor any incidents of employment discrimination or workplace harassment. The coverage rate of collective labor contracts reached 100% of employees.

Human Rights Due Diligence

With respect to human rights issues, China Hongqiao has established a comprehensive human rights protection system covering governance oversight, due diligence, audit follow-up, and grievance handling. Through institutionalised arrangements, we fully integrate human rights management requirements into daily operations and human resources processes, forming a closed-loop management mechanism of "policy formulation – implementation – process supervision – continuous improvement". In practice, we systematically identify, assess and respond to human rights risks, continuously managing human rights risks associated with our operations and supply chain, including but not limited to child labor, forced labor, human trafficking, and discrimination. Human rights assessments are also conducted in advance of new business relationships, such as mergers, acquisitions and joint ventures, to ensure the Group fulfils its corporate responsibilities.

Human Rights Grievance Mechanism

To ensure timely and effective responses to human rights-related issues, China Hongqiao has established a clear, confidential and strictly non-retaliatory grievance and handling mechanism. Employees and relevant stakeholders may report issues through multiple channels, including direct supervisors, the human resources department, designated email addresses or online systems. Upon receipt, the Group initiates an independent and impartial investigation and, based on the findings, implements disciplinary actions, necessary support and corrective measures, ensuring that each matter is addressed fairly and appropriately.

Prohibition of Child Labour and Forced Labour

China Hongqiao strictly adheres to the legal baseline for employment, explicitly prohibiting any form of child labour or forced labour, and embeds these requirements throughout recruitment, contract management and day-to-day supervision. During recruitment, the Group rigorously verifies candidates' identity and age to ensure compliance with the statutory employment age. In the course of signing labour contracts, we uphold the principles of equality, voluntariness and mutual consultation, strictly prohibiting any restrictions on personal freedom or forced assignment of work beyond the scope of the role. The Group does not withhold identification documents, collect deposits, or enforce compulsory overtime, and guarantees employees' statutory rest, leave and overtime compensation. We ensure employees are legally entitled to paid leave, including statutory holidays, annual leave, marriage leave, family visit leave, bereavement leave, maternity leave, sick leave, and work-related injury leave.

If any violations involving child labour or forced labour are identified, the Group immediately initiates an investigation, halts the relevant employment arrangements, terminates the illegal employment relationship in accordance with applicable laws, and holds responsible personnel accountable. At the same time, the Group properly safeguards the legitimate rights and interests of the affected parties in accordance with the law, implements necessary remedial measures, and carries out targeted management rectifications to prevent recurrence.

During the reporting period, the Group did not record any incidents of child labour or forced labour.

Protection of Women's Rights

Women's rights are a vital component of human rights, and safeguarding these rights while promoting gender equality is an important manifestation implementing the United Nations Guiding Principles on Business and Human Rights. China Hongqiao has continuously developed a systematic support framework for female employees and formulated and fully implemented the Women's Rights Protection Policy. The Group applies the principle of gender equality throughout the entire human resources management process, including recruitment, hiring, remuneration, promotion and training, ensuring that every female employee enjoys fair employment opportunities and career development prospects. In addition to strictly complying with statutory labour protections for female employees during the "four periods" (menstruation, pregnancy, maternity, and breastfeeding), the Group further addresses occupational health, psychological support and workplace safety. Measures such as flexible work arrangements, lactation time and dedicated facilities for employees after childbirth, dedicated care mechanisms, and initiatives to prevent discrimination and harassment have been implemented to create a respectful, inclusive and safe working environment.

Case Study **Comprehensive Health Care Initiatives to Safeguard Female Employees' Well-being**

To enhance the health and well-being of female employees, the Group organised a series of health care activities during the reporting period, translating the concept of women's rights protection into concrete actions. Around key dates such as International Women's Day, we collaborated with local medical institutions to provide free health check-ups, focusing on common female health issues such as thyroid and breast screening. These initiatives helped female employees achieve early prevention and detection of health risks, continuously improving the level of health protection for women. At the same time, we partnered with local medical institutions to deliver educational sessions on the prevention and control of "two cancers," providing detailed guidance on cervical cancer and breast cancer prevention measures and screening key points, thereby raising health awareness and enhancing self-protection capabilities among female employees.

Employee Participation in Free Health Checkup Activities

Human Rights-Themed Training

Focusing on key topics such as anti-discrimination, anti-harassment, prohibition of child labour and forced labour, and freedom of association, China Hongqiao regularly conducts human rights-themed training for employees and relevant partner personnel. By integrating online courses with offline practice, we continuously enhance compliance awareness and sense of responsibility across the workforce.

Protection of Overseas Employees' Rights

In Guinea, China Hongqiao's joint venture SMB fully respects and protect human rights, establishing a territorially integrated human rights protection system that covers all employees and runs throughout operations, effectively protecting the lawful rights and interests of employees, local communities, and supply chain partners.

Strengthening Human Rights Incident Management

SMB has established a "graded reporting, rapid response, closed-loop resolution" mechanism for managing human rights incidents. Incidents are classified into three response levels based on their impact, with clearly defined reporting channels, timeframes, and handling standards. SMB provides diversified, barrier-free reporting channels across the mining area, office zones, and local communities, and commissions a third-party agency to operate an independent complaint hotline, safeguarding the privacy and grievance rights of reporters. Verified human rights incidents are addressed through a three-tier corrective approach of "immediate containment + root-cause rectification + long-term optimisation," and responsible personnel are subject to graded disciplinary measures according to the severity of the incident, minimising the impact of human rights incidents.

Protection of Non-Full-Time Employees' Rights

SMB adheres to the principle of "equal protection, uniform standards," integrating outsourced workers, temporary staff, and third-party assignees into the Company's human rights protection framework. SMB has established a human rights compliance access mechanism for outsourcing service providers, incorporating guarantees related to remuneration, working hours, and safety protection into cooperation agreements. Human rights-specific audits are conducted twice annually, with audit results directly linked to contract renewal and service provider rating. In addition, non-full-time employees receive the same protections as full-time staff, including work injury insurance, occupational safety equipment, occupational health check-ups, and access to basic living facilities such as canteens and dormitories.

Enhanced Human Rights Training and Awareness

SMB has developed a "tiered, targeted empowerment" training and awareness system, focusing on core themes such as anti-discrimination, anti-harassment, prevention of child labour and forced labour, freedom of association, and human rights due diligence. Training is regularly provided to management, functional departments, frontline employees, and supply chain partners. During the reporting period, SMB conducted 40 human rights training and awareness sessions, covering 9,860 participants including employees and supply chain personnel. Employee human rights training coverage reached 100%, and core supply chain partner training coverage also reached 100%, fostering an organisational culture of "respecting human rights and proactively ensuring compliance."

Employee Communication

China Hongqiao believes that a smooth, transparent, and responsive communication system is fundamental to safeguarding employee rights, enhancing organizational trust, and improving governance efficiency. Guided by this principle, the Group continuously improves its management practices across policy development, communication channels, participation mechanisms, and grievance handling, establishing a multi-level, multi-scenario employee communication framework.

At the policy level, the Group ensures employees' rights to be informed, to express opinions, to participate, and to supervise in accordance with national and local labor laws, while also aligning with relevant International Labour Organization principles. This includes protecting employees' rights to freely associate and engage in collective bargaining. China Hongqiao has established an employee representative system and a labor law supervision mechanism within its trade unions. Employee representatives, democratically elected in each subsidiary, participate in consultations regarding working hours, wages, benefits, and occupational health and safety, and supervise the implementation of these policies. They also serve as a bridge by collecting employee feedback, assisting with investigations, and contributing to risk identification and improvement suggestions.

Diverse Daily Communication Mechanisms

China Hongqiao strives to maintain an open, transparent, and two-way communication environment. Multiple channels are in place, including employee general meetings, worker representative congresses, thematic forums, site visits, general manager reception days, hotline numbers, leadership mailboxes, physical suggestion boxes, and online feedback platforms, ensuring continuous interaction with employees. For topics commonly of concern—such as compensation, work arrangements, safety, and career development—relevant departments regularly hold dedicated communication sessions to systematically collect employee input. Meeting minutes are documented and tracked with post-meeting follow-up to ensure each concern is addressed. The Group has established a management process of "unified registration, classification and evaluation, and follow-up implementation," which safeguards personal privacy while providing employees with feedback on the progress and results of their submissions. Employees are encouraged to translate their requests and suggestions into actionable management improvements, forming a complete "receive—process—feedback—improve" loop that continuously enhances employees' sense of participation and belonging.

Institutional Participation Platforms

- Includes Worker Representative Congress and labour union organisation
- Safeguard employees' democratic rights and enable participation in the discussion, deliberation, and supervision of matters directly related to employees' interests

Anonymous Feedback Channels

- Includes physical and online suggestion boxes, dedicated hotlines, and email addresses
- Provide employees with completely confidential and pressure-free channels for raising concerns, giving feedback, or submitting complaints

Regular Management Interaction

- Includes Production General Manager Reception Days, Plant Manager Reception Rooms, and grassroots visits by managers at all levels
- Establish direct communication channels between management and frontline employees, providing on-site responses to employee concerns

Thematic Exchange Meetings

- Includes employee forums, departmental communication meetings, and satisfaction survey interviews
- Collect in-depth feedback on specific management topics or policies and facilitate focused discussions

Case Study **Building a Closed-Loop Communication Mechanism to Ensure Efficient Response to Employee Concerns**

Employee Life Symposium of the Settling Workshop, Alumina Subsidiary

The Alumina Subsidiary of the Group has established a three-tiered communication system — "Workshop → Branch → Subsidiary" — for employee forums, coordinated by a dedicated task force to ensure that employee concerns are fully addressed. Prior to monthly forums, issues are collected in advance through team questionnaires and online submissions. Participation is organized via a "voluntary registration + targeted invitation" approach to ensure voices from frontline, support, and both new and long-serving employees are heard. During the forums, management engages face-to-face with employees to discuss practical issues related to work-life support, training and development, and safety management. Immediate solutions are provided for issues that can be resolved on the spot; for matters requiring further investigation, responsible units and deadlines are clearly assigned; cross-departmental issues trigger a coordinated follow-up process. After the forums, the subsidiary promptly publishes issue lists and progress on corrective actions, maintaining a tracking ledger to ensure a closed-loop resolution. This mechanism enhances employee engagement and sense of belonging while making management improvements more targeted and effective.

Employee Satisfaction Survey

China Hongqiao regards employee satisfaction as a key indicator of organizational health and continuously conducts assessments and improvements through institutionalized and data-driven approaches. The Human Resources Department regularly carries out multi-dimensional satisfaction surveys on an annual basis, combining anonymous questionnaires and tiered interviews, focusing on core topics such as pay fairness, career development opportunities, performance management transparency, work environment, and employee well-being. This approach ensures that employees across different levels and positions are fully represented. The HR department analyses the survey results by job level and functional category, identifies areas for structural improvement, and incorporates key issues into management optimisation plans.

In addition, internal audits collect employee feedback on work stress, fairness of performance evaluations, workplace atmosphere, and potential unfair treatment via surveys and open complaint channels. Based on these inputs, we collaborate with relevant departments to develop targeted corrective plans and monitor implementation in subsequent audits, ensuring feedback translates into concrete improvements.

During the reporting period, the HR Department conducted two employee satisfaction surveys covering all employees, addressing work satisfaction, purpose, well-being, and stress, achieving 100% satisfaction level.

Grievance and Complaint Handling

The Group has established a complaint handling mechanism covering employees and other stakeholders and formalized it through documents such as the Stakeholder Complaint Handling Guideline and Whistleblowing Policy. These define standardized processes for complaint acceptance, investigation, corrective action, and feedback. The HR Department coordinates employee grievances, ensuring procedures are standardized and confidential, and strictly prohibits retaliation intimidation, or improper treatment against complainants. Verified issues require relevant departments to implement corrective measures within specified timelines and undergo review, completing a closed-loop management process.

Employee Development

Employee development and career growth opportunities serve as an important foundation for maintaining the Group's long-term competitiveness. Aligning with the Group's development strategy and industrial layout, we have closely integrated employee growth with organisational needs, continuously improved the mechanisms for employee career development, employee capability building and talent security, and established a sustainable talent development system, thereby providing employees with a clear, stable and supportive growth environment.

Human Capital Management

Human capital is a core resource for the Group's development. We have advanced the systematic management of human resources by focusing on the optimisation of workforce structure, the development of capability systems, and the enhancement of organisational stability. The Group has established a comprehensive talent management system covering the entire life cycle of "recruitment, cultivation, deployment and retention". Through institutionalised assessment mechanisms, regular employee feedback channels, and continuous monitoring of the external environment, the Group has achieved dynamic identification and management of human capital-related impacts, risks and opportunities. By periodically analysing workforce structure, job matching and management operation status, the Group has promptly identified potential risks and formulated targeted management measures to ensure organisational stability and business continuity. The outcomes of such risk identification and management have provided decision-making bases for the continuous optimisation of human resource allocation and the improvement of management mechanisms.

At the same time, the Group has adhered to a goal-oriented approach. By establishing a management target system covering talent structure, capability development and employee engagement, and by combining quantitative tracking with regular assessment mechanisms, the Group has continuously reviewed the effectiveness of its human capital management, ensuring that all human resource arrangements can effectively support the Group's business operations and long-term sustainable development.

Employee Career Development

Employee career development is a core component of human capital management. China Hongqiao has continuously improved its career development system based on employees' growth stages and job characteristics, and is committed to building a clear and sustainable growth pathway for its employees. The Group has systematically advanced its efforts in areas such as career pathway construction, system design and targeted talent development programmes, ensuring that employee growth aligns with the business strategy.

Establishing a "Dual Career Ladder" Career Development System

China Hongqiao has established two career development channels comprising the management channel and the development channel. Employees may choose either a management advancement path or a professional deepening path based on their own abilities and career aspirations, thereby achieving an organic combination of vertical development and horizontal mobility. By clarifying the position settings, qualification requirements and development directions for each sequence, the Group has helped employees accurately identify their growth pathways. During the reporting period, 54.48% of vacant positions within the Group were filled by internal employee candidates.

To support the implementation of the system, the Group has put in place a number of supporting mechanisms, including position selection, skills level assessment, young reserve cadre selection and in-service postgraduate selection. During the position selection process, we have adhered to the principle of openness and transparency, and have comprehensively assessed employees' overall qualities and capabilities through written examinations, interviews, practical operations, safety assessments and democratic appraisals, ensuring that competent employees with high potential are given development opportunities.

Case Study **Advancing Independent Assessment of Skilled Talent and Opening Up Growth Pathways for Frontline Employees**

To strengthen the development of a skilled talent workforce, we have continuously carried out independent assessment of skilled talent and have incorporated the recognition of vocational skill grades into a regular management mechanism. During the reporting period, the Group launched its annual independent assessment of skilled talent, covering multiple business divisions including alumina, thermal power, aluminum electrolysis and lightweighting, and involving a total of 29 vocational trades such as electrician, electrical duty officer and aluminum electrolyser operator. The assessment was strictly designed in accordance with the National Vocational Skill Standards and the Implementation Plan for Vocational Skill Grade Recognition of Shandong Province, with content covering three components: theoretical examination, practice and thesis defense. By establishing an operating mechanism that links "training, assessment and incentives", the Group has integrated skill grade advancement with job development, skill subsidies and talent pipeline building, guiding frontline employees to continuously enhance their professional capabilities.

Venue of the Independent Assessment Examination for Corporate Skilled Talent (Yunnan Hongtai Examination Site)

Strengthening the Cultivation of Professional Talent in Key Areas

China Hongqiao has actively responded to the national "dual carbon" strategy and the requirements of industrial transformation and upgrading, focusing on key areas such as green and low-carbon development, environmental protection and governance, and technology research and development, and has continuously strengthened the cultivation of professional and technical talent. Through tailored development programmes that integrate theoretical enhancement, practical training and innovation guidance, the Group has supported employees in continuously deepening their expertise in core professional fields. At the same time, the establishment of special allowances and innovation support mechanisms has successfully enhanced the attractiveness of professional roles and promoted the deep integration of technical talent with business development.

Case Study **Deepening School-Enterprise Collaboration in Talent Development and Creating On-the-Job Advanced Training Growth Pathways**

The Group has continuously improved its pathways for cultivating high-level professional talent. By jointly establishing the Master of Engineering Management joint training programme with the University of Chinese Academy of Sciences, the Group has built a talent advancement mechanism that combines academic education with industrial practice. The Group has established an internal open selection mechanism, and each year selects through examination those employees with development potential to participate in the master's degree training programme. Focusing on enhancing project management capabilities and building cross-disciplinary professional competencies, the Group has created systematic pathways for employees to achieve academic advancement and professional capability progression. The Group supports employees in pursuing further academic degrees or obtaining equivalent professional certifications. At the same time, employees are supported through mechanisms such as tuition reimbursement and study leave to undertake degree programs or professional qualifications.

In 2025, the joint training programme covered a total of 19 in-service postgraduate students, with an annual aggregate training duration of 5,865 hours.

Employee Vocational Training

Aligning with the direction of China Hongqiao's strategic transformation and industrial upgrading, we have continuously taken employee capability building as an important lever of human capital management, and have steadily improved a training system that covers all employees and spans the entire career cycle, thereby enabling mutual reinforcement between employee growth and corporate development.

The Group's training system covers all employees, including new recruits, frontline employees, professional and technical staff, and management cadres at various levels. Each subsidiary, as the accountable entity for the training system, has conducted systematic training needs surveys and, based on the annual business objectives, technology upgrade directions and job competency models, identified capability gaps across different levels and professional sequences. On this basis, an annual training plan has been comprehensively formulated and published, specifying training priorities, implementation pathways and responsible units, ensuring that training resources remain aligned with the direction of the organisation's development. At the execution and supervision level, the Group has gradually established a training management model that combines online and offline approaches. The Group's each subsidiary has leveraged the digital learning platform to deliver online courses and question banks to employees, and has combined offline training records with online learning data to systematically consolidate and manage the training courses, employee participation status and learning records of each business unit on a regular basis, achieving continuous supervision and dynamic updating of training data. During the training implementation process, the Group has systematically assessed training effectiveness through methods such as training sign-in records, examination assessments, on-site questioning, collection of feedback forms and observation of practical performance, and has timely optimised course settings or implementation methods in response to identified issues, thereby promoting continuous improvement of the training system.

For employees at different development stages, we have adopted a tiered and categorised training approach:

- During the onboarding stage, providing new recruits with corporate culture training and three-level education and training at team, workshop, and subsidiary (or plant) levels, thereby helping them to quickly identify with the Group's core values and adapt to job requirements.

- During the job growth stage, further refining training measures based on the characteristics of different positions: for production and technical staff, through skill mentoring, master-apprentice mechanisms, skill grade recognition and professional course training, systematically enhancing operational skills and professional competencies; for management personnel, through management academy training, executive programmes, plant manager programmes and lean management training, leadership training, strengthening organisational management and digital intelligence capabilities.

In addition, in response to product improvement requirements or quality enhancement needs, we have promptly organised targeted training sessions to ensure that relevant personnel accurately master the key improvement points, thereby driving continuous improvement in product quality and management standards.

During the reporting period, the Group's employees have accumulated a total training duration of 1,938,062 hours, covering topics such as corporate culture and leadership, product quality and safety, and professional skills and knowledge, involving 551,236 participant attendances.

Case Study **"Goose Chasing Programme": Paving a Fast-Track Growth Pathway for Newly Recruited Master's and Doctoral Talent**

Through the implementation of the "Goose Chasing Programme" for masters and doctoral talent, and by adopting a curriculum design combining intensive training with practice-oriented approaches, we have helped newly recruited employees with master's or doctoral degrees accelerate their integration into the company and enhance their job adaptability. Since the launch of the 2025 Master's and Doctoral Freshman Training Camp, newly recruited employees with master's or doctoral degrees from various business divisions of the Group have received systematic training focusing on two dimensions, corporate culture awareness and work capability enhancement, deepening their identification with the corporate culture and rapidly becoming competent in job requirements.

