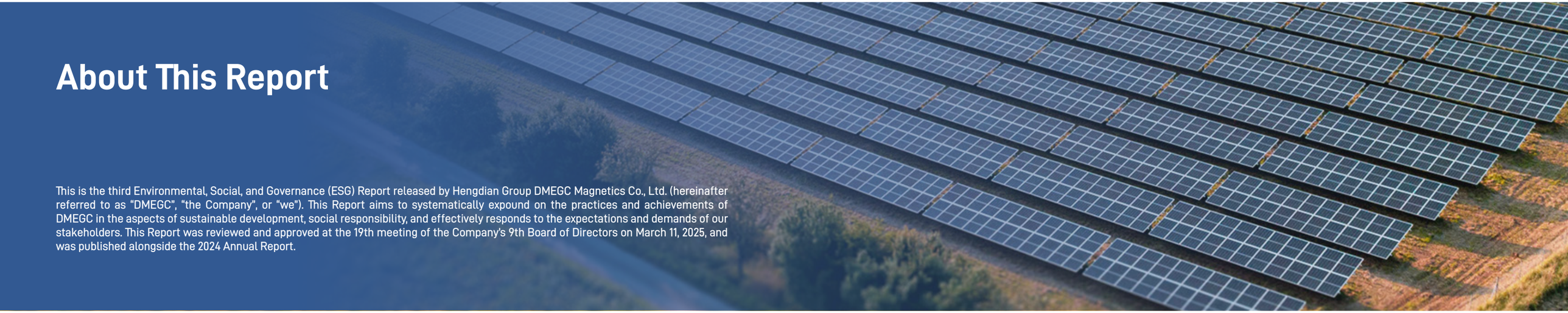
2024

Environmental, Social and Governance Report

Hengdian Group DMEGC Magnetics Co., Ltd.

DMEGC

CONTENTS



About This Report

This is the third Environmental, Social, and Governance (ESG) Report released by Hengdian Group DMEGC Magnetics Co., Ltd. (hereinafter referred to as "DMEGC", "the Company", or "we"). This Report aims to systematically expound on the practices and achievements of DMEGC in the aspects of sustainable development, social responsibility, and effectively responds to the expectations and demands of our stakeholders. This Report was reviewed and approved at the 19th meeting of the Company's 9th Board of Directors on March 11, 2025, and was published alongside the 2024 Annual Report.

Reporting Period

The information disclosed in this Report mainly covers the period from January 1, 2024 to December 31, 2024. To enhance the comparability and completeness of information disclosure, some information is retroactive or appropriately extended to 2025.

Reporting Scope

Unless otherwise specified, the scope of this Report covers the Company and its wholly-owned and holding subsidiaries.

Data Sources

The financial data involved in this Report is extracted from the Company's 2024 Annual Report. In case of any discrepancy with the financial statement, the financial statement shall prevail. Other data come from the Company's internal statistical statements, administrative documents and third-party evaluation and interviews. Unless otherwise specified, the monetary amounts involved in this Report are measured in RMB.

Compilation Conformance

This Report has been prepared in accordance with the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)* and *Self-Regulatory Guidance No. 3 for Companies Listed on Shenzhen Stock Exchange—Preparation of Sustainability Report*, as well as the Global Reporting Initiative (GRI) *Sustainability Reporting Standards 2021*. It also refers to and responds to the relevant disclosure requirements such as the United Nations Sustainable Development Goals (SDGs), the *Ten Principles of the UN Global Compact*, and the *IFRS S2 Climate-related Disclosures*. The Report is structured to address the perspectives and expectations of various stakeholders.

Compilation Principles

This Report follows the principles of "materiality", "quantifiability", "balance" and "consistency". The preparation process of this Report involves identifying key stakeholders, recognizing significant ESG-related issues, understanding the opinions of various stakeholders, and determining the materiality of these issues. Based on these, decisions are made regarding the boundaries of the ESG report, relevant report materials and data are collected, the materials are organized and summarized, and the materials in the report are examined.

Report Assurance

The Company has engaged an external organization, BSI, to provide independent assurance for this Report, with the assurance statement available in Appendix III.

Release Form

This Report is published annually in both simplified Chinese and English. In case of any discrepancy between the two versions, the simplified Chinese version shall prevail. You can obtain the electronic version of this Report and put forward relevant opinions and suggestions through the Juchao Information Network (http://www.cninfo.com.cn), the information disclosure website designated by the Shenzhen Stock Exchange, or the Company's website (http://www.chinadmegc.com).

Company Contact

Address

No.233 Huaxia Avenue,
Hengdian, Dongyang City,
Zhejiang Province

Contact

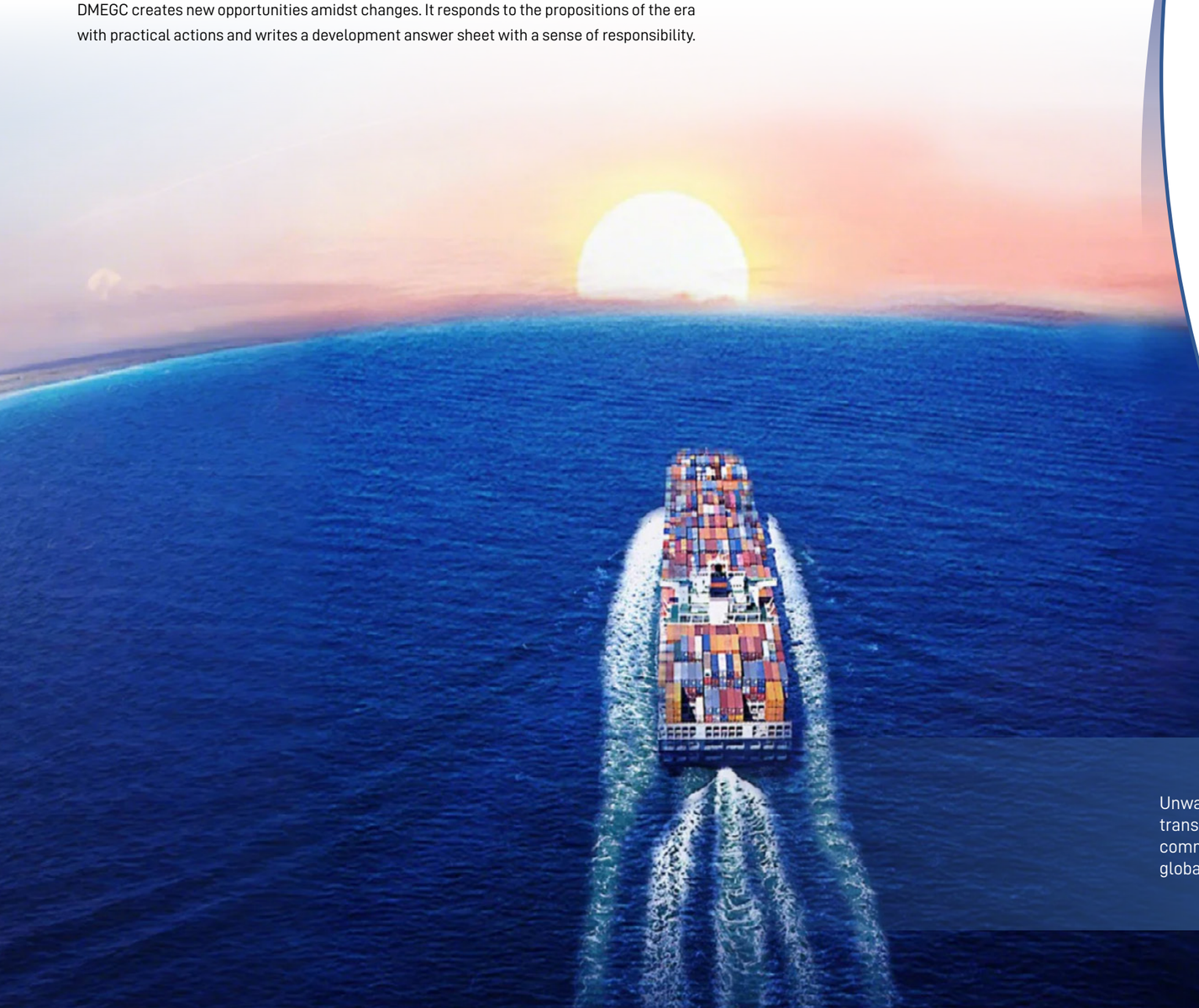
0579-86551999

Email

gfgs@dmegc.com.cn

Message from the Management

The world is constantly evolving, and change remains an ongoing force. In 2024, as climate action accelerates, technological advancements continue to reshape industries, and global supply chains undergo profound transformations, businesses must navigate challenges while seeking resilient growth. Today, success is no longer defined solely by scale and speed but by high-quality, green, and sustainable development. In response to this common issue that concerns the destiny of humanity, with the mission of "Made in DMEGC, Leading the World", under the guidance of the dual-wheel strategy of "Magnetic Materials + New Energy", DMEGC creates new opportunities amidst changes. It responds to the propositions of the era with practical actions and writes a development answer sheet with a sense of responsibility.



Strengthening Governance System to Build a Solid Foundation for High-Quality Growth

We stay committed to the bottom line of compliance operations, continuously improving our governance system and constantly enhancing the in-depth integration of the concept of sustainable development with daily operations and management decisions, driving high-quality and sustainable development to reach new heights. We keep the internal and external communication channels unblocked, promote positive interactions with various stakeholders, and make every effort to safeguard their legitimate rights and interests. We also strengthen risk management and control, deepen the construction of integrity, focus on creating an honest and transparent business operation environment, and lay a solid foundation for stable development.

Accelerating Low-Carbon Transition to Response to Climate Change

We are actively responding to China's "Carbon Peaking and Carbon Neutrality" strategy, improving the construction of the environmental management system, establishing a standardized and efficient pollutant disposal and resource utilization system, and committed to jointly safeguarding the beautiful homeland of humanity with all sectors of society. We orderly promote climate governance and actively identify and manage climate risks and opportunities. Meanwhile, we deepen energy conservation and consumption reduction practices, vigorously develop new-quality productive forces, complemented by a scientific carbon management mechanism, leading the industry to continuously progress towards a green and low-carbon future.

Driving Innovation to Shape a New Industrial Ecosystem

We adhere to the principle of leading development through innovation, continuously increasing investment in research and development. Relying on a complete R&D management system, a powerful R&D team, and abundant R&D resources, we help achieve continuous breakthroughs in products and technologies. We are committed to developing green products, taking fully into account their environmentally friendly attributes. By reducing the adverse environmental impacts throughout the entire product life cycle, we empower the green transformation of the value chain. We practice responsible procurement, continuously strengthen the control of product quality, optimize the customer service system, and focus on building a full-chain quality assurance system from the source to the terminal. Through persistent dedication to product excellence and service perfection, we strive to maintain the trust of all partners.

Adhering to People-oriented Approach to Build a Brighter Future Together

We uphold the people-oriented approach in employee management, and implement the principles of "co-creation, co-ownership, co-prosperity and co-sharing". We are committed to providing our employees with a competitive benefit system and a broad platform for career development. We are constantly improving our talent development and promotion systems, while also strengthening our employee incentive programs, to ensure that every team member can fully realize their potential. We implement measures to care for our employees, strengthen their health and security assurance and create a harmonious, inclusive and safe workplace community. We are firmly committed to achieving a positive situation where employees and the Company share a common destiny and strive forward hand in hand. At the same time, we never forget our corporate social responsibility mission and the sense of commitment that comes with it. We continuously pay attention to the public welfare demands around our main operation areas. Through various forms of social welfare activities such as charitable donations and volunteer actions, we keep creating value for society and establish a symbiotic relationship of values between the enterprise and society.

Unwavering in commitment, unceasing in progress. In the future, DMEGC will continue to embrace the waves of transformation and meet the challenges of the times with a more determined pace and a positive attitude. We are fully committed to responding to the SDGs, deepening our sustainable development practices, and striving tirelessly to promote global sustainability and build a shared future for humanity.

About DMEGC

Corporate Profile

Hengdian Group DMEGC Magnetics Co., Ltd. (hereinafter referred to as "DMEGC", stock code 002056.SZ) is a national technological innovation demonstration enterprise driven by "Magnetic Materials + New Energy". The Company has been the largest industrial taxpayer in the city for 28 consecutive years. The Company is a leading enterprise in the global magnetic ferrite industry, one of the top 10 photovoltaic module manufacturers in the world, one of the world's first photovoltaic module manufacturers to receive low-carbon certifications, one of the top national intellectual property demonstration enterprises, and a national patent navigation pilot project entity. The Company also won a wealth of certifications and honors including the "National Green Factory", "National 5G Factory" and the first batch of "Future Factories" in Zhejiang Province.

DMEGC adheres to a long-term vision and remains customer-centered and innovation-driven. The Company is advancing its global expansion, digital and intelligent transformation, and management reforms, all of which are critical to its sustainable development. In 2024, the Company's shipment of ferrite magnetic material ranked at the top in the industry, photovoltaic modules manufacturing ranked among the top ten according to Wood Mackenzie, and placed in the top three for small cylindrical lithium battery shipments in China.

DMEGC firmly adheres to the strategic positioning of "strengthening magnetic materials and developing new energy" and steadily promotes the strategic layout of being rooted in Hengdian, expanding nationwide, and achieving deep internationalization. It has established a global production, logistics, sales, and service system. With exceptional product quality and service capabilities, DMEGC has gained the trust and recognition of numerous Fortune Global 500 companies and industry leaders. In the field of magnetic materials, the Company has been recognized as "BOSCH GLOBAL Best Supplier" and has been awarded as an excellent supplier by companies such as Denso, Samsung, and Panasonic. In the photovoltaic sector, the Company has consistently led the first echelon of Bloomberg's global photovoltaic module manufacturers, and has been awarded the "Top Brand PV Modules" by EUPD Research. Its differentiated products, such as all-black modules, greenhouse systems, and high-transparency modules, have become the preferred choice for distributed markets in Europe, Japan, and beyond.

Looking ahead, DMEGC will continue to build on its foundation of steady growth, deepen the integration of technological innovation and digital intelligence, and accelerate the cultivation of new-quality productive forces, and create exceptional value for global customers. In cutting-edge fields such as green environmental protection, high technology, and intelligent manufacturing, DMEGC will persistently push boundaries, drive industry transformation, and strive to become a benchmark and leader in the transformation and upgrading of manufacturing in the new era.

Corporate Culture

Vision

The Only Unique

World First Class

Mission

Made in DMEGC

Lead the World

Core Values

Customer First

Employee Care

Unity, Truth-seeking, Tenacity, Innovation

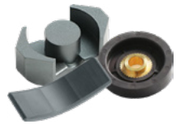
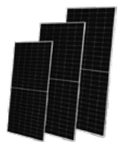
Work Style

Work Diligently

Strive Tenaciously

Products and Applications

DMEGC mainly engages in the R&D, production, sales, and comprehensive one-stop technical solutions for related products such as "Magnetic Materials + Components" and "Photovoltaic + Lithium Battery". At present, the Company has an annual production capacity of 290,000 tons of magnetic materials, 23 GW of photovoltaic cells, 17 GW of photovoltaic modules, and 7 GWh of lithium batteries.

Types		Major products	Application scenarios
Magnetic materials		Ferrite powder, permanent magnetic ferrite, soft magnetic ferrite, plastic-bonded ferrite magnets, metal powder cores and nanocrystals	They are mainly used in new energy vehicles, photovoltaic products, home appliances, consumer electronics, telecommunications, big data centers, charging piles, smart terminals, and the industrial Internet.
Components		Vibration devices, carbide anvil, EMC filters and inductors	
Photovoltaic products		Cells and modules	They are mainly used in the household distributed, businesses distributed, and centralized power station. Additionally, the Company itself will also moderately participate in the development, investment, and construction of photovoltaic power stations.
Lithium battery		Ternary cylindrical lithium batteries, battery packs and energy storage products	Lithium battery products are mainly used in electric two-wheelers, portable energy storage, electric tools, and smart small household appliances. Energy storage products are used for households and businesses.

Annual production capacity of magnetic materials	Annual production capacity of photovoltaic cells	Annual production capacity of magnetic materials	Annual production capacity of lithium batteries
290,000 tons	**23** GW	**17** GW	**7** GWh

Global Operations

20+

marketing bases or warehousing centers

Sales network covering nearly **70** countries and regions

The Company is headquartered in Hengdian, Zhejiang. Adhering to the core value of "Customer First", the Company implements the strategy of "Local for local" and continues to expand its global presence. It has established international manufacturing bases in China, Indonesia, India, Vietnam, and Thailand, while setting up marketing bases or warehousing centers in over 20 regions, including the United States, Germany, the Netherlands, Japan, and South Korea. With products distributed across nearly 70 countries and regions, DMEGC is committed to meeting the diverse demands of its global customers.

ESG Key Figures and Recognition

ESG Key Figures

01 Solid Foundation and Robust Governance

18.559 billion RMB
Operating revenue

1.827 billion RMB
Net profits attributable to the parent company

19.41%
Weighted average return on net assets

910 million RMB
Total taxes

100%
Coverage of employee business ethics training

02 Eco Friendliness and Low-carbon Future

12 companies have passed the ISO 14001 Environmental Management System certification

4 companies have passed the ISO 14064 GHG Emission Verification

17 factories
have been certified as Green Factories

387,528,500 kWh
Green electricity have been purchased

110 million RMB
Investment in Environmental Protection

21,084 hours
The total duration of environmental protection training

03 Innovation-Driven and Customer Orientation

722 million RMB
R&D investment

139
newly granted patents

51 core products certified for carbon footprint

9 items of newly led or participated in the standard formulation

7 products
certified as internationally leading or advanced

93%
Customer satisfaction rate

04 Collaborative Development and Dynamic Synergy

100%
The coverage rate of comprehensive supplier review, evaluation and assessment

100%
The signing rate of the *Supplier Code of Conduct*

141 suppliers
have participated in ESG and capacity improvement training

Helped **18** core suppliers obtain the SA8000 Social Responsibility Management System certification

05 United in Vision, Creating and Sharing Together

18,831
The total number of employees

Nearly **20%**
female employees account of the senior management

0.63%
The turnover rate of employees in core key positions

The total number of employee training hours is **411,900** hours,
with an average of **21.88** hours per employee, and the coverage rate is **100%**

97%
The employee satisfaction rate

266 million RMB
The annual remuneration paid to employees in the central and western regions

663
Employee volunteers

Honors and Recognitions

Member of the UN Global Compact (UNGC)

Participated In Completed the UNGC 2024 Climate Ambition Accelerator Program

EcoVadis Silver Certification

MSCI ESG RATINGS BBB

CCC B BB BBB A AA AAA

RATING ACTION DATE: January 29, 2024
LAST REPORT UPDATE: March 01, 2025

MSCI ESG Rating: BBB

CDP

CDP Environmental Information Disclosure:

CDP Water Security Questionnaire rating: upgraded to A-

Climate Change Questionnaire rated B

National Intellectual Property Demonstration Enterprises

China's top 500 manufacturing private enterprises

Top 100 Key Enterprises in China's Electronic Components Industry

National-level Certificate of Enterprise Standard "Forerunner"	Demonstration Platform for the Production and Application of Special Motor Materials (Construction Entity)	National Advanced Entity of Factory Affairs Openness and Democratic Management
Excellent Case of 2024 CCF Enterprise Digital Development (Intelligent Factory for Magnetic Materials)	Listed in the 2024 List of China's 5G factories	SMM "Guangmang Cup" - ESG Excellence Award
Science and technology leading enterprises in Zhejiang Province	"Eagle Action" cultivation enterprises in Zhejiang Province	First Batch of Zhejiang Manufacturing Single Champion Cultivation Enterprises (Chengji Electronics)
Outstanding Contributor to Zhejiang's New Era Zhejiang-style Artisan Talent Development	Top 100 Private Enterprises in Zhejiang for Social Responsibility	Second Prize of Sichuan Science and Technology Progress Award
2023 Top 10 Scale of Manufacturing Output Value Enterprises in Jinhua City	2023 Top 10 Industrial Taxpayers in Jinhua City (Ranked No.1)	2023 Top 50 Most Innovative Enterprises in Jinhua (Ranked No.1)
2024 Jinhua Science and Technology R&D Center (DMEGC Automation Technology)	Demonstration Enterprise for the Construction and Reform of the Industrial Workforce in Dongyang in the New Era	"TOP Brand PV Modules" by EUPD Research for the 7th consecutive year
Listed in BNEF Tier 1 Module Manufacturer Ranking for 6 consecutive years	Recognized as Top Performer in PVEL's PV Module Reliability Scorecard for the 4th consecutive year -- PVEL (PV Evolution Labs)	Global Top 20 PV Enterprises in 2024 (Comprehensive Category)
Global Top 20 PV Brand Value (Modules) in 2024	PVBL Global Most Influential Distributed Solar PV Brand	DMEGC Infinity Module was rewarded "Golden Module Award"
"Best Carbon Neutrality Practice Award" in the solar & energy storage industry	"Best Popularity Award for Carbon Neutrality within Solar & Energy Storage Industry"	Top 10 Highest Efficiency PV Modules of the Year

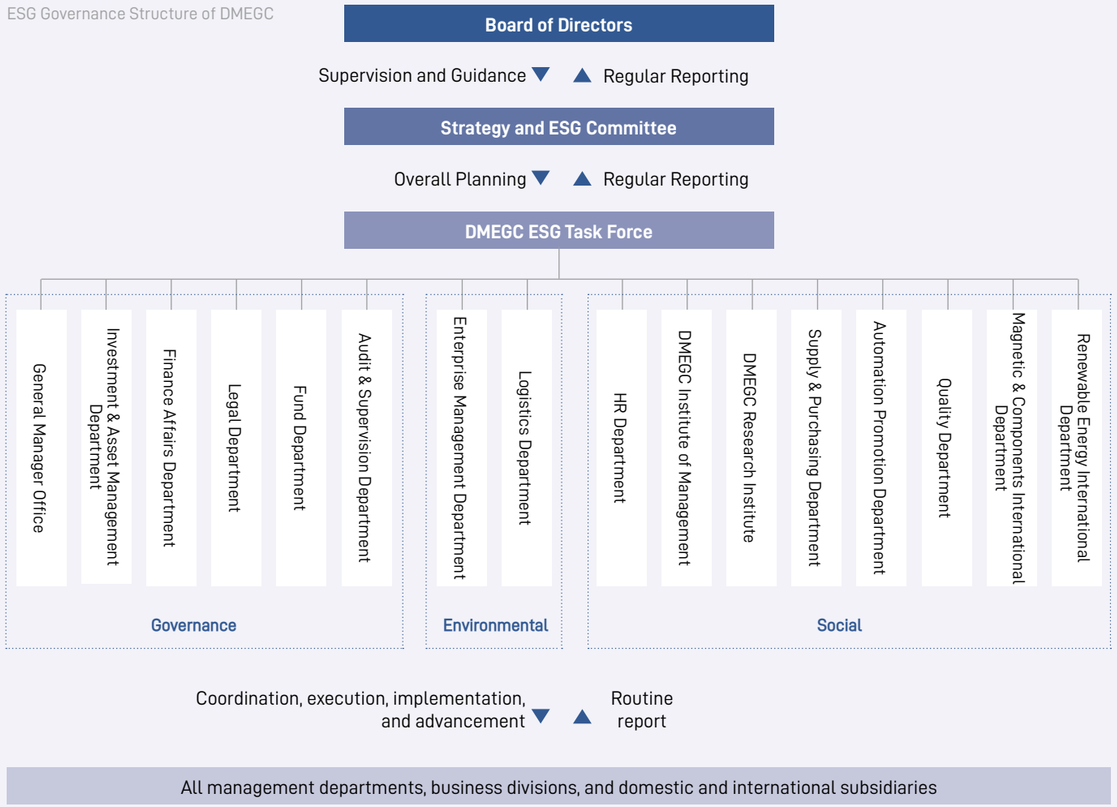
Sustainable Development

DMEGC considers sustainable development as one of its core strategies, continuously optimizing the corporate governance structure and management system, and is committed to promoting the in-depth integration and synergistic development of economic, environmental and social values.

ESG Governance

DMEGC has established a comprehensive ESG governance structure, with the Board of Directors at its core. The Strategy and ESG Committee serves as the decision-making and advisory body, while the DMEGC ESG task force oversees overall coordination. Additionally, three management subgroups function as the execution layer. The Company has established the *Rules of Procedure of the Strategy and ESG Committee of the Board of Directors*, which clearly define the Committee's responsibilities and authority in ESG management. This committee holds at least one regular meeting every year to deeply review and evaluate the Company's important ESG issues, report the work progress to the Board of Directors, and provide professional suggestions. This ensures the Board of Directors' deep involvement and supervisory role in ESG governance, effectively promoting the realization of the Company's sustainable development objectives.

ESG Governance Structure of DMEGC



Board of Directors

- The highest decision-making body and governance level for ESG actions
- Review and approval of ESG strategies, objectives, and internal policies
- Supervision and evaluation of ESG performance and progress toward objectives
- Assessment of ESG risks, opportunities, and materiality issues
- Review and approval of ESG disclosures

Strategy and ESG Committee

- The Company's ESG management layer, composed of five directors, responsible for leading and overseeing ESG initiatives and reporting regularly to the Board of Directors
- Assistance with the Board of Directors in formulating and guiding ESG strategies, objectives, and internal policies of the Company
- Supervision and management of the progress of ESG initiatives
- Identification and review of ESG risks and opportunities
- Review and guidance of ESG disclosures

DMEGC ESG Task Force

- The execution layer for the Company's ESG initiatives, composed of members from relevant departments, reporting regularly to the Strategy and ESG Committee
- Implementation of the Company's ESG objectives and work plans
- Management of ESG risks and opportunities, and provision of recommendations for key ESG issues
- Compilation of ESG disclosures

During the Reporting Period, the Company has formulated the first edition of *ESG Management Manual*, a document applicable across the organization to scientifically and efficiently guide all departments in their ESG related endeavors. It covers aspects such as management responsibilities, ESG objectives, action plans, materiality issue management, stakeholder engagement, indicators and data submission requirements, while promoting the integration of ESG work into the Company's daily operations. At the same time, the Company has established and improved an incentive and restraint mechanism, linking sustainable development performance, such as work safety and environmental protection management to the remunerations of senior executives. This effectively strengthens the ESG governance responsibilities of the management and comprehensively improves the level of ESG governance.

Meanwhile, we attach great importance to the construction of ESG culture and integrate the concept of sustainable development into the operation of the enterprise. During the Reporting Period, members of the Company's directors, supervisors, and senior management participated in several ESG-themed training and exchange activities, including the special training on ESG and sustainable development of listed companies under the new "Nine National Guidelines" and the green and low-carbon special training of "Set Sail · New-quality Productive Forces". These activities further enhanced their awareness of sustainable development and their ability to fulfill their responsibilities.

ESG Strategic Plan

Adhering to our sustainability vision of "Infinity Power, Infinity Future", we have built a sustainable development strategy model and matched key sustainable development areas and issues to further clarify DMEGC ESG management philosophy and strategic objectives, which help the Company accelerate the implementation of its strategy.

Mutual Growth

- Upholding the people-oriented principle, ensuring the protection of employees' rights and interests, prioritizing the well-being and development of employees, while actively fulfilling social responsibilities to promote community development and foster a harmonious and inclusive society.

Key Areas

Employee Well-being

Community Development

Eco Friendliness

- Improved environmental management system, incorporating environmental sustainability considerations throughout all stages of business operations, actively addressing the challenges and opportunities posed by climate change, and advancing towards a more sustainable green future.

Key Areas

Environmental Management

Ecological Protection

Climate Action

Robust Governance

- Establishing efficient decision-making and overseeing mechanisms that enable the construction of a transparent and standardized business ecosystem, enhance risk monitoring and management capabilities, and ensure the stable development of the Company.

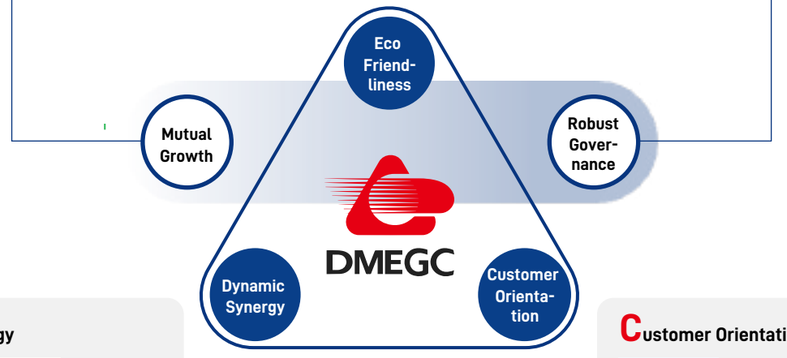
Key Areas

Compliance Operation

Business Ethics

Corporate Governance

Risk Management



Dynamic Synergy

- Enhanced collaboration with upstream and downstream industry partners to build a resilient, traceable, and responsible supply chain, and to improve the sustainable development capacity of the entire value chain.

Key Areas

Sustainable Supply Chain

Vision

Infinity Power, Infinity Future

Customer Orientation

- With a customer-centric approach, striving to implement high quality standards and drive differentiated innovation to deliver excellent quality, technological intelligence, as well as green and low-carbon products and services to our global customers.

Key Areas

Product Stewardship

Low-carbon Products

R&D Innovation

Customer Service

Stakeholder Engagement

The Company places great emphasis on stakeholder concerns and continuously enhances its communication mechanisms. During the Reporting Period, regular engagement with stakeholders was maintained by the Company through diverse channels to gain timely insights into their expectations and demands, and to ensure that proactive measures were taken to address key concerns effectively.

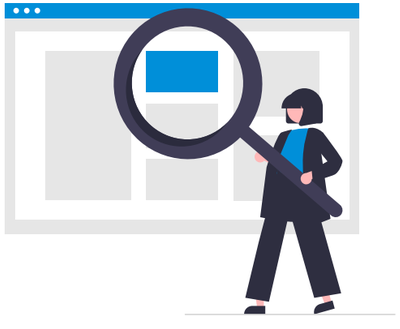
Stakeholders	Main Topics of Concern	Response Measures & Effects	Communication Channels
Shareholders	• Corporate Governance • Economic Benefits • Shareholders' Equity • Risk Management	• Scientific governance and standardized operations • Focusing on core business for stable growth • Enhancing investor returns • High-quality information disclosure • Strengthening risk control capabilities	• Regular reports • Provisional announcements • Institutional research reports • Shareholders' meeting • Performance briefings • Research receptions
Customers	• Response to Climate Change • Product Quality • Green Products • R&D Innovation • Information Security • Customer services • Digital transformation	• Strengthening quality management capabilities • Improving innovation and R&D competence • Enhancing carbon footprint management • Safeguarding customer privacy • Optimizing full-process service • Promoting digital construction	• Visits to customers • Industry exchange • Satisfaction survey
Employee	• Equality and Diversity • Cultivation and Development • Health and Safety • Care and Sense of Belonging	• Creating a fair and equitable workplace environment • Building a scientific human resources management system • Developing a comprehensive training and promotion mechanism • Conducting regular employee health check-ups • Deepening safety management mechanism • Enriching employee cultural and recreational activities	• Satisfaction survey • Employee training • Grievance channels • Employee activities • Charity initiatives
Government	• Compliance Operation • Environmental Management • Energy management • Water Resource Management • Waste Management • Business Ethics	• Improving internal control and compliance management • Focusing on core business for sound growth • Optimizing environmental management system • Strictly controlling emissions of three wastes • Adhering to business ethics standards	• Meeting communication • Supervision and inspection • Policies and suggestions
Suppliers	• Sustainable Supply Chain • Business Ethics	• Deepening the supply chain management system • Implementing dynamic supplier evaluation and management • Practicing Code of Business Conduct	• Access certification • Communication and training • Assessment and feedback
Communities and non-governmental organizations	• Community Development • Biodiversity Conservation	• Engaging in public welfare initiatives • Implementing ecological conservation projects	• Volunteer activities • Public welfare projects • Rural revitalization

Materiality Assessment

DMEGC adheres to a prudent and scientific approach to identifying and managing material ESG issues. A systematic analytical framework has been established by studying industry policy trends, benchmarking best practices of leading enterprises, referencing international disclosure standards, and utilizing methods such as stakeholder surveys. Starting from the two dimensions of "materiality to the development of DMEGC" and "materiality to stakeholders", we accurately identified and screened out the Company's core ESG issues, providing a solid decision-making foundation for the effective implementation of ESG work.

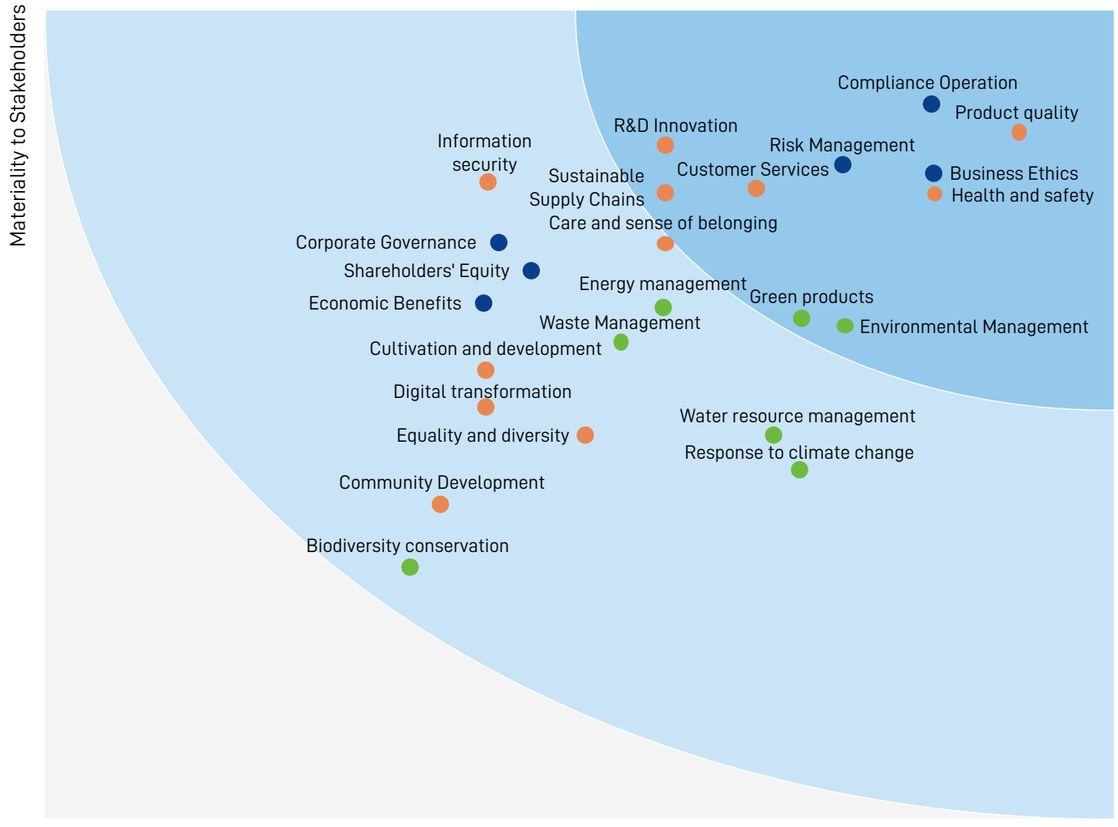
Based on the Company's strategic positioning, industry development trends, and regulatory requirements, the annual ESG issue database was systematically compiled and constructed by drawing on the indicator frameworks of internationally recognized assessment systems, as well as ESG best practices from leading companies in the industry. In 2024, the issue database covers 24 issues.

An online survey questionnaire was designed and widely distributed to invite stakeholders to participate based on the ESG issue database. A total of 206 valid questionnaires were collected this year.



The materiality of each issue was assessed and ranked from two materiality dimensions based on questionnaire survey data. The assessment results were reviewed by the Company's senior management, and finally a matrix and list of material issues are formed.

2024 ESG Materiality Matrix of DMEGC



Environmental Issues	Environmental Management Green Products Response to Climate Change	Water Resource Management Energy Management Waste Management	Biodiversity Conservation
Social Issues	Product Quality Health and Safety Customer Services R&D Innovation	Sustainable Supply Chain Care and Sense of Belonging Equality and Diversity Information Security	Cultivation and Development Digital Transformation Community Development
Governance Issues	Compliance Operation Business Ethics	Risk Management Shareholders' Equity	Corporate Governance Economic Benefits

01

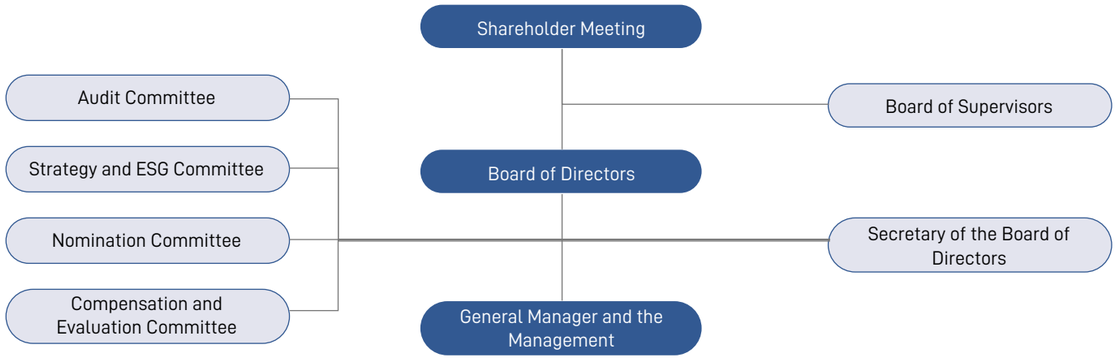
Solid Foundation and Robust Governance

DMEGC is committed to building a standardized and efficient corporate governance system. By continuously optimizing the management mechanism, strengthening risk control, and promoting the construction of business ethics, it comprehensively improves the level of corporate governance, effectively ensures the stable operation of the Company and the rights and interests of shareholders, and lays a solid foundation for the sustainable development of the enterprise.

Corporate Governance

Corporate Governance Structure

DMEGC strictly adheres to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies in China*, and the *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, among other applicable laws and regulations. The Company has established a robust governance structure comprising the Shareholder Meeting, the Board of Directors, the Board of Supervisors, and the management. The Company has formulated a series of rules and regulations, including the *Articles of Association*, the *Rules of Procedure for Meetings of the Shareholder Meeting*, the *Rules of Procedure for Meetings of the Board of Directors*, the *Rules of Procedure for Meetings of the Board of Supervisors*, the *System for Independent Directors* and the *Rules of the General Manager*, as well as the rules of procedure for various specialized committees of the Board of Directors. These clearly define the responsibilities and authorities of the General Meeting of Shareholders, Board of Directors, Board of Supervisors, and Management—referred to as the "Three Boards and the Management" in terms of decision-making, execution, and supervision, ensuring that each function independently and checks each other, thereby promoting the standardized operation of the Company.



Corporate Governance Structure

Corporate Governance Mechanism

Operation of Three Boards and the Management

The Shareholder Meeting, as the highest authority of the Company, is responsible for major matters such as formulating operational policies and investment plans. In 2024, the Company held a total of four shareholders' meetings. The convening, holding, and voting procedures of the shareholders' meeting complied with the provisions of the *Articles of Association* and the *Rules of Procedure for Meetings of the Shareholder Meeting*, and were witnessed on-site by a lawyer who issued a legal opinion on their legitimacy.

The Board of Directors is accountable to the Shareholder Meeting and is mainly responsible for the Company's daily operational decision-making. The Board of Directors has established a Strategy and ESG Committee, Audit Committee, Nomination Committee, and Compensation and Evaluation Committee, where each committee fully leverages professional strengths. Meanwhile, the Independent Directors Special Meeting conducts prior reviews of relevant matters according to regulations, providing support for the Board of Directors' scientific decision-making. In 2024, the Company held a total of 10 directors' meetings, with a 100% attendance rate of directors. The convening, holding, and voting procedures of the meetings complied with the provisions of the *Articles of Association* and the *Rules of Procedure for Meetings of the Board of Directors*, and the relevant resolutions were effectively implemented.

The Board of Supervisors, as the supervisory body of the Company, is responsible for supervising and inspecting the Company's compliance operations, financial status, and the performance of directors and senior management. The Company's Board of Supervisors consists of 3 members, including one employee representative supervisor. In 2024, the Company held a total of 7 Board of Supervisors meetings, with a 100% attendance rate of supervisors. The convening, holding, and voting procedures of the meetings complied with the provisions of the *Articles of Association* and the *Rules of Procedure for Meetings of the Board of Supervisors*.

Meeting Convening Status	Unit	2024	2023	2022
Shareholder Meeting	/	4	3	2
Board of Directors	/	10	9	7
Strategy and ESG Committee	/	2	3	2
Audit Committee	/	7	7	4
Nomination Committee	/	2	3	3
Compensation and Evaluation Committee	/	4	2	2
Independent Directors Special Meeting	/	4	/	/
Board of Supervisors	/	7	6	4

Diverse Board of Directors

The Company's Board of Directors currently has 7 members, who possess professional backgrounds in various fields such as industry, finance, law, and economics. The Board of Directors currently has 3 independent directors, one of whom has a professional background in the photovoltaic industry, 1 independent director (female) with a professional financial background, and 1 independent director with an economics background.

Remuneration Management

The Company has established a Compensation and Evaluation Committee, responsible for performance evaluation and compensation assessment of directors and senior management. The committee determines the remuneration plan for directors and senior management based on the remuneration management measures and in conjunction with the Company's operational situation, industry and regional remuneration levels, performance and other indicators, providing appropriate allowances for independent directors.

Empowering Performance

To continuously enhance the compliance awareness and performance capabilities of directors, supervisors, and senior management, the Company regularly conducts policy interpretation and professional competence training, continuously strengthening their market insight and professional governance capabilities. During the Reporting Period, we conducted several specialized training sessions for directors, supervisors, and senior management on the new *Company Law of the People's Republic of China*, the new "Nine National Policies", and *Guidance No. 10 for the Supervision of Listed Companies - Market Value Management*, deepening their professional capabilities in legal compliance and corporate governance.

Protection of Investors' Rights and Interests

DMEGC, in accordance with the *Guidelines for Investor Relations Management by Listed Companies* and relevant laws and regulations, as well as the provisions of the *Articles of Association*, has formulated the *Investor Relations Management System*, effectively carrying out investor relations management work and safeguarding investors' rights to know, participate, and receive dividends.

Information Disclosure Management

The Company strictly adheres to relevant laws and regulations and the requirements of the *Information Disclosure Management Policy* and the *Management Policy for Insiders Registration*. It insists on legal compliance as a prerequisite while considering investors' demands, ensuring that information disclosed in designated media and websites is truthful, accurate, complete, timely, and easily understandable, thereby ensuring that all investors can obtain information equally. In 2024, the Company issued a total of 118 regular and temporary announcements. Additionally, to safeguard shareholders' right to know, the Company voluntarily discloses information that may have a substantial impact on investor decision-making through its official website, official WeChat account, and SZSE Easy Interaction platform. In nearly six years of information disclosure, it received an A rating for five years.