Through the corporate culture sandbox course, trainees have followed the Group's development history, understood the formation of the corporate culture, and engaged in exchanges and discussions around key decisions made during the Group's development, thereby deepening their understanding of the Group's core value of "starting a business for the country and bringing benefits to the people". In the workshop course, instructors have guided trainees, based on their own professional backgrounds and career interests, to explore pathways for aligning personal development directions with the Group's needs. At the same time, through scenario-based script courses, trainees have exercised their communication and coordination, problem-solving and teamwork skills in simulated practice, laying a solid foundation for adapting to job requirements.

"Goose Chasing Programme" Master's and Doctoral Talent Training Cohort

Case Study **Innovating Training Models to Forge Skilled Elite**

To continuously enhance the professional capabilities and centralised control operation standards of frontline employees, China Hongqiao has actively promoted the development of professional, scenario-based and regular training mechanisms. The Group has innovatively implemented "micro-learning training", integrating theoretical learning, operating procedures, fault handling and experience review into work scenarios such as inspection intervals, equipment start-up and shutdown, and daily monitoring, thereby promoting the deep integration of skills enhancement with safe production.

In terms of theoretical learning, employees have used mobile phone applications and shift handover periods to acquire knowledge of centralised control operations. In terms of skills enhancement, technical experts have shared practical experience in equipment adjustment, operation optimisation and abnormality diagnosis through "micro-lectures". In terms of practical drills, employees have repeatedly practised unit start-up and shutdown, emergency response and fault diagnosis procedures using simulators, continuously improving their ability to respond to critical equipment and high-risk processes. At the same time, the company has also conducted safety awareness education and on-site instruction based on typical accident cases, further strengthening employees' awareness of standardised operations and risk prevention and control capabilities.

By embedding professional training into the entire workflow of frontline operations, China Hongqiao has continuously improved its employee development system, promoting the coordinated enhancement of knowledge transfer, skills advancement and safety management, thereby laying a solid talent foundation for the safe, stable and efficient operation of its units.

Frontline Employee Professional Skills Enhancement Training

University-Enterprise Collaborative Talent Development

China Hongqiao regards university-enterprise collaboration as an important component of its employee development system. By establishing stable talent development and practice cooperation mechanisms with higher education institutions, the Group has provided ongoing support for employee capability enhancement and talent pipeline building. To date, the Group has signed cooperation agreements for employment and internship bases with a number of universities, including Shandong University, Taiyuan University of Technology, Northeastern University, Central South University, Shandong University of Science and Technology, Southwest Petroleum University, and Nanjing University of Aeronautics and Astronautics. Through deepening university-enterprise collaboration, the Group has expanded channels for professional talent development and pipeline construction, promoted an organic alignment between talent cultivation and job requirements, and provided strong support for the sustainable development of its workforce.

Employee Compensation and Benefits

Safeguarding employees' basic rights and interests, and enhancing their sense of gain and well-being, are the core objectives of China Hongqiao's employee remuneration and benefits management. Guided by the concepts of "dynamic incentive" and "fair competition", we have continuously improved the remuneration and benefits system. On the basis of legally safeguarding employees' basic rights and interests, we have strengthened performance linkage, capability orientation and long-term development orientation, enabling employees to receive returns commensurate with job value, performance contribution and professional competence. At the same time, through multi-tiered benefits support and living security measures, we have helped employees work with peace of mind and achieve stable development.

Employee Compensation and Performance Management

China Hongqiao has strictly complied with the Labor Law of the People's Republic of China and other relevant laws and regulations, ensuring that the basic salary of employees is not lower than the statutory minimum wage standard or the industry minimum wage standard in the locations where it operates, and has paid remuneration in full and on time in accordance with the law. The Group has strictly implemented the national regulations on working hours and overtime management, does not advocate overwork, and in cases where overtime is necessary due to production requirements, will pay employees corresponding overtime wages in accordance with the law. The Group has established a unified remuneration management system, which is implemented in a coordinated manner by the Human Resources Department. By benchmarking against industry compensation levels, conducting job value assessments and reviewing operating performance, we regularly carry out industry comparisons and internal evaluations to maintain a balance between between external competitiveness and internal equity in remuneration.

In terms of compensation structure design, the Group has adopted a composite model of "fixed guarantee+performance linkage": base salary serves as the fundamental guarantee, reflecting employees' job responsibilities and professional value; performance-based compensation is benchmarked against individual and departmental assessment results, and is linked to the monthly and annual business target performance evaluations of each unit, thereby strengthening the linkage mechanism between organisational goals and individual contributions. In addition, we have established special allowances for skills and educational qualifications as well as contribution awards to encourage employees to achieve value creation through capability enhancement and innovative practice. We have also provided high-temperature work subsidies to safeguard the rights and interests of employees working in special work environments.

In the compensation assessment process, we have given comprehensive consideration to multiple factors, including job responsibilities, workload, length of service, professional skill level and performance, and have conducted regular scientific evaluations and made reasonable adjustments to employees' compensation levels. We have placed emphasis on compensation fairness and internal consistency, ensuring that no differences arise due to non-performance factors such as gender, and that all employees (including both managerial and non-managerial employees) may receive performance-based variable compensation, reflecting the incentive principle of "greater rewards for greater contributions, higher skills, and innovations". The Group is committed to maintaining compensation fairness. During the reporting period, no significant compensation differences based on gender have been identified.

We have placed great emphasis on employee personal development, and have used performance management as an important tool for employee capability enhancement, job development and talent selection. The results of performance appraisals shall serve as a significant basis for talent selection in processes such as job competitions, grade promotions and job adjustments. At the same time, employees who have consistently achieved outstanding appraisal results will also be included in key development programmes and the talent pool, and shall be given priority consideration in job promotions.

The Group has systematically standardised the performance appraisal process, evaluation methods and application of results in accordance with the Employee Performance Dynamic Management System, ensuring that performance management is objective and consistent in employee development management. Our monthly performance appraisal covers employees at all levels, and incorporates differentiated evaluation focuses based on the nature of different positions. The appraisal content focuses on employees' fulfilment of job responsibilities, quality of work completion, daily work performance and professional capabilities, and is organised and implemented by their respective departments based on job duties. The results of performance appraisals are subject to graded management, and are communicated to employees in a timely manner through performance feedback sessions and other means, helping employees to understand their own strengths, identify areas for improvement and promote continuous enhancement. Should an employee have any objection to the appraisal results, an appeal may be lodged through formal channels, and we shall conduct a fair review.

At the same time, the Group has incorporated targets related to environmental and social dimensions into its performance appraisal system, and has established corresponding compensation incentive mechanisms, which covers all management and frontline employees. The relevant indicators have been decomposed according to responsibility levels, cascading downwards from the Board and senior management to production units and frontline positions. The annual comprehensive performance of senior management includes safety and environmental protection weightings, and the performance evaluation of frontline employees is also linked to practical outcomes such as safe production, energy saving and efficiency enhancement. The achievement of performance directly affects the bonus coefficient and incentive distribution, achieving an institutionalised linkage between sustainable development goals and individual economic returns.

Basic Position Compensation

- A competitive basic salary in the market
- Social insurance[1] and housing provident fund
- Annual "13th month salary"
- Employees may receive promotions through the "dual career ladder", with corresponding adjustments to compensation

Performance-based Incentives

- Performance bonus: linked to individual and team monthly and annual performance
- Special bonus: awarded for contributions in specific areas, including:
  - Safety management performance award: including annual safety award, production unit annual safety bonus, construction unit annual safety bonus, and safety production reasonable suggestions award
  - Production performance award: including production performance bonus and double standard benefit bonus (such as monthly progress award, quarterly champion award, annual single-item benchmark award, etc.)
  - Innovation performance award: including energy saving and efficiency enhancement award, and scientific research and innovation award

Work Allowances

- Skill allowance: monthly allowance provided to employees who have obtained national vocational qualification certification through independent assessment
- Certificate allowance: allowance provided to employees who have obtained relevant professional practising qualification certificates
- Contribution award and educational qualification allowance
- High-temperature work allowance.

China Hongqiao Compensation Structure

[1] Includes pension, medical (including maternity), work-related injury, and unemployment insurance.

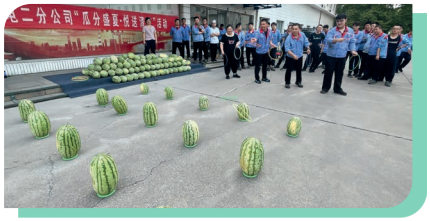
Employee Welfare and Benefits

China Hongqiao has paid social insurance and housing provident fund for its all employees in accordance with the law, and has paid work-related injury insurance or purchased employer's liability insurance for interns and over-age labour service personnel, thereby establishing a basic safeguard system covering different types of employment. On this basis, we are dedicated to improving employee benefits related to living and family support. By providing staff residential compounds, staff dormitories, as well as multiple living convenience measures such as cost-price meals and free commuter shuttle buses according to local conditions, we have helped employees reduce living costs and stabilise work expectations.

We have placed great emphasis on employee health and family care, and have signed cooperation agreements with medical institutions to secure medical concessions for employees. Regular health check-ups have been organised, and health management has been systematically carried out. At the same time, the Group has provided quality educational supporting services and policy support for employees' children from kindergarten through to senior high school, and has established a special college entrance examination award to facilitate a virtuous circle of talent cultivation and family development.

In addition, we have actively carried out employee care and support work, and have established a support mechanism for employees in financial difficulty. During the reporting period, we provided assistance to a total of 59 employees in financial difficulty. Furthermore, staff activity centres have been established, and through various forms of activities such as cultural and sports events, festive greetings and employee birthday parties, we have continuously enhanced employees' sense of belonging and organisational cohesion. During the reporting period, the Group has organised and carried out a variety of cultural, sports and care activities, including staff sports meets, International Women's Day events, Mid-Autumn Festival events and Chinese New Year Gala evenings, actively fostering a harmonious, stable and warm working atmosphere.

Thermal Power Branch
Staff Birthday Party



Thermal Power Branch
Summer Cooling Care Activity

Aluminum Branch Dragon
Boat Festival Activity

Thermal Power Branch International
Women's Day Activity

Alumina subsidiary Mid-Autumn
Festival Activity

Case Study **Strengthening Employee Belongingness Through a "Family"-Oriented Culture**

During the reporting period, Hongqiao Lightweight has organised staff family open days and collective birthday parties focusing on employee experience and family care, enhancing employees' sense of belonging and organisational identity through institutionalised people-oriented care initiatives. During the staff family open day activities, the company invited employees' families to visit the enterprise, tour the lightweight technology museum and the intelligent production workshop, and learn about the company's technological research and development achievements as well as its production and operation status. Through on-site explanations and interactive demonstrations, family members gained an intuitive understanding of the company's practical achievements in the research, development and application of lightweight materials, as well as the daily work environment and content of employees, thereby enhancing family members' awareness and understanding of employees' professional value and the company's development. During the activities, the company presented commemorative gifts to family members, extending corporate care to the family level of employees.

Staff Family Open Day

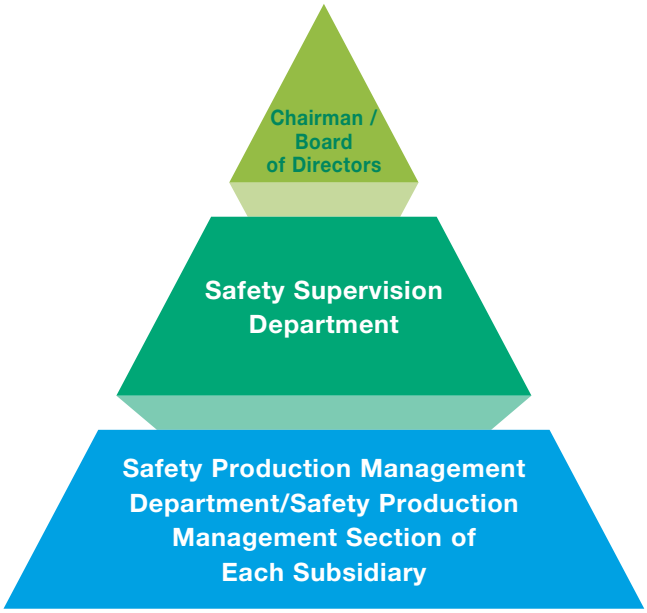
Occupational Health and Safety

Employee health and safety serve as the fundamental cornerstone of the Group's operations and development. China Hongqiao has consistently adhered to the principle of "safety first, prevention-oriented, and comprehensive management", treating safe production as an insurmountable red line, and is committed to creating a working environment with "zero fatalities and zero major safety incidents" for all employees, contractors and all relevant parties.

The Group has strictly complied with the Work Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and has formulated a series of internal rules and regulations, including the Occupational Health and Safety Policy, as well as the Occupational Safety Management Manual, Construction Safety Production Bans, Construction Safety-related Management Systems, Work Safety Knowledge and Construction Safety Production Procedures, Safe Operating Procedures, and the Management System for Production Safety Accident Emergency Response Plans, thereby establishing a systematic and standardised safety management system. The Group formulates an occupational health and safety plan annually, conducts an internal health and safety audit every three years, systematically assesses the operation of the management system, the effectiveness of risk control measures and the rectification of potential hazards, and continuously improves the relevant systems and management measures based on the audit results.

Occupational Health and Safety Management System

China Hongqiao continues to improve a Group-wide occupational health and work safety management framework. We adopt a "vertical management + tiered accountability" model, under which the Chairman and Chief Executive Officer of the Group participates in coordinating the Group's overall health and safety performance management and, together with the Board, is responsible for formulating health and safety strategies; the Safety Supervision Department, together with the general managers of the subsidiaries, coordinates the Group's safety management work, comprehensively promotes the effective implementation of policies and standards relating to employees' health and safety across all business units and operational links, and the Safety Production Management Department of each subsidiary, in light of actual production and operational conditions, formulates and updates annually the safety management system for major hazard sources and safe operating procedures, standardises operating processes and operating conditions, clearly specifies hazard identification and operating steps, and effectively safeguards employees' operational safety.



Occupational Health and Safety Management Structure

Currently, among the Group's operating entities located in China that produce core products, the coverage rate of ISO 45001 occupational health and safety management system certification is 100%.

ISO 45001:2018 Occupational Health and Safety Management System certification (partial)

We have established a safety incident management ledger. In the event of a production safety accident or occupational health incident, we immediately activate emergency response procedures and organize investigations. The head of the production unit is required to record and report incident information within designated timeline after a safety event occurs. Involved personnel shall be arranged to seek timely medical treatment and obtain a hospital diagnosis to confirm the nature and severity of the incident. Relevant departments shall simultaneously conduct investigations and implement corrective actions, with investigation results communicated internally. The Human Resources Department shall proactively assist employees in completing work-related injury identification and ensure timely reimbursement of medical expenses. For employees requiring time off for treatment, statutory wage protection during the medical treatment period will be guaranteed to safeguard employees' health and livelihood. Meanwhile, through routine inspections, special inspections, and quarterly assessments, the Group continuously conducts supervision and support for underperforming units and those with higher risk exposure throughout the year, ensuring controllable safety risks and the elimination of potential hazards.

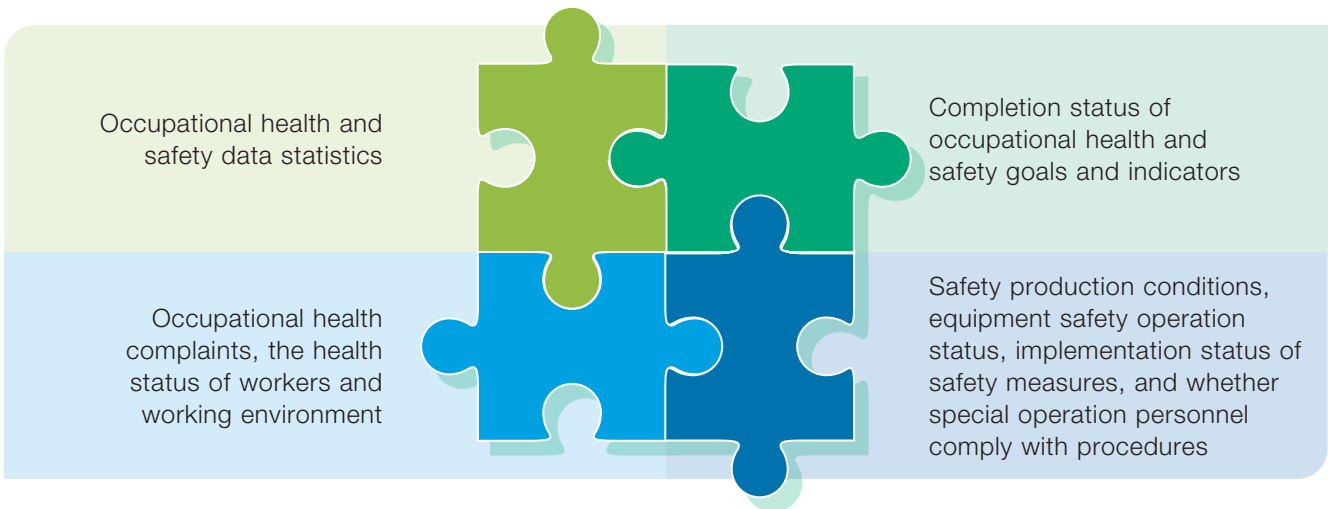
We fully incorporate occupational health and safety responsibilities into the annual performance assessment system. In accordance with the Measures for the Implementation of Safety Performance Assessment, we strictly implement the "one-vote veto" system for work safety and organise management personnel and responsible persons at all levels to sign the Safety Target Responsibility Letters level by level, thereby establishing a safety accountability network extending horizontally to every area and vertically to every level, and ensuring that every manager assumes clear and traceable safety leadership responsibilities. During the reporting period, in accordance with the occupational health and safety plan, we set clear and measurable core targets and continuously tracked and verified the implementation of each target through internal supervision mechanisms. During the Year, the coverage rate for signing the Group's Safety Target Responsibility Letters was 100%, and the achievement rate of occupational health and safety management targets was 100%.

Occupational Health and Safety Management Targets for 2025

Target	Completion Status
No fatal or serious personal injury accidents, and the employees' minor injury rate is kept below 1.0‰	Completed
No major-or-above equipment-related production accidents, and no relatively major-or-above production accidents for which the Group bears responsibility	Completed
No relatively major-or-above fire or explosion accidents	Completed
No fatal accidents involving contractor personnel for which the Group is responsible	Completed
No occupational disease cases or acute poisoning accidents, and no single food poisoning incident affecting five or more persons	Completed
No incidents involving leaks of toxic or hazardous gases resulting in poisoning of five or more persons	Completed
No major construction quality or injury accidents	Completed
No major traffic accidents for which the Group bears primary responsibility	Completed
No theft or wilful damage incidents causing direct economic losses of RMB50,000 or above	Completed
No serious disciplinary breaches involving concealment of unsafe conditions or falsification	Completed

Safety Risk Management

China Hongqiao strictly complies with the Interim Provisions on the Investigation and Governance of Hidden Dangers in Production Safety Accidents and other national laws and regulations, and has established internal policies such as the Risk Classification Control System and the System for the Investigation and Governance of Hidden Dangers in Production Safety Accidents. Adhering to the principle of "prevention first", China Hongqiao continues to carry out risk classification control and the investigation and governance of hidden dangers under the dual prevention mechanism. Through routine, multi-level safety inspections and special supervisory inspections, China Hongqiao ensures that risks and hidden dangers are identified in a timely manner, responded to rapidly, and rectified thoroughly, thereby forming a complete closed-loop management process from identification to close-out.



The Group's Occupational Health and Safety Performance Monitoring Indicators

We deeply integrate safety inspections into every aspect of daily operations and operate a multi-level coordinated inspection network extending from the Group level to production shift teams. The Safety Supervision Department and the Safety Production Management Departments and Safety Production Management Sections of the subsidiaries dynamically analyse the safety situation and deploy key work tasks through weekly safety meetings and monthly meetings of the Production Safety Committee, and, in combination with routine supervision and inspections, special investigation and rectification campaigns, quarterly safety assessments and seasonal comprehensive safety inspections, form a periodic, multi-layered and comprehensive in-depth investigation mechanism.