Investor Relation Management

The Company adheres to the principles of "respect, equality, initiative, and continuity", places great emphasis on and effectively protects the legitimate rights and interests of all shareholders, especially minority shareholders. The Company regulates the behaviors of directors, supervisors, and senior management in investor relations management activities to avoid unfair treatment of minority shareholders or unfair disclosure practices. The Company also fully considers the convenience of minority investors and creates necessary conditions for them to communicate with directors, supervisors, and senior management, ensuring smooth and timely interaction between the Company and minority investors. The Company assigns dedicated personnel to manage SZSE Easy Interaction platform, investor hotlines, and emails, promptly responding to inquiries from minority investors, and has set up mechanisms for recording calls and returning missed calls. The Company maintains good communication with investors focused on the Company's development through various means, including performance briefings, on-site investigations, brokers' strategy conferences and reverse roadshows. In 2024, we received approximately 630 investor survey visits online and offline, participated in nearly 40 broker offline strategic meetings, and held one online annual performance briefing and one offline collective performance briefing; the timely response rate to questions on SZSE Easy Interaction platform was nearly 100%; the attention of securities trader analysts on the Company has continued to increase, with nearly 30 research reports or comments issued throughout the year.

Building New-quality Productive Forces - Exchange Venue of the 2023 Annual Collective Performance Briefing for the Listed Companies on the Shenzhen Stock Exchange

In addition, the Company continues to improve the shareholder voting mechanisms such as cumulative voting, separate counting for minority investors, and online voting. Each shareholders' meeting is conducted simultaneously in-person and via video to provide convenience for shareholders to participate, fully ensuring the rights of minority shareholders to participate in major corporate decisions.

In 2024, DMEGC received external honors such as "2024 Excellent Practice Case of Listed Company Board of Directors", "Outstanding IR Team", and "Outstanding Minority Investor Interaction Award".

Emphasis on Investor Returns

The Company has always placed investors' interests in an important position. To effectively safeguard shareholders' rights and interests, it has issued the *Shareholder's Return Plan for the Next Three Years (2024-2026)*, further improving and optimizing the Company's scientific, sustainable, and stable dividend decision-making and supervision mechanism. In March 2024, the Company released the *Announcement regarding the "Quality Return Dual Improvement" Action Plan*, which solidifies the awareness of returning to shareholders while promoting the Company's high-quality development and effectively enhancing the sense of gain for investors.

The Company distributed a cash dividend of RMB 629 million for the year 2023, accounting for 34.6% of the net profit attributable to the parent company for that period. From 2021 to 2023, the Company has cumulatively distributed dividends of RMB 1.816 billion, representing 39.4% of the cumulative net profit attributable to the parent company over the past three years.

629 million RMB
Distributed as company cash dividends

34.6%
Accounting for the net profit attributable to the parent company

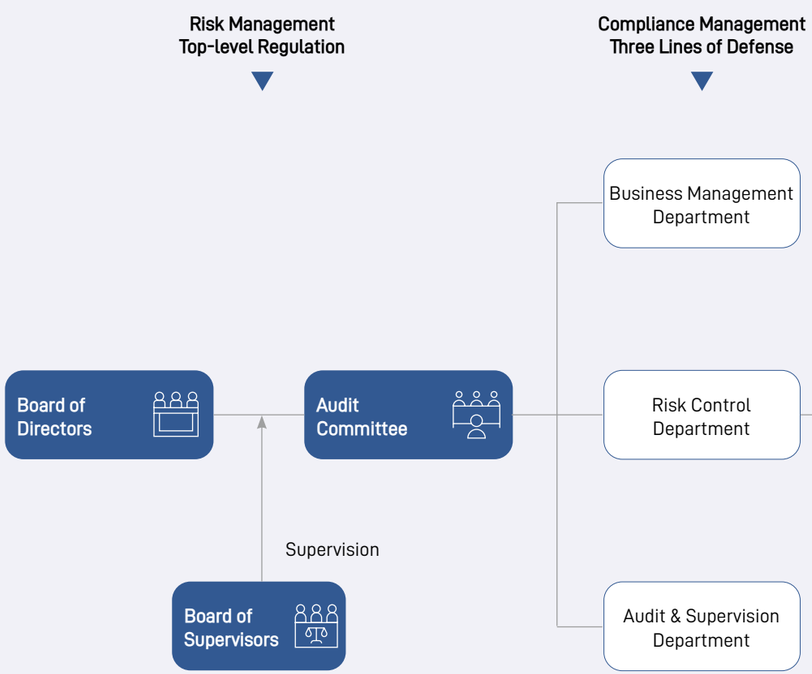
1.816 billion RMB
Cumulatively distributed as dividends from 2021 to 2023

39.4%
Net profit attributable to the parent company over the past three years

Risk Management

A sound internal control and risk management system is an important cornerstone for the stable operation of the enterprise. DMEGC strictly follows the *Company Law of the People's Republic of China*, the *Basic Norms of Enterprise Internal Control*, and its supporting guidelines, comprehensively implementing the regulatory requirements of the China Securities Regulatory Commission and the Shenzhen Stock Exchange. On this basis, it has revised and optimized seven systems, including the *Internal Control System* and *Internal Audit Management System*. By strengthening the construction of various links in internal control, the Company continuously improves its internal control assessment and risk evaluation capabilities, enhances source governance, and raises its risk management level.

To strengthen the construction of risk prevention and control barriers, we have established a Risk Control Committee, chaired directly by the chairman, with some senior management and management from core departments serving as members. A risk management process covering key links such as risk identification, assessment, mitigation, and monitoring has also been established. Meanwhile, the Company has included risks related to compliance operation, environmental protection, supply chain, and others into a unified risk management system, ensuring the comprehensiveness and systematic nature of risk management. During the Reporting Period, we carried out targeted risk response work based on the results of risk identification and assessment, effectively enhancing our risk prevention and control capabilities and providing solid guarantees for the stable operation of the enterprise.



Company Risk Management Structure

Compliance Risk	• Establish and improve the anti-monopoly compliance management system • Invite external experts to conduct special training, interpret key regulatory clauses and legal responsibilities of the *Anti-Monopoly Law of the People's Republic of China*, and deeply analyze key compliance points for business operations
Financial Risk	• Formulate a series of financial management systems to effectively control capital-related risks and maintain a low debt ratio
Supply Chain Risk	• Continuously monitor and promptly report changes in external environments related to supply chain due diligence to management • Gradually establish a supply chain compliance system, improve the system construction for supply chain due diligence, supply chain traceability, and labor compliance, achieving risk prevention and control throughout the entire supply chain process
Market Risk (Including Trade Risk)	• In response to international trade remedy investigations, actively respond externally and implement warning measures internally, effectively reducing the potential impact of related risks on enterprise operations
Environmental Risk	• Develop a three-tier environmental management system and emergency plans for sudden environmental pollution incidents, implementing an environmental protection assessment responsibility system and strengthening the investigation and rectification of risks and hidden dangers
Security Risk	• Improve the series of safety production series management systems, strengthen the identification, monitoring, and investigation of hazardous sources, and enhance training and emergency rescue systems

Risk Identification and Response Measures

During the Reporting Period, the Company organized and carried out internal control evaluation work according to the procedures stipulated in the enterprise internal control specification system and the Company's internal control evaluation methods. There were no significant omissions in the departments, business, and matters included in the evaluation. Based on the recognition of the Company's significant internal control defects, as of the internal control evaluation report base date, the Company does not have significant defects in internal controls related to financial reporting or non-financial reporting. Additionally, the Company also engaged a third-party audit institution to audit its internal controls, concluding that the Company had maintained effective internal control over financial reporting in all material respects according to relevant regulations.

Business Ethics

Business Ethics Governance System

DMEGC is committed to building a culture of integrity and honesty, maintaining a "zero tolerance" policy towards corrupt practices. We strictly comply with the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and other laws and regulations. During the Reporting Period, we formulated and publicly released the *Ethics and Business Conduct Policy* and the *Anti-Corruption Policy*, applicable to all employees (including full-time employees, part-time employees, contract workers, and temporary workers), clarifying the Company's policy principles, management requirements, and supervision and penalty mechanisms concerning anti-corruption, anti-bribery, anti-money laundering, anti-unfair competition, and conflict of interest, further consolidating the foundation for the Company's compliance operation. Meanwhile, the Company actively encourages and promotes suppliers, engineering contractors, and other partners to comply with the above policies and establish and improve their own business ethics management systems, jointly advancing the practice of social business ethics. In 2024, the Yibin and Lianyungang factories passed the SMETA business ethics audit.

The Company has a complete business ethics governance system, fully implementing enterprise governance policies and guidelines, ensuring the Company operates in a legal and compliant manner. The Board of Directors has an Audit Committee responsible for reviewing management policies and objectives related to business ethics and compliance operations and supervising their implementation. The Company has established an Audit & Supervision Department as the specific execution body, responsible for formulating and implementing audit plans, conducting audits, summarizing work, and reporting to the Audit Committee.

To reduce compliance risks, the Company conducts special audits annually around high-risk areas, issues of concern for management, and the frequent occurrences of matters complained of and reported, and other aspects. It also audits matters such as external investments, external guarantees, related party transactions, and information disclosure quarterly. The audit mainly includes whether there are violations and fraudulent activities in the conduct of various businesses. In 2024, we conducted compliance reviews of major business divisions, identifying 22 issues and tracking their rectification, with a 100% completion rate of rectifications.

Reporting and Complaint Mechanism

The Company has established the *Regulations for Law and Discipline Management* and the *Employee Grievance System*, creating a smooth reporting and complaint mechanism. Employees and other related parties can report and complain through various channels, including the general manager's mailbox, public email, telephone hotline, website message board, and employee seminars. The Company's Audit & Supervision Department has set up a dedicated ledger for received reports, strictly implements investigation and verification procedures, promptly feeds back the handling results to the whistleblowers, and grants appropriate rewards for verified reports. During the Reporting Period, no litigation cases related to employee fraud occurred in the Company.

Reporting Channels for DMEGC

General manager's reporting mailbox at headquarter building, dormitory, and factory

Reporting phone

0579-86588022; +86 15067581698

Reporting website

https://www.chinadmegc.com/

Reporting email

jcb@dmegc.com.cn

At the same time, we clearly stipulate the responsibilities and protection measures for whistleblowers in the system to ensure the legal rights and interests of whistleblowers and witnesses are fully protected. We maintain a zero-tolerance attitude for any form of retaliation and strictly prohibit any department or individual from obstructing or suppressing the reporting actions of whistleblowers or truthful testimony from witnesses, ensuring the effective operation of the reporting and complaint mechanism.

Business Ethics Training

DMEGC consistently take integrating compliance management and business ethics training as essential components of corporate culture construction, continuously enhancing employees' awareness of laws and regulations, and creating an honest, trustworthy, fair, and just business environment. During the Reporting Period, we conducted 573 business ethics training sessions for all employees through various methods, including offline training, video training, and manual dissemination, with a cumulative training duration of 33,256.25 hours and a 100% employee training participation rate. Additionally, we conducted 121 training sessions for suppliers, with a cumulative training duration of 363 hours.

Case

Integrity Construction Work Conference

In April 2024, DMEGC held an integrity construction work conference, and all participants signed the Letter of *Commitment on Honesty and Self-discipline*, further improving the integrity management system and promoting the integration of integrity construction into corporate management to create a clean and positive development environment.

573	33,256.25 hours	100%
Business ethics training sessions	Cumulative training duration	Employee training participation rate

Information Security and Privacy Protection

DMEGC attaches great importance to information security and customer privacy protection, formulating a series of systems, including the *Network Data Security Management Regulations*, the *Information Security Incident Management System*, the *Emergency Response Plan for Information Security (Trial)*, and the *Accountability System for Information Security (Trial)*, to establish a comprehensive information security management system, effectively ensuring the safety, reliability, and stability of information systems.

The Company continuously strengthens information security management through multiple measures to comprehensively enhance network security protection capabilities. In 2024, the Company has obtained ISO 27001 Information Security Management System certification.

Technology Enhancement

- We have established a wireless network access authentication mechanism to manage and control network access for user terminals.
- Through scientific network planning and topology design, combined with firewall devices and ACL access control strategies, the Company has achieved effective isolation between Intranet areas, reducing the impact scope of security incidents.

System Improvement

- On the supply chain side, the Company comprehensively advances the construction of the SRM system, integrating and optimizing business processes in finance, procurement, contracts, and warehousing, enabling the integration of the SRM system with ERP, OA, and EWMS systems to deepen data sharing applications.
- Following the "1+N+X" strategy (1 platform, N general modules, and X industry characteristics), the Company promotes the construction of a unified MES platform in the production and manufacturing domain to reduce redundant investment and accelerate the digital construction of new factories.

To continuously enhance the Company's information security assurance capabilities, we conduct information security and privacy protection training for its core positions. The training content covers basic knowledge of information security, IT asset management, and secure email usage, systematically explaining information security principles, prevention of common attack types, and the use of data protection tools, while reinforcing risk assessment awareness based on the standard requirements of the ISO 27001 Information Security Management System to effectively reduce network security and data leakage risks.

During the Reporting Period, no security incidents related to data leakage occurred in the Company.

02

Eco Friendliness and Low-carbon Future

DMEGC adheres to the concept of "Green, Intelligent, and Sustainable" development, establishing an ecological control mechanism covering the entire production and operation cycle. We strive to be an advocate and practitioner of green environmental protection, establishing a working group of the Carbon Peaking and Carbon Neutrality goals to systematically plan a carbon neutrality path. By integrating clean production technology and monitoring systems, we systematically promote pollutant emission control and resource recycling, contributing to the construction of a sustainable business ecology.

Environmental Protection

DMEGC places a high emphasis on environmental management and green operations, adhering to the operational environmental policy of "complying with environmental protection laws and regulations, and continuously improving environmental performance; being committed to preventing environmental pollution and seeking the benign development of the Company". The Company continually improves its Environmental Management System, constantly enhancing the level of environmental management during the Company's operational processes, clarifying key directions and objectives for environmental management, and actively fulfilling environmental responsibilities.

Environmental Management System

The Company's domestic production bases strictly comply with the *Environmental Protection Law of the People's Republic of China* and other laws and regulations, while overseas manufacturing bases strictly comply with the environmental protection laws and environmental management regulations of their operating locations, steadily advancing the optimization and upgrading of the environmental management system. In 2024, the Company formulated the *Environmental Sustainable Management Policy*, comprehensively covering areas of environmental management, such as emission management, pollution management, energy management, resource management, climate change response, and biodiversity, further clarifying the Company's commitments and action framework regarding the environment, improving the internal environmental management system, and continuously enhancing performance related to environmental protection.

To ensure the effective operation of the environmental management system, the Company has established a three-level environmental management structure that encompasses the company level, business division level, and factory level. This framework is designed to achieve comprehensive coverage, enabling seamless coordination across all levels so that environmental protection principles are fully integrated into every aspect of the Company's operations. Furthermore, the Company consistently implements the signing of an *Annual Environmental Protection Goal Responsibility Statement* and annual evaluation mechanism, and conducts environmental performance assessments in each factory by signing the *Environmental Protection Goal Responsibility Statement*.

Company Level

- Implement the work instructions from environmental regulatory authorities
- Set environmental objectives and organize the signing of annual objective responsibility agreements
- Conduct internal supervision and management of the "Three Wastes" treatment operations of the Company and coordinate with relevant departments on environmental "Three Simultaneities"[1] principle and public environmental affairs
- Improve the environmental management system and respond to customer ESG demands

Business Division Level

- Organize and implement work instructions of the Company within each business division
- Break down and execute environmental objectives of the Company, oversee "Three Wastes" management operations, conduct annual reviews and planning, and evaluate target responsibility performance
- Drive the implementation of relevant projects aligned with the strategic plans of the Company and assist in supervising the resolution of environmental issues at associated factories

Factory Level

- Execute and deliver on environmental objectives
- Implement environmental lean initiatives, manage daily O&M and emissions of "Three Wastes" treatment facilities, and ensure compliance with environmental "Three Simultaneities" for new, expansion, or renovation projects
- Implement environmental rectification measures and conduct factory level environmental protection training

Environmental Management Structure

1 Referring to "simultaneous design, construction, and operation of environmental facilities". In construction projects, environmental protection facilities, occupational health and safety facilities must be designed, constructed and put into operation at the same time as the main project.

In 2024, the Company signed a total of 360 *Environmental Protection Goal Responsibility Statements* with its business divisions, between business divisions and their subordinate factories or subsidiaries, and between subsidiaries and their respective factories/environmental responsible persons, to clarify accountability. In daily operations, the Enterprise Management Department continuously guided and supervised the environmental management of business division and factories with operational authority. Through on-site inspections and other methods, the department identified 1,665 environmental risk items requiring rectification, of which 1,635 were resolved within the year, achieving a rectification rate of 98.2%. During the Reporting Period, no administrative penalties were reported at the Company.

We have vigorously advanced the establishment of environmental management systems across our subsidiaries and urged relevant entities to pursue certifications for environmental management systems, green factories, and product carbon footprints. By the end of the Reporting Period, DMEGC and 11 of its manufacturing subsidiaries had successfully obtained ISO 14001 Environmental Management System certification, achieving a coverage rate of 80%.

Simultaneously, the Company has continued to refine its environmental lean management practices, striving to play an active and leading role in the green and low-carbon transformation of the industry. In 2024, the Company invested a total of RMB 110 million in environmental protection initiatives. By exploring its green potential across all aspects of production and operations, focusing on energy conservation, resource utilization, and emission reduction, the Company achieved cost savings of RMB 8.6737 million through environmental measures.

360

Signing of Environmental Protection Goal Responsibility Statements

12 subsidiaries

Obtained ISO 14001 Environmental Management System certification,

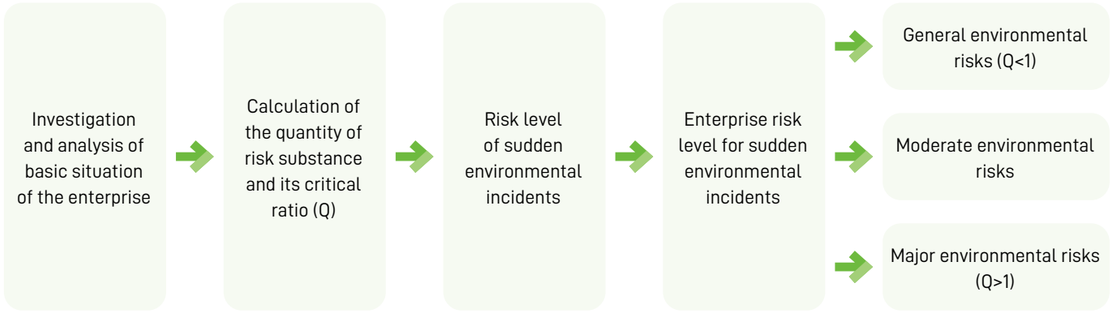
110 million RMB

Investment in Environmental Protection

Environmental Emergency Management

DMEGC complies with national and local environmental protection laws and regulations, guided by the principle of "prevention first, comprehensive management, and a combination of prevention and control." The Company has formulated the *Emergency Response Plan for Environmental Pollution Emergencies*, which is designed to enhance its capacity to respond to environmental pollution accidents. Furthermore, environmental factors associated with production and operational activities are regularly identified, and systematic assessments are conducted to evaluate the potential impacts of environmental risks. Effective measures are implemented to control potential pollution hazards in a timely manner. During the Reporting Period, no sudden environmental pollution incidents were reported within the Company.

The Company has conducted risk assessments for potential environmental impacts, such as abnormalities in environmental treatment facilities, hazardous chemical leaks, fires, and radiation source management, in accordance with the risk classification process for sudden environmental incidents. Based on the evaluation results, a tiered control management system has been implemented to address environmental pollution risks.



Risk classification flowchart for sudden environmental incidents

To strengthen the Company's capacity to respond to sudden environmental incidents, targeted emergency drills were conducted in strict accordance with the established response procedures. These drills involved coordinated efforts across multiple departments and were accompanied by observation and evaluation to ensure their effectiveness. In 2024, the Company organized 7 specialized environmental emergency drills, which enhanced the level of incident early warning response and collaborative handling capabilities.

Building on the enhancement of its normalized environmental risk prevention and control system, the Company has concurrently strengthened the development of professional emergency rescue teams. A dynamic management system for emergency supplies has been implemented, and the dispatch system has been upgraded, establishing a comprehensive normalized emergency support mechanism that covers "prevention - early warning - response - recovery."

Environmental Protection Training Publicizing and Implementation

DMEGC is committed to being a practitioner in clean production and green operations, with a focus on establishing a robust green development system. A systematic and scientifically designed training framework has been implemented, complemented by diverse training formats, to elevate employees' awareness of environmental protection. Through these efforts, the Company is working collaboratively with all employees to foster a high-quality green development ecosystem.

To enhance employees' environmental awareness and prevent or mitigate environmental incidents, the Company provides environmental protection trainings for all new employees. In addition, regular specialized environmental training sessions are organized by each business division to foster polarity and proactivity among staff in environmental initiatives. In 2024, a total of 248 training sessions were conducted across business divisions, covering topics such as environmental fundamentals, zero-carbon factories, and hazardous waste management. These sessions attracted 15,322 participants and accumulated a total of 21,084 training hours.

Case

World Environment Day Training

In June 2024, during the 53rd World Environment Day, the Company launched an environmental protection publicity campaign under the theme "Comprehensively Advancing the Construction of a Beautiful China". Employees were encouraged to adopt environmentally friendly practices, such as clean production, energy conservation, carbon reduction, and waste sorting, fostering a cultural atmosphere where everyone participates in environmental protection efforts.

Ecological Protection

Guided by the operational philosophy of "respecting nature, adapting to nature, and protecting nature", DMEGC has integrated natural risks into the comprehensive risk management system of the Company. Recognizing the importance of biodiversity and ecological conservation, the Company has formulated and publicly released its *Biodiversity Policy*, which outlines specific commitments related to biodiversity and actively explores strategies to enhance biodiversity levels. Additionally, the Company has established and implemented systems such as the *Project Construction Environmental Protection Management System*, the *Greening Management System*, and the *Soil Environmental Pollution Management System* to ensure the effective implementation of green ecological principles. These measures strengthen the Company's sustainable development potential and core competitiveness.

In accordance with the disclosure frameworks of the Taskforce on Nature-Related Financial Disclosures (TNFD) and the Science Based Targets Network (SBTN), the Company use the LEAP approach to locate natural risks, evaluate and assess such risks, and formulate countermeasures and coordinate resource allocation based on risk assessment results, thus improving the ability to cope with ecological risks through practical measures.

Locate

We identify our own operations and value chain activities, sort out the involved ecosystems and biodiversity involved in raw material sourcing, production operations, and market activities, and compile a list of biodiversity risks.

Evaluate

We identify the environmental assets, ecosystem services, and impact drivers that are dependent on or influenced by each prioritized location, and assess risks based on their likelihood and potential impact.

Assess

By employing professional research methods and analytical tools, we identify various nature-related risks and opportunities, comprehensively evaluate and prioritize them based on their significance and potential impact.

Prepare

For the identified natural risks, targeted response strategies are developed and implemented, such as establishing emergency supply reserves, coordinating resource allocation, and optimizing action plans.

In its daily operations, the Company actively implements measures aimed at maintaining and enhancing ecosystem services, with the goal of playing a more significant role in biodiversity conservation and ecological improvement. These efforts are designed to foster a harmonious coexistence between business activities and the natural environment, thereby creating a sustainable and thriving ecological system.

Reducing negative impacts on the ecological environment	We strictly follow the "Three Simultaneities" principle of environmental protection of construction projects, carry out ecological protection and water and soil loss prevention and control during the construction period. In compliance with national requirements, the Company conducts environmental impact evaluation in strict accordance with the national requirements for "Three Lines and One Permit" (ecological protection redlines, bottom line of environmental quality, upper line of resource utilization, and ecological environment access list) to avoid and minimize pressure on nature.
Conserving ecosystem and biodiversity	We implement scientifically effective ecological protection measures and conduct ongoing ecological monitoring. For example, daily greening planting and maintenance within the plant area and installation of artificial bird nests are carried out to enhance biodiversity within the premises. In addition, we actively implement water and soil conservation projects to effectively slow down water and soil loss, protect soil and vegetation, and further conserve biodiversity

Responding to Climate Change

DMEGC actively responds to the global call for climate change action, prioritizing carbon emission management. A multi-tiered, comprehensive climate governance structure has been established to systematically address climate change challenges. The Company has implemented a full-cycle carbon objective management mechanism, which integrates climate governance into its operational philosophy and actions. This mechanism provides structured guidance for all business divisions to collaboratively advance carbon reduction initiatives, thereby contributing to the global effort to combat climate change.

Climate Change Governance

The Company takes climate-related risks and opportunities seriously, continuously refining its internal management mechanisms and approaches to boost the effectiveness of its climate change governance. A robust governance structure has been set up, which includes the Board of Directors, the Strategy and ESG Committee, the DMEGC ESG task force, and subordinate departments. Climate risk-related activities have been seamlessly integrated into the Company's overall risk management strategy.

To ensure the implementation of climate change response work, we have established the leading and working group of the Carbon Peaking and Carbon Neutrality goals, which is responsible for the Company's overall carbon emission management, and systematically promotes the Company's GHG verification in the whole value chain, which provides more support and guidance for further achieving energy conservation and carbon reduction.

- The highest decision-making body and governance level for climate actions of the Company
- Hearing of the Committee's annual assessments of key climate and nature issues to develop and lead the response strategies for the coming year

- Oversee decisions on climate governance, responsible for reviewing strategic plans for climate action, objectives and progress in implementation, assessment results and management of climate risks and opportunities

- Responsible for promoting the implementation of climate actions at all business units and implementing climate risk response measures

DMEGC Climate Change Governance Structure

Climate Change Strategy

The Company has developed a *Climate Change Policy* to address the impacts of climate change on operations through risk identification, scenario analysis, risk assessment, and strategy formulation. During the Reporting Period, in alignment with disclosure frameworks such as IFRS S2 and TCFD, we focused on key climate-related impact factors affecting the Company, identified climate-related risks and opportunities (including physical risks, transition risks, and climate-related opportunities), and compiled a comprehensive risk and opportunity inventory.

Type of Risk/ Opportunity	Name	Frequency	Time Dimension	Impact Intensity	Potential Impact	Response Measures
Physical Risks						
Acute Risks	High temperature and heat wave	Medium	Long-term	Strong	• May lead to increased cooling energy consumption for production and office environments and increased operating costs. • May have an impact on employee health and safety, reduce work efficiency, and lead to safety incidents.	• Strengthen dynamic monitoring of energy consumption during high-temperature periods, and implement measures such as staggered equipment off-peak operation and optimization of air conditioning systems. • Formulate the *Management System for Protection against High Temperature Operation*, the *Occupational Safety and Health Operation Procedures for High Temperature Operation Positions* and relevant emergency plans to ensure the safety and health of employees. • Carry out training sessions on heatstroke prevention and emergency response for all employees, popularize knowledge on heatstroke prevention and first aid, and enhance practical skills.
	Flood and typhoon	Low	Long-term	Medium	• May cause damage to facilities and equipment, and depreciation of fixed assets. • May lead to production interruption, hinder the transportation of raw materials and products, and have a negative impact on the stability of the production and operation. • May have an impact on employee health and safety.	• Strengthen the emergency management system, clarify responsibilities at all levels, and improve the standardized level of emergency response to acute risks. • Promptly carry out risk assessment and monitoring, improve emergency preparedness measures, and ensure the safety of personnel and facilities.
	Extreme cold weather	Low	Long-term	Medium	• May lead to increased heating energy consumption for production and office environment and increase operating costs. • May hinder the transportation of raw materials and products and have a negative impact on the stability of the production and operation.	• Strengthen energy consumption management and take response measures under extreme cold weather according to the standardization requirements of energy consumption and emergency management. • Comprehensively strengthen the emergency management system, clarify responsibilities at all levels, and improve the standardized level of emergency response to acute risks.
Chronic risks	Change in precipitation	Low	Long-term	Medium	• Climate change is altering precipitation patterns, and increased precipitation intensity and frequency could affect production and transportation plans, reducing production capacity and revenue.	• Establish relevant risk monitoring and assessment mechanism and adjust production and transportation planning in a timely manner.
	Sea level rise	Low	Long-term	Medium	• May have an impact on the Company's factories and suppliers located in coastal areas, such as the risk of inundation of fixed assets and disruption of production and transportation, posing challenges to the operation stability and business continuity.	• Regularly carry out risk assessment and monitoring, improve emergency preparedness measures, and ensure the safety of personnel and facilities. • Timely adjust production and procurement plans to reduce the negative impact of sea-level rise on the operation of coastal factories and on the supply chain.
Transition Risks						
Legal and regulatory risks	Compliance regulation	Medium	Long-term	Strong	• Increasingly stringent regulatory requirements such as emissions standards may lead to operational and emissions compliance risks.	• Set up a professional team to continuously track global legal and regulatory updates. • Strengthen environmental protection and emission management, strictly abide by laws and regulations, and avoid illegal activities.
	Carbon market and carbon pricing	Medium	Short-term	Medium	• Under the background of market-oriented carbon trading mechanism, the prices of China Certified Emission Reduction (CCER), green electricity and green electricity certificates fluctuate.	• Promote the transformation of the energy consumption structure, increase investment in photovoltaic power, enhance the capacity of photovoltaic green power for self-use, increase the proportion of renewable energy use, and reduce energy consumption and GHG emissions.
Technological risks	Iteration of energy saving and emission reduction equipment and technology	Medium	Medium-term	Strong	• In order to cope with low-carbon transformation, it is necessary to increase investment in equipment and technology in energy saving and emission reduction, and solid waste treatment. However, there may be investment loss due to rapid iteration of new technology in the early stage.	• Carry out environmental protection lean projects, energy conservation and carbon reduction diagnosis projects and other measures, evaluate the potential and feasibility of energy conservation and carbon reduction in all links, and achieve cost control and efficiency improvement while upgrading for energy conservation and emission reduction.
Market risks	Increased cost of raw materials	Medium	Long-term	Strong	• Climate change could lead to tight upstream supplies and rising raw material costs.	• Improve the traceability of supply chain, evaluate, audit, and manage suppliers at different levels, and formulate effective prevention and response measures for supply chain risk factors to minimize the occurrence of supply chain risk events.
	Changes in customer behavior	Medium	Short-term	Weak	• In the context of rising global environmental awareness, customers increasing demand for low-carbon products may affect market share if we fail to reduce the environmental impact at the Company level and product level.	• Track the Company's GHG emission indicators, carry out energy-saving and consumption reduction actions, build zero-carbon factories and reduce environmental impact. • Insight into market demand, increase research and development of low-carbon and environment-friendly products, and provide green low-carbon products and solutions.
Reputational risks	Stakeholder concerns	Low	Short-term	Weak	• Stakeholders pay increasing attention to the climate-related performance of enterprises, and the increasingly higher requirements for climate information disclosure may increase the relevant compliance costs for the Company to maintain and enhance reputation.	• Track and manage the Company's environmental and climate-related work to meet regulatory and compliance requirements. • Strengthen information disclosure, and show relevant performance through the Company's official website, annual reports, ESG reports, Green Action White Paper, ESG ratings, etc.
Climate Opportunities						
Market and product opportunities	Low carbon product development	/	Short-term	High	• Developing green products that meet international standards and customer needs will enhance our market competitiveness and help drive revenue growth.	• Conduct life-cycle carbon footprint analysis and assessment for multiple products, expand green and low-carbon product certifications, and promote customers to choose more climate-resilient and environment-friendly products. • Reduce the use of hazardous chemicals in products and provide customers with products that comply with relevant laws and regulations and minimize environmental impacts. • Improve recyclable content in modules and assist customers in proper recycling and disposal of waste modules.
	Application scenario expansion	/	Short-term	High	• The trend of global energy transformation will increase the demand for diversified new energy products. Expanding product application scenarios may bring new business growth opportunities to the Company.	• Gain deep insight into customer demands, design and provide one-stop green energy solutions such as building-integrated photovoltaic, agrivoltaic and aquavoltaic products in combination with various application scenarios.
Reputational Opportunities	Green brand building	/	Long-term	Medium	• Establish and implement ESG management philosophy, strategic targets, and mission covering climate-related issues, build a green corporate image, and achieve coordinated economic, social, and environmental development.	• Guided by the Company's indicators, we build a sustainable development strategy model, conduct R&D, upgrades and transformations to address climate change and align with technological and market trends, and build a green brand of "Infinity Power, Infinity Future", enhancing the Company's sustainable development potential and core competitiveness.

In order to effectively respond to climate change, DMEGC carried out a series of energy conservation and carbon reduction diagnosis projects to explore the potential of energy-saving and carbon reduction from production, storage, transportation and packaging. At the same time, each business division incorporates low-carbon principles into daily production management. By creating and tracking emission reduction plans, implementing fine-grained management practices, steadily increasing the share and coverage of green electricity, a low-carbon management system that covers the entire production chain is built.


组织碳中和达成核查声明

编号：N4GHG 122680 0003 Rev. 00

ISO 14064-3:2019

ISO 14068-1:2023

GHG Protocol

2024-01-01 至2024-08-31

CCB_GHG_GR_003CS REV.03

707312425017-00

2024-10-31

(Liang Gao)

Carbon Neutrality Certificate for Lianyungang Manufacturing Base

Guided by the development concepts of clean production and low-carbon transformation, we are accelerating the development and certification of green factories. Through technological R&D, increased green electricity adoption, and collaboration across the value chain, we are driving emission reductions throughout the entire value chain. Professional third-party organizations are engaged to conduct GHG emission verifications in line with ISO 14064 standards, enabling us to actively identify carbon reduction opportunities at every stage. By the end of the Reporting Period, four of DMEGC's companies/subsidiaries have successfully passed ISO 14064 GHG emission verification.

In November 2024, the Lianyungang production base of the Solar Division was awarded the ISO 14068 Carbon Neutrality Certificate by TÜV SÜD, a globally recognized authoritative certification body. As the first carbon neutrality certificate in the global photovoltaic industry, this certification underscores the Company's leadership in full-lifecycle carbon management and alignment with international standards, as well as green competitiveness.

Climate Change Risk Management

DMEGC seamlessly integrates climate risk management system into both strategic decision-making and operational processes to establish a governance structure that spans the full cycle of "Risk Identification - Risk Assessment - Risk Control". By building a scientific periodic identification mechanism, we thoroughly identify potential climate risk factors and apply professional assessment methods to evaluate risk levels. Strict control measures are implemented to effectively mitigate risk impacts, strengthening the foundation for the Company's sustainable development.

Risk Identification

Based on disclosure frameworks such as IFRS S2 and TCFD, we have identified climate-related risks and opportunities, including physical risks, transition risks, and climate opportunities, by focusing on the key factors of climate change impacts faced by the industry and the Company, and has formed a comprehensive list of risks and opportunities.

Risk Assessment

We consider the likelihood of climate risk occurrence, the time dimension of impact, and the impact intensity, evaluate the potential impact of risks on the Company's revenue, costs, assets, employee health and safety, and adjust the priorities of climate change risk management based on the assessment results.

Risk Control

We develop targeted control measures for each identified and assessed climate risk, explore and tap into potential opportunities, and ensure that all relevant departments implement risk response and management control measures.

Objectives and Progress

DMEGC has set clear carbon emission objectives: with 2022 as the base year, the Company plans to achieve carbon peaking by 2030 and successfully attain carbon neutrality by 2050.

The Company has assembled a professional team to conduct a thorough inventory of GHG emissions, and engaged in scientific and in-depth exploration of carbon emission objective setting and emission reduction pathways based on the current emission situation and future predictions of capacity growth. The Company is tapping into the potential for energy conservation and carbon reduction across various aspects, including production, storage, transportation, and packaging, in which low-carbon transformation objectives are being promoted to align closely with business operations. In 2024, the Company contributed to carbon emission reduction totaling 33,500.5 tonnes. Concurrently, the Company systematically established an implementation framework for low-carbon transformation, with our core photovoltaic business serving as the strategic driver. This framework practices an innovative carbon reduction pathway integrating energy efficiency upgrades, clean energy substitution, and carbon asset development, all progressing in harmony. The Solar Division has set more specific carbon reduction targets, which include a 40% reduction in Scope 1 and 2 GHG emission intensity, as well as a 50% reduction of Scope 3 emissions related to purchased goods & services and downstream transportation by 2030 as compared to 2022.

In the future, the Company will deeply fulfill its "Carbon Peaking and Carbon Neutrality" strategic commitment by deploying measures such as green power, CCER projects, renewable energy, and energy storage projects, to establish a comprehensive emission reduction system that spans the full chain of "research and development - production - supply chain". Furthermore, by fostering a collaborative mechanism for sustainable development across the value chain, the Company will systematically drive green transformation within the industry chain and facilitate the establishment of a sustainable low-carbon ecological network.

Indicators	Unit	2024	2023	2022
Total GHG (Scope 1 and 2) emissions	tCO_2e	615,099.80	845,075.78	755,416.72
Direct GHG (Scope 1) emissions [2]	tCO_2e	86,043.98	70,981.59	78,437.81
Direct GHG (Scope 1) emission intensity	tCO_2e/million revenue	4.64	3.6	4.03
Indirect GHG (Scope 2) emissions [3]	tCO_2e	529,055.82	774,094.19	676,978.90
Indirect GHG (Scope 2) emission intensity	tCO_2e/million revenue	28.51	39.25	34.79

DMEGC GHG Emissions

33,500.5 tonnes

Contributed to carbon emissionçreduction

2 Scope I emission factors: the emission factors of fossil fuel combustion consumed by electronic equipment manufacturing enterprises is calculated using parameters such as carbon content per unit calorific value and carbon oxidation rate of fuel.

3 Scope II emission factors: the average annual power supply emission factor of the regional power grid is calculated based on the main production address of the Company, using the unified factor of the headquarter of the Company, that is, 0.7035 $kgCO_2$/kWh of the grid emission factor of East China in 2012 from the *Average Carbon Dioxide Emission Factors of China's Regional Power Grid in 2011 and 2012* issued by the National Development and Reform Commission is used for calculation; The CO_2 emission factor for the heat supply is calculated as 0.11 tonnes CO_2/GJ.

Resource Management

Guided by the principle of sustainable development, DMEGC systematically promotes the coordinated progress of energy, water resources, and circular economy. In line with our green action strategy, we consistently elevate the efficiency of energy and water utilization in our production and operational processes through technological advancements and management enhancements, which has resulted in the establishment of a long-lasting management mechanism where environmental and economic benefits coexist harmoniously. By the end of the Reporting Period, the Company has obtained ISO 50001 Energy Management System Certification.

Energy Management

In compliance with the laws and regulations on energy management, the Company has crafted management documents like the *Energy Manual* to guide the energy management practices of our company. To guarantee standardized and systematic energy management, we've developed standardized workflows for energy management aligned with the ISO 50001 standards, and incorporated key production energy indicators into the performance assessments of responsible parties to ensure that energy saving and emission reduction efforts are effectively carried out. Additionally, we have established an intelligent power management system platform to effectively tap into the potential for peak shaving and valley filling.

Reduction of Energy Consumption

The Company places great emphasis on the application of energy-saving technologies. We regularly keep track of the latest energy-saving processes in the industry and optimize production workflows through intelligent means to enhance our overall energy management capabilities. During the Reporting Period, each business division of the Company actively engaged in energy-saving efforts. By introducing energy-efficient equipment, upgrading equipment technology, and implementing refined production management and control, we comprehensively improved the energy usage efficiency.

Project Name	Project Description	Project Achievement
Kiln energy-saving renovation	Through the optimization of temperature profiles within the kiln chambers and adjustments to the kiln supports, the loading and firing capacity was maximized, which in turn increased the loading and firing tonnage and reduced energy consumption.	In 2024, a total of 20 kilns were renovated, and the newly purchased 6 kilns also adopted this technology simultaneously, with an estimated annual electricity savings of **2.83 million kWh**.
Ball mill energy-saving replacement	The existing traditional and outdated ball mills were replaced to reduce the high energy consumption caused by factors such as low productivity, high energy use, and frequent maintenance due to breakdowns.	After the renovation, an electricity saving of **789,000 kWh** is expected at the same level of productivity.
Hydraulic station renovation	The hydraulic stations and control cabinets were renovated, shifting from a centralized system control to individual system controls.	The installation and modification of 319 equipment units have been completed, and after the renovation, it is estimated that annual electricity savings will exceed **6.3 million kWh**.
Recycle of excess heat from air compressor	By utilizing an excess heat recycle management system, we integrated existing energy consumption and control systems and optimized air compressor and pure water piping to reduce energy consumption.	The renovation of Yibin Base is expected to be completed by the end of April 2025, with an estimated monthly electricity savings of **1 million kWh**.
Intelligent air conditioning renovation	The energy-saving renovation was carried out on the air conditioning systems in the perimeters of some factory areas to achieve intelligent control and optimize operational modes.	The renovation has been completed and put into use, with an estimated annual electricity savings of over **4 million kWh**.

Energy Saving Projects in DMEGC

Clean energy usage

The Company has been actively pursuing the transition to clean energy, and achieving fine-grained management of energy consumption by reasonably adjusting the usage percentage of fossil fuel and clean energy. During the Reporting Period, the business divisions of the Company have lessened their reliance on traditional fossil fuels by establishing photovoltaic power generation facilities and prioritizing investments in the photovoltaic, thereby consistently boosting the share of renewable and clean energy. By the end of 2024, the self-operated power stations had a generation capacity of 57.16 MW. During the Reporting Period, the "Golden Sun Demonstration Project", a photovoltaic power generation initiative, generated a cumulative total of 19,925.4 MWh of electricity.

Meanwhile, the Company has been steadily boosting its green electricity purchases, leveraging market mechanisms to acquire and utilize green power and green certificates, thereby ensuring that module factories and new energy battery factories are powered 100% by green energy. During the Reporting Period, the volume of green electricity procured within Zhejiang Province amounted to 156,125 MWh, while that outside Zhejiang Province reached 231,403.5 MWh.