As a production safety standardisation enterprise, we organise internal and external expert teams each year to carry out systematic risk identification and professional assessments throughout the entire production process. By continuously improving the closed-loop management mechanism for hidden dangers, strengthening source control and process supervision, we effectively reinforce the line of defence for production safety and continuously enhance the enterprise's intrinsic safety level.

Case Study **Fortifying the Winter Work Safety Line of Defence through the "Four Preventions and One Rectification" Special Campaign**

In the winter of 2025, in response to seasonal risks and challenges, the Thermal Power Branch comprehensively launched a special campaign of major winter work safety inspections. This campaign adhered to the principles of "full coverage, zero tolerance and stringent rectification", focused on four core winter tasks, namely protection against cold and freezing, prevention of short circuits caused by small animals, prevention of fire and explosions, and prevention of insulation failure, and coordinated hidden danger investigations, equipment retrofitting, system optimisation and special training, thereby systematically building a winter work safety safeguard system.

Inspection of Emergency Supplies and Facilities

To ensure the effectiveness of the campaign, the Thermal Power Branch established a full-process closed-loop management mechanism covering "investigation, registration, rectification and verification", classified and registered the problems identified by risk level, specified the responsible parties and rectification time limits, and, through measures such as checklist-based tracking and cross-inspections, achieved risk control with no gaps or blind spots. Through systematic advancement across multiple dimensions and the full chain, this campaign not only effectively addressed typical winter safety hazards, but also further consolidated safety responsibilities at each link, optimised safety management processes, and laid a solid foundation for ensuring the sustained safe and stable operation of winter production.

Case Study **Upgrading the Intelligent Temperature Monitoring System for Electrolytic Cells**

In the production process of electrolytic aluminum, the electrolytic cell bottom temperature is a key parameter reflecting equipment operating conditions and safety levels. The Electrolytic aluminum Branch has implemented a project to install an online monitoring system for electrolytic cell bottom temperature. By replacing manual measurement with intelligent temperature monitoring, the project has enabled the real-time collection and dynamic monitoring of temperature data, allowing real-time data, trend curves, alarm information and historical records to be viewed online, and allowing timely warnings to be issued when abnormalities occur, thereby assisting production personnel in taking prompt action. The system has effectively improved measurement accuracy and response efficiency, reduced labour intensity, reduced the risk of equipment abnormalities arising from delayed monitoring or misjudgement, and safeguarded the safe and stable operation of electrolytic cells. It has also reduced reliance on manual measurement for electrolytic cell bottom temperature monitoring, lowered labour intensity, and improved accuracy and the safety and stability of equipment operation.

Case Study **Strengthening the Work Safety Line of Defence through Intelligent Transformation**

Focusing on key processes characterised by high work safety risks and heavy reliance on manual operations, our subsidiary Zhanhua Huihong systematically advances intelligent transformation in production. Through automated control and online monitoring technologies, it substantially reduces on-site manual operations and human error. For high-risk scenarios such as the unloading of hazardous chemicals and the operation of power systems, it implements full-process unmanned operations, “one-click sequential control” and intelligent inspections, thereby enabling real-time monitoring of equipment status and early warning of abnormalities, reducing personnel exposure risks at source, and driving the transformation of the operation and maintenance model from passive response to proactive prevention and control. By establishing an intelligent safety management and control system covering key production processes, it effectively enhances production stability and intrinsic safety.

Intelligent Management System

Emergency Drill Management

China Hongqiao regards emergency drills as a key component in enhancing safety management capabilities. In response to various emergencies, we formulate scientific emergency response plans, clarify the division of responsibilities and response procedures, and, through regular, multi-scenario simulation drills, continuously verify the practicality of such plans, optimise response procedures, and continuously enhance the team's emergency response and coordinated handling capabilities. During the reporting period, in response to high-frequency and high-risk scenarios such as confined space operations, falls from height, chemical leaks, fire and explosion incidents, first aid for electric shock, flood prevention and flood control, and molten aluminum leakage, we cumulatively organised numerous emergency drills, effectively enhancing employees' safety awareness and practical emergency response capabilities.

Case Study **Fire Safety Publicity Month Thematic Activities under the Theme of "Fire Safety for All, Life First"**

During National Fire Safety Day and Fire Safety Publicity Month, under the theme of "Fire Safety for All, Life First — Safe Use of Fire and Electricity", we launched a series of Group-wide fire safety publicity activities in a unified manner. Through coordinated deployment and tiered linkage, we effectively translated fire safety awareness into conscious actions by all employees and, with regular publicity and education and practical drills as key measures, continuously improved the long-term fire safety management mechanism.

This thematic campaign aimed to deeply integrate the concept of "Fire Safety for All, Life First" into the corporate culture, and effectively enhance all employees' awareness of fire risk prevention and their emergency handling capabilities through various forms such as knowledge lectures, case-based warnings, thematic exhibitions and emergency drills. The campaign further strengthened the enterprise's overall fire prevention and control system and laid a solid safety foundation for safeguarding the enterprise's continued steady development.

Fire Drill

Case Study **Strengthening Foundations through Drills and Promoting Prevention through Competition: Practical Emergency Drill Competition**

During the reporting period, our subsidiary Yunnan Hongtai organised a practical emergency drill competition. By arranging multi-item, scenario-based emergency drills, it systematically enhanced the company's professional emergency response capabilities and coordinated response capacity.

Practical Emergency Drill Competition

The competition comprised seven items, covering specialised emergency response scenarios involving intermediate-frequency furnaces, melting furnaces and vehicle-related injury incidents, as well as public safety items such as electric shock, fires in power distribution cabinets, scald injuries and poisoning in confined spaces. The drills adopted a random draw format and also incorporated sudden scenario simulations, with a focus on testing each team's rapid response, on-site decision-making and teamwork capabilities under the coordination of the incident commander. This practical competition not only effectively strengthened the emergency teams' on-site handling skills, but also, through live-scenario testing, identified aspects of the existing emergency response plans that could be further optimised, thereby laying a more solid foundation for further improving the Group's emergency management system and reinforcing the line of defence for work safety.

Safety Education and Training

In its safety management work, China Hongqiao places safety education and training at the core, formulates the Production Safety Education and Training System, and systematically incorporates it into the occupational health and safety plan, thereby establishing a safety training system featuring rich content, clear classification and a strong focus on effectiveness. During the reporting period, we continued to conduct training sessions relating to occupational health and work safety. The training content was closely aligned with the risk characteristics of different positions and covered a number of key areas, including electrical safety, fire safety, confined space operations, first-aid skills, traffic safety and the prevention of work-related injuries. At the same time, for key groups such as safety supervision personnel, management personnel, new employees and transport drivers, we designed dedicated training courses and continuously enhanced all employees' awareness of work safety and emergency response capabilities.

Case Study Building a Solid Safety Line of Defence through "Training with Warmth"

During Production Safety Month in the reporting period, under the theme of "Training with Warmth", we organised and carried out a series of thematic training activities covering the entire Group. Each branch designed its training content in light of its own business characteristics, thereby promoting safety concepts to take deep root among employees:

- ✓ The electrolytic aluminum segment companies focused on safety in electrical operations and, through analyses of real cases and on-site scenario simulations, helped employees develop an in-depth understanding of the risks and consequences of non-compliant operations;
- ✓ The alumina segment companies focused on protection for high-temperature operations, systematically explained heatstroke prevention, cooling measures and first-aid knowledge, and conducted interactive teaching on the identification of hidden dangers in electrical equipment, thereby enhancing practical operational capabilities;
- ✓ The thermal power segment companies invited experts from the county emergency management bureau to deliver on-site lectures, thereby enhancing employees' legal awareness of production safety and hazard investigation skills.

Through this series of Production Safety Month activities, we not only enhanced the safety awareness and emergency response capabilities of personnel in various positions, but also further fostered a sound atmosphere in which everyone values safety and everything is done with safety in mind, thereby laying a solid foundation for work safety throughout the year.

Thematic Safety Training

Case Study **Strengthening Awareness through Competition-Based Learning**

In April 2025, in order to comprehensively consolidate employees' safety knowledge, the aluminum Branch organised and carried out a work safety knowledge competition. The competition focused on key topics such as the "Three Violations" list and work safety prohibitions, and included compulsory questions, quick-response questions, risk questions and audience interaction sessions. Representative teams from various units participated actively and competed intensely, creating an enthusiastic atmosphere on site. Through lively and engaging interactive formats, this competition not only effectively tested the results of day-to-day safety knowledge learning, but also further strengthened work safety awareness, thereby achieving the desired effect of promoting learning through competition and promoting application through learning.

Safety Knowledge Competition

Contractor Safety Management

China Hongqiao establishes a contractor safety management system covering admission review, process control and performance evaluation, and formulates the Contractor Safety Management System to systematically regulate the full-process management of outsourced operations. We have defined clear admission requirements for contractor safety management. Partnering entities shall possess a sound work safety responsibility mechanism and emergency management capabilities, and shall complete specialised safety technical briefings, risk identification and assessment, and targeted safety training before project commencement. At the same time, before contractor personnel enter the site, we strictly verify their qualification certificates, certificates for special operations and insurance coverage. Personnel may commence operations only after passing safety training assessments and signing safety management agreements.

During the course of operations, our Engineering Management Department, Safety Supervision Department and respective responsible units jointly carry out supervision and inspections, urge contractors to carry out construction in accordance with the plans, and promptly correct non-compliant conduct and implement rectification. Upon completion of the operations, the access control permissions of personnel leaving the site are deactivated, thereby ensuring closed-loop management throughout the entire process.

In addition, we establish a "Special Assessment for Outsourced Operations" module under the Work Safety Reward and Punishment System and related assessment standards, link the assessment results to departmental performance and cadre appraisal, and incorporate them into the contractor performance evaluation system as an important basis for subsequent tender evaluation, thereby strengthening the implementation of safety responsibilities and promoting continuous improvement.

Occupational Health Management

China Hongqiao places occupational health management at the centre of its efforts and continues to advance systematic development and optimisation in this area. China Hongqiao has formulated the Occupational Hygiene Management System and, through measures such as systematically conducting occupational hazard identification and risk assessment, regularly organising occupational health examinations, implementing dynamic monitoring of the working environment, and carrying out regular health education and training, ensures that employees perform their duties in a safe and healthy working environment. China Hongqiao is committed to continuously reducing occupational health risks and achieving an organic unity between employees' physical and mental well-being and the sustainable development of the enterprise. During the reporting period, the Group's occupational disease incidence rate was 0.

We strictly comply with regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and the Group's Occupational Health and Safety Policy, and maintain a full-process occupational health monitoring and prevention system. Each year, we organise internal resources and third-party professional institutions to work together in carrying out scientific testing and comprehensive assessment of various occupational disease hazard factors in the workplace, and in implementing source control and tiered management and control.

We continue to improve on-site working conditions, equip workplaces with compliant ventilation, lighting and temperature control systems, standardise the provision of personal protective equipment, and set up occupational disease hazard warning signs in workplaces, while simultaneously strengthening employee notification and training. We provide employees with regular care measures such as annual health check-ups and mental health lectures, and integrate health concepts into daily management, for example by providing heat-relief drinks in summer and arranging warming meals in winter, thereby embedding health management into the details of both work and daily life. At the same time, we attach great importance to employees' physical and mental well-being and all-round development. Through systematic planning and the continuous organisation of diverse cultural and sports activities, we help employees relieve work pressure, promote cross-departmental communication and team integration, and integrate the concept of "Happy Work, Healthy Life" into employees' daily work. Through a combination of system improvement, condition optimisation and human-centred care, we continue to create a safe, healthy and comfortable working environment for employees.

Case Study **Medical-Enterprise Collaboration for Better Health**

To protect employees' health, we joined hands with professional medical institutions to carry out employee health care activities and, through medical-enterprise collaboration, established a health service platform that effectively supports employees' physical and mental well-being. Our Aluminum Branch, together with Yangxin County People's Hospital, carried out the special campaign of "Party Flag Flying High, Health Safeguarding". Based on the analysis results of more than 600 health questionnaires collected at an earlier stage, the campaign organised a multidisciplinary team of experts to provide employees with one-to-one health consultations, specialised examinations and personalised guidance. In addition, mental health lectures were also delivered, through which stress management skills were taught in an interactive scenario-based format, and the campaign received unanimous praise from employees.

Medical-Enterprise Collaboration Activity

Case Study **Integrating Learning and Practice to Prevent Risks Before They Arise**

To respond effectively to the summer heat and to safeguard employees' health and work safety, our Thermal Power Branch invited medical staff from the clinic and organised a thematic training session on summer heatstroke prevention, cooling measures and first-aid knowledge. Closely aligned with the characteristics of summer production operations, the training systematically explained basic disease prevention knowledge and key points for handling common medical emergencies, and placed particular emphasis on the identification of heatstroke symptoms and on-site preliminary first-aid methods.

To ensure effective training outcomes, we organised all participants to carry out practical drills immediately after the theoretical instruction. By simulating real-life scenarios, employees personally practised key skills such as cardiopulmonary resuscitation and heatstroke first aid, thereby effectively consolidating what they had learned. This training model, which combined "theory + practical drills", effectively enhanced employees' self-rescue and mutual-rescue capabilities when faced with sudden health incidents and provided strong support for work safety during the high-temperature season.

Thematic Training on "Emergency Rescue for Health Protection"

Case Study Uniting Team Strength and Inspiring Healthy Vitality

To promote employees' physical and mental well-being, enhance team cohesion and enrich corporate culture, we organised an Employees' Sports Meet, featuring a number of sports competition events in which employees from various units participated enthusiastically and fully demonstrated a sporting spirit of striving for progress and a team style of unity and cooperation on the field. Various branch companies also organised diversified themed team-building activities, integrating care for employees' physical and mental well-being into team building. These activities not only provided employees with a platform to showcase their vitality and release work pressure, but also effectively strengthened cross-departmental communication and team integration, further fostering a healthy, positive and energetic organisational atmosphere and injecting fresh momentum into the continued advancement of corporate culture development.

Employees' Sports Meet

Autumn Team-Building Activity

Value Chain Management and Co-creation

Throughout the Group's business operations, suppliers and customers are crucial partners in the value creation chain. China Hongqiao understands that a stable, secure, and responsible supply chain system, coupled with reliable, transparent, and customer-needs-oriented product and service management, forms the cornerstone for ensuring orderly production and operations, maintaining market trust, and driving the Group's sustainable development. Focusing on core areas such as supplier onboarding and management, supply chain risk prevention and control, product quality and customer service, and data security and privacy protection, the Group has consistently enhanced its relevant systems and management mechanisms. It has integrated compliance requirements and responsible concepts into its operational practices, striving to build long-term, mutually trusting and win-win partnerships with both suppliers and customers, while endeavoring to ensure its own stable development, in order to jointly address industry challenges and promote the healthy development of the entire industrial chain.

Responsible Supply Chain

China Hongqiao has consistently placed the stability and security of its supply chain at the core of its corporate strategy. Focusing on key areas such as ensuring the supply of critical raw materials, procurement compliance management, and supply chain risk prevention and control, the Group has systematically enhanced its supply chain management system. By integrating institutional development, process optimisation and dynamic monitoring, it has continuously improved the overall resilience and operational reliability of its supply chain, thereby providing solid support for the Group's steady business development.

Responsible Procurement

We regard responsible procurement as a crucial foundation for ensuring the security and stable operation of the supply chain. By establishing clear procurement principles, standardising supplier conduct, and developing a systematic supplier management mechanism, we actively guide suppliers to continuously improve in areas such as compliant operations, environmental protection, and social responsibility. Together, we are driving the supply chain towards greater standardisation and sustainability.

To clarify the behavioural boundaries and responsibility requirements for suppliers during cooperation, the Group has, with reference to international standards such as the Ten Principles of the UN Global Compact and The United Nations Guiding Principles on Business and Human Rights, developed and implemented the Supplier Code of Conduct. This Code sets forth systematic requirements for all suppliers in areas including business ethics, human rights and labour, environmental protection, occupational health and safety, and information confidentiality.

We explicitly advocate and practise the principle of responsible procurement, deeply integrating the concept of sustainable development into procurement decisions and supply chain management. In supplier admittance assessments and comprehensive evaluations, we incorporate ESG factors and implement green procurement strategies, giving priority to products and services with lower negative environmental and social impact when other conditions are comparable. We are committed to building a responsible and sustainable supply chain ecosystem:

- The Group unequivocally refrains from providing support to armed conflicts or human rights abuses in conflict-affected or high-risk areas. We require all suppliers potentially exposed to such risks to sign the Commitment on the Non-Use of Conflict Minerals, to take responsibility for the origin of raw materials, and to cooperate with us in conducting relevant investigations where necessary.

- The Group opposes all forms of corruption and unfair competition. We ensure that all suppliers sign the Integrity Agreement and the Commitment on Integrity in Bidding and Social Responsibility, requiring them to uphold integrity and fair competition in their business dealings, and to proactively disclose and properly manage any conflicts of interest.

- The Group requires its suppliers to prohibit the use of child labour and forced labour, to ensure reasonable working hours and legal compensation and benefits for employees, to provide a fair, inclusive and safe working environment, to protect the freedom of association in accordance with the law, and to oppose discrimination while providing reasonable and legal protection for female employees.

- The Group requires suppliers to obtain and maintain relevant environmental permits in accordance with the law, implement pollution prevention and resource conservation measures, manage hazardous substances properly, reduce pollutant emissions, improve resource efficiency, fulfil their obligations to protect biodiversity, and provide employees with necessary safety training and protective safeguards to ensure their occupational health and safety.

- With respect to bauxite transportation, the Group requires suppliers to sign the Letter of Commitment for Ore Transportation, ensuring that they comply with the Group's relevant requirements and fulfil their safety and environmental responsibilities during transportation and loading/unloading processes.

- The Group continues to advance the green transition of transportation and distribution in the industrial chain, explicitly implementing the principle of "New Energy Vehicles first" in the transportation of materials. Suppliers that proactively use new energy vehicles in their transportation operations may be granted preferential treatment such as priority facility access and loading/unloading precedence when other conditions are comparable.

- The Group encourages green technology innovation. Suppliers with independent intellectual property rights and green technology advantages in areas such as environmental governance and energy conservation and emission reduction may be given priority for inclusion in the qualified supplier system after evaluation and approval.

- The Group requires suppliers to sign a confidentiality agreement and thereafter strictly fulfil their confidentiality obligations, including the protection of trade secrets and customer information and the prevention of any disclosure or improper use of such information.

Supplier Management

Based on the Supplier Code of Conduct, we have established a comprehensive supplier management system, and have developed internal policy documents such as the Supplier Management Policy, Supplier Admittance, Classification, and Performance Evaluation, and the Deposit Management Policy of the Procurement and Supply Chain Management Centre. These documents cover the entire process of supplier admittance, evaluation and dynamic assessment.

Admittance Management	Regardless of whether the materials to be procured are raw materials, equipment, components, production auxiliaries, or labour protection and office supplies, all prospective suppliers are required to possess the relevant qualifications stipulated by national regulations, to register on the tendering platform, to sign the Commitment on Integrity in Bidding, and to submit the necessary documentation. During the admittance phase, designated personnel conduct a review of the supplier's contract performance capability and ESG performance. Selected suppliers are required to sign the Supply Guarantee Agreement to ensure stable supply and compliance in performance.
Assessment Management	We adopt a combination of questionnaires and on-site visits to conduct comprehensive assessments of suppliers based on the Supplier Assessment Checklist. The assessments cover their production capacity, credit status, performance track record, as well as their actual performance in environmental protection, human rights protection, quality management and occupational health and safety. For critical materials, the Group gives priority to cooperation with original manufacturers or first-tier agents to ensure supply stability; for specialised equipment components, the Group shall adopt direct procurement from the original manufacturer in principle.
Assessment and Dynamic Management	We implement ongoing management of suppliers through a combination of dynamic assessments and annual evaluations. For suppliers failing to meet required standards, the Group may take measures depending on the circumstances, including issuing warnings, requiring rectification within a specified timeframe, suspending or terminating cooperation. The Group shall immediately terminate cooperation with any supplier involved in corruption, fraud, or bribery, or responsible for a major safety incident, and add such supplier to the blacklist. At the same time, the Group encourages suppliers to pursue continuous improvement and provides positive evaluations to those that demonstrate excellence in compliance, environmental protection and social responsibility, thereby driving overall supply chain enhancement.
Audit and Evaluation	In internal audits, we also examine whether supplier products align with the Group's green and environmental protection principles. Through life cycle cost analysis, the Group seeks to drive procurement decisions that balance economic efficiency and sustainability.