Indicators		Unit	2024	2023	2022
Total energy consumption		tce	250,201.52[4]	192,677.35	167,541.56
Energy consumption intensity	Magnetic material products	tce/ton	0.5628	0.5706	0.5797
	Photovoltaic modules[5]	tce/MW	1.9724	2.1777	2.1254
	Lithium battery products	tce/10,000 pieces	0.5235	0.6062	0.6640
Energy consumption intensity		tce/million revenue	13.48	9.77	8.61
Direct energy consumption					
Natural gas		10,000m^3	3,938.89	3,247.79	3,597.10
Indirect energy consumption					
Purchased electricity		MWh	1,456,694. 50[6]	1,130,719.55	960,498.75
Purchased steam		Ton	124,971.00	122,665.13	71,703
Renewable energy consumption					
Purchased green electricity		MWh	387,528.51	30,217.19	/
International Green Certificates for Hydropower		MWh	269,000.00	50,000.00	
Self-generated and self-used green electricity		MWh	21,443.00	22,590.25	/

Energy Consumption Overview of DMEGC

100%
Module factories and new energy battery factories are powered by green energy

156,125 MWh
Green electricity procured within Zhejiang Province

231,403.5 MWh
Green electricity procured outside of Zhejiang Province

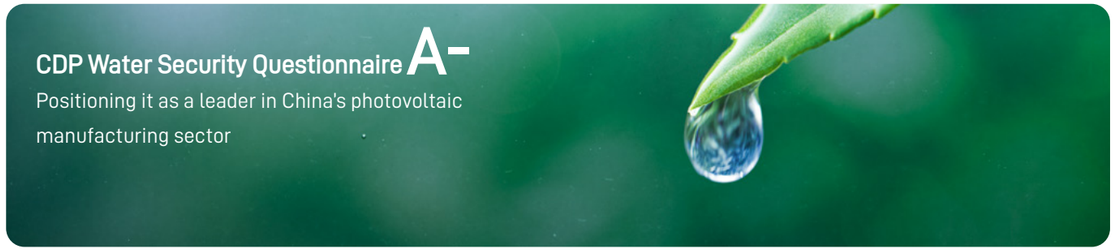
4 The construction and commissioning of projects such as Phase II in Lianyungang and Phase II in Yibin led to an increase in the total energy consumption and energy consumption intensity in 2024.

5 According to the *Standardized Conditions for the Photovoltaic Manufacturing Industry (2024 Edition)*, the average energy consumption for photovoltaic modules is approximately 3.07 tce/MW.

6 The construction and commissioning of projects such as Phase II in Lianyungang and Phase II in Yibin led to an increase in the amount of purchased electricity in 2024.

Water Resource Management

Efficient water resource management is vital for a company's sustainable development and the protection of the ecological environment. The Company strictly adheres to laws and regulations, such as the *Water Law of the People's Republic of China* and the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, to ensure the rational use of water resources. The Company has formulated the *Environmental Sustainable Management Policy* and implemented water-saving initiatives, fostering a comprehensive water-saving system that encompasses "reduction at the source - management and control in the process - efficiency gains through recycling", which not only guarantees product quality but also minimizes water usage costs, thereby enhancing both environmental and economic benefits. Furthermore, we actively engage in filling out the CDP Water Security Questionnaire. During the Reporting Period, DMEGC received an "A-" rating in water security management, positioning it as a leader in China's photovoltaic manufacturing sector.



Management Structure

The Company's Board of Directors has set up a Strategy and ESG Committee, which takes charge of the overall management, comprehensively supervising, and approving water resource-related management policies, medium- to long-term plans, as well as annual plans. Meanwhile, the DMEGC ESG Task Force, centering around water resource objectives, is tasked with formulating water resource strategies, developing a performance evaluation mechanism for water resources, and executing daily water resource management, so as to ensure the implementation of scientific water-saving practices.

Water Risk Assessment

The Company's water consumption is mainly sourced from municipal water and river water. Municipal water is mainly utilized for industrial cooling water, purified water production, washing, and cleaning processes during production, whereas river water is predominantly used for auxiliary production and domestic purposes. We carry out water safety management practices, regularly monitor and record the water intake and consumption through water use and drainage monitoring system, and set up a water quality monitoring team to strictly control the water intake quality and discharge quality, so as to ensure that the water quality meet the qualified standard.

The Company actively carries out water risk management to identify, understand and respond to water risks in our operations. We conduct assessments and verification of the levels of water risks at our key operational sites regularly using the WRI Aqueduct Water Risk Atlas, and based on assessment results, we implement water-saving initiatives. Additionally, our suppliers' level of dependency on and impact on water resources is evaluated, and they are required to adhere to the regulations related to water resource management, in order to avoid potential water security risks within our supply chain.

Water Stress Response

The Company prioritizes water stress mitigation and stewardship. Effective measures, such as aquatic quality governance, technological retrofitting, implementation of water-saving processes, and utilization of alternative water sources, are adopted to drive forward water resource management. Meanwhile, corresponding standard operating procedures for water management have been established across various business divisions to standardize water usage management in production and operations, continuously enhancing the efficiency of water usage.

In terms of water resource management practices, the Company has reduced production water consumption at the source, optimized water usage patterns, and intensified water conservation efforts by introducing advanced equipment and innovating production processes. Furthermore, the Company has actively engaged in the reuse of reclaimed water and adopted/explored water-saving measures in core process flows. By promoting water recycling, we have lowered water usage costs and achieved simultaneous growth in both economic and environmental benefits.

Implementing Water-saving Processes to Reduce Water Resource Consumption

Case

In the magnetic material factory, water-saving optimizations have been made to the grinding machine process. A large-scale inclined plate sedimentation system has been added for solid-liquid separation, reducing water discharge and enhancing the comprehensive utilization of solid waste. This project has resulted in an annual reduction of approximately 120,000 tonnes in water discharge, marking a decrease of about 90%.

Implementing Alternative Water Sources for Water Supply Resilience

Case

To guarantee water supply for production operations and daily use within factories, the Company has incorporated alternative water source projects into its water-saving plan through diversified water source development and recycling technologies. Driven by both technological upgrades and management innovations, we ensure the stability and sustainability of water resource supply.

Enhancing the utilization of alternative water sources

The Company has actively developed and promoted technologies for the reusage of reclaimed water, with the first pilot project conducted at Jinchuan Electronics yielding significant water-saving results. This approach has since been progressively rolled out to other projects of the Company, and is now being adopted at Hengdian and Vietnam factory. Preliminary assessments reveal that Hengdian, which originally discharged about 2,300 tonnes of wastewater daily, now sees its daily discharge drop below 1,000 tonnes thanks to the reusage of reclaimed water, with an annual water savings of approximately 460,000 tonnes.

Establishing a grading water supply system

The Company manages water sources hierarchically based on production process demands. Lower-quality water sources, such as river water extraction, are utilized in auxiliary production processes like cooling and cleaning, as well as for landscaping irrigation. Higher-quality water is reserved for precision manufacturing, enabling precise water usage.

Furthermore, we are actively exploring rainwater collection and utilization methods. Rainwater collection ponds have been set up to specifically capture and make the most of rainwater in our daily operations, which is then directed towards applications such as watering landscaped areas and flushing toilets.

Indicators	Unit	2024	2023	2022
Total water consumption	10,000 tonnes	644.73	555.46	422.07
Water consumption intensity	10,000 tonnes/million revenue	0.035[7]	0.028	0.021

Water Resource Usage of DMEGC

7 The commissioning of Phase II in Yibin led to a significant increase in production capacity and a substantial decline in photovoltaic product prices, which in turn caused an increase in water consumption intensity.

Circular Economy

Based on cutting-edge technology and proven practices, we have optimized our management system across the full product lifecycle. Concurrently, we are actively fulfilling our commitment to high-quality, green, and low-carbon development by focusing on enhancing packaging material management, which involves boosting the recycling rate of packaging materials and tapping into the potential of the full product lifecycle, so as to achieve harmony between economic growth and environmental protection.

The Company strictly follows the EU *Directive on Waste Electrical and Electronic Equipment (WEEE)* and has formulated and issued the *Circular Economy Policy*, engaging in in-depth practices related to product recycling and reuse. We actively explore diverse resource utilization pathways to enhance the comprehensive utilization rate of products. Additionally, we collaborate with upstream and downstream enterprises as well as scientific research institutions, sharing technology, experience, and resources to drive green transformation within the industry chain and promote the widespread adoption of circular economy practices within the sector.

In managing packaging materials, we actively embrace green development concept and have established a management framework built around the *Requirements for Recycling of Cell Packaging Materials* which ensures that all employees strictly follow the standards when conducting recycling activities. To further enhance the recycling rate of packaging materials, we have implemented various strategies, including automation upgrades for packaging material rework, sourcing materials locally to reduce packaging usage, and establishing close cooperation mechanisms with suppliers, to facilitate the recycling and reuse of packaging materials and to effectively minimize the environmental and health hazards associated with waste.

Within our Solar Division, we have achieved remarkable recycling rates: 75.70% for plastic pallets, 91.46% for wooden pallets, 97.24% for single-groove wood lining boards, 95.53% for double-groove wood lining boards, 95.55% for plastic pipes, and 97.91% for paper pipes.

The Solar Division has reduced the usage of encapsulation film materials — Case

The Solar Division selects suitable encapsulation film materials that, while ensuring reliability, reduce the grammage of the encapsulation film, thereby lightening the weight of the modules for easier installation and transportation. Furthermore, reducing the usage of film materials has effectively mitigated the increased light reflection and refraction that thicker films can cause, thus ensuring optimal light absorption and minimizing losses in photoelectric conversion efficiency.

Additionally, the Solar Division has carried out several rounds of reliability testing to validate the performance of these lighter films, ensuring that the reliability of the modules remains unaffected despite the reduced material usage. In this way, we're able to achieve our objectives of energy saving and emission reduction.

Indicators	Unit	2024	2023	2022
Total packaging materials used	RMB 10,000	17,092.34	21,361.64	13,044.98
Packaging material use intensity	RMB 10,000/million revenue	0.92	1.08	0.67

Usage of Packaging Materials of DMEGC

Looking ahead, the Company will continue to lead the industry by collaborating with upstream and downstream enterprises and scientific research institutions. We will establish a platform for resource sharing and technological exchanges, through which we can collectively explore new models for industrial development and promote the extensive coverage and in-depth development of the circular economy across the entire industry chain.

Emission Management

DMEGC achieves efficient emission management through systematic technological innovation and full-process management, and promotes synergy between environmental governance and business development. In compliance with regulations like the *Regulations on the Administration of Pollutant Discharge Permits*, the Company has systematically refined environmental monitoring system to ensure its operations meet stringent environmental standards. Relying on advanced process optimization and resource recovery technologies, a virtuous cycle has been formed within the Company, characterized by "Emission Reduction and Efficiency Enhancement - Green Certification - Industrial Upgrading", which injects sustainable momentum into the pursuit of high-quality development.

Wastewater Management

The Company strictly adheres to the requirements of the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Integrated Wastewater Discharge Standard* and other regulations, incorporating wastewater management as a core component of its environmental management system. The Company has established the *Air Emission and Wastewater Discharge Management System*, creating a comprehensive process control mechanism of "Source Reduction - Sorted Collection - Advanced Treatment - Recycling and Reuse", ensuring systematic, efficient, and safe wastewater treatment.

We conduct continuous analysis of wastewater components and treatment effectiveness, comprehensively selecting advanced wastewater treatment technologies to achieve effective purification of wastewater. Based on the characteristics of wastewater and production process features, targeted processes are implemented for treatment by the Company, and reused in production through the water recycling system, ultimately ensuring that the discharges meet the standard and regulatory requirements.

Type of Wastewater	Generation Stage	Main Wastewater Indicator	Treatment Process
Wastewater from Magnetic Material Production	Cooling water and cleaning wastewater generated during granulation, pre-sintering, ball milling, sintering, grinding	Suspended solids, chemical oxygen demand, petroleum substances	Oil separation, multi-stage sedimentation, coagulation, flotation, etc. (either separately or in combination)
Wastewater from Battery Production	Acid and alkaline wastewater, and fluorine-containing wastewater generated during the cleaning process	pH, chemical oxygen demand, ammonia nitrogen, fluorides	Chemical precipitation-biochemical treatment, acid-base neutralization

At the same time, we systematically promote the upgrading and transformation of rainwater and sewage pipelines, deepen the rectification of "Zero Direct Sewage Discharge" risks, forming a closed-loop model of "efficient treatment - standard discharge", providing a model for water environment governance and contributing to the enhancement of ecological and economic benefits.

An Integrated Sewage Treatment and Reuse System has Been Constructed to Improve Water Treatment Efficiency. Case

To address the issue of water resource consumption during production processes, the Company invested RMB 2.8 million in its production base in Vietnam to build an integrated sewage treatment and reuse system with a daily treatment capacity of 400 tonnes, aiming to achieve efficient treatment and recycling of wastewater, reduce environmental load, and reflect the dual value pursuit of "Cost Reduction and Efficiency Enhancement" and "Ecological Responsibility".

Wastewater Treatment Facilities of DMEGC Project in Vietnam

Indicators	Unit	2024	2023	2022
Total wastewater discharge	10,000 tonnes	500.87[8]	360.87	292.08
Wastewater discharge intensity	10,000 tonnes/million revenue	0.027	0.018	0.015
Main wastewater pollutants				
Chemical oxygen demand (COD)	tonnes	116.88	156.27	124.93
Ammonium nitrogen	tonnes	10.24	15.39	13.27

Wastewater Discharge of DMEGC

Air Emission Management

The Company continuously pays attention to the air generated from production and operation processes, complying with the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* and the *Standard for Fugitive Emission of Volatile Organic Compounds*, and constructs a refined air emission management system. The Company has formulated the *Air Emission and Wastewater Discharge Management System*, establishing an end-to-end air emission control mechanism, clarifying responsibilities of each department, and minimizing the environmental impact of air emissions to the greatest extent possible.

We analyze the main components of air emission and actively optimize treatment facilities to ensure compliance. We implement differentiated treatment strategies for the air emission from different processes, constructing a refined emission control system.

Generation Stage	Primary Types of Air Emission	Treatment Process
Magnetic Material Production Process	Process dust, fuel waste gas from furnaces, organic waste gas	Bag dust removal, water film spraying + wet electrostatic dust removal, condensation recovery + spraying oxidation treatment and activated carbon adsorption, adsorption + ECO
Battery Manufacturing Process	Acid and alkaline waste gas, organic waste gas, silane waste gas	Acid-base spraying absorption, combustion - condensation recovery - activated carbon adsorption, catalytic combustion, combustion - bag dust removal - acid spraying

At the same time, the Company strictly implements the "Three Simultaneities" principle for environmental protection projects, entrusting a certified third-party organization to conduct monitoring and evaluation of air emissions compliance annually. By building a comprehensive air monitoring system and implementing technical transformations for energy saving and emission reduction, we have significantly improved treatment efficiency and effectively reduced the risk of atmospheric emissions polluting the environment.

8 The expansion of production scale and the commissioning of new projects led to a corresponding increase in wastewater discharge.

Modernization of Air Emission Treatment Facilities in the Soft Magnetic Division

Case

In 2024, the Company actively promotes the upgrade of environmental protection facilities, implementing a project for the high-performance bonded magnetic coating technical transformation with the annual production of 800 tonnes. A new set of organic air treatment facilities for spraying has been integrated and built. This facility utilizes advanced ECO treatment technology to replace the previous spraying + activated carbon adsorption process, targeting organic pollutants through efficient adsorption, catalysis, etc., saving operating costs while meeting ultra-low emission standards.

Under normal operation of this facility, the emission concentration of non-methane total hydrocarbons (VOCs measured as non-methane total hydrocarbons) at the outlet is 38mg/m^3, with the VOCs air NMHC discharge concentration below 50% of the emission limit requirements specified in the Emission Standard of Air Pollutants for Industry Surface Coating. According to monitoring, the NMHC emission concentration at the equipment outlet is ≦ 40 mg/m^3, and the odor concentration is ≦ 1,000. This technological transformation significantly enhances the treatment effectiveness of organic air emission and effectively strengthens the Company's level of air emission control.

Spraying Project Air Emission Treatment Facilities

Indicators	Unit	2024	2023	2022
Total air emissions	tonnes	68.68	67.75	78.69
Air emission intensity	tonnes/million revenue	0.0037	0.0034	0.0040
Nitrogen Oxides	tonnes	61.84	61.70	73.30
Sulfur Dioxide	tonnes	6.84	6.05	5.39

Air Emission of DMEGC

Waste Management

The Company places high importance on waste management, consistently prioritizing compliance as the foremost principle. We strictly adhere to the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* and other relevant environmental protection regulations, refining execution standards in accordance with requirements. The Company has established a systematic waste management system. In line with regulations and standards such as the *National Catalogue of Hazardous Wastes*, the *Standard for Storage and Control of Hazardous Waste*, and the *Management Measures for the Transfer of Hazardous Wastes*, we implement source classification, standardized storage, and compliant disposal of waste.

We uphold the commitment to "Reduction, Recycling, and Harmless Treatment", defining classification standards, storage norms, and disposal processes for waste, and implementing differentiated management regarding types of waste.

Type of Waste	Treatment Method
General Waste	The Company adopts methods such as classified collection, comprehensive utilization, and safe disposal. Recyclable waste is collected separately and handed over to professional recycling companies for recycling and reuse, improving resource recycling efficiency. For non-recyclable general solid waste, qualified disposal organizations are entrusted to conduct safe landfill or incineration.
Hazardous Waste	Separate storage areas are established, constructed, and managed in strict accordance with hazardous waste storage standards to ensure safety during storage. Additionally, we sign disposal agreements with professional organizations qualified for hazardous waste disposal, regularly transferring hazardous waste to them for harmless treatment.

The Company actively explores the resource utilization of waste, achieving resource regeneration through technological innovation and process optimization, particularly forming exemplary cases in the recovery of key elements such as fluorine, silicon, and phosphorus. Resource utilization measures not only effectively cut off the pollution path of waste to the environment but also uncover the hidden economic value of waste, forming a closed-loop industrial resource utilization. This drives the Company's transition toward a green circular economy model.

Calcium Fluoride Fluidized Bed Crystallization Project Co-developed

Case

The calcium fluoride sludge resource utilization project, jointly developed by the Solar Division and its partners, has been included in the *Catalogue of Major Environmental Protection Technologies and Equipment Encouraged by the State (2023 Edition)* issued by the Ministry of Industry and Information Technology and the Ministry of Ecology and Environment.

The project adopts FBC-FR crystallization defluorination technology, improving the recovery rate of fluorine elements in sludge through precise control of crystallization conditions, with the produced calcium fluoride purity reaching 80-95%. Currently, this technology has been scaled up and applied in multiple locations, including the headquarter Base and the Yibin Base. Through a closed-loop recycling system, it reduces solid waste landfill volume while generating resource utilization benefits, effectively addressing the challenges of fluorine pollution control and resource waste in the photovoltaic industry.

Construction Status of Calcium Fluoride Sludge Resource Utilization Equipment at Sichuan DMEGC

Indicators	Unit	2024	2023	2022
Total waste	tonnes	39,140.24	37,033.24	35,132.61
Waste Intensity	tonnes/million revenue	2.11	1.88	1.80
General Waste	tonnes	38,661.01	36,619.49	34,773.85
Hazardous Waste	tonnes	479.23	413.75	358.76
Comprehensive Utilization Rate of General Waste	%	92.62	82.39	73.23
Hazardous Waste Disposal Rate	%	100	100	100

Waste Discharge of DMEGC

03

Innovation-Driven and Customer Orientation

DMEGC consistently regards innovation as the internal driving force for high-quality development. We continuously refine our R&D capabilities, expand innovation platforms, and strive to develop clean technologies and low-carbon products that meet market demands, taking practical actions to promote global energy transformation. We always adhere the bottom line of product quality, comprehensively empower quality management with digital technologies, continuously optimize customer service experiences, and strive to provide customers with high-quality and reliable products and services.

Driven by Innovation

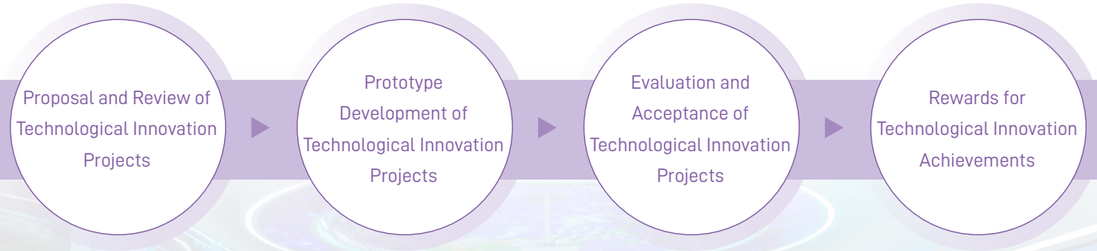
The Company is among the first batch of national intellectual property demonstration enterprises and a national technological innovation demonstration enterprise. It has established over ten innovation platforms, including a national enterprise technology center, a national enterprise postdoctoral research workstation, a provincial key enterprise research institute, and a provincial solar photovoltaic cell and module engineering research center. These platforms gather more than 3,000 R&D personnel, forming a robust innovation support structure. During the Reporting Period, the Company newly recruited 28 R&D personnel, internally appointed 8 new engineers, 22 assistant engineers, 16 technicians, and 4 assistant technicians through evaluation.

The Company adheres to innovation-driven development, regards cleantech innovation as the core strategy, while continuously increasing R&D investment. Relying on a sound R&D management mechanism and innovation platforms, we are committed to achieving continuous breakthroughs in products and technologies. During the Reporting Period, the Company's R&D investment reached RMB 722 million, accounting for 3.89% of revenue.

R&D Management

The Company has established a sound technological innovation management mechanism, providing a solid guarantee for the orderly advancement of new products, materials, and technology development. We have set up a three-level collaborative innovation system consisting of the Company's research institute, business division R&D divisions, and factories, ensuring efficient collaboration of product and technological innovation throughout the entire process from project approval and planning to achievement transformation.