The following are the core ESG assessment dimensions and corresponding objectives for the Group's supplier performance management:

Assessment Dimension	Core Indicator Examples	Assessment Method/Tool	Management Objectives
Environmental Management	• Compliance with environmental permits • Pollution prevention measures • Energy consumption and greenhouse gas emissions • Reduction of wastewater discharge, exhaust gas emissions and solid waste generation	• Assessing site cleanliness, signage clarity, and material organization • Verifying implementation of environmental protection measures	To promote energy conservation and emission reduction, and to prevent environmental risks
Labour and Human Rights	• Prohibition of child labour and forced labour • Assurance of reasonable working hours and wages • Prohibition of discrimination and harassment	• Verifying social insurance contribution records • Verifying wage payment records • Reviewing employee rosters and attendance records	To protect basic human rights and foster a fair working environment
Health and Safety	• Emergency preparedness measures • Provision of personal protective equipment • Work-related injury handling mechanisms • Certification for specialised equipment operators	• Assessing safety production conditions, protective facilities and emergency plans • Verifying that operators of special equipment hold valid certifications	To reduce occupational health risks and safeguard the safety of supplier employees
Business Ethics	• Agreement Execution and Compliance • Prohibition of commercial bribery • Avoidance of conflicts of interest	• Verifying records of signing business ethics-related agreements and documents • Reviewing complaint and whistleblowing records • Examining conflict of interest declarations	To build a clean, transparent and fair business ecosystem
Quality Management	• Management of defective products • Response time for quality incidents • Responsiveness to customer needs • After-sales service capacity	• Assessing the impact of production line layout, process flow and automation level on product quality • Verifying the brand, model, service life and maintenance records of major equipment • Reviewing production process monitoring measures • Inspecting key quality control points	To ensure zero product defects and guarantee delivery reliability

During the reporting period, the Group engaged three suppliers in supplier capacity-building programs, of which key suppliers accounted for 100%. A total of 867 suppliers passed desk-based assessments, while 221 suppliers passed on-site audits. Among key suppliers, 55 passed either desk-based assessments and/or on-site audits. Following evaluation and review, no suppliers with significant actual or potential negative impacts were identified.

Case Study **Conduct Special ESG Due Diligence and Continuously Optimise the Green Supply Chain System**

When identifying significant suppliers, we consider their importance to our core business, procurement spend proportion, supply continuity impact, and exposure to potential environmental and social risks. Critical resource suppliers are designated for priority management.

During the reporting period, the Group conducted special due diligence on its top fifty core suppliers, covering key categories such as bauxite, electricity and alumina, based on a core supplier identification and risk assessment mechanism. For this special review, the Group designed an assessment questionnaire focused on ESG and business relevance, carrying out systematic evaluations across dimensions including business conduct, corporate governance structure, environmental management measures, occupational health and safety, labour compliance, social responsibility performance, and supply chain management capability. In parallel, we conducted a comprehensive risk analysis of suppliers by considering factors such as the policy environment and compliance risks in their countries or regions of operation, the environmental and human rights risk characteristics of their industries, and the sensitivity and sustainability issues associated with the types of goods or resources involved.

The survey received broad and positive support from cooperating suppliers, with an effective questionnaire response rate exceeding 80%. The data collected provides a crucial foundation for subsequent initiatives, including the implementation of tiered ESG rating management for suppliers, the optimisation of supplier admittance and ongoing cooperation mechanisms, and the enhancement of the green supply chain system. Building on this, the Group plans to gradually establish a dynamically updated ESG risk profile for suppliers, integrate risk assessment results into procurement decisions and cooperation management processes, and drive the supply chain towards greater transparency, compliance and sustainability.

Communication of Principles and Capacity Building

To promote the effective implementation of responsible procurement requirements in practice operations, China Hongqiao has adopted an approach that combines external communication of principles with internal capacity building, strengthening the understanding and implementation of these requirements among internal and external stakeholders.

Throughout the cooperation process with suppliers, the Group consistently communicates its sustainability policies and institutional requirements, guiding suppliers to integrate sustainability principles into their business activities. Concurrently, the Group focuses on key suppliers and potential risks, with particular attention to core suppliers (covering raw materials, production collaboration and service support) as well as non-core suppliers assessed as potential risks. Within this group, special emphasis is placed on those entities that frequently encounter quality issues, demonstrate insufficient contract performance capability, or require enhancement of their compliance qualifications. For these suppliers, the Group recommends improvements in key areas such as production processes and quality control, assists them in optimising quality management, and validates rectification effectiveness through follow-up audits and re-evaluations to ensure issues are resolved.

For internal capacity building, the Group has continuously enhanced procurement and supply chain personnel's understanding of responsible procurement and their practical application skills, while strengthening their risk identification and compliance judgement capabilities. This has been achieved through measures such as establishing a professional knowledge base, regularly issuing policy briefs, and organising thematic training sessions, thereby ensuring the effective implementation of relevant requirements in procurement decisions and supplier management.

During the reporting period, the Procurement and Supply Chain Management Centre organised two ESG training sessions for procurement specialists and supplier management staff. The training covered core ESG concepts, supply chain-related laws, regulations and policies, as well as the Group's supplier ESG management policies and admittance criteria.

Supply Chain Risk Management

China Hongqiao systematically advances supply chain risk management efforts, focusing on key aspects of procurement and supplier management. Particular emphasis is placed on the stability of raw material supply, procurement compliance, and supplier contract performance. Through the coordinated operation of procurement management, audit oversight, and communication and feedback mechanisms, the Group continuously reduces uncertainties in supply chain operations, thereby providing strong support for the continuity and stability of its production and operations, and enhancing corporate resilience.

Procurement Management

Considering the characteristics of its production and operations, the Group focuses its supply chain risk management efforts on two key areas: raw material procurement and supplier management. On the one hand, the Group procures key raw materials such as thermal coal, bauxite and pre-baked anodes in large volumes, with high requirements for supply continuity. Any fluctuations in supplier production capacity, logistics disruptions, or weakened contract performance capability could directly affect production rhythm and stability. On the other hand, the procurement and tendering process also carries compliance risks; for instance, procurement plans not aligned with actual needs or supplier selection without prudent assessment may lead to operational risks.

To effectively address the aforementioned risks, the Group adopts a model that combines centralised procurement with diversified sourcing channels in its routine management, thereby reducing reliance on any single supplier. Procurement plans are scientifically formulated based on inventory dynamics and consumption patterns to enhance supply flexibility. At the same time, we continuously track and assess suppliers' delivery capabilities, historical contract performance, and feedback on product usage, maintaining a prudent stance towards those with potential quality issues or unsatisfactory performance. Where necessary, we require them to provide clarification or implement corrective measures to systematically mitigate potential risks in the supply chain.

Audit Oversight

To further enhance the level of supply chain risk management, the Group implements routine oversight of procurement and supplier management-related processes through internal audit mechanism. Auditors conduct thorough reviews focusing on key areas such as procurement planning, tendering and bidding, and contract execution, with an emphasis on assessing the compliance, reasonableness and effectiveness of risk prevention and control measures across these stages.

Procurement Plan Audit	During the procurement planning phase, auditors review the appropriateness of procurement demand by taking into account actual inventory levels and material consumption rates. Through life cycle cost analysis, they also recommend, where possible, procurement options that offer higher energy efficiency and better overall cost performance while meeting operational needs, aiming to avoid decisions based solely on short-term pricing.
Tendering and Bidding Process Audit	During the tendering and bidding phase, auditors focus on verifying whether there are any affiliations or related-party relationships among suppliers, and review whether the bid evaluation process appropriately balances factors such as price, quality and historical performance, thereby mitigating risks such as bid-rigging and collusive tendering.
Traceability of Supplier Historical Performance	Auditors also focus on reviewing the historical performance of suppliers. If records indicate unsatisfactory performance of a supplier's products or services in other units within the Group, the audit will require the procuring unit to provide a justification for continuing to select that supplier, thereby reinforcing prudence in decision-making.

All audit findings are communicated to the responsible departments through reporting and communication mechanisms, and corrective measures are formulated and implemented accordingly. Following the completion of an audit, the effectiveness of rectifications is tracked and verified through a follow-up review mechanism, forming a closed-loop management cycle of "Audit–Feedback–Rectification–Review".

Communication and Grievance Mechanism

The Group places great importance on proactively identifying and preventing supply chain risks through its communication and grievance mechanisms. In the process of procurement and supplier management, we have established open and accessible channels for complaints and feedback, encouraging employees and internal and external stakeholders to provide comments and suggestions on matters such as procurement compliance, process fairness, and supplier management.

All complaints and feedback are processed through a standardised handling procedure, with designated departments responsible for timely acceptance, objective investigation, and follow-up implementation. Improvements to relevant management processes are also promoted based on the circumstances. The Group will continue to use information derived from its communication and grievance mechanisms as a key basis for refining its procurement systems and strengthening supply chain risk prevention and control, thereby enabling the continuous improvement of its management framework.

Product Quality Management

China Hongqiao has always regarded the quality of its products and services as the very foundation of its survival and development, placing the assurance of product safety, quality reliability, and customer rights at the core of its operations and management. The Group has fully implemented stringent quality control requirements. Focusing on the entire product life cycle, the Group has systematically established an end-to-end quality management system covering raw material procurement, manufacturing, inspection and testing, delivery services, and after-sales feedback, encompassing multiple dimensions such as institutional development, process control, responsibility allocation, and continuous improvement.

During the reporting period, the Group did not experience any illegal and non-compliant incidents related to its products and services, nor were there any major safety or quality incidents involving liability.

Product Quality Management Measures

The Group adheres to a "One-Vote Veto" principle in quality management and strictly enforces the “Two Prohibitions”[2] and “Three Principles of Non-tolerance”[3] in its routine operations. These principles serve to define quality baselines and reinforce quality discipline, ensuring that any factors affecting product quality are promptly identified and corrected. In cases where products fail to meet quality requirements, the Group follows the Non-Conforming Product Control Procedure, which sets out clear rules for the identification, evaluation and disposition of non-conforming products. Accountability is assigned to specific production positions, and quality incidents are addressed through a tiered handling mechanism based on their severity, in accordance with the relevant quality accident handling regulations.

In the alumina business segment, we have established a product quality management mechanism integrating multi-tiered controls, systematic operations and closed-loop assessments. Responsibilities of management departments and implementing bodies are clearly defined, forming a full-process management system encompassing planning, process monitoring, statistical evaluation and continuous improvement. Monthly quality control indicators are set, with key metrics subject to regular sampling and dynamic monitoring by the Safety Production Supervision and Management Department and Centralised Control Centre. These efforts are supported by ten-day statistics and monthly assessments to enforce reward and penalty mechanisms, thereby strengthening accountability for quality. To drive the transformation of quality management from post-production inspection to process control, we have implemented a tiered evaluation system for several key indicators of finished products, supported by internal data disclosure and the enforcement of results, ensuring that measures are effectively implemented and produce tangible outcomes.

In the electrolytic aluminum business segment, the Group has developed the Integrated Management Manual and established a systematic quality performance evaluation and continuous improvement mechanism. Through process monitoring and measurement, we dynamically track all stages of production to ensure quality objectives are met. In terms of data analysis, we systematically collect information on product quality, system operation and internal and external feedback, using data-driven analysis to evaluate the suitability and effectiveness of the management system. For non-conforming products, we implement a closed-loop management process involving root cause analysis, corrective action formulation and effectiveness verification. Improvement objectives are embedded into daily operations, and management reviews are conducted to continuously refine the quality policy and objectives, thereby driving the evolution of quality management from compliance assurance towards performance enhancement.

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2 The “two prohibitions” refer to the principles that products with defects identified in the preceding process must not flow into the subsequent process, and products found to be non-conforming upon quality inspection must not be stored in or dispatched from the warehouse, thereby preventing problematic products from entering subsequent stages at the source.

3 The "Three Principles of Non-Tolerance" refer to the commitment to adhere to the following requirements for quality issues: no tolerance if the root cause of a quality problem has not been identified, no tolerance if corrective measures have not been implemented, and no tolerance if the responsible personnel have not been clearly held accountable. This ensures that quality issues are systematically rectified and prevented from recurring.

Division of Responsibilities in the Production Process

In production site management, each role undertakes clearly defined responsibilities related to quality control:

Production Workshop	Focuses on overseeing process operations. Through dynamic tracking of production indicator completion and unscheduled assessments, it ensures operational standardisation and process precision, while implementing strict controls over materials from entry to production, thereby reducing risks of pollution and resource waste.
Process System Dispatch	Continuously optimises operating procedures to enhance product quality at the source. Where abnormal data arise during production, it organises timely specialised analyses, adjusts process parameters, and addresses quality issues in the relevant processes.
Head of Production System	Establishes a bi-weekly quality analysis mechanism, regularly convening responsible personnel to conduct root cause analyses on product quality fluctuations and production bottlenecks. Preventive measures are formulated and their implementation tracked, forming a closed-loop management process.
Safety Production Management Department	In accordance with the Quality Objectives and Indicators Management Plan, it oversees product quality throughout the entire production process to ensure that products meet all applicable standards and requirements.

Leveraging Intelligent Technology to Empower Product Quality Management

Guided by the Group's strategy of advancing comprehensive digital and intelligent transformation, we have progressively embedded intelligent technologies into the entire product quality management process, serving as a key enabler in enhancing quality control capabilities and production stability. Focusing on core areas such as raw material testing, control of key process parameters, and finished product performance inspection, we have introduced automated testing equipment, online monitoring systems, and data analysis platforms. These enable real-time data collection and dynamic monitoring of key indicators throughout the production process, strengthening traceability management of quality data and establishing mechanisms for anomaly alerting. Through systematic analysis and trend assessment of quality data, we are able to promptly identify potential deviations and optimise process parameters. This drives the transformation of quality management from post-production inspection towards process control and preventive management, continuously improving product consistency and reliability, thereby providing strong support for safeguarding customer rights and enhancing market competitiveness.

Case Study Advancing Intelligent Upgrades to Enhance Production Stability and Safety

During the reporting period, a subsidiary of the Group advanced automation and intelligent transformation initiatives across its alumina production processes, continuously enhancing production stability and safety management levels. Given the complexity of production processes, the high degree of equipment integration, and the heavy reliance on traditional manual operations, we pursued the goal of "unmanned and minimally manned" operations by implementing automation upgrades in key production areas. Production parameter adjustments have transitioned from on-site manual operations to remote control via a centralised control system, effectively reducing the risk of fluctuations caused by human intervention and significantly improving production continuity and operational stability.

Remote Real-time Monitoring
Via a Digital-intelligent System

Building on this automation, we have further introduced online inspection and intelligent monitoring technologies, such as acoustic flow meters and infrared thermal imaging systems, to enable real-time monitoring of critical equipment and special operating conditions, thereby strengthening anomaly alerting and trend analysis capabilities. Production data is centrally integrated into a production visualisation and centralised control centre, allowing management personnel to conduct system optimisation and risk assessment based on real-time data, driving the transformation of operation and maintenance models from "post-incident handling" to "preventive alert-based management". In high-risk scenarios such as hazardous chemical unloading areas and power systems, we have implemented features such as fully automated unloading systems, "one-key sequential control" and "intelligent inspection" modules to reduce the frequency of on-site manual operations, mitigate safety risks, and simultaneously enhance operational efficiency and equipment reliability.

Case Study **Developing an AI-Powered Maintenance Knowledge Platform to Enhance Fault Handling Efficiency and Standardisation**

Application of AI Technology Supports Frontline Maintenance Work

During the reporting period, a subsidiary of the Group, leveraging its internal digital platform, independently developed an AI-Powered Maintenance Assistance System to address challenges in equipment operation, maintenance and repair management. By establishing a specialised knowledge base and an intelligent Q&A model, the system provides frontline maintenance personnel with structured and standardised guidance for fault handling. In response to the increasing complexity of fault types and the heavy reliance on experiential knowledge brought about by equipment intelligent upgrades, the system consolidates historical maintenance records and technical documentation to build a knowledge base covering common issues such as pot controller communication failures and current anomalies. Through model optimisation and structured classification management, it enables precise matching and rapid response for fault diagnosis, root cause analysis, and resolution steps. Maintenance personnel can obtain step-by-step guidance and relevant technical diagrams through natural language queries, effectively improving the efficiency of problem identification and shortening fault resolution cycles.

Since the system became operational, maintenance work has progressively shifted from being experience-driven to being supported by data and knowledge sharing. This transformation has reduced reliance on individual technical experts, while enhancing operational standardisation and safety management capabilities. Concurrently, the accumulated knowledge serves as a foundational basis for the digital management of the enterprise's technical expertise.

Compliance Management in High-Standard Fields

China Hongqiao operates in strict accordance with the GB/T 19001—2016 (ISO 9001:2015) quality management system and has obtained certification from the China Quality Certification Centre, with annual surveillance audits conducted. In the alumina sector, the Group strictly implements the national standard Alumina (GB/T 24487-2022), and its products meet key technical indicators that are stricter than the requirements of the national standard. In the food and pharmaceutical packaging sectors, the Group strictly adheres to relevant national food safety standards, including the mandatory national standards such as National Food Safety Standard-Standard for Uses of Additives in Food Contact Materials and Their Products (GB 9685-2016), National Food Safety Standard-General Hygienic Regulation for Food Production (GB 14881-2013), and National Food Safety Standard-Metal Materials and Products for Food Contact (GB 4806.9-2023), ensuring that the content of toxic and hazardous elements in products remains below statutory limits, and that production environments and processes meet specific health and safety requirements. The Group attaches great importance to product quality and has proactively applied for quality management certifications and qualifications including ISO 22000, ISO 9001, and IATF 16949, continuously enhancing the standardization and normalization of quality management. Currently, among the Group's operating entities located in China that produce core products, the coverage rate of ISO 9001 quality management system certification is 100%.

ISO 9001:2015 Quality Management System Certification (Partial)

Product Recall and Corrective Mechanism

To effectively address potential quality risks that may arise during product use, China Hongqiao has established a product after-sales handling and recall mechanism covering issue identification, tiered handling, recall management and rectification follow-up, with specific implementation procedures tailored to the characteristics of its different business segments.

For automotive lightweighting components and similar products, relevant subsidiaries adopt a tiered response approach based on the severity of quality issues:

- **For minor quality issues:** Priority is given to timely handling by the on-site service team to ensure rapid resolution.
- **For issues that cannot be resolved on-site:** Replacement is carried out in accordance with established procedures, ensuring normal customer use through a "One-to-One" exchange.
- **For bulk quality issues involving a large quantity or wide impact:** A product recall procedure will be initiated in compliance with applicable laws and regulations, involving the unified return and handling of the affected products, while concurrently supplying customers with qualified products that meet quality requirements.

During the recall and handling process, the Group conducts verification and traceability of the source, production batch, and scope of impact of the affected products, and undertakes a specialised analysis of the root causes. Corresponding corrective and preventive measures are formulated and implemented to continuously enhance the stability and reliability of product quality management through process optimisation, workflow improvement and accountability tracing.

During the reporting period, no product recalls occurred within the Group.

Customer Relationship Management

China Hongqiao places great emphasis on customer experience and feedback throughout product use and service delivery. By establishing a formalised customer service management system and communication mechanisms, the Group continuously improves service quality and maintains long-term, stable customer relationships. We strictly adhere to the Consumer Rights Protection Law of the People's Republic of China, and conduct our business in accordance with internal policies such as the Sales Head Office Working Procedures, Corporate Customer Credit Management Policy, and Customer Rights and Interests Protection Management Measures, ensuring the quality of customer service. At the same time, we continue to enhance our communication, feedback, and issue handling mechanisms to ensure that customer concerns are responded to promptly and resolved appropriately, thereby maintaining long-term and stable partnerships.

Customer Service Guarantee Mechanism

To enhance the refined management level of customer service, the marketing departments across the Group's business segments have established a systematic customer service guarantee mechanism covering key areas such as product delivery, after-sales support, and complaint handling. We maintain long-term cooperative relationships with numerous customers and adopt a "production by sales" model based on downstream demand, flexibly offering products of different specifications and types to ensure stable supply and alignment with demand. For quality or service issues raised by customers, the Group follows established procedures to designate the responsible department and handling timelines, ensuring timely responses and appropriate resolutions.

Customer Compliant Handling

For complaints related to product quality, the Group has established a standardised handling procedure in accordance with the Customer Complaint Handling Policy. Customers may submit complaints and feedback through channels such as dedicated hotline, email, or designated contacts including sales managers and after-sales managers. All related information is centrally received and recorded by the marketing or after-sales department responsible for these matters. Upon receiving customer feedback, the marketing department promptly initiates an investigation process, conducts root cause analysis to trace the issue, identifies the responsible department, and formulates corrective and preventive measures. The Group has established clear complaint handling timelines: the marketing department is required to provide an initial response to customers within one working day upon receipt of a complaint, and ensure that general complaints are resolved within one week, while complex complaints are resolved within one month.

During the reporting period, the Group received 586 customer complaints related to product or service quality, primarily concerning quality deviations in individual batches and communication issues regarding delivery details. All received complaints were responded to and entered into investigation and handling procedures within the time limits specified in internal processes. Of these, 97% of complaints have been resolved, while the remaining unresolved customer complaints are still within the handling cycle and are actively being investigated and addressed by the Group. A complaint management ledger has been established for all relevant matters, with records of corrective actions and preventive measures retained to ensure closed-loop management. The marketing department systematically organizes and analyzes customer complaint and feedback data, and communicates the analysis results to production and business departments. These insights serve as an important basis for identifying opportunities to improve products and services, ensuring that customer feedback effectively drives continuous improvement in product and service quality. During the reporting period, the Group did not experience any material complaints or legal disputes arising from product or service quality issues.

Customer Satisfaction Survey

Building on institutionalised service, we continuously gather customer feedback through customer satisfaction survey mechanisms, such as distributing Customer Satisfaction Questionnaires, and use the feedback system to drive service improvements. In accordance with procedures such as the Customer Relationship Management Process, the Group defines clear communication responsibilities for sales personnel, requiring them to proactively maintain customer relationships, conduct regular satisfaction surveys covering dimensions such as product quality, delivery timeliness, and service standards, and continuously collect customer feedback through customer visits and online communication channels. Surveys are typically conducted in the form of questionnaires, with results centrally consolidated and analysed by dedicated marketing department personnel. For identified areas for improvement, the Group formulates rectification plans and tracks their implementation, forming a closed-loop management mechanism of "Survey–Analysis–Improvement–Review", thereby driving continuous enhancement of customer satisfaction and service capability. During the reporting period, the Group's various business segments respectively organised and conducted customer satisfaction surveys. For molten aluminum and aluminum ingot products, as well as alumina products, the proportion of highly satisfied customers reached 100%. Our subsidiary Hongqiao Holdings[4] conducted customer satisfaction surveys in the form of questionnaires, with results showing domestic customer satisfaction at 90.63 points and export customer satisfaction at 89.77 points; the average customer satisfaction in the lightweight business segment reached 97%.

Responsible Marketing

In the process of product sales, market promotion and external communications, the Group strictly complies with laws and regulations such as the Advertising Law of the People's Republic of China and the Trademark Law of the People's Republic of China, and conducts brand communication and business promotion activities in accordance with the relevant provisions of its internal policies, including the responsible marketing commitments set out in the Corporate Code of Conduct and the Anti-Monopoly and Anti-Unfair Competition Management Policy. The Group adheres to the principles of truthful, accurate and complete information disclosure, prohibits false, exaggerated or misleading statements, and avoids any undue influence on customer decision-making. By standardising the review and release processes for promotional content, the Group strengthens compliance controls and risk prevention, thereby upholding a fair and trustworthy market environment and sound business order.

During the reporting period, the Group did not experience any major compliance incidents related to the disclosure of information on its products or services, or to marketing communications.

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4 Formerly known as Shandong Hontron Aluminum Industry Holding Company Limited, and changed its name to Shandong Hongqiao Aluminum Industry Holding Company Limited in January 2026. The customer satisfaction survey described herein only covers the scope of business operations prior to 31 December 2025.

Contributing to Industry Development

While continuously strengthening its own operational capabilities, China Hongqiao also actively focuses on the healthy development and sound order of the industry as a whole. Based on its core business practices, the Group integrates its responsibility concepts and management experience into the industry's progress through various means, including participating in industry organisations, supporting the development of standards and rules, and engaging in industry exchanges and collaboration.

As a key member of the aluminum industry, the Group has been a member of the Aluminum Stewardship Initiative (ASI) since 2021. It has consistently advanced responsible procurement and supply chain management in line with ASI standards, and actively participates in the joint building of a responsible ecosystem at the industry level, contributing to a more sustainable and resilient future for the sector.

We actively participate in the research and practical application of industry norms and technical standards, such as the mandatory national standard GB 29741-2025 "Safety Specification For Aluminum Electrolysis", the industry standard YS/T 1418-2021 "Technical Specifications For Energy-Saving Supervision In Electrolytic Aluminum Industry", and the group standard T/CNIA 0245-2024 "Green Low-carbon Aluminum Evaluation Guidelines and Traceability Guideline". Based on our operational experience, we provide practical support for the improvement of industry standards, promoting more transparent, scientific, and enforceable industry rules.

We actively participate in industry associations, and through hosting or participating in industry forums, thematic seminars and industrial matchmaking events, we build communication platforms that connect upstream and downstream partners. By engaging in in-depth exchanges on topics such as market trends, cutting-edge technologies, and pathways for green transition, we promote collaboration across the industrial chain and resource sharing, thereby fostering a fair, open and trustworthy industry environment.

The Group's Participation in Industry Associations During the reporting period

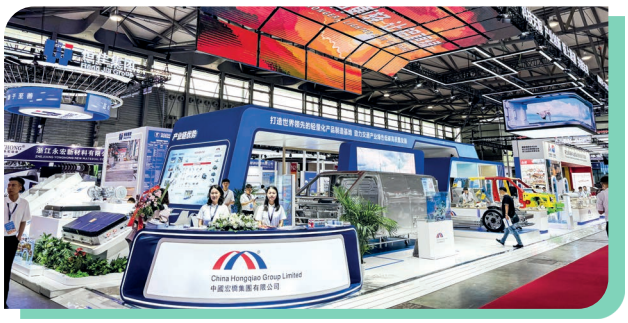
Participating Entity	Industry Association	Role
Shandong Hongqiao Lightweight Technology Co., Ltd.	Shandong Aluminum Industry Association	Executive Director Unit
	Nonferrous and Die-casting Branch of the First Council of Shandong Foundry Association	Chairman Unit
	Automotive Supply Chain Innovation Branch of the China Society of Automotive Engineers	Committee Unit
Shandong Hongshun Circular Technology Co., Ltd.	China Association of Circular Economy	Member Unit
	Recycling Metal Branch of the China Nonferrous Metals Industry Association	Council Member Unit
	China Renewable Resources Industry Technology Innovation Strategic Alliance	Council Member Unit
	Shandong Association of Material Recycling	Vice President Unit

Case Study **Deep Engagement in Lightweighting Industry Exchanges, Advancing One-stop Aluminum-based Lightweighting Solutions**

During the Year, China Hongqiao and its subsidiary Hongqiao Lightweight participated in several key industry events, including Aluminum China & Asia Automotive Lightweight Exhibition, the 18th Automotive Lightweight Conference, and the National New Energy and Intelligent Connected Vehicle Supply Chain Exhibition. These engagements showcased the Group's technological expertise and application achievements in the fields of new energy vehicles and high-end manufacturing.

At Aluminum China & Asia Automotive Lightweight Exhibition, the Group showcased a range of achievements from the perspectives of "Making Aluminum Stronger, Lighter, and Greener". The display featured innovations in new material applications, products related to new energy vehicles, lightweight components, advanced aluminum processing products, and green recycled aluminum products, comprehensively demonstrating the innovative applications and technological advancements of aluminum materials in the new energy vehicle and high-end manufacturing sectors.

During the 18th Automotive Lightweight Conference and the National New Energy and Intelligent Connected Vehicle Supply Chain Exhibition, Hongqiao Lightweight systematically presented its lightweighting solutions covering a range of products such as body structural parts, chassis components and "three-electric" (battery, motor, electronic control) structural parts, focusing on key areas including material research and development, forming processes, end-use applications, and recycling and regeneration. The exhibition demonstrated the application pathways of aluminum materials in improving vehicle performance and reducing energy consumption. In parallel, Hongqiao Lightweight engaged in discussions with multiple OEMs on topics such as the lightweighting needs of new energy vehicles, advanced forming technologies, and the industrial application of new lightweight materials, further deepening communication and collaboration with vehicle manufacturers and industry chain partners.



China Hongqiao Showcases at Aluminum China & Asia Automotive Lightweight Exhibition

Hongqiao Lightweight at the Exhibition

Case Study **Participating in Collaborative Symposium on the Recycled Aluminum Industry to Promote the Development of a Low-Carbon Value Chain**

In August 2025, Shandong Hongshun, a subsidiary of the Group, participated in the closed-door symposium titled "Co-shaping the Value Chain: Collaboration and Breakthroughs in the Recycled Aluminum Industry". The event brought together representatives from recycled aluminum producers and downstream application sectors such as automotive, construction, packaging, electronics and new energy to engage in in-depth discussions on pathways for the large-scale and low-carbon application of recycled aluminum. The symposium focused on collaborative mechanisms within the recycled aluminum industry chain, with discussions covering key topics including raw material supply assurance, technological upgrading, standard development, certification systems, and market incentive mechanisms.

Scene of the "Co-shaping the Value Chain: Collaboration and Breakthroughs in the Recycled Aluminum Industry" Symposium

Through its participation in this industry symposium, the Group has further deepened its understanding of the low-carbon development pathways and collaborative mechanisms for recycled aluminum. It has also actively explored opportunities for cooperation with stakeholders across the industrial chain, working to foster greater consensus in areas such as technological innovation, joint standard development and information sharing.

Case Study **Showcasing at International Academic Conferences to Strengthen Aluminum-based Material Innovation Capabilities**

Between June and July 2025, the research team from the Group's Lightweighting Research Institute participated in the 8th International Conference on Engineering Against Failure (ICEAF 2025) and the 2025 International Conference on Processing and Manufacturing of Advanced Materials (THERMEC 2025), engaging in academic exchanges on key technological issues in aluminum processing and lightweighting. The research team delivered academic presentations on topics such as the synergistic enhancement of service performance of high-performance aluminum alloys, high-efficiency extrusion forming technologies, high-precision welding of large-scale components, dissimilar metal joining, and scrap recycling and regeneration. These presentations systematically showcased the Group's interim achievements in areas including fundamental research, material development, advanced joining technologies, and green recycling and regeneration, reflecting the Group's sustained investment and technical accumulation in building an integrated innovation system for high-performance aluminum alloys. These efforts inject innovation momentum into technological upgrading and the green and low-carbon transformation of the industrial chain.

Lightweighting Research Team at International Academic Conferences

Innovation-driven Development

Innovation is the core engine for enhancing a company's sustainable competitiveness and a key driver of industrial upgrading. China Hongqiao has systematically built an innovation system anchored by innovation platforms, connected through industry-university-research collaboration, and supported by specialised talents, creating an open, collaborative, and fully integrated innovation ecosystem. By continuously driving technological breakthroughs, product innovation, and digital and intelligent transformation, we are not only steadily improving our own production efficiency and product value, but also supporting the aluminum industry's transition towards high-end, green, and intelligent development.

Technological Innovation Management

We are committed to driving quality and efficiency improvements through multi-dimensional initiatives, including conceptual innovation, management innovation and technological innovation, fostering a culture of innovation across the organisation and achieving synergistic enhancement of the Group's core competitiveness and overall performance. The Group focuses on establishing a well-structured, coordinated and efficient research and development (R&D) innovation management system. A full-process closed-loop management approach is implemented for innovation projects, covering the key stages of "Submission – Review – Implementation – Validation – Promotion". By continuously deepening its technology research and development layout, and by leveraging innovation platforms, industry-university-research collaboration and professional talent cultivation, the Group injects sustained innovative vitality into its R&D and innovation capabilities.

Innovation Platform Development and Industry-University-Research Collaboration

The Group has established Technology Innovation Centres across its various business segments, and set up specialised research institutes and laboratories focusing on key R&D directions. These efforts are aimed at building a multi-tiered, open R&D innovation platform. Through sustained resource investment, enhanced research management, and the introduction of advanced equipment and technologies, the Group drives innovation and facilitates the commercialisation of outcomes in new technologies, new processes and new products. At the same time, we strive to embed an innovation mindset at the frontline of production. All employees are encouraged to draw on their roles and conduct micro-innovation and technical improvements on production equipment and processes, with the goals of enhancing safety, energy efficiency, productivity and environmental protection – making innovation an integral part of daily operations. During the reporting period, the Group had 2,543 R&D personnel, with total R&D investment amounting to RMB612 million.

We deeply integrate technology R&D with industrial practice, and strengthen collaboration with numerous research institutions, universities and enterprises. By jointly establishing R&D bases and carrying out cooperative research projects, we explore pathways for technological innovation together with our partners. We maintain ongoing technical exchanges and collaborations with institutions such as the University of Chinese Academy of Sciences, Soochow University, Central South University, Northeastern University and Shandong University. Notable examples include the establishment of the High-end Aluminum Materials and Application Technology Research Institute in partnership with Soochow University, and the joint establishment of an Academician Workstation and the National Engineering Research Center of Low-carbon Nonferrous Metallurgy in collaboration with Central South University. Through these initiatives, we continue to deepen our industry-university-research collaboration.

Case Study **Activating Grassroots Innovation "Cells" to Drive Production Efficiency Improvement.**

We actively advocate a culture of "Innovation for All", embedding an innovation mindset across every corner of our production and operations. In the process of building this innovation culture, numerous outstanding innovation practices have emerged across our production entities. In the thermal power segment, the maintenance workshop explored and implemented an innovation pathway combining "Innovation Task Force + Monthly Workshop". A task force comprising key technical personnel was established, and a monthly workshop mechanism was put in place to conduct targeted research on pain points and challenges such as equipment ageing and maintenance efficiency. This model established a closed-loop grassroots innovation process of "Problem Identification–Collective Brainstorming – Rapid Validation", transforming employee ingenuity and practical experience into systematic, replicable innovative solutions. This has significantly enhanced the intelligence level of maintenance work and improved problem-solving efficiency.

Case Study **Driving New Breakthroughs in Aluminum Electrolysis Energy Saving and Pot Service Life Extension through Innovation**

We focused on the core goal of "Improving Quality and Efficiency" within our electrolytic aluminum segment, concentrating on key areas such as electrolytic pot service life extension, desulphurisation power consumption, and air compressor station power consumption reduction. We actively carried out systematic technical research in collaboration with design institutes, research institutions, professional bodies and other partners. Our technology R&D team pursued a dual-path approach, focusing on both material upgrades and process equipment innovation, to continuously enhance the production efficiency and competitiveness of aluminum electrolysis:

- In terms of material upgrades, we significantly reduced power consumption by optimising the size of cathode carbon blocks, applying new thermal insulation linings for electrolytic pot, and introducing high-performance materials such as integrated copper-carbon composite cathodes and copper-embedded cathodes. Furthermore, the application of high-conductivity steel bars, steel claws, and impregnated cathode carbon blocks further optimised the electrolytic system process, thereby reducing energy consumption.

- In terms of process equipment innovation, we substantially reduced the overhaul cycle of electrolytic pot through innovative process optimisation and standardised operations, improving equipment utilisation and production capacity. We also successfully developed and implemented technologies such as the flexible electrolytic pot technology and a flue waste heat recovery system, maximising the recovery and utilisation of waste heat resources in the production process.

Through these comprehensive innovation practices, the electrolytic aluminum segment has not only achieved a significant leap in its own production efficiency, but also provided a replicable new pathway and new paradigm for life extension initiatives and green development within the aluminum electrolysis industry.

Case Study **Digital-Intelligent Integration: Creating a New Ecosystem for Smart and Efficient Production.**

In the lightweighting segment, the Group has established the Weiqiao (Suzhou) Lightweight Research Center as a key technological innovation base for deploying high-performance lightweight aluminum alloy materials. Grounded in the study of advanced lightweight aluminum alloy materials, innovative processing techniques, emerging applications, and novel methodologies, the Center specifically targets challenges in manufacturing stability and industrial application of automotive lightweight aluminum alloys. These efforts have yielded a portfolio of high-performance aluminum alloy materials, as well as multiple breakthrough processes and technologies for lightweighting applications.

Launch of High-performance Aluminum Alloy Material Innovation Achievements

During the reporting period, the Center's project entitled "Key Technologies and Applications for the Preparation of High-strength, High-toughness and Anti-fatigue Aluminum Alloys for Automotive Lightweighting", jointly developed with Soochow University and Shandong Hongqiao was reviewed by a technology achievement evaluation meeting organised by the China Society of Automotive Engineers and was confirmed to have reached international leading standards. The project outcomes have now been successfully applied in the manufacturing of key automotive components such as all-aluminum body frame structures, chassis frames, front rails and rear rails, achieving industrial implementation and delivering significant economic and social benefits.

In addition, during the reporting period, the Center launched five new high-performance aluminum alloy key materials and four green low-carbon alloy products, which have demonstrated outstanding performance in increasing the proportion of recycled materials used, enhancing energy absorption efficiency and reducing carbon emissions. The Center also released the following three core process technologies, achieving key breakthroughs in the technical field:

- High-strength, High-toughness Aluminum Alloy Rapid Extrusion Technology: By establishing an intelligent model of process parameters, we have successfully increased extrusion efficiency by over 60%, overcoming the industry pain points of difficult extrusion and low efficiency for high-strength alloys.

- High-precision Profile Bending Forming Technology: We have tackled the challenge of springback control in profile bending. By developing a self-developed prediction model and expert system, we have improved compensation accuracy to over 90%, achieving "one-time bending, precision forming".

- Welding Deformation Control Technology for Large-scale Components: Based on a welding deformation database and intelligent fixture design, we have reduced welding deformation by 74%, achieving a qualitative improvement in vehicle body assembly precision.

Cultivation of Innovative Technical Talent

The technical talent team serves as the professional cornerstone for enhancing the Group's independent innovation capability. Focusing on our green and low-carbon transformation strategy, we have systematically integrated the three dimensions of technology research and development, "dual carbon" goals and environmental protection. We are committed to building a professional talent pipeline covering key areas such as green development and digital intelligence, while continuously improving career development pathways and remuneration incentive systems for our technical talent.

To fully unleash the innovative vitality of our technical talent, we have established an innovation incentive mechanism and formulated internal policies such as the Incentive Measures for Encouraging All-Employee Participation in Innovation Management and the Provisions and Reward Measures Related to the Submission, Approval and Re-evaluation of Innovation, Technical Renovation, Energy Saving and Efficiency Enhancement Projects. Through measures such as R&D innovation project rating and rewards, we have fostered an innovation atmosphere characterised by "All-employee Participation, Tiered Rewards and Closed-loop Management". Our operating units have established innovation project submission and evaluation mechanisms. For innovation projects or achievements that pass the evaluation, corresponding rewards will be granted to the relevant units or individuals in accordance with internal policies. For example, for projects involving innovation, technical renovation, energy saving and efficiency enhancement that have passed the evaluation, rewards are granted based on factors such as their expected economic benefits.