The Company has established policies and processes for technological innovation management, ensuring the efficient operation of all stages of technological innovation management and facilitating the rapid transformation and application of innovations into achievements. A systematic technology assessment system has been established to regularly assess existing technologies, accurately identify areas for improvement in related products and technology applications, and continuously promote the update and iteration of products and technologies based on these insights. At the beginning and middle of each year, the Company organizes all business divisions to declare technical challenges and major special technological innovation projects. Those having passed reviewed for approval receive sufficient funding support in accordance with the *Management Regulation on Special Funds for Major Technological Innovation Projects*.



Technological Innovation Management Process

The Company has formulated the *Detailed Rules for the Implementation of Technological Innovation Awards* and other systems. By establishing technological innovation awards, patent application and authorization rewards, and other forms of recognition, the Company fully stimulates employees' innovative spirit and enthusiasm, injecting strong momentum for innovative development. At the end of each year, the Company conducts evaluations for technological innovation awards, covering aspects such as the significance of the project, the technical level of new materials or products, the degree of innovation, intellectual property, and the economic benefits achieved. During the Reporting Period, 11 projects, including the IPB braking system sensor, MEC gold-enhanced contact technology, and the magnetic core for ultra-high-power OBC, were awarded first, second, and third prizes for technological innovation respectively.

10+	3,000+	722 million RMB
Innovation platforms	R&D personnel	R&D investment

The Company places great emphasis on the development of R&D capabilities. During the Reporting Period, it conducted two thematic training sessions on technological innovation project management, focusing on project approval, process management, acceptance and other processes and links, to strengthen the project management capabilities of R&D personnel and improve the efficiency and quality of innovation outcomes.

In 2024, through relentless efforts in product R&D and innovation, the Company achieved fruitful results in product and technological breakthroughs, product certifications, and technical recognitions.

Case

Leading New Materials Innovation, Empowering Diverse Cutting-Edge Applications

In September 2024, DMEGC's high-Bs, wide-temperature and low-loss soft magnetic ferrite material was recognized as one of Zhejiang Province's first-batch new materials. This material, independently developed by the Company, demonstrates broad application potential in multiple cutting-edge fields such as communications, new energy, automotive electronics, and artificial intelligence.

As of now, the Company has obtained certifications for 214 new products, including 9 internationally leading, 95 internationally advanced, 91 domestically leading, and 19 domestically advanced projects. The certifications achieved in 2024 are as follows:

No.	Type	Project Name
1	Internationally leading	13.56MHz Nickel-Zinc Ferrite Material
2		Development of R12KC High-Tc Low Temperature Coefficient Material
3		Development of PPS Ferrite Granules for High-Fluidity Expansion Valves (DMS321-F)
4		Type N TOPCon Battery Technology
5	Internationally advanced	High-Superimposition and Low-Loss Material for Inverter Boost Inductors
6		Flexible Rubber NdFeB Magnetic Strips for Flywheel Energy Storage
7		Large-Format TOPCon Modules
8	Domestically leading	DM-LM0809B Horizontal Vibration Linear Motor
9		Development of Integrated Common-Mode and Differential-Mode Magnetic Core

Industry Development

The Company adheres to an open, inclusive, and shared concept of innovative development. It actively collaborates with universities, research institutes, and other academic and industry partners to build an innovation ecosystem that shares resources and complements strengths, jointly promoting industry progress. During the Reporting Period, the Company collaborated with the Ningbo Institute of Materials Technology & Engineering, CAS, Zhejiang University, and China Jiliang University to carry out three industry-university-research projects, conducting in-depth research on cutting-edge technologies in the industry and achieving significant progress.

As of now, the Company has been invited to serve in multiple domestic and international industry associations and standardization technical committees for magnetic components, photovoltaics, and electrical and electronic products. Based on its rich technical expertise and practical experience in related fields, the Company continues to provide constructive input for industry development.

Organization Name	Role
SolarPower Europe	Member
Solar Stewardship Initiative	Member
IEC Technical Committee 68: Magnetic Alloys and Steels (IEC/TC68)	Registered Expert
IEC Technical Committee 51: Magnetic Components, Ferrite and Magnetic Powder Materials (IEC/TC51)	Registered Expert
China Electronic Components Association	Vice Chairman
China Photovoltaic Industry Association	Executive Director
Magnetic Materials and Devices Branch of China Electronic Components Association	Chairman
Magnetic Components and Ferrite Materials (TC89)	Vice Chairman
Solar Photovoltaic Systems (TC90)	Committee Member
Environmental Standardization for Electrical and Electronic Products and Systems (TC297)	Committee Member
Patent Protection Association of China	Director
Perovskite Professional Committee of China Photovoltaic Industry Association	Committee Member
Offshore Photovoltaic Professional Committee of China Photovoltaic Industry Association	Committee Member
China Electronics Enterprise Association	Director
Zhejiang Intellectual Property Alliance of Magnetic Materials Industry	Chairman
Photovoltaic Collaborative Innovation Industry Alliance of Yangtze River Delta G60 Science and Technology Innovation Corridor	Vice Chairman
Zhejiang Magnetic Materials Industry Association	President
Zhejiang Solar Photovoltaic Industry Association	Executive Vice President
Zhejiang Intellectual Property Association	Director

DMEGC's Positions in Some Industry Associations, Standardization Technical Committees, and Alliances

We actively lead or participate in the formulation of international standards, national standards, and other regulations and guidelines, guiding the industry towards standardization and normalization. By the end of the Reporting Period, DMEGC has cumulatively led or participated in the formulation of 74 standards, including 21 IEC international standards, 18 national standards, 12 industry standards, and 22 group standards, with 9 new standards formulated as the leader or participated in during 2024.

We actively participate in domestic and international industry exchange activities, engaging in in-depth discussions with authoritative experts and outstanding peers in the industry regarding industry challenges, cutting-edge dynamics, and standard development.

In September 2024, we hosted the National Magnetic Materials Industry Innovation Feast at the DMEGC Building in Dongyang, Zhejiang, unveiling common challenges in the national magnetic materials industry and facilitating the transformation and docking of scientific and technological achievements. This initiative brought together government departments, universities, research institutes, and enterprises to synergize innovation resources, accurately meet demands, and promote efficient implementation and transformation of scientific and technological achievements, marking a significant milestone in advancing technological breakthroughs and industrial upgrades in the magnetic materials industry. In addition, we participated in large meetings such as the China Expert Group Preparation Meeting for IECTC51 Annual Meeting, IECTC51 Annual Meeting, and the 2024 Annual Meeting of the National Technical Committee for Standardization of Magnetic Components and Ferrite Materials, contributing to the progress of industry technology and information exchange.

74

Total number of standards that led or participated in the formulation by DMEGC

21

Number of IEC standards that led or participated in the formulation by DMEGC

18

Number of national standards that led or participated in the formulation by DMEGC

Site of Unveiling Common Challenges in the Magnetic Materials Industry and Facilitating the Transformation and Docking of Scientific and Technological Achievements

Intellectual Property Management

The company places a great emphasis on the management and protection of intellectual property rights. We have established internal systems such as the *General Principles for Intellectual Property Management*, the *Patent Management Measures*, the *Proprietary Technology Management Measures*, the *Trademark Management Measures*, and the *Copyright Management Measures* to comprehensively standardize the management processes for intellectual property review, application, and other aspects, clarifying patent management requirements. While respecting the intellectual property rights of others, we prohibit any form of infringement. By the end of the Reporting Period, DMEGC has a total of 1,774 valid patents, including 783 invention patents.

Indicators	Unit	2024	2023	2022
Number of newly granted invention patents	Pcs	63	108	117
Number of newly granted utility model patents	Pcs	72	151	175
Number of newly granted design patents	Pcs	4	5	14
Total	Pcs	139	264	306

Number of Newly Granted Patents

Intellectual Property Management System Certification

We have vigorously promoted the standardization construction of the intellectual property management system to drive the normalization and refinement of intellectual property management with higher standards. In 2024, we passed the revision review of the *Enterprise Intellectual Property Compliance Management System* (GB/T 29490-2023) and obtained the three-level evaluation certification for *ISO 56005「Innovation management — Tools and methods for intellectual property management — Guidance」*.

The Company regards enhancing awareness and capacity in intellectual property as a crucial part of intellectual property management. We regularly conduct intellectual property training for employees on patent searches, responses to patent infringement disputes, and sharing of infringement cases, fully solidifying employees' knowledge reserve in intellectual property and improving practical skills in intellectual property management. During the Reporting Period, we conducted specialized training on the *Corporate Strategies for Responding to Patent Infringement Disputes*, the *Writing Technical Disclosure Statements*, and the *Risk Prevention of Intellectual Property in Enterprises*, effectively enhancing the quality of patent creations by R&D personnel and reinforcing awareness of intellectual property risk prevention.

1,774

DMEGC's valid patents

783

DMEGC's invention patents

Green Products

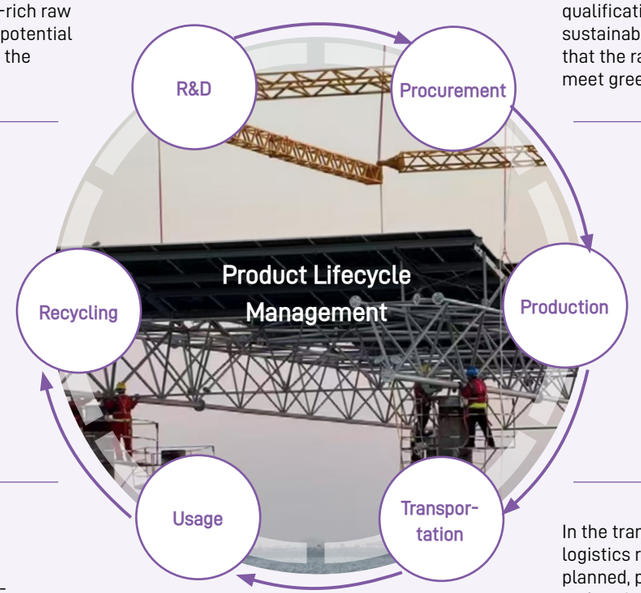
DMEGC incorporates low-carbon concepts throughout the entire product lifecycle management, focusing on clean technology innovation and the development of low-carbon products while continuously deepening research and development of clean energy technologies and constructing a low-carbon product system. We place great importance on the environmental benefits and ecological value of our products, establishing a product lifecycle management system and, through the integration of technology R&D and intelligent manufacturing, developing green products with high environmental adaptability. This allows us to continuously provide solutions that are both economically viable and environmentally friendly for global energy transformation.

Product Lifecycle Management

The Company constructs a product lifecycle management system covering R&D, procurement, production, transportation, usage, and recycling, based on the main line of "Green Design - Clean Production - Circular Regeneration", forming a sustainable development path that synergizes environmental benefits with economic gains.

In developing green products, the Company prioritizes the use of environmentally friendly, biodegradable, and resource-rich raw materials, striving to reduce potential environmental impacts from the source.

The Company strictly selects suppliers, giving preference to partners with good environmental qualifications and concepts of sustainable development, ensuring that the raw materials purchased meet green standards.



We establish and improve the product recycling system to recycle products like module brackets, categorizing and disposing of recycled products in an environmentally friendly manner to achieve resource recycling.

The Company enhances the proportion of green electricity usage, introduces advanced green production technologies and equipment, and optimizes production processes, thus reducing energy consumption and pollutant emissions.

We provide customers with usage guidelines and energy-saving suggestions to help them reduce energy consumption and environmental impact during usage.

In the transportation of products, logistics routes are rationally planned, prioritizing low-carbon and environmentally friendly transportation methods. Packaging designs are also optimized by using recyclable and biodegradable materials, reducing waste generation.

We adhere to the product concept of "environmental friendliness and resource utilization" by strictly controlling harmful substances that may be involved in raw material procurement and product production, requiring suppliers to sign the *Guarantee of Non-use of Hazardous Substances* to ensure that the parts, components, materials and finished products they supply to the Company meet the EU RoHS Directive, HF standards, REACH regulations, and the SVHC list, guaranteeing product safety from the source.

We continuously carry out product carbon footprint analysis and assessment, accurately identifying carbon reduction opportunities at each phase of the product lifecycle. By the end of the Reporting Period, the Company has completed carbon footprint certification for 51 core products, including photovoltaic modules and lithium battery materials. We are continuously promoting the certification of green low-carbon products, which not only provides data support for optimizing our own production processes but also empowers customers to accurately assess product environmental performance and helps build a transparent and credible low-carbon procurement system within the industry chain.

Green Low-Carbon Product Certification

Clean Technology Development

With a focus on ensuring product safety and reliability, the Company aims at clean technology innovation as a core objective. By planning the R&D of low-carbon technologies, designing products with environmentally friendly attributes, and exploring circular economy pathways, we promote the construction of a clean technology system that covers the entire industry chain. Through the development of efficient low-carbon processes, we enhance the green and environmentally friendly attributes of our products, striving to provide robust technical support for the enterprise's green transformation and carbon reduction objectives. By the end of 2024, the Company has 17 factories that have won the green factory certification.

R&D of New FRP Frames to Optimize Photovoltaic Module Performance

Case

Addressing the high carbon emissions associated with traditional aluminum alloy frames in photovoltaics, the Company, in collaboration with industry chain partners, has developed fiber reinforced polymer (FRP) frames made of woven fiberglass and polyurethane.

This product enhances axial tensile strength and salt spray resistance through a multi-layer woven structure and water-based coating process, while low-temperature molding technology reduces production energy consumption, resulting in a lifecycle carbon emission that is only 14.5% of that of aluminum frames. Furthermore, the insulating properties of the FRP frame eliminate the risk of module PID attenuation, and its lightweight design reduces the cost of the mounting system by 9%. This product has now passed TÜV SÜD certification and completed the construction of GW-level production lines, representing an ideal solution with excellent performance and a smaller carbon footprint.

Carbon Footprint	Carbon emissions of approximately 14.5% of traditional aluminum alloy frame
Mechanical Properties	Balanced rigidity and toughness, resilient to deformation under force
Cracking Resistance	Excellent resistance to salt spray, chemical corrosion and environmental chemical stress
Insulation Properties	Effectively suppress the probability of potential induced degradation (PID) attenuation of modules
Flame Resistance	Limiting Oxygen index (LOI) up to 56.7 (parallel to fibre direction)
Linear Expansion Coefficient	Similar to silicon wafers and glass, can be deformed synchronously

Advantages of the FRP Frame

Throughout the main product development process, we have consistently integrated environmental protection and concepts of sustainable development into every aspect. For key product modules, the Company established a specialized R&D team from the early phases of product development, allocating substantial resources for green technology research. We also conduct in-depth testing at every phase of product production to optimize processes and reduce negative environmental impacts.

Developing Environmentally Friendly Modules to Reduce Environmental Impact

Dealcoholized Silica Gel

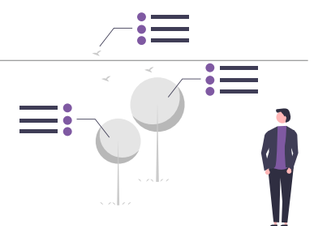
- To meet the growing demand for high-performance and environmentally-friendly sealants in the photovoltaic market, the Company uses dealcoholized organic silicone sealants in the encapsulation process of photovoltaic modules. During the curing process, dealcoholized silica gel releases only low-toxicity substances such as methanol or ethanol, avoiding the risks associated with traditional de-oximated silicone which emits butanone oxime, making it significantly important for environmental protection.
- At the same time, dealcoholized silica gel has good weather resistance and superior performance, effectively ensuring the synergistic optimization of performance and cost in photovoltaic modules.

Fluorine-free Backsheet

- As the fluorine-containing backsheets commonly used in the photovoltaic industry are prone to produce toxic fluorides during the recycling process, the Company addresses the environmental hazards by innovating materials and verifying their reliability to develop a new type of fluorine-free solar backsheet.
- The fluorine-free backsheet eliminates the use of fluorine-containing materials that may release harmful substances while utilizing a polyolefin-based composite structure design, providing a sturdier framework and enhancing product performance and environmental benefits, thus providing critical technical support for the green recycling of photovoltaic modules.
- All product lines are 100% free of PFAS and meet EU RoHS and REACH requirements.

Lead-Free Junction Box

- In manufacturing photovoltaic junction boxes, the Company uses laser welding to replace traditional soldering process, thus avoiding the use of lead-containing solder. The lead-free junction boxes have excellent electrical properties and weather resistance, and can maintain stable performance in a variety of harsh environmental conditions.
- This technology enhances production efficiency and welding stability while eliminating the environmental risks and safety hazards associated with lead-tin alloys in traditional processes, yielding both economic and environmental benefits and promoting collaborative lead reduction practices across the industry chain.



Product Application Scenario Expansion

The Company explores energy transition demands deeply in commercial and industrial sectors, agriculture, transportation, etc., based on the integrated development approach of "Scene Insight - Technology Adaptation - System Integration", constructing comprehensive solutions that cover photovoltaic systems, energy storage, and magnetic materials technologies.

Case

Broadening Product Applications across Multiple Scenarios, and Contributing to Sustainable Green Development

The Company delves into diverse applications of photovoltaic technology, providing low-carbon, efficient, and highly reliable products and solutions in household distributed systems, commercial and industrial distributed systems, and large-scale centralized systems, aiding in the realization of sustainable green development.

Residential Distributed Solutions	Commercial and Industrial Distributed Solutions	Large-scale Centralized Solutions
Based on industry-leading product performance and quality, DMEGC's residential distributed solutions provide aesthetically pleasing and environmentally friendly roof solar systems. DMEGC's photovoltaic modules deliver higher power output, generation capacity, and verified reliability, compatible with various inverters, mounting systems, and roof types, offering customers economic benefits and environmental value.	DMEGC provides industrial and commercial owners with highly efficient and reliable products and solutions through leading photovoltaic technology. DMEGC's innovative and leading photovoltaic products and solutions ensure maximum returns while helping enterprises save energy, reduce emissions, and achieve sustainable development.	DMEGC is committed to improving the power generation capacity of components and systems, maximizing equipment lifespan, enhancing power station operating efficiency, and optimizing project economic benefits. Based on different construction sites, installation locations, and installation methods, DMEGC offers efficient solutions for various application scenarios, including plains, mountains, deserts, and floating systems.

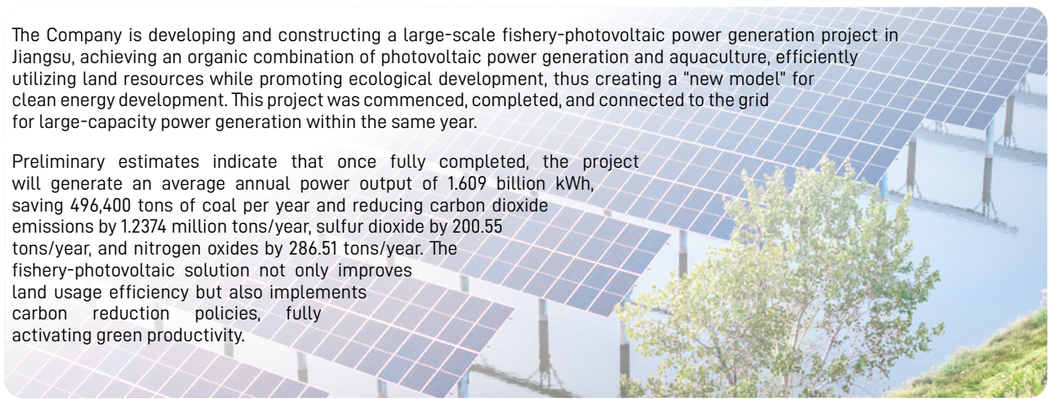
We actively seize climate development opportunities by launching specialized module products suited for various geographic environments and extreme climate scenarios, providing global customers with reliable solutions that deliver both economic and ecological benefits. Additionally, we promote "Fishery-Photovoltaic" and "AgriPV" models, facilitating a diversified "Photovoltaic+" ecosystem integration, achieving synergistic development between power generation and agriculture or aquaculture.

Case

Launching Fishery-photovoltaic Solutions to Activate Green Productivity

The Company is developing and constructing a large-scale fishery-photovoltaic power generation project in Jiangsu, achieving an organic combination of photovoltaic power generation and aquaculture, efficiently utilizing land resources while promoting ecological development, thus creating a "new model" for clean energy development. This project was commenced, completed, and connected to the grid for large-capacity power generation within the same year.

Preliminary estimates indicate that once fully completed, the project will generate an average annual power output of 1.609 billion kWh, saving 496,400 tons of coal per year and reducing carbon dioxide emissions by 1.2374 million tons/year, sulfur dioxide by 200.55 tons/year, and nitrogen oxides by 286.51 tons/year. The fishery-photovoltaic solution not only improves land usage efficiency but also implements carbon reduction policies, fully activating green productivity.



Quality Orientation

DMEGC always regards quality as the lifeline of its products. We continuously improve our quality management system, strengthen quality control throughout the product lifecycle, and establish a full-chain quality management and assurance mechanism spanning from product development to customer service. We actively respond to the digital transformation strategy, accelerating the digital and informational empowerment of product production and quality management, thereby enhancing the level of intelligent manufacturing and quality management.

Quality Management System

To fully standardize the quality management processes and requirements throughout the product lifecycle, we have established a quality management system consisting of management manuals, procedural documents, operation guidelines, and forms. During the Reporting Period, DMEGC's various business divisions revised a total of 52 secondary documents and 1,357 tertiary documents, while also formulating 2,172 new tertiary documents, further refining and improving specific quality control details at each phase, laying a foundation for identifying, preventing, and reducing quality risks.

We have established a quality management framework comprising the Company's quality department, the quality departments of business divisions, and the quality sections of factories, clearly defining quality management responsibilities at all levels, and orderly promoting the implementation of quality management strategic planning and related systems. Furthermore, we are continuously advancing quality management system certification to verify the compliance and effectiveness. By the end of the Reporting Period, multiple business divisions and factories under the Company have passed external audits and obtained certifications for international quality standards such as IATF 16949 and ISO 9001.

We are committed to building first-class laboratory inspection capabilities, utilizing scientific and rigorous quality testing standards to ensure product quality at multiple levels. As of now, DMEGC's laboratory has passed on-site audits and received CNAS accreditation for ISO/IEC 17025 certificates, becoming the first laboratory in Zhejiang Province capable of conducting environmental reliability tests for standard of Automotive Electronics Council Component Technical Committee (AEC-Q200) and Chinese national standard (GB/T2423) test items. The Company's solar testing center obtained the "TÜV Rheinland Witness Laboratory" qualification certificate in March 2024, allowing the Company to conduct five specialized testing in environmental, performance, safety, materials, and outdoor sectors directly on site according to international standards, providing a more efficient and advantageous service experience for the Company.


CEPREI

质量管理体系认证证书

（正本）

横店集团东磁股份有限公司

GB/T 19001-2016/ISO 9001:2015

永磁和软磁铁氧体系列产品（含金属磁粉芯系列产品，纳米晶系列产品），碱性锌锰电池，硬质合金材料，晶体硅太阳能电池片及组件，聚离子电池，锂离子电池系统的设计和生产（含包装过程），永磁铁氧体料粉系列产品及铸制品的生产

IAF CNAS

Quality Management System Certification


ilac-MRA CNAS

中国合格评定国家认可委员会

实验室认可证书

（注册号：CNAS L20696）

兹证明：

横店集团东磁股份有限公司东磁太阳能测试中心

浙江省金华市东阳市横店镇西环路233号五厂，322118

符合 ISO/IEC 17025：2017《检测和校准实验室能力的通用要求》（CNAS-CL01《检测和校准实验室能力认可准则》）的要求，具备承担本证书附件所列服务能力，予以认可。

生效日期：2024-04-19

截止日期：2030-04-18

中国合格评定国家认可委员会授权人 张朝华

Laboratory Accreditation Certificate

We continually conduct training to enhance quality awareness and capabilities, deepening quality culture construction and fostering a quality culture atmosphere involving all employees. During the Reporting Period, the Company's business divisions organized a total of 623 quality-related training sessions focused on quality systems, quality standards, the five core tools of the automotive industry, work requirements, and failure case analyses, totaling 29,011.65 hours of training with 17,435 participants.

Case

DMEGC 2024 "Quality Month" Knowledge Competition Activity

In September 2024, the Company held a "Quality Month" themed activity to enhance employee quality awareness and encourage employees to learn advanced quality tools and management methods. The Company's quality department constructed a quality knowledge question bank covering 11 categories, including quality policies, quality awareness, quality management fundamentals, quality management systems, quality inspection, and quality improvement. During the activity, thousands of employees from various business divisions of the Company participated in platform learning and quizzes, achieving "learning through competition, enhancing knowledge through learning, and improving quality through knowledge" through various forms such as phased learning, achievement testing and competitions.

Product Quality Control

We place a high priority on quality control throughout the product lifecycle, incorporating considerations of quality factors at every phase including product R&D, procurement, production, delivery, and customer service, with the aim of achieving refined quality management across the full product chain.

Product Development	Raw Materials Procurement	Production	Product Delivery	Customer Services
Implement advanced product quality planning and control quality from the source to ensure a right-first-time result	Conduct strict supplier access management based on rigorous standards and enforce strict supplier evaluation and incoming material inspections	Implement strict control over the whole process of "personnel, machines, materials, methods, and environment", utilizing SPC techniques to strengthen quality process management	Apply automated testing technologies and implement scientific inspection and testing to ensure delivery quality	Take a customer-centric approach to establish a CRM system that includes modules for customer management, sales, and order management to enhance customer management and service efficiency

Product Quality Assurance System

We strictly implement internal and external quality audits and supervision from a multidimensional perspective. Through quality system audits, process and product audits, we proactively identify and uncover quality defects and potential quality risks in various processes, driving continuous improvement in product quality. During the Reporting Period, we conducted 13 quality system internal audits (including overseas enterprises), 9 quality system external audits, 317 customer second-party audits, 7 process audits, and 634 product audits, with all issues identified in these audits having been rectified.

In addition, the Company conducts quality improvement projects based on Six Sigma methodologies, focusing on quality defects and related areas for improvement on an irregular basis, striving for continuous enhancement of product quality.

With a comprehensive quality management system and strong quality control measures, the Company did not experience any product recalls or significant customer complaints in 2024, and the product OQC pass rate reached 98.5%, maintaining over 98% for four consecutive years.

Case

Phase I Improvement in Quality Product Rate of Sichuan DMEGC

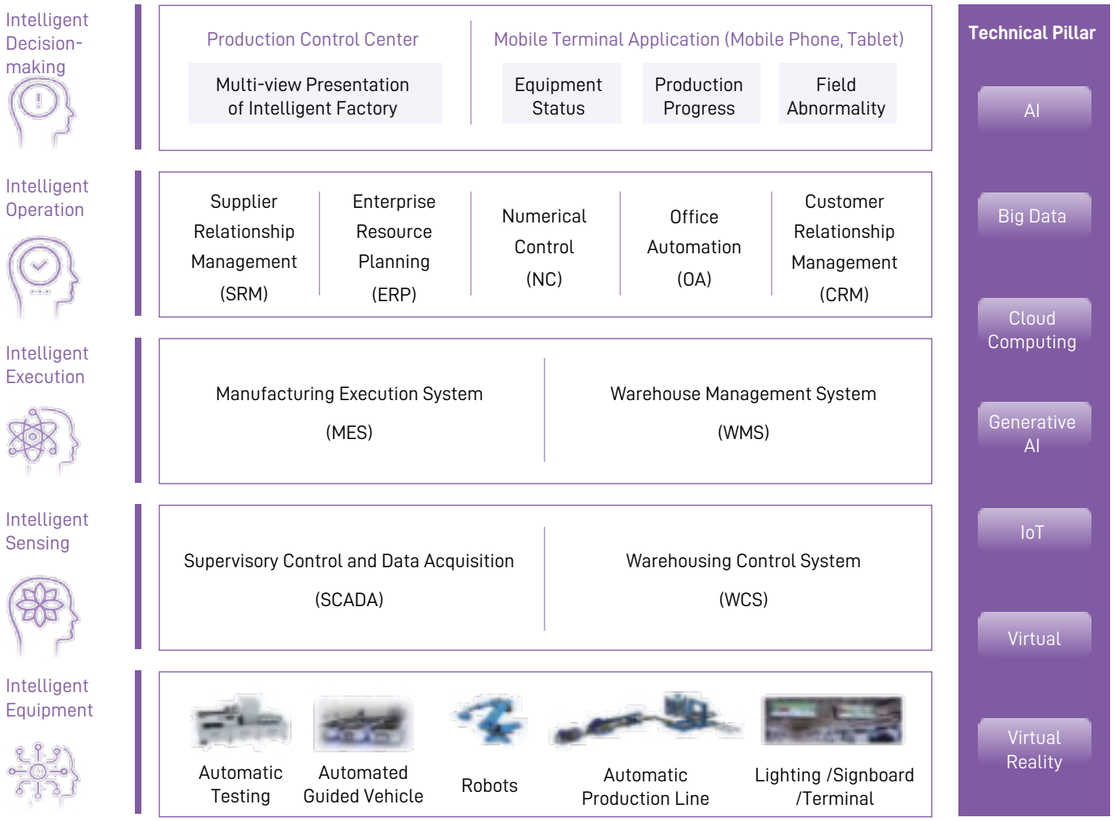
To further enhance product quality rates and improve customer satisfaction, Sichuan DMEGC initiated a Six Sigma project aimed at improving the quality rate of highly efficient batteries during the Reporting Period, achieving significant results. Utilizing the DMAIC process (Define, Measure, Analyze, Improve, Control), the project successfully identified key factors and issues affecting product quality rates, optimizing process parameters and workflows. Through data-driven analysis methods and continuous monitoring, the long-term effectiveness of quality improvement initiatives was ensured, aiding in increasing the quality product rate to 98.34%, thereby enhancing product competitiveness and market economic benefits.

317
Customer second-party audits

100%
Audits having been rectified

Digital Transformation

The Company actively responds to the digital transformation strategy, vigorously developing new-quality productive forces and continuously promoting the in-depth integration of digital and intelligent and informatization concepts and technologies with product production, aiming to build a high-quality intelligent manufacturing platform. We have constructed efficient intelligent manufacturing solutions centered around five dimensions: intelligent equipment, intelligent sensing, intelligent execution, intelligent operation, and intelligent decision-making, fully driving our digital transformation.



DMEGC Intelligent Manufacturing Solutions

We fully leverage the advantages of digital systems and platforms to empower product quality management with precise and efficient control models. With the help of the MES and PLM systems, we achieve automated control and recording of process parameters, precise traceability of product quality issues, and digital management of product lifecycle, fully enhancing the refinement of quality management and collaborative efficiency.

During the Reporting Period, we achieved significant results in the construction of digital systems and intelligent manufacturing. We established a unified MES platform in the manufacturing sector; deepened the SRM system construction, which integrated overseas business production, supply, and sales while creating a unified ERP, OA, and sales collaboration platform. We are actively exploring the practical applications of AGI in fields such as R&D, quality, and production. The Company's project titled "Intelligent Factory for Magnetic Materials based on the Architecture of Industrial Internet + Future Factory" has been recognized as an excellent case of corporate digital development by China Computer Federation(CCF) in 2024.

Lianyungang DMEGC 5G + Industrial Internet Fully Connected Factory

Case

In 2024, the Lianyungang DMEGC 5G + Intelligent Factory was fully put into operation. The factory is equipped with 5G industrial internet, an intelligent workshop brain system, an AI smart security system, intelligent AGV carriers, six-axis industrial robots, and industry-leading digital equipment, intelligent logistics storage, and related supporting facilities. Through the integration of advanced technologies such as 5G+MEC, industrial internet, cloud computing, big data, and machine vision, and the interconnection of systems including 5G-based ERP, MES, PLM, EAM, and smart parks, over 20 key application scenarios have been created to enable digital and intelligent manufacturing of efficient monocrystalline silicon battery modules. Based on the 5G network construction, the factory has achieved a comprehensive implementation of intelligent production, smart management, and collaborative manufacturing while continuously improving production technology, efficiency, and product quality.

Digital Construction of Overseas Bases

Case

In 2024, we successfully established an integrated platform for operations and finance, a production and operational management control platform, and a human resource management platform at our overseas bases, fully standardizing basic data and business processes to support the efficient operational management of core businesses, including sales, finance, production, procurement, inventory, delivery, projects, quality, and human resources. By deeply integrating operations and finance, as well as design and manufacturing, the Company achieved unification of logistics, capital flow, and information flow, significantly enhancing data accounting efficiency and accuracy, as well as the effectiveness of human resource management, thereby forming a business operation system with refined management and visualized process.

Additionally, through seamless integration of the ERP and MES systems, we built a quality traceability platform that meets customer requirements and further optimized production planning and scheduling, effectively improving production efficiency.

By the end of the Reporting Period, the Company and its two subsidiaries have passed the Certification of Integration of Informatization and Industrialization Management System by the Ministry of Industry and Information Technology of the People's Republic of China, with Lianyungang DMEGC obtaining the highest certification level of this system - AAA rating certificate in the year.

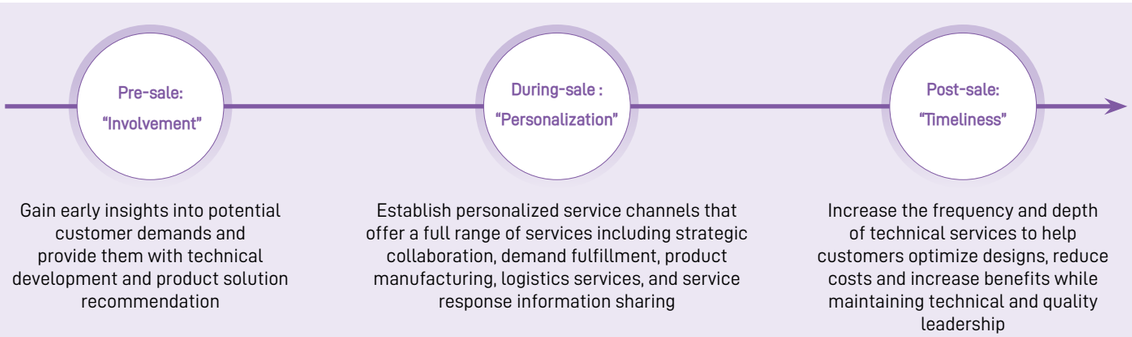
Certification of Integration of Informatization and Industrialization Management System

Customer Service

DMEGC adheres to the philosophy of "Customer First" and implements the strategy of "Local for Local", establishing a global network of production, logistics, sales, and services to efficiently serve customers worldwide. Meantime, we focus on a differentiated strategy, gaining in-depth insights into the diverse demands and expectations of our customers. Backed by our product management and technical teams, we respond promptly to various personalized demands from customers, wholeheartedly providing them with satisfactory and high-quality solutions.

Customer Service System

The Company has established a sound customer service system aimed at providing customers with a comprehensive and high-quality service experience throughout the lifecycle. We have created a "360-degree" marketing service system that covers pre-sale, in-sale, and post-sale activities, continually promoting the conversion of customer demands into product innovations and building a full-chain of high-quality service solutions. Additionally, we rely on our CRM system to ensure the efficient operation of customer information management, sales processes, and order delivery, continually enhancing the customer service experience.

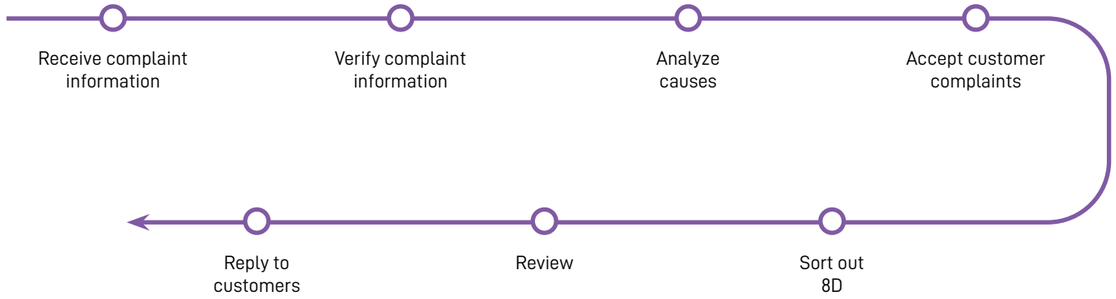


"360-Degree" Marketing Service System

Safeguarding Customer Rights and Interests

The Company places a high priority on the legitimate rights and interests of customers, eliminating any form of false or exaggerated advertising. We have established the *Regulations on Advertising Work Management*, which explicitly outlines compliance requirements for marketing and promotional activities, ensuring the authenticity and accuracy of marketing communication content. We also conduct regular or irregular responsible marketing training for personnel involved in marketing related positions, encouraging employees to uphold the values of integrity and responsibility in marketing to earn customer trust. In 2024, the Company held a total of 14 responsible marketing training sessions, totaling 772 hours, with 638 participants, aimed at helping employees further acquire foundational knowledge of product management, marketing workflows, and business knowledge, enhancing their professional abilities, and consolidating the Company's reputation.

In addition to providing excellent pre-sale and in-sale services, we also place great emphasis on after-sale services. We have developed the *Customer Complaint and Return Control Procedure,* which clarifies the product complaint handling process and specifies the timeliness for addressing related complaints and grievances. We require each business division to adhere to the principle of responding to customer feedback within one working day of receipt, providing an effective assessment within two working days after obtaining complete information, and delivering a solution within five working days based on a procedural service guide, establishing an efficient and professional customer service system for rapid response to customer demands and solutions to customer inquiries. Furthermore, based on verified complaint issues, we require quality-related departments to promptly conduct cause analysis, develop relevant countermeasures, and issue 8D reports, ensuring customer rights and interests while promoting internal quality improvements.



Customer Complaint Handling Process

Customer Complaint Management Information System

Case

In 2024, we upgraded the Customer Complaint Management Information System, standardizing the collection of customer complaint information, ensuring timely transmission of complaint information, professionalizing the customer complaint analysis process, and centralizing the management of customer complaint handling results. This system features an intelligent reminder function designed for customer complaint handling response timeframe, ensuring timely service for every customer. Furthermore, it integrates a one-click statistical function for customer complaint data, providing a decision-making direction for improving product and service quality.

During the Reporting Period, the Company's response rate to customer complaints within the required timeframe reached 100%, achieving the objective of 100% complaint resolution rate as well.

93%
Customer satisfaction rate

100%
Response rate to customer complaints within the required timeframe

Customer Satisfaction

We conduct regular customer satisfaction surveys to continuously track and monitor the quality of our customer service. We have established the *Customer Satisfaction Management Procedure*, formulating and implementing an annual customer satisfaction survey plan. We also implement corresponding improvement measures based on the survey results, thus strengthening the stable cooperative relationship between the Company and its customers. To gain a comprehensive and objective understanding of customer demands and expectations, we utilize diverse survey methods, including questionnaires, regular follow-ups by sales personnel, and executive visits. Additionally, through customer audits, visits, and daily communications, we continuously monitor customer satisfaction and conduct internal analysis and improvements in response to any declines in satisfaction.

In 2024, DMEGC received nearly 400 customer satisfaction survey responses, resulting in a customer satisfaction rate of 93%, maintaining over 90% for four consecutive years. We also received a total of 21 recognition awards from customers throughout the year, fully reflecting the high quality of our products and service capabilities.

04

Collaborative Development and Dynamic Synergy

A responsible and sustainable supply chain system is a vital foundation for achieving high-quality development of the value chain. DMEGC continuously optimizes the lifecycle management process of suppliers, incorporating considerations of ESG factors in the supplier access, management, assessment, and evaluation processes. Through a scientific and efficient supplier management mechanism, we aim to build a win-win responsible ecosystem. We strengthen supplier capability development, focusing on sustainable procurement and green logistics system construction, to promote the green transformation of the supply chain through practical actions.

Supplier Management System

We adopt a global perspective, actively expanding our global supply chain layout, continuously enhancing supply chain resilience and quality, and striving to provide customers with reliable high-quality products.

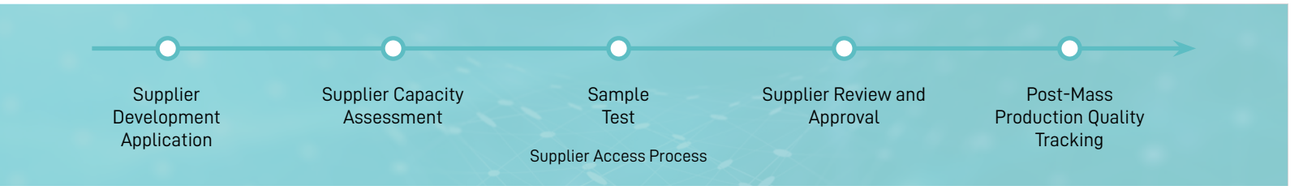
Supply Chain Information Platform

The Company has established a matrix structure for supply chain management that collaborates between the Supply & Purchasing Department and each business division. We promote the standardization and normalization of the supply chain system relying on information platforms such as the Supplier Relationship Management (SRM) system and the Warehouse Management System (WMS), continuously improving supplier management efficiency.

Through the SRM system, we actively deploy and improve modules for supplier management, purchase requests, sourcing & pricing, contract management, order management, and delivery collaboration, achieving lifecycle management of suppliers and providing effective functional support for sustainable sourcing. The Company has built a unified digitized procurement platform across the business chain, covering sectors such as magnetic materials, devices, photovoltaics, and lithium batteries, continuously enhancing internal and external collaboration efficiency.

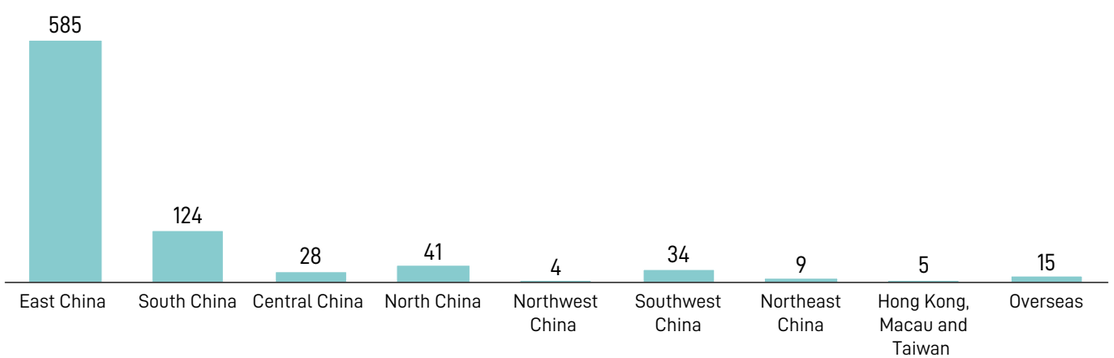
Supplier Access

We formulated policies such as the *Supplier Management Policy* to clearly define the access standards for suppliers, review mechanisms, and relevant supplier management processes, strictly regulating the identification and management requirements for basic supplier information to ensure that supplier quality and management capabilities meet the Company's requirements from the source.