At the same time, we have established internal and external technical exchange and interaction mechanisms to help our technical talent broaden their horizons and enhance their professional capabilities. The Group's operating units regularly invite university professors and industry experts to engage in academic seminars and experience sharing with our management and technical personnel. We have also organised systematic visits for our technical personnel to leading enterprises and research institutions for field trips and benchmarking studies. In addition, we have jointly established specialised R&D teams with research institutions and organisations, and have regularly convened technical seminars to promote the co-development and sharing of R&D data and innovation outcomes.

Digital and Intelligent Transformation

China Hongqiao aims to achieve digital and intelligent transformation across all areas and the entire process. Through convergent innovation of information technology and physical manufacturing scenarios, we are comprehensively advancing the Group's digital and intelligent transformation. By leveraging intelligent applications, we are breaking down information silos, unlocking the value of data and enhancing operational efficiency, thereby empowering the high-quality development of the Group's business across all dimensions.

In terms of organisational structure, the Group's Digital Intelligence Management Department has established an R&D Division responsible for the development of the intelligent management platform, along with a Digital and Intelligent Transformation Office which oversees the planning and implementation of intelligent projects across various business segments. Correspondingly, each business segment has appointed a Digital and Intelligent Transformation Specialist to supervise and coordinate the daily work of digital and intelligent transformation within their respective segment, ensuring the solid implementation of digital and intelligent initiatives across the Group. To continuously enhance the professional capabilities of relevant departments and personnel, we regularly organise training and exchange activities focused on digital and intelligent transformation, covering topics such as cutting-edge technologies, business processes and project management. We also encourage experience sharing and collaborative exchanges to facilitate knowledge sharing and team development.

In terms of smart manufacturing, we have continuously advanced the construction of smart factories. Through intelligent process control, we have reduced manual intervention, implemented real-time monitoring to prevent process deviations, and applied data analysis to optimise production parameters. By leveraging AI technology to accurately identify defects and support intelligent decision-making, we have achieved energy savings and consumption reduction, ensured consistency in processes and quality, and improved production efficiency and product performance. During the reporting period, the Group has obtained a series of honorary qualifications:

- The 5G+ Smart Manufacturing Joint Innovation Lab jointly established by Beihai Xinhe and its partner has been selected for the "National Excellence-level Smart Factory" list jointly issued by the General Office of the Ministry of Industry and Information Technology, the General Office of the National Development and Reform Commission, the General Office of the Ministry of Finance, the General Office of the State-owned Assets Supervision and Administration Commission of the State Council, the General Office of the State Administration for Market Regulation and the Comprehensive Affairs Department of the National Data Administration.
- The "5G Factory of Shandong Hongqiao" of Shandong Hongqiao has been selected for the "2025 5G Factory" directory published by the Ministry of Industry and Information Technology.
- The "Alumina Smart Factory Based on Empirical Mechanism Data Optimisation" of Shandong Hongqiao has been selected for the "2025 Shandong Province Advanced-level (Provincial) Intelligent Factories" list published by the Shandong Provincial Department of Industry and Information Technology.
- The "Smart Aluminum Large Model" of Hongzheng New Material has been selected for the "2025 Industrial Sector Industry-Specific Large Model 'Open Competition Program to Select the Best Candidates' Research Project" list published by the Shandong Provincial Department of Industry and Information Technology.
- The "Online Intelligent Inspection" of Weihai Haixin has been selected for the "2025 Shandong Province Intelligent Manufacturing Excellent Scenarios" list published by the Shandong Provincial Department of Industry and Information Technology.

Case Study **Digital and Intelligent Integration: Building a New Ecosystem for Smart and Efficient Production**

Our subsidiaries, Shandong Hongtu and Shandong Hongji, in collaboration with Binzhou Weiqiao Guoke Institute of Advanced Technology, have developed an intelligent manufacturing information system and a smart energy system, and have successfully launched them. This initiative has significantly advanced the digital and intelligent transformation of production management for the two entities, while also bringing new momentum to the Group's overall digital and intelligent development.

Application of Smart Energy System in Production Scenarios

- Intelligent Manufacturing Information System: We have established an architecture comprising "three core modules + two-way system integration". Through the efficient coordination of the three core modules–PLM (Product Lifecycle Management), QMS (Quality Management System) and plant-level MES (Manufacturing Execution System) – and the two-way integration of the Group's resource information integration system and the production line manufacturing execution system, we have achieved process linkage and data interoperability, ensuring full traceability and optimisation across the entire product journey from R&D and design to finished product sales.

- Smart Energy System: Guided by the objectives of "Refined Control, Unmanned Operation and Intelligent Security", we have built a multi-dimensional and intelligent functional matrix. On the one hand, it enables real-time monitoring and precise control of energy consumption data; on the other hand, supported by a power monitoring system and a robotic inspection system, we have implemented an unattended power operation model. In parallel with the application of a production line digital twin system, this makes production scenarios visible, controllable and dynamically adjustable.

Case Study **Digital and Intelligent Empowerment: Establishing a New Paradigm for Collaborative Office Work Across the Entire Business Chain**

Paperless Office

Zouping Hongfa and Binzhou Hongzhan have leveraged digital and intelligent technologies to redefine office workflow, establishing an office process system that covers the entire business chain. Relying on an intelligent office platform, the two entities have set up 611 paperless office processes, precisely aligned with core areas such as safety, production and sales. To date, they have processed over 740,000 items of business data, achieving a leap in office efficiency across all scenarios, from workshop inspections to client reception. To break down collaboration barriers across different entities, the two companies have also developed cross-company resource sharing processes, addressing the challenges of offline cross-departmental and cross-entity asset allocation, and enabling efficient online collaboration. Furthermore, the digital and intelligent transformation of office processes has driven innovation in scenario-based applications. For example, in client reception, by creating an integrated "Intelligent Office Platform + Access Control" system, they have achieved seamless integration between client entry approval and the factory access control system, eliminating the need for front-desk registration. This has not only improved the efficiency of client reception but also enhanced the precision of visitor services.

Intellectual Property Protection

China Hongqiao strictly complies with laws and regulations related to intellectual property, such as the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Copyright Law of the People's Republic of China. The Group has formulated the Intellectual Property Application and Management System, which regulates and strengthens the Group's intellectual property protection efforts across all aspects, including the application, registration, use, transfer, maintenance and management of intellectual property.

The Group has established dedicated departments with clearly defined responsibilities for intellectual property protection and management, along with standardised workflows. The Technology Innovation Centres in each of the Group's business segments are responsible for organising their respective operating units to carry out tasks such as identifying cutting-edge technologies, exploring innovation outcomes and drafting patent application documents. These submissions undergo internal technical and compliance review before being forwarded to the Group's Production and Operation Management Centre. As the designated department for intellectual property, the Group's Production and Operation Management Centre oversees patent applications, maintenance, asset commercialisation and standardised daily management, ensuring efficient and compliant IP management.

We promptly confirm and register intellectual property rights for new technologies, new processes, new practical technologies and product packaging designs, and maintain an IP management register to ensure ongoing supervision and management, thereby mitigating intellectual property risks. The Group has also entered into confidentiality agreements with its technical personnel. Any personnel who violate the confidentiality provisions shall be subject to corresponding actions in accordance with the applicable rules. We also fully respect the intellectual property rights of third parties. Within the Group, we consistently use licensed software and ensure that all software usage complies with the applicable licence agreements. Employees shall submit an application before installing any software to avoid infringing the intellectual property rights of third parties. In terms of trademark management, when collaborating with business partners, we include relevant provisions in cooperation agreements to clarify our commitment to respecting the trademark rights of others, while also protecting our own trademarks from infringement in accordance with the law. We continue to foster a culture of intellectual property protection. Each year, we organise IP training sessions to enhance our employees' awareness of IP protection and strengthen the practical skills of personnel in relevant roles. During the reporting period, the Group conducted training sessions for the Technology Innovation Centres of our operating units, as well as for relevant responsible personnel and key technical personnel. The training covered topics such as the integrated creation, application, protection and management of intellectual property.

During the reporting period, the Group obtained a total of 371 newly authorized intellectual property rights, including 357 utility model patents, 13 invention patents, and 1 newly registered software copyright. The Group did not experience any intellectual property dispute cases.

Community Engagement

China Hongqiao has fully recognised that the steady development of the enterprise cannot be achieved without the understanding and support of the communities where it operates. To this end, the Group has systematically incorporated community issues into its sustainable development governance framework, formulated and implemented the Community Policy, clearly defined governance and risk management requirements, and actively established long-term mechanisms for community engagement and value co-creation. It is committed to safeguarding community rights and interests, promoting people's wellbeing, and enhancing the resilience and vitality of the regional economy alongside its business development.

In addition, the Group has formulated and continuously improved its security management system, clearly defined the roles and responsibilities of security personnel at all levels across each unit, and standardised workflows for daily management, emergency response, and personnel communication and feedback, thereby ensuring that security work is carried out in a well-regulated and orderly manner.

Social Contribution

On the basis of safeguarding community rights and interests and maintaining continuous communication, China Hongqiao has further committed itself to creating long-term and sustainable social value for the communities where it operates through its own business capabilities and resource advantages. Upholding the philosophy of "starting businesses for the nation and delivering benefits to the people", the Group has integrated support for community development into its business operations, and has made continuous investments in areas such as promoting local employment, strengthening industrial synergy and supporting public services, so that the fruits of the Group's development can benefit a wider range of community residents.

In specific practices, the Group has focused on providing targeted support based on the actual needs of communities to ensure that resource inputs generate lasting benefits. At the same time, through the formulation of internal policies such as the External Donation Management Policy, the Group has improved its internal management mechanisms, strengthened the Group's management of donation affairs, maintained full records and tracking of relevant public welfare and support projects, and continuously enhanced the standardisation and effectiveness of resource utilisation. During the reporting year, the Group donated a total of approximately RMB531 million, which was mainly used for public welfare projects in rural revitalisation, education and healthcare.

Promoting Local Employment and Industrial Synergy

China Hongqiao has actively implemented local development strategies in each of its operating regions. By combining local employment and local procurement, the Group has promoted synergy between enterprise development and the regional economy. In terms of employment, the Group has given priority to recruiting local residents, created stable job opportunities for communities, and ensured that local employees enjoy equal employment opportunities and lawful labour rights in accordance with relevant laws through standardised employment management and career development support. The Group's local employee recruitment rate at its Yunnan operating sites has exceeded 95%. Among its subsidiaries, Yunnan Hongtai was ranked 8th in the "Top 20 Employers" for private enterprises in Yunnan Province, effectively driving local employment. At the same time, the Group has focused on enhancing the skill levels and professional capabilities of local employees, enabling them to achieve continuous growth within the Group's long-term development, and fostering a positive interaction between enterprise growth and local talent cultivation.

In terms of supply chain management, while strictly adhering to quality and compliance requirements, the Group has given priority to cooperation with local suppliers. By procuring local products and services, the Group has driven the joint development of upstream and downstream enterprises and strengthened the synergy and resilience of the regional industrial chain.

Supporting Public Services and Social Wellbeing

China Hongqiao has continuously invested resources in areas such as infrastructure improvement, educational support, health promotion and environmental enhancement, based on the actual development needs of communities. Through public welfare donations, volunteer activities and other forms of engagement, the Group has actively supported the construction of community public service systems, helping to improve residents' quality of life and the sustainable development capacity of communities.

In terms of public welfare practices, the Group has used the Shipping Foundation and the Beijing Rainbow Foundation as its main platforms, committing itself to giving back to society with the fruits of its development. A multi-level public welfare framework has been established in areas such as rural revitalisation, industrial driving, youth development, talent cultivation and community emergency response. Specific initiatives include:

- **Empowering rural revitalisation and enhancing public services:** The Group has actively supported the construction of public service systems in rural and remote areas. During the reporting period, it donated charitable vehicles and intelligent prosthetic products and other supplies to the Yunnan Provincial Charity Federation, supporting local medical assistance, emergency rescue and rehabilitation services for persons with disabilities.

- **Leveraging industrial driving forces to promote regional employment:** The Group has played a leading role in the industrial chain, forming a large scale industrial cluster in Binzhou, Shandong, which has created direct and indirect job opportunities. Through the continuous deepening of the "home" culture, the Group has achieved a positive interaction between enterprise development and employee growth.

- **Caring for youth development and delivering educational support:** The Group has long focused on youth development, continuously carrying out educational support programmes such as the Weiqiao Rainbow Home and the Weiqiao Rainbow Home – Public welfare and educational support activities, providing academic support and growth companionship for left behind children and other groups.

- **Supporting higher education and talent cultivation:** Through the Hongqiao Endowed Fund for Community Care, the Group has continuously supported research and community project development at City University of Hong Kong, strengthening knowledge transfer and talent cultivation, and serving the long term development of communities through the power of science and education.

- **Responding to community emergencies and fulfilling responsibility:** In the face of major community emergencies, the Group has demonstrated rapid response capabilities and a strong sense of responsibility. During the reporting period, a serious fire in the Tai Po area of the New Territories, Hong Kong, caused significant casualties and property losses. The Group activated an emergency donation procedure and donated HKD30 million for emergency rescue and post disaster reconstruction, supporting the affected communities with concrete actions.

In terms of volunteer services, the Group has embodied the philosophy of "giving back to society and engaging all employees in public welfare", insisting on integrating community care into daily operations. Volunteer activities have been organised on a regular basis, including environmental cleaning, expressing gratitude to sanitation workers, campus safety awareness sessions, blood donation drives, respect and care for the elderly, and public safety services, extending the warmth of the "home" culture to community care practices. At the same time, the Group has leveraged public welfare platforms such as the "99 Giving Day" to mobilise and encourage all employees to participate in charitable donations, fostering a public welfare atmosphere with broad participation.

Case Study **Hongqiao Cerebro-cardiovascular (C2) Health Guardian Programme**

In October 2025, the Group, in partnership with City University of Hong Kong, launched the "Hongqiao Cerebro-cardiovascular (C2) Health Guardian Programme". This initiative combines the Group's resources with the university's research expertise to provide professional cardiovascular and cerebrovascular disease risk screening and health assessment services for Hong Kong residents aged 45 and above. Supported by medical research institutions and professional healthcare partners, and driven by a multi-stakeholder collaboration across government, enterprises, academia and research, the Programme leverages technology to promote early disease prevention and health screening. It reflects the Group's long-term commitment to addressing social needs through professional and systematic solutions, and serves as a concrete practice of the "Building a Shared Home" sustainable development strategy in the field of public health.

Hongqiao Cerebro-cardiovascular (C2) Health Guardian Programme

Case Study **Nurturing Growth, Illuminating the Future – Caring Initiatives for Vulnerable Children**

The Group has long focused on the development of vulnerable groups, including left-behind children. Through a series of public welfare and educational support programmes, such as the "Weiqiao Rainbow Home" and the "Sanyi Education Assistance Programme", the Group has provided systematic educational support and growth care for these children. These initiatives not only offer academic tutoring and psychological care, but also strive to improve the children's family and community environments, helping them secure fairer opportunities for development and laying a solid foundation for their long-term growth.

Weiqiao Rainbow Home – Public welfare and educational support activities

Sanyi Education Assistance Programme

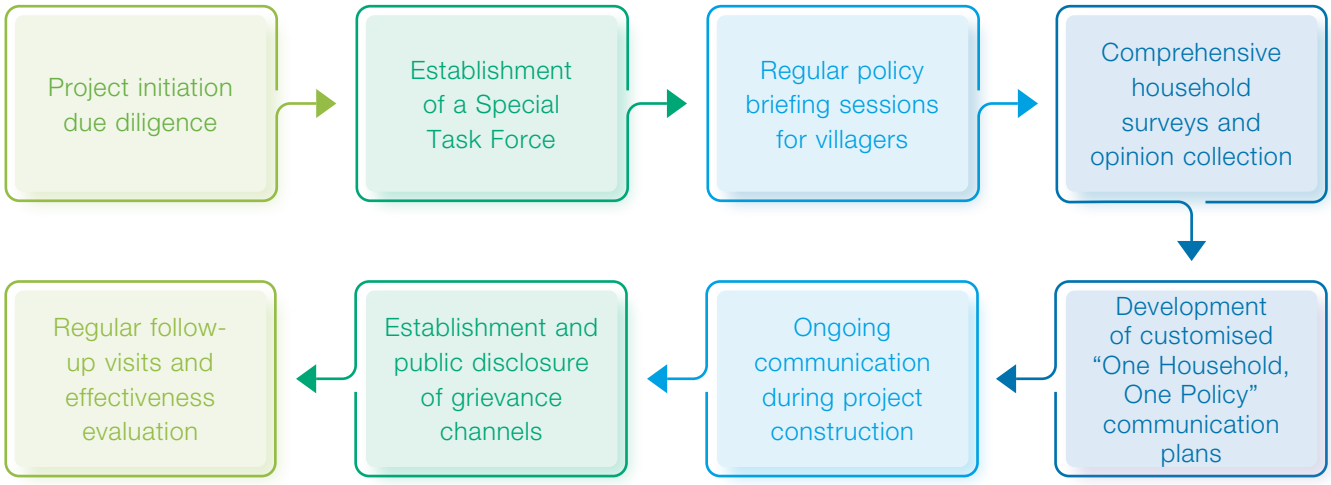
Community Engagement and Development

We have always maintained that stable and trust-based community relations are founded on sustained, transparent and equitable communication. Guided by the Community Policy, we respect the right to information and the right to participation of community residents. During project construction and daily operations, the Group has established multi-tiered and multi-channel community engagement mechanisms to ensure that community stakeholders can promptly keep abreast of the Group's activities and express views on matters of concern to them.

Daily Engagement Mechanism

Where the progression of major projects or production and operation activities gives rise to community impacts, China Hongqiao conducts face-to-face communication with community representatives through on-site visits, discussion forums and special briefings. It proactively introduces project details, potential impacts and proposed management measures, fully solicits opinions and suggestions, and takes such feedback into account in decision-making where reasonable. In engaging with communities in areas inhabited by indigenous peoples or culturally sensitive regions, the Group fully respects local cultural traditions and modes of expression, ensuring that the forms and content of communication are inclusive, comprehensible and culturally appropriate.

In practice, to ensure the effectiveness and inclusiveness of communication, the Group has placed particular emphasis on innovative approaches and adaptation to local conditions. In accordance with the socio-economic characteristics and community structure of project locations, it has designed and implemented highly adaptive engagement strategies, striving to coordinate project construction with community demands in a more practical manner. Through systematic due diligence in the early stages, the Group has accurately identified core community concerns and potential development needs; through transparent and personalised ongoing consultations in the medium term, it has built solid trust-based and cooperative relations with communities; and through post-implementation performance tracking, it has ensured that project benefits are closely integrated with the long-term development goals of communities.



Community Communication Process for Yunnan New Energy Projects

Through in-depth communication and cooperation with communities, the Group has ensured the smooth progress of projects while providing community residents with stable employment opportunities and income sources, improving the development of local public infrastructure, and advancing regional economic growth and improvements to people's livelihoods. During the implementation of the Yunnan new energy projects, each project team has adopted distinct core communication approaches based on actual conditions and attained a series of major socio-economic achievements, which are detailed as follows:

Project Location	Core Engagement Approach	Key Socio-Economic Outcomes
Gejiu, Yunnan	Village meetings were convened at the project pre-development stage to explain relevant policies and conduct surveying and verification; support was provided for the long-term development of the community through public welfare project donations.	• A total of 8 public welfare projects have been donated, amounting to RMB48.6 million, which have been used for school dormitories, road renovation, etc. • Project implementation has directly created more than 200 job opportunities.
Honghe, Yunnan	Targeted land lease surveying and negotiation were carried out, and a regular communication mechanism was established to address villagers' concerns.	• More than 3,000 power construction personnel and substation operation and maintenance personnel have been employed, with cumulative employment income exceeding RMB60 million. • Village collectives have received land lease income. • A kindergarten was donated under the project to secure local education.
Mile, Yunnan	A "day-and-night" work strategy was adopted, with surveying conducted during the day and verification and information sessions held at night, ensuring that information was delivered accurately.	• Nearly 4,000 power construction personnel and substation operation and maintenance personnel have been directly employed, with cumulative employment income exceeding RMB70 million. • Village collectives will continue to receive rental income during the operation period. • The project is expected to contribute over RMB186 million in taxes to the local government.
Kaiyuan, Yunnan	A dedicated task force was established to conduct multiple rounds of comprehensive visits and household interviews across 32 village groups around the project site.	• Broad support from villagers has been secured on the basis of fair compensation. • The project has generated cumulative labour income exceeding RMB60 million. • Land leasing has generated approximately RMB120 million in income for villagers and village collectives.

Case Study **Respecting Local Residents' Daily Routines and Promoting Community Co-construction through Sincere Communication**

During the implementation of the New Energy Project in Yunnan, the Group treated community communication as an important foundation for co-construction and shared benefits with local communities, and endeavoured to align project construction with the needs of local communities through proactive consultation and continuous interaction. Given the wide geographical coverage of the project, the large number of villages involved, and the complexity of preliminary work such as land transfer, planning and site selection, and permit handling, the project team, from the early preparatory stage, made communication and coordination with local governments and community residents a priority and advanced this work in parallel.

The Yunnan New Energy Project Team Engaging in Communication with Local Villagers

During the land transfer phase, the project team, on the one hand, maintained close contact with local governments and relevant departments, promptly following up on progress in planning, approval and permit handling. On the other hand, the team conducted outreach and communication at the village committee, village group and household levels, providing face-to-face explanations and consultations regarding land lease arrangements, compensation policies and project implementation. In response to the challenge that many villagers work outside during the day, making it difficult to conduct group meetings, the project team adapted to local daily routines by carrying out land surveying in batches during the day, and verifying survey red lines with villagers in group meetings during the evening. Through village mobilisation meetings and similar formats, the team explained land and crop compensation policies and answered questions, thereby enhancing the relevance and transparency of communication while respecting residents' daily lives. By combining preliminary coordination, on-site communication and policy explanations, the Group has continuously strengthened local communities' understanding and awareness of the project construction, laying a solid foundation for the smooth and orderly implementation of the New Energy Project.

Community Grievance Mechanism

In addition to its regular communication mechanisms, China Hongqiao has formulated the Stakeholder Complaint Handling Guideline and established an open and accessible community grievance mechanism, encouraging community stakeholders to provide feedback on matters such as environmental impact, production operations, health and safety, and social responsibility.

Grievances may be submitted through publicly available contact methods or designated channels, and shall be centrally registered, categorised, assessed and followed up for resolution by a dedicated department. For reasonable requests, the Group shall formulate improvement measures based on actual circumstances and provide feedback to the complainant on the handling results, while protecting privacy and security. In the process of grievance management, the Group adheres to the principles of fairness, confidentiality and non-retaliation, ensuring that any individual or group raising legitimate concerns does not suffer undue influence as a result of expressing their views. The handling of such matters shall be incorporated into the internal supervision and risk management system for tracking, promoting closed-loop management from identification to resolution of issues.

Overseas Contribution

In its overseas operations, China Hongqiao has always positioned itself as a long-term strategic partner for the economic and social development of the host countries. The Group firmly believes that responsible investment is not merely a business activity, but a commitment to jointly creating sustainable value with host countries. The Group strictly follows international standards and local laws and regulations, and has deeply integrated ESG principles into the full project lifecycle management. The Group places particular emphasis on the material impacts of its operations on communities, and is committed to promoting inclusive growth through measures such as job creation, infrastructure development, local talent empowerment and ecological environment protection. Through a community-centred development model, the Group seeks to achieve its own growth alongside shared prosperity with host communities.

Indonesia: Local Integration and Community Co-prosperity

In Indonesia, PT Well Harvest Winning, a subsidiary of China Hongqiao, has continued to be recognised by the central Government of Indonesia as a “Key Supported National Strategic Project”. As one of the representative industrial alumina projects in Indonesia and Southeast Asia, Well Harvest Winning has not only filled a critical gap in the local industrial chain, but has also continuously explored practical pathways for integrating enterprise development with community co-prosperity throughout the project construction and operation process. Guided by the long-term and stable operation requirements of its overseas projects, the company has gradually established a local integration model underpinned by institutional management, driven by environmental and social management, and linked by community engagement and responsible practices.

Institutional and Management Systems Safeguarding Sustainable Operations

PT Well Harvest Winning has incorporated community relations and sustainable development requirements into its institutionalised management framework, formulating and implementing the Sustainable Development Framework and Policy, which clearly aims for transparent operations, compliance management and long-term value creation, while striving to maintain the trust and confidence of all stakeholders. On this basis, the company leverages its established operational practices to ensure compliance with applicable environmental protection laws and regulations and continuously engages external professional teams to conduct environmental monitoring. This includes full-process accounting and control of air emissions, as well as ensuring that wastewater and solid waste discharge indicators meet Indonesian national standards. Meanwhile, the company continues to implement clean production through energy-saving retrofits and waste recycling initiatives, and carries out greening projects within plant areas to improve air quality and working conditions, while maintaining ongoing attention to ecological protection throughout project operations.

In the future, the company will continue to advance the development of its Environmental and Social Management System (ESMS), with the aim of establishing a more structured and integrated mechanism for risk management, monitoring, and continuous improvement, while continuously enhancing its environmental and social performance.

Continuously Deepening Community Engagement and Responsible Practices

PT Well Harvest Winning attaches great importance to communication and interaction with surrounding communities, has established a Stakeholder Engagement Mechanism, and maintains regular communication with communities, ensuring that community opinions are considered during social project planning and implementation. In practice, the company continuously carries out community engagement activities through its Corporate Social Responsibility (CSR) team and external relations function, maintaining communication with village and community representatives to understand local needs and respond to relevant concerns in a timely manner. Since 2025, the company has adopted a more systematic approach to CSR activities, continuously strengthening its capabilities in planning, coordination, and follow-up of community projects. It has also continuously consolidated community relationships and progressively established a stable and transparent community engagement mechanism. During the reporting period, the company did not receive any community complaints.

In terms of community support, the company has established a dedicated social responsibility team and set up an annual budget arrangement, carrying out community co-construction projects in key areas such as educational support, medical assistance, religious and cultural activities, and infrastructure renovation. During the reporting period, PT Well Harvest Winning further optimised its approach to community empowerment, making its social responsibility projects more focused on long-term impact and tangible outcomes, while paying special attention to the development needs of vulnerable groups to promote balanced community development. During the reporting period, the company has invested a cumulative total of more than USD 146 thousand in community activities, implemented 91 community development projects, and benefited approximately 43,790 local residents.

Promoting Regional Development and Community Shared Value

While driving industrial development, PT Well Harvest Winning has also continuously promoted local economic and community development through various means. During project operations, the company has actively encouraged surrounding micro, small and medium-sized enterprises to participate in industrial chain collaboration, helping them enhance their operational capabilities and development vitality, thereby further strengthening regional economic resilience. At the same time, through the continuous implementation of community development projects and economic empowerment activities, the company has gradually transformed the fruits of its development into tangible and shareable value for communities. In addition, the company has given priority to employing local labour for production, equipment maintenance and logistics services during its production operations, while also generating a large number of indirect employment opportunities in surrounding communities through industrial chain demand such as transportation, engineering services and living support services. To date, the company has employed 3,117 local employees from 21 provinces and administrative regions in Indonesia, with approximately 209 management and technical positions held by Indonesian cadres and employees, achieving a local recruitment rate of over 90% and continuously promoting the development of local talent.

Guinea: Shared Development and Community Co-construction

In Guinea, China Hongqiao's joint venture SMB has consistently adhered to the responsibility concept of “co-existing with host communities and prospering together with communities”, deeply integrating sustainable development into the entire process of its production and operations. SMB upholds the principles of responsible mining development, prioritising community development and people’s wellbeing, and has continuously implemented diversified co-construction projects in core areas such as education improvement, universal healthcare, infrastructure upgrading, agricultural empowerment and ecological protection, ensuring that the benefits of industrial development reach local communities and jointly building a long-term framework of shared construction, shared benefits and mutual prosperity.

Institutional Framework Ensuring Compliance and Sustainable Operations

SMB has always prioritised legal compliance and responsible operations, strictly adhering to laws and regulations such as Guinea's Mining Code and Environmental Code, and has established the Environmental and Community Health and Safety Policy, the Sustainable Development Policy and the SMB Winning Consortium Community Management Manual, incorporating stakeholder engagement, community communication, livelihood restoration, complaints and dispute management, as well as land acquisition and resettlement and compensation mechanisms, into its systematic management framework. At the same time, prior to project development, SMB has engaged qualified third-party organisations to conduct a complete Environmental and Social Impact Assessment (ESIA), and has prepared an Environmental and Social Management Plan (ESMP), which has been implemented after approval by the Guinean Ministry of Environment. The assessment process strictly follows the requirements of the Guinean Ministry of Environment, covering environmental scoping, baseline surveys, impact identification, formulation of mitigation measures and public consultation, ensuring that potential impacts on the environment and communities are fully identified and managed throughout project construction and operation.

Standardised Implementation of Land Acquisition and Resettlement and Compensation

In respect of land acquisition and compensation, SMB has implemented an open and transparent compensation pricing system in accordance with the Environmental and Social Management Plan, engaged third-party consultants to conduct crop and asset inventories, formulated a Land Acquisition and Resettlement and Compensation Plan (PARC), and completed compensation payments under the supervision of a notary, ensuring that the relevant procedures are lawful, fair and transparent.

Establishment of a Regular Community Communication and Engagement Mechanism

SMB has actively promoted community participation and inclusive development alongside its resource development. SMB has established a Stakeholder Management Plan, identifying stakeholders through public consultation meetings, community visits and demographic surveys, while ensuring that vulnerable groups such as women and the elderly can participate in project communication and express their views. At the same time, SMB has continuously improved its Community Complaints Handling Mechanism, organising regular exchanges between community representatives and the project team to promptly collect and respond to community concerns, thereby fostering a transparent and sustainable communication mechanism. Through its regular community visit mechanism, SMB has continuously conducted exchanges and information sharing with surrounding villages. During the reporting period, SMB carried out a total of 5,228 community visits across multiple municipalities in Guinea, covering 268 project-affected villages, ensuring that community opinions are fully expressed and promptly incorporated into project management and community development planning.

Promoting Regional Economic Development and Community Shared Value

In terms of promoting regional economic development, SMB has continuously created shared value through employment, local procurement and community investment. As a major local economic pillar project, SMB has created employment opportunities for over 4,900 local people, with local employees accounting for 88% of the total. At the same time, SMB has engaged more than 100 local subcontractors in project construction and operations, driving the development of the regional industrial chain. In parallel, SMB has continuously carried out community development projects in areas such as education and training, clean drinking water, medical and healthcare, agricultural development and rural infrastructure construction. As of the end of the reporting period, SMB has invested a cumulative total of approximately USD36 million in community development projects, covering education, public health, agricultural support and community construction, continuously improving the quality of life and development capacity of local communities.

SMB has actively promoted agricultural modernisation and skills training, aiming to enhance community economic resilience and food security. During the reporting period, SMB donated livestock to local communities during major traditional festivals to celebrate together, conducted advanced crop farming techniques training for agricultural projects along the railway, and provided multiple sessions of agricultural machinery operation and maintenance skills training for local youth. At the same time, SMB has supported the creation of women-led agricultural cooperatives to promote women's economic empowerment and community development.

SMB has committed itself to building and restoring key infrastructure to improve public service levels and enhance residents' quality of life. Specific initiatives undertaken during the reporting period include: repairing access roads connecting local communities to address transportation difficulties, renovating the central public square in Boké City to restore its social and cultural functions, funding the repair of a local mosque to support religious activities, refurbishing a regional primary school to improve the basic education environment, and constructing a community youth centre to provide cultural and social spaces for young people.

SMB has supported cultural and sports activities to promote community integration, preserve local culture and advocate healthy lifestyles. Major activities include: organising the community football tournament, which has become an annual tradition; hosting charity marathons that promote healthy living; continuously supporting cultural festivals that showcase local arts; and operating special programmes aimed at empowering youth through sport, providing comprehensive development support for young girls.

SMB places a high priority on the health, wellbeing and safety of its employees and community residents. To this end, SMB has funded the construction and opening of a new medical centre in the project area, organised systematic preventive health check-ups for mine site employees, and donated safety equipment such as life jackets to coastal fishing communities, providing protection for the work safety of fishermen.

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VERIFICATION STATEMENT

SHINEWING Sustainability Advisory Services Limited ("**SHINEWING Sustainability**") has been engaged by China Hongqiao Group Limited (stock code: 1378) and its subsidiaries (collectively referred to as "**China Hongqiao**") to undertake an independent verification on Environmental, Social and Governance Report 2025 ("**ESG Report**"). The ESG Report set out the environmental and social performance of the China Hongqiao from 1 January 2025 to 31 December 2025; and has been prepared in accordance with the requirements of Appendix C2 – "Environmental, Social and Governance Reporting Code" of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong ("**ESG Reporting Code**").

Objective

This independent verification statement is solely for the use of the stakeholders and management personnel of China Hongqiao. The statement has been prepared in English and Chinese versions. Should there be any discrepancies between these versions, the Chinese version shall prevail.

Responsibilities of China Hongqiao

China Hongqiao is responsible for the data collection, calculation, making estimates and preparation of the ESG Report. China Hongqiao is also responsible for implementing sound internal control procedures to ensure the content and presentation of the ESG Report are free from material errors.

Responsibilities of SHINEWING Sustainability

SHINEWING Sustainability is responsible to provide an independent verification statement to stakeholders based on the scope and methodology described. SHINEWING Sustainability do not assume responsibility or accept liability to any other person for the contents of this report.

Independence

SHINEWING Sustainability is independent to China Hongqiao. There is no relationship between SHINEWING Sustainability and China Hongqiao beyond the contractual agreement for providing the verification service.

Inherent Limitation

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. Further, greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Scope

The scope of the verification statement is limited to the data and information in the ESG Report. China Hongqiao selected several specified performance information in the ESG Report for verification purposes, which included: Scope 1 and Scope 2 greenhouse gas emissions, energy consumption, share of renewable energy consumption, water consumption, employment data, and occupational health and safety indicators (collectively referred to as the "**Specified Performance Information**") set out in the ESG Report. Verification work is conducted only on the above-mentioned data and information, and does not include other narrative information or forward-looking statements in the ESG Report.

Methodology

The verification is with reference to (i) AA1000AS v3, Type 2 Engagement and Moderate Level of Assurance; (ii) ESG Reporting Code; and (iii) SHINEWING Sustainability Procedures of Verification on ESG and Sustainability Report.

SHINEWING Sustainability primarily performed the following procedures during this verification engagement:

- Review the preparation process of the ESG Report, including stakeholders engagement and materiality assessment.
- Verify the system and process of collection, analysis and reporting of selected data.
- Interview the manager responsible for sustainability performance and data collection.
- Verify the samples of the representative data and information selected, including review on conversion data and calculation as well as inspect the original data and supporting evidence of the data selected during the verification process.
- Assess whether the preparation of the ESG Report by China Hongqiao responded to the principles of Inclusivity, Materiality, Responsiveness, and Impact as defined in the AA1000AS v3.

Conclusion

With reference to the AA1000AS v3 principles of Inclusivity, Materiality, Responsiveness and Impact, SHINEWING Sustainability's conclusions are as follows:

- Inclusivity: China Hongqiao has identified its key stakeholders, communicated with them on an ongoing basis through various means, and understood their expectations and concerns. On this basis, China Hongqiao also formulates its policies with due regard to the expectations of and the impact on key stakeholders.
- Materiality: Based on the expectations and concerns of key stakeholders, China Hongqiao identifies materiality issues through appropriate methodologies, taking into account its industry characteristics, legal and regulatory requirements, and external economic and social impacts, etc. China Hongqiao also discloses the methodology, process and results of materiality assessment in the ESG report.

- Responsiveness: China Hongqiao has established channels for its stakeholders to understand their concerns and expectations. Meanwhile, through the ESG Report, China Hongqiao has disclosed corporate sustainability strategies, management systems, management key points, key stakeholder participation activities as well as major sustainability development related issues to respond to key stakeholders.

- Impact: China Hongqiao has considered and evaluated its impacts and realised its impacts on stakeholders, so as to make a more effective decision-making and result-based management within the organisation

- Specified Performance Information: Based on the procedures performed and evidence obtained by SHINEWING Sustainability, no issues were identified with respect to the reliability, quality, or compliance with the basis of preparation set out in the ESG Report for the Specified Performance Information.

About SHINEWING Sustainability

SHINEWING Sustainability has studied, standardized and verified corporate environmental performance data since 2016. SHINEWING Sustainability team possesses relevant professional technical capability and experience. The relevant personnel received professional training regarding sustainability standards such as GRI Sustainability Reporting Standards issued by Global Reporting Initiative, AA1000AS v3, ESG Reporting Code, ISO 14064 and PAS2600.

SHINEWING Sustainability Advisory Services Limited
Hong Kong
24 April, 2026

AA1000
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APPENDIX I: SUMMARY OF KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATORS	UNIT	2025	2024
Environmental			
Emissions			
Air emissions			
Total NOx emissions	tonnes	10,462	9,352
NOx emission intensity	tonnes/USD million sales	0.45	0.44
Total sulfur dioxide emissions	tonnes	13,893	10,252
Sulfur dioxide emission intensity	tonnes/USD million sales	0.60	0.48
Total PM emissions	tonnes	1,088	1,222
PM emission intensity	tonnes/USD million sales	0.05	0.06
Total fluoride emissions	tonnes	111	179
Fluoride emission intensity	tonnes/USD million sales	0.0048	0.01
Wastewater			
Total wastewater discharge	m^3 in 0,000s	1,869	/
Ammonia nitrogen[1]	tonnes	29	37
Total nitrogen[1]	tonnes	25	46
Chemical oxygen demand[1]	tonnes	544	674
Waste[2]			
Non-hazardous waste[3]			
Total non-hazardous waste	tonnes	28,897,716	12,808,339
Non-hazardous waste intensity	tonnes/USD million sales	1,251.07	598.66
Amount of non-hazardous waste disposed[4]	tonnes	28,897,716	/
Hazardous waste[5]			
Total hazardous waste	tonnes	180,267	19,704,433
Hazardous waste density	tonnes/USD million sales	7.80	920.98
Amount of hazardous waste disposed[6]	tonnes	180,267	/
Use of Resources			
Energy[7]			
Total energy consumption	TWh	223	221
Energy consumption density	TWh/USD million sales	0.01	0.01
Total non-renewable energy consumption	TWh	185	/

KEY PERFORMANCE INDICATORS	UNIT	2025	2024
Environmental			
Total renewable energy consumption	TWh	38	/
Water			
Total water consumption[8]	m^3 in 0,000s	17,181	/
Water consumption intensity	m^3 in 0,000s/USD million sales	0.74	0.85
Total water withdrawal[9]	m^3 in 0,000s	19,050	19,153
Water withdrawal intensity	m^3 in 0,000s/USD million sales	0.82	0.90
Total water recycling and reuse	m^3 in 0,000s	420,269	/
Water recycling and reuse rate[10]	%	96.07	/
Packaging Materials			
Wood products	tonnes	7,862	10,060
Paper products	tonnes	1,723	1,936
Plastic products	tonnes	631	625
Metal products	tonnes	3,225	1,514
Desiccant	tonnes	253	294
Other packaging materials	tonnes	46	/
Total packaging materials used	tonnes	13,740	14,429
Intensity of packaging material used	tonnes/USD million sales	0.59	0.67
Climate Change			
Greenhouse Gas			
Total GHG emissions (Scope 1 & 2) (market-based)	tCO_2e	82,168,019	95,561,091
Total GHG emissions (Scope 1 & 2) (location-based)	tCO_2e	101,232,517	/
Scope 1 total direct GHG emissions[11]	tCO_2e	70,317,623	71,672,739
Scope 2 total energy indirect GHG emissions (market-based)[12]	tCO_2e	11,850,396	23,888,352
Scope 2 total energy indirect GHG emissions (location-based)[13]	tCO_2e	30,914,894	/
Scope 3 other indirect GHG emissions[14]	tCO_2e	23,356,740	/
GHG emission intensity (market-based)[15]	tCO_2e/USD million sales	3,557.31	4,466.49
GHG emission intensity (location-based)	tCO_2e/USD million sales	4,382.67	/