Supplier Access Process

By the end of the Reporting Period, the Company had a total of 845 major raw and auxiliary material suppliers worldwide, including 152 new suppliers added in 2024. All new suppliers were screened based on ESG criteria and 100% signed the *Supplier Code of Conduct*. The following table shows the number of suppliers categorized by region:



Suppliers Categorized by Region

Supplier Evaluation and Assessment

To continually track and monitor supplier performance, and to reduce potential risks in the supply chain, the Company has established a multi-dimensional and multi-phase evaluation and assessment mechanism. Based on the QCDS (Quality, Cost, Delivery, Service) evaluation system, focusing on supplier product quality and services, system construction, and ESG management practices, we employ an assessment mechanism combining various factors such as supplier credit investigations, new supplier access reviews, monthly comprehensive evaluations, irregular audits, and social responsibility audits, to conduct supplier data evaluations and on-site audits, continuously promoting the identification, support, and improvement of supplier issues.

Supplier Monthly Comprehensive Assessment and Evaluation Mechanism

Grade	Score	Result
Level A	91-100	Excellent suppliers can be rewarded with increased procurement allocations, timely payments and priority consideration during eligibility adjustments
Level B	76-90	Suppliers meeting the minimum requirements received no priority consideration when adjusting eligibility
Level C	60-75	Suppliers who receive rectification notices may face limitation or suspension of supply, and possible payment delay
Level D	60 or less	Suppliers are required to rectify within a specified timeframe, facing limitation or suspension of supply, and possible payment delay. Supplier rated as Grade D for 3 consecutive times will be eliminated and blacklisted

Supplier Grading Assessment Standards

During the Reporting Period, a total of 845 suppliers underwent comprehensive reviews, evaluations and assessments by the Company, including 43.7% Grade A suppliers, 46.0% Grade B suppliers, 1.4% Grade C suppliers, and some Grade D suppliers who were disqualified from supplying.

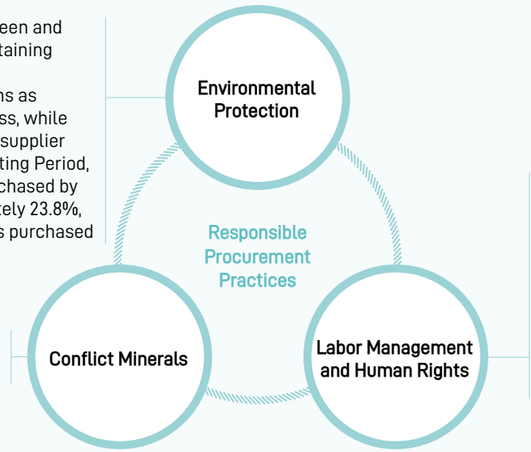
Sustainable Supply Chain

DMEGC is committed to promoting the deep integration of concepts of sustainable development and supply chain management to continuously reduce potential environmental and social risks in the supply chain. By enhancing the due diligence of suppliers and ESG review mechanisms, we promote suppliers to strengthen their social responsibility capacity building, establish green logistics systems, and other robust measures, thereby driving the green transformation and high-quality development of supply chain. During the Reporting Period, the Company was selected for the ESG list jointly initiated by the Consulate General of the People's Republic of China in Frankfurt and Xinhua Net, winning the "Excellent ESG Case Award".

Responsible Procurement

The Company has formulated and publicly issued the *Responsible Procurement Policy,* clarifying the internal responsibilities for sustainable procurement management and setting explicit requirements for suppliers regarding environmental management, human rights protection, and controversial Sourcing management. We are committed to leading the industry supply chain towards sustainable development through responsible procurement standards.

Actively seek suppliers that provides green and low-carbon materials or services, maintaining collaboration with them, and consider environmental compliance qualifications as one of the key criteria for supplier access, while gradually implementing and expanding supplier environmental audits. During the Reporting Period, the total sustainable raw materials purchased by the Company accounted for approximately 23.8%, while the total renewable raw materials purchased accounted for approximately 6.6%.



Eliminating the use of conflict minerals, ensuring that metals do not originate from conflict-affected or high-risk areas

Prioritize cooperation with suppliers certified under the SA8000 system, requiring suppliers to comply with labor and human rights laws and regulations, and promoting a transparent, equitable, safe, and diverse workplace environment.

We uphold the procurement values of "honest, collaborative and mutually beneficial, proactive and efficient", continuously promoting compliance in the procurement team and processes to achieve transparency and accountability in procurement activities. We require suppliers to sign the *Supplier Code of Conduct* during the access phase, committing to comply with regulations pertaining to anti-bribery and corruption, conflicts of interest, anti-unfair competition, anti-monopoly, labor and human rights, and environmental management, thereby clarifying their liability for breach of contract to maintain a fair and just business environment. During the Reporting Period, the proportion of the Company's suppliers signing the *Supplier Code of Conduct* reached 100%.

In terms of internal management, we have developed the *Measures for Gift and Gratuity Handover Management* and the *Basic Code of conduct for Procurement Officers*, establishing a set of "Ten Permits and Ten Prohibitions" basic behavior norms to prevent procurement violations from the source. Additionally, we continuously enhance employees' compliance awareness by using a combination of online and offline training methods, focusing on procurement competencies, regulatory requirements, and system usage. Furthermore, through the standardization, platformization, and transparency of business processes, as well as regular or irregular supervisions, we further promote the business ethical standards in procurement processes, ensuring that the procurement team consistently upholds high professional integrity. For verified violations, we will strictly impose serious penalties on the individuals involved or transfer the case to the relevant authorities for handling according to internal systems. During the Reporting Period, we conducted a total of 19 training sessions for procurement personnel, with 159 participants and a total training duration of 300 hours.

Supplier ESG Audit

The Company has established a supplier ESG audit mechanism to ensure that suppliers' performance in system construction, environmental management, and labor management meets our requirements. Adhering to recognized international ESG standards, we employ various methods such as system audits, questionnaires, and on-site audits to gain in-depth understanding and assess suppliers' ESG management practices. We also provide suppliers with improvement recommendations and targeted support to continuously reduce ESG-related risks in the supply chain based on identified weaknesses.

System Audits

Through regular audits of supplier system construction and maintenance using the *Supplier Management System Evaluation Form, Supplier Quality System Audit Form*, and other tools to ensure that our suppliers comply with ISO 9001, ISO 14001, ISO 45001, and other system certification requirements

Questionnaire Surveys

Conduct monthly and annual reviews of social responsibility of suppliers, mandating suppliers to complete the *Supplier Social Responsibility Audit Form*, and comprehensively assess suppliers' ESG performance across various dimensions including environmental impact, supply chain traceability, labor rights, as well as health and safety

On-site Audits

Conduct annual on-site ESG audits for key suppliers to assess their compliance with environmental management, chemical management, labor and human rights management, safety production, and other aspects. The audits are carried out through on-site inspections, interviews and surveys with employees of suppliers, document reviews, and other procedures. Any audit items found should prompt the implementation of corrective actions and preventive measures by the suppliers

Supplier ESG Audit Mechanism

In 2024, we conducted system audits on 138 suppliers, performed on-site ESG audits on 71 suppliers, conducted online ESG audits on 41 suppliers, and carried out ESG questionnaire surveys on 9 suppliers, while timely urging and following up with relevant suppliers to address the identified risks.

Conflict Minerals Management

The Company places a high priority on conflict mineral management, striving to avoid the use of conflict minerals in the supply chain to ensure that our products do not directly or indirectly support any activities that infringe upon human rights, damage the environment, or contribute to armed conflict.

We have established and publicly issued the *Conflict Minerals Policy,* clarifying the responsible management mechanism for the supply chain, improving conflict minerals risk management and non-compliance handling processes , and continuously promoting responsible mineral procurement to improve the transparency and traceability of the supply chain. Additionally, as a prerequisite for supplier access, we explicitly require all suppliers in the *Supplier Code of Conduct* to refrain from using or selling conflict minerals, and to accurately and truthfully disclose manufacturing and sales information across their entire supply chain. For upstream suppliers with conflict mineral risk, we will promptly take investigation and control measures; if the risk mitigation measures are ineffective, the Company will temporarily suspend or terminate cooperation with such upstream suppliers.

We also require each business division to establish standardized mineral procurement management processes, urging suppliers to complete the CMRT conflict mineral due diligence and conducting on-site visits to suppliers as appropriate. We advance the traceability of material origins through multiple measures to ensure that mineral procurement activities and suppliers' raw material sources comply with our policies and international social responsibility standards. During the Reporting Period, the Company traced the raw materials for a total of 192 types of products, accounting for 56.14%, and conducted conflict minerals due diligence on 87 suppliers throughout the year, achieving a 100% pass rate.

Supply Chain Empowerment

Upholding the principle of collaboration and "win-win", we continuously promote the capacity building of suppliers, actively assisting them in constantly improving social responsibility, green production, and quality enhancement, and working together with industry partners to build a sustainable supply chain ecosystem that fosters co-creation and mutual benefit.

Supplier Capacity Improvement

DMEGC fully leverages its resource and experience advantages in long-term cooperation with suppliers, helping them enhance their management ability through training, technical support, and resource sharing.

We urge suppliers to strengthen their management capabilities in dimensions such as environmental management, labor management, and corporate governance, and to fulfill their social responsibility, collaboratively promoting the sustainable development of the supply chain. In recent years, we have actively initiated and organized ESG-related training for suppliers, continuously providing guidance and consulting for suppliers to build social responsibility systems and enhance their ESG management capabilities. During the Reporting Period, we conducted ESG and capacity enhancement training for a total of 141 suppliers.

Supplier Quality Empowerment

Case

In response to the issue of increased defect rates of supplied materials due to the marks on the backboards, we established a cross-departmental team consisting of R&D personnel, quality related personnel, and SQEs to conduct comprehensive analysis of "materials, machines, personnel, methods, and environment" at suppliers' production sites to precisely identify the root causes of the issues. The company team collaborated with suppliers to develop and implement targeted improvement measures, optimizing production processes and quality control procedures. Through joint efforts, the defect rate of materials significantly decreased, ultimately achieving a zero defect rate, which markedly improved the quality level of the supply chain.

We also urge suppliers to obtain SA8000 certification and plan to make SA8000 certification a prerequisite for supplier access to continuously strengthen the social responsibility of the supply chain. So far, DMEGC has assisted 18 key suppliers to be certified to SA8000 Social Responsibility Management System.

Building Green Logistics

DMEGC regards the establishment of a green logistics system as a key component in achieving sustainable development of the supply chain. We are dedicated to collaborative innovation with suppliers, customers, and other industry partners, continuously optimizing logistics management to empower the green transformation of the supply chain through technology.

Warehouse Intelligent Management

- Upgrade Warehousing Management System (EWMS), enhance the management of warehousing process through digital transformation for intelligent management, and improve overall work efficiency
- Promote the energy transformation of warehousing, with energy-efficient appliances accounting for over 90% of the equipment used in warehousing and give priority to the use of new energy vehicles in storage and transportation, which account for 80%
- All newly constructed warehouses shall prioritize the use of energy-efficient building materials and green refrigeration technologies to reduce embodied carbon emissions in buildings

EWMS Warehousing and Logistics System

Case

The Company has successfully deployed and enabled the EWMS intelligent warehousing and logistics system, marking a crucial step forward in the Company's digital transformation and efforts to build a green supply chain. This system implements comprehensive intelligent upgrades for the finished products warehouse in the solar energy sector, achieving a leap from traditional manual management to digital intelligent management through the standardization of inbound, outbound, return, and exchange processes.

By substituting manual bookkeeping with automated data processing, the EWMS system significantly improves the accuracy of warehousing data, while also fostering paperless office operations and minimizing resource consumption. The system additionally offers operation in the SAAS mode, which not only harmonizes warehousing management processes and standards while boosting operational efficiency but also furnishes comprehensive traceability support for crucial raw materials like modules and silicon wafers, thereby establishing a foundation for enhancing supply chain transparency.

Logistics Optimization Management

- Predict transportation routes in advance and optimize delivery distance and time to reduce carbon emissions from transportation
- Priority should be given to modes of transportation with lower carbon emissions, such as transportation by sea and rail instead of air
- Give priority to the use of new energy vehicles for logistics transportation, and build charging piles in each base

Customized Services for Overseas Logistics

Case

DMEGC continues to advance its global operation network by establishing overseas marketing networks and localized teams to provide customized and localized integrated services to customers. We conduct in-depth analyses of international logistics characteristics and innovatively design low-carbon transportation solutions. By optimizing routes, consolidating frequencies, and promoting the use of clean energy vehicles, we effectively reduce carbon emissions in the supply chain.

In addition, we give priority to suppliers with green logistics service capabilities, promote the application of electric trucks, and build an efficient and environmentally friendly global logistics network to fulfill our commitment to sustainable development.

05

United in Vision, Creating and Sharing Together

DMEGC has always placed the protection of employee rights and interests at the core of corporate development, committed to the professional growth and capability enhancement of every employee. We pay attention to employee health and safety, striving to create a safe and comfortable working environment. Meanwhile, we actively engage in social welfare undertakings, promoting community development through practical actions and working hand in hand with various partners to build a harmonious and inclusive society.

Employee Rights

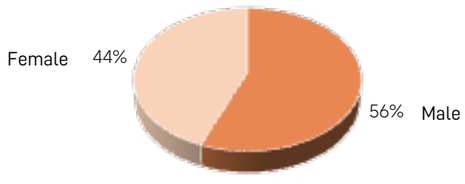
Compliant Employment

The Company strictly adheres to internationally recognized human rights principles such as the *Universal Declaration of Human Rights*, the *Ten Principles of the UN Global Compact*, the *International Labor Conventions*, and the *ILO Declaration on Fundamental Principles and Rights at Work*, as well as local laws and regulations including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Employment Promotion Law of the People's Republic of China*, to respect and safeguard employee rights and interests. We have formulated and publicly disclosed the *Labor & Human Rights Policy*, which clarifies regulations on the protection of employees' basic rights and interests, working hour management, and remuneration and welfare benefits. Additionally, the Company focuses on cultivating human rights awareness among security personnel, conducting 6 training sessions on civilized duty performance, laws and regulations, and professional competence for all security personnel during the Reporting Period, totaling 156 participants and 495 class hours.

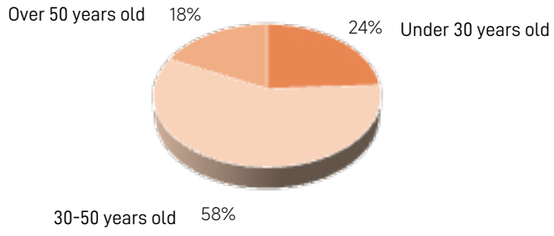
The Company resolutely prohibits the employment of child labor and forced labor. New employees are required to uniformly fill out recruitment registration forms upon entry, and the human resources system automatically alerts against individuals under the age of 16 through second-generation ID card readers to prevent the use of fake IDs. Strict verification of new employees' identity information is conducted to ensure compliance in the employment process. During the Reporting Period, the Company did not experience any incidents of discrimination, harassment, forced labor, or child labor employment.

Diversity and Equality

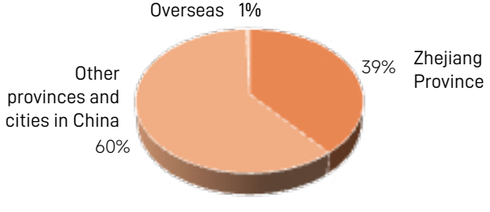
The Company is committed to creating an equal and diverse workplace environment. It has formulated the *Anti-Discrimination Policy* and *Anti-Harassment and Anti-Abuse Policy* to ensure that employees do not face any discrimination based on ethnicity, race, nationality, religious belief, gender, age, disability, marital or parental status. The Company also pays attention to the demands of vulnerable groups, establishing welfare enterprises to provide employment platforms for people with disabilities, and has cumulatively recruited 185 disabled employees. By the end of the Reporting Period, the Company had 18,831 employees.



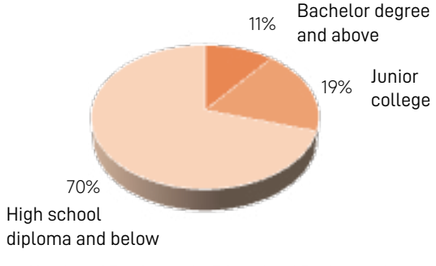
Number of Employees by Gender



Number of Employees by Age



Number of Employees by Work Place



Number of Employees by Educational Background

The Company attaches great importance to the protection of women's rights and strictly adheres to the *Special Rules on the Labor Protection of Female Employees*, providing comprehensive care and development support for female employees. We have established a multi-level and three-dimensional care system for female employees by appointing women directors at the company level, business division level, and factory level to ensure that the demands of female employees are promptly heard and addressed. By the end of the Reporting Period, female employees accounted for nearly 20% of the Company's senior management. During pregnancy, childbirth, and lactation, the Company retains 100% of female employees' original job positions in accordance with the *Special Rules on the Labor Protection of Female Employees* and establishes facilities such as women's health rooms, pregnant women's lounges, and lactation rooms based on the objective conditions of their departments.

We pay attention to the health status of female employees, regularly providing specialized gynecological examinations and enrolling female employees in group health insurance plans to effectively safeguard their physical and mental well-being. Additionally, on occasions such as International Women's Day, the Company sends warm blessings and cash gifts to female employees, expressing sincere gratitude to them.

"Warmth on Women's Day, Love at DMEGC" Parent-Child Activity for Women's Day

Case

In March 2024, the Company hosted the "Warmth on Women's Day, Love at DMEGC" Parent-Child Activity for Women's Day, inviting employees' kids to join in and enjoy heartwarming activities like "parent-child photos", "parent-child fashion shows" and "fun games". The event drew over 800 participants, with parents and kids having a blast and celebrating a wonderful festival brimming with love and joy. This initiative not only demonstrated profound care and appreciation for female employees but also practically supported them in balancing work and family, fostering a harmonious and affectionate corporate environment.

Remuneration and Benefits

Employee Performance

Adhering to the principles of fairness, impartiality, and transparency, the Company has established a performance evaluation system to conduct annual performance assessments and evaluations for all employees. We break down business objectives and key performance indicators hierarchically to the department, team, and individual levels, establishing an objective-oriented evaluation mechanism. During the evaluation process, we require employees to fill out the *Annual Performance Self-Assessment Form* and organize direct and indirect supervisors to conduct performance interviews with employees, providing performance feedback, understanding the progress and challenges in achieving performance objectives, and assisting employees in reaching their objectives. This enables employees to receive comprehensive evaluations and feedback from multiple perspectives, identifying their strengths and development opportunities.

Employee Remuneration

The Company has established a systematic and standardized remuneration system, formulating and implementing the *Remuneration Management Policy*. We offer all employees competitive remuneration packages in the region, structuring remuneration to include fixed remuneration and performance-based incentives to attract and retain top talent. During the Reporting Period, the initial salary standards for employees at major production bases, including Hengdian in Zhejiang, Yibin in Sichuan, Sihong and Lianyungang in Jiangsu, exceeded the local minimum wage by more than 75%.

In terms of long-term incentives, the Company rolled out the third phase of its employee stock ownership plan in 2024, significantly boosting employee motivation and corporate cohesion.

Employee Care and Benefits

The Company has always been committed to providing comprehensive care and benefits to its employees, establishing a non-remuneration benefits plan that covers all employees.

Statutory Welfare

- Various types of leave, including statutory holidays, sick leave, marriage and funeral leave, maternity leave, and annual leave
- Basic pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident fund

Economic Support

- Expatriate allowances such as home-leave allowance, hardship allowance, meal allowance, and accommodation allowance
- Security subsidies such as rental subsidies and housing subsidies

Health Support

- Sports facilities and venues including basketball courts, football fields, table tennis tables, badminton courts, and billiard rooms
- Organization of sports events such as basketball and football tournaments
- AED devices in office and living areas

Life Care

- Additional facilities in employee dormitories such as free internet, parcel lockers, and gas pipelines, as well as prayer rooms and other facilities according to local cultural customs
- Abundant catering services and subsidies, including free meal delivery services, seasonal snack giveaways, and pastry-making training courses

DMEGC Series of Sports Events — Case

The Company proactively organizes a diverse range of sports events, such as employee basketball tournaments and executive volleyball competitions, with the goal of boosting employees' health consciousness and fostering teamwork. These activities not only enrich employees' leisure time but also cultivate a healthy and vibrant corporate culture, enhancing their sense of belonging and unity.

DMEGC "With Passion, Embrace the Mountains and Seas" May Fourth Music Carnival — Case

In May 2024, the Company hosted the "With Passion, Embrace the Mountains and Seas" themed May Fourth Music Carnival, inviting over 600 DMEGC employees and their families to come together at the DMEGC Hotel plaza for a youthful musical celebration.

Meanwhile, we've established a Mutual Aid Association to offer support to employees and their families in times of need. By the end of the Reporting Period, the Company's Mutual Aid Association had distributed a total of RMB 4.1419 million in charity funds, assisting 1,427 individuals in total.

Democratic Communication

The Company fully respects employees' legal rights to freedom of assembly and association and has established the *Employee Freedom of Association Management Policy* and the *Equal Consultation Policy*. By the end of the Reporting Period, DMEGC Labor Union had comprised 12 branch unions, covering 100% of all employees. During the Reporting Period, the labor union, on behalf of employees, signed the *Special Collective Agreement on Company Wages* and *Company Wage-Specific Collective Agreement and Company Collective Agreement* with the Company, safeguarding employees' democratic rights in compliance with the law.

The Company values employees' opinions and grievances and has implemented the *Employee Grievance System*, offering multiple channels for employees to express themselves, such as the General Manager's mailbox, a reporting hotline, a reporting website, and a reporting email, to jointly foster a fair, transparent