KEY PERFORMANCE INDICATORS	UNIT	2025	2024
Environmental			
Alumina GHG emission intensity[16]	tCO_2e/tonne of annual alumina production	1.04	0.99
Electrolytic aluminum GHG emission intensity[16]	tCO_2e/tonne of annual electrolytic aluminum production	7.58	10.33
Number of products certified for carbon footprint	number	9	/

Notes:

1. The wastewater pollutant data for the previous reporting period have been adjusted in this report to more accurately reflect actual conditions. During the reporting period, the wastewater pollutant data are sourced from statistics reported by the Group's major production enterprises, and the Group reduced wastewater pollutant emissions by enhancing its wastewater treatment capacity.
2. Waste discharge data are sourced from statistics reported by the Group's major production enterprises during the reporting period.
3. Non-hazardous waste includes desulfurization gypsum, slag, fly ash, spent anode blocks, electrolyte powder, electrolyte blocks, bauxite residue, construction waste, waste paper products, plastics, scrap metals (ferrous scrap), wood products, and municipal solid waste. During the reporting period, in accordance with the National Catalogue of Hazardous Wastes and relevant hazardous waste identification standards, the Group classified bauxite residue as "general industrial solid waste."
4. Non-hazardous waste is entrusted to qualified third-party institutions for disposal, and specific disposal methods are not currently available.
5. Hazardous waste includes waste computers, waste toner cartridges, waste lubricating oil, spent denitrification catalysts, coal tar, waste paint containers, waste oil drums, aluminum dross, and overhaul residues. During the reporting period, in accordance with the National Catalogue of Hazardous Wastes and relevant hazardous waste identification standards, the Group classified bauxite residue as "general industrial solid waste."
6. Hazardous waste is entrusted to qualified third-party institutions for disposal, and specific disposal methods are not currently available.
7. The total energy consumption covers the following categories: raw coal and diesel used for boiler-based power generation and steam production, natural gas consumed by aluminum production equipment, fuel used by motor vehicles, and purchased electricity and steam. GHG emissions are calculated based on emission factors from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6).
8. The Group's total water consumption excludes recycled water.
9. The total water consumption disclosed in the previous reporting period corresponds to the total water withdrawal under the current reporting scope.
10. The Group's water recycling and reuse rate is calculated as:

    Water recycling and reuse rate = Total water recycling and reuse/(Total water recycling and reuse + Total water consumption)
11. The scope of Scope 1 GHG emissions includes emissions from stationary fuel combustion, fuel consumption of motor vehicles, aluminum electrolysis processes, and refrigerant usage. Data are calculated in accordance with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions for Enterprises – Aluminum Smelting Industry, the General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589 – 2020), the IPCC Sixth Assessment Report, and the GHG Protocol Corporate Accounting and Reporting Standard (2004).
12. The Market-based method is a method to quantify the Scope 2 GHG emissions of a reporter based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with contractual instruments, or contractual instruments on their own. The Group's market-based Scope 2 emissions decreased year-on-year, primarily due to its active promotion of green and low-carbon transformation and continuous optimisation of its energy structure. During the reporting period, the proportion of green electricity increased significantly, and the consumption of clean electricity corresponding to retired green electricity certificates directly contributed to emission reductions.
13. The Location-based method is a method to quantify scope 2 GHG emissions based on average energy generation emission factors for defined geographic locations, including local, subnational, or national boundaries. The Group's Scope 2 emissions mainly arise from purchased heat and electricity. Data are calculated in accordance with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions for Enterprises – Aluminum Smelting Industry, the General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589 – 2020), the latest electricity emission factors issued by China's Ministry of Ecology and Environment, the IPCC Sixth Assessment Report, and the GHG Protocol Corporate Accounting and Reporting Standard (2004).
14. The scope of Scope 3 GHG emissions includes purchased goods and services, upstream transportation and distribution, and downstream transportation and distribution.
15. The Group's Scope 2 GHG emission intensity (market-based) decreased year-on-year, mainly due to its efforts in advancing green and low-carbon transformation, optimising the energy structure, and increasing the share of green electricity in total energy consumption.
16. The GHG emission intensity of the Group's alumina and electrolytic aluminum is calculated based on actual energy consumption data during the production process.

KEY PERFORMANCE INDICATORS	Units	2025	2024
Social			
Employment			
Number of Employees			
Total number of employees[1]	Person	51,234	51,320
By gender and rank (the proportion of the gender in the category)[2]			
Male	Person	43,361(85%)	43,301(84%)
Senior-level employees	Person	284(88%)	66(87%)
Mid-level employees	Person	985(91%)	216(90%)
Junior-level employees	Person	4,852(97%)	1,008(92%)
Frontline employees	Person	37,240(83%)	42,011(84%)
Number of management positions	Person	6,121(96%)	/
Employees in revenue-generating positions	Person	252(59%)	199(84%)
Number of employees in STEM-related positions	Person	2,030(78%)	/
Female	Person	7,873(15%)	8,019(16%)
Senior-level employees	Person	38(12%)	10(13%)
Mid-level employees	Person	93(9%)	25(10%)
Junior-level employees	Person	135(3%)	89(8%)
Frontline employees	Person	7,607(17%)	7,895(16%)
Number of management positions	Person	266(4%)	/
Employees in revenue-generating positions	Person	174(41%)	37(16%)
Number of employees in STEM-related Positions	Person	568(22%)	/
By age			
Below 30	Person	12,224	11,233
30-50	Person	34,209	34,570
Over 50	Person	4,801	5,517
By geographical region			
Mainland China	Person	47,715	50,949
Indonesia[3]	Person	3,355	262
Guinea	Person	143	97
Hong Kong	Person	21	12
By employment type			
Full-time	Person	51,213	51,320
Part-time	Person	21	0
Labour Dispatch	Person	340	/

KEY PERFORMANCE INDICATORS	Units	2025	2024
By ethnicity[4]			
Han	Person	45,160	/
Ethnic minorities	Person	2,955	/
Proportion of ethnic minorities	%	6	/
By nationality			
Chinese	Person	48,115	/
Indonesian	Person	3,117	/
Japanese	Person	1	/
Australian	Person	1	/
Management composition by nationality			
Chinese	Person	6,182(97%)	/
Indonesian	Person	205(3%)	/
Management composition of revenue-generating functions by gender			
Male	Person	59(78%)	/
Female	Person	17(22%)	/
Employment of persons with disabilities and demobilised soldiers			
Persons with disabilities	Person	72(0.14%)	/
Demobilised soldiers	Person	1,459(2.85%)	/
Number of New Recruits			
Total number of new recruits	Person	7,230	/
By gender			
Male	Person	6,523	9,489
Female	Person	707	1,293
By rank			
Senior-level employees	Person	10	0
Mid-level employees	Person	52	0
Junior-level employees	Person	53	5
Frontline employees	Person	7,115	10,777
Employees in revenue-generating positions	Person	68	72
By age			
Below 30	Person	4,792	6,616
30-50	Person	2,373	4,005
Over 50	Person	65	161

KEY PERFORMANCE INDICATORS	Units	2025	2024
By geographical region			
Mainland China	Person	6,946	10,781
Indonesia	Person	276	0
Guinea	Person	0	0
Hong Kong	Person	8	1
By employment type			
Full-time	Person	7,218	10,782
Part-time	Person	12	0
By nationality			
Chinese	Person	6,954	/
Indonesian	Person	276	/
Employee Turnover Rate			
Employee turnover rate	%	14	/
Voluntary employee turnover rate	%	13	/
By gender			
Male	%	14	19
Female	%	10	18
By age			
Below 30	%	28	38
30-50	%	9	16
Over 50	%	7	2
By geographical region			
Mainland China	%	13	19
Indonesia	%	8	6
Guinea	%	1	0
Hong Kong	%	0	0
By employment type			
Full-time	%	13	19
Part-time	%	29	0
By rank			
Senior-level employees	%	3	/
Mid-level employees	%	5	/
Junior-level employees	%	6	/
Frontline employees	%	14	/

KEY PERFORMANCE INDICATORS	Units	2025	2024
By nationality			
Chinese	%	14	/
Indonesian	%	8	/
Health and Safety			
Safety training hours	Hour	1,072,146	/
Average training hours on health, safety and emergency response	Hour	26.23	/
Number of production safety accidents[5]	Case	0	0
Number of major and above production safety accidents[5]	Case	0	0
Coverage rate of employees covered by work injury insurance and work safety liability insurance	%	100	/
Investment in work safety	Ten-thousand RMB	17,241	/
Number of employee accidents[6]	Time	27	0
Total Recordable Injury Frequency Rate (TRIFR) – employees[7]	/	0.27	0
Number of employee work injuries[6]	Person	27	0
Lost Time Injury Frequency Rate (LTIFR) – employees[8]	/	0.27	0
Number of working days lost due to work-related injuries	Day	2,355	0
Number of recordable work-related health issues among employees	Case	0	0
Occupational disease incidence rate	%	0	0
Number of work-related fatalities[9]	Person	0	0
Work-related fatality rate[9] (by number of persons)	%	0	0
Development and Training			
Employee Training			
Total number of employees trained	Person	51,234	/
Employee training coverage rate	%	100	/
Total number of employee training participants	Participant	551,236	/
Total employee training hours	Hour	1,938,062	/

KEY PERFORMANCE INDICATORS	Units	2025	2024
Average Training Hours Per Employee (Percentage of Employees Trained)			
By gender			
Male	Hour	38(100%)	34(100%)
Female	Hour	38(100%)	34(100%)
By rank			
Senior-level employees	Hour	56(100%)	19(100%)
Mid-level employees	Hour	100(100%)	19(100%)
Junior-level employees	Hour	59(100%)	36(100%)
Frontline employees	Hour	34(100%)	34(100%)
Supply Chain Management[10]			
By geographical region[11]			
Mainland China	Unit	2,330	2,288
Others	Unit	4	3
By tier			
Number of tier-1 suppliers	Unit	2,327	/
Total number of significant suppliers among tier-1 suppliers	Unit	398	/
Total number of significant suppliers among non-tier-1 suppliers	Unit	7	/
Total number of significant suppliers[12]	Unit	405	/
Community			
Local Employment			
Number of employees hired from the local province	Person	46,810	/
Proportion of employees hired from the local province	%	92	/
Number of female employees hired from the local province	Person	6,832	/
Proportion of female employees hired from the local province	%	87	/
Number of senior management employees hired from the local province	Person	220	/
Proportion of senior management employees hired from the local province	%	68	/

Notes:

1. The total number of employees includes all full-time and part-time employees of the Group, excluding dispatched workers.

2. During the reporting period, there were significant changes in the number of employees by gender and job level compared with the previous reporting period, mainly due to the Group's optimisation and adjustment of its job grading system and classification standards in line with operational management needs.

3. The year-on-year difference in the number of employees in Indonesia is attributable to the optimisation in the statistical scope. In 2024, only Chinese employees working in Indonesia were counted. Starting from 2025, the scope has been expanded to include all employees working in the region, providing a more comprehensive reflection of local employment.

4. The breakdown of employees by ethnicity only covers Chinese employees.

5. According to the Regulation on the Reporting, Investigation and Handling of Production Safety Accidents, production safety accidents are classified into extraordinarily major, major, relatively major, and general accidents. Extraordinarily major accidents refer to those causing 30 or more deaths, or 100 or more serious injuries, or direct economic losses of RMB100 million or more. Major accidents refer to those causing 10 to fewer than 30 deaths, or 50 to fewer than 100 serious injuries, or direct economic losses between RMB50 million and RMB100 million. Relatively major accidents refer to those causing 3 to fewer than 10 deaths, or 10 to fewer than 50 serious injuries, or direct economic losses between RMB10 million and RMB50 million. General accidents refer to those causing fewer than 3 deaths, or fewer than 10 serious injuries, or direct economic losses of less than RMB10 million.

6. During the reporting period, the number of work-related injuries and incidents increased compared with the previous year, mainly due to the optimisation in the statistical scope, which now includes minor injuries. The Group will continue to strengthen its safety management system and enhance risk identification and prevention mechanisms to reduce the occurrence of workplace injuries.

7. TRIFR – Employees = Number of employee accidents/Total working hours × 1,000,000

8. LTIFR – Employees = Number of employee work injuries/Total working hours × 1,000,000

9. Over the past three years, the number and rate of work-related fatalities have both been zero.

10. The scope of supply chain management data covers only the Group's operating entities within China.

11. During the reporting period, due to the enhancement of the supplier management system, the statistical scope has been expanded to cover suppliers of coal, materials, and auxiliary bulk material. To ensure historical comparability, relevant data for 2024 have been retrospectively adjusted.

12. The total number of key suppliers includes both tier-1 and non-tier-1 suppliers that have a significant impact on the Group's operations.

APPENDIX II: PART C OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE: INDEX TABLE OF "COMPLY OR EXPLAIN" PROVISIONS

ESG Aspects	General Disclosure and Key Performance Indicators		Chapters/Statement
A. Environmental			
A1: Emissions	General Disclosure		Pollutant Discharge Waste Management
	KPI A1.1	The types of emissions and respective emissions data.	Pollutant Discharge Waste Management Summary of Key Performance Indicators
	KPI A1.3	Total hazardous waste produced and intensity.	Summary of Key Performance Indicators
	KPI A1.4	Total non-hazardous waste produced and intensity.	Summary of Key Performance Indicators
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Pollutant Discharge Waste Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Waste Management
A2: Resource Utilisation	General Disclosure		Energy Management Water Resource Management
	KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Energy Management Summary of Key Performance Indicators
	KPI A2.2	Water consumption in total and intensity.	Water Resource Management Summary of Key Performance Indicators
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Energy Management
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Resource Management
	KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	Summary of Key Performance Indicators

ESG Aspects	General Disclosure and Key Performance Indicators		Chapters/Statement
A3: The Environmental and Natural Resources	General Disclosure		Environmental Management System Pollutant Discharge Resource Utilisation Waste Management Ecosystem and Biodiversity Protection
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management System Pollutant Discharge Resource Utilisation Waste Management Ecosystem and Biodiversity Protection
B. Social			
Employment and Labour Practices			
B1: Employment	General Disclosure		Employment Management Employee Communication Employee Development Employee Compensation and Benefits
	KPI B1.1	Total workforce by gender, employment type, age group, and geographical region.	Employment Management Summary of Key Performance Indicators
	KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	Employment Management Summary of Key Performance Indicators
B2: Health and safety	General Disclosure		Occupational Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years.	Summary of Key Performance Indicators
	KPI B2.2	Lost days due to work injury.	Summary of Key Performance Indicators
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety

ESG Aspects	General Disclosure and Key Performance Indicators		Chapters/Statement
B3: Development and Training	General Disclosure		Employee Development
	KPI B3.1	The percentage of employees trained by gender and employee category.	Employee Development Summary of Key Performance Indicators
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Development Summary of Key Performance Indicators
B4: Labour Standards	General Disclosure		Employment Management Human Rights Protection
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Human Rights Protection
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Human Rights Protection
Operating Practices			
B5: Supply Chain Management	General Disclosure		Responsible Supply Chain
	KPI B5.1	Number of suppliers by geographical region.	Responsible Supply Chain Summary of Key Performance Indicators
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Responsible Supply Chain Summary of Key Performance Indicators
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Supply Chain Summary of Key Performance Indicators
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Supply Chain Summary of Key Performance Indicators

ESG Aspects	General Disclosure and Key Performance Indicators		Chapters/Statement
B6: Product Responsibility	General Disclosure		Product Quality Management Information Security and Privacy Protection
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality Management Summary of Key Performance Indicators
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Quality Management Summary of Key Performance Indicators
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection Summary of Key Performance Indicators
	KPI B6.4	Description of quality assurance process and recall procedures.	Product Quality Management Summary of Key Performance Indicators
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security and Privacy Protection Summary of Key Performance Indicators
B7: Anti-corruption	General Disclosure		Anti-Corruption
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption Summary of Key Performance Indicators
	KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Anti-Corruption Whistleblowing Mechanism and Whistleblower Protection
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
Community			
B8: Community Investment	General Disclosure		Community Engagement Community Communications and Development
	KPI B8.1	Focus areas of contribution	Community Engagement
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Engagement Summary of Key Performance Indicators

APPENDIX III: PART D OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE: INDEX TABLE OF CLIMATE-RELATED DISCLOSURES[5]

Climate-related Disclosures	Disclosure Provisions	Chapters
(i) Governance	19. (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate related risks and opportunities. ***S2 6(a)*** Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about: (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; ***S2 6(a)(ii)*** (ii) how and how often the body(s) or individual(s) is informed about climate related risks and opportunities; ***S2 6(a)(iii)*** (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; ***S2 6(a)(iv)*** (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); ***S2 6(a)(v)*** and (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. ***S2 6(b)***	Climate Governance

[5] This appendix is prepared in accordance with Part D: Climate-related Disclosures Content Index Under Environmental, Social and Governance Reporting Code of the the Stock Exchange of Hong Kong Limited Listing Rules. In preparing the relevant climate-related disclosures, the Group has duly referenced the framework requirements of IFRS S2 Climate-related Disclosures.

Climate-related Disclosures	Disclosure Provisions	Chapters
(ii) Strategy	**Climate-related risks and opportunities** 20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making. ***S2 10***	Climate Strategy
	Business model and value chain 21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). ***S2 13***	Climate Strategy

Climate-related Disclosures	Disclosure Provisions	Chapters
	Strategy and decision-making 22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). ***S2 14*** 23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Climate Strategy

Climate-related Disclosures	Disclosure Provisions	Chapters
	Financial position, financial performance and cash flows **Current financial effect** 24. An issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. ***S2 16(a)-(b)*** **Anticipated financial effect** 25. The issuer shall provide qualitative and quantitative disclosures about: (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. ***S2 16(c)-(d)***	Climate Strategy

Climate-related Disclosures	Disclosure Provisions	Chapters
	Climate resilience 26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	Climate Strategy

Climate-related Disclosures	Disclosure Provisions	Chapters
	(b) how and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out. ***S2 22***	

Climate-related Disclosures	Disclosure Provisions	Chapters
(iii) Risk Management	27. An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; (b) the processes the issuer uses to identify, assess, prioritise and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process. ***S2 25***	Climate Risk Management

Climate-related Disclosures	Disclosure Provisions	Chapters
(iv) Metrics and Targets	**Greenhouse gas emissions** 28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO_2 equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. ***S2 29(a)(i)*** 29. An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; ***S2 29(a)(ii)*** (b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; ***S2 29(a)(iii)*** (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and ***S2 29(a)(v)*** (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). ***S2 29(a)(vi)(1)***	Climate Metrics and Target Summary of Key Performance Indicators

Climate-related Disclosures	Disclosure Provisions	Chapters
	Climate-related transition risks 30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks. ***S2 29(b)***	Climate Strategy
	Climate-related physical risks 31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks. ***S2 29(c)***	Climate Strategy
	Climate-related opportunities 32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities. ***S2 29(d)***	Climate Strategy
	Capital deployment 33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. ***S2 29(e)***	Climate Strategy
	Internal carbon prices 34. An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making. ***S2 29(f)***	Climate Metrics and Target
	Remuneration 35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv). ***S2 29(g)(i)***	Climate Governance

Climate-related Disclosures	Disclosure Provisions	Chapters
	Industry-based metrics 36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry based metrics associated with disclosure topics described in the IFRS S2 Industry based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks. ***S2 32***	Climate Metrics and Target
	Climate-related targets 37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. ***S2 33***	Climate Metrics and Target

Climate-related Disclosures	Disclosure Provisions	Chapters
	38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions. ***S2 34*** 39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance. ***S2 35*** 40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and	

Climate-related Disclosures	Disclosure Provisions	Chapters
	(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). ***S2 36***	
	Applicability of cross-industry metrics and industry-based metrics 41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Climate Metrics and Target

Note: Grey-coloured markings at the end of the disclosure provisions indicate the corresponding IFRS paragraphs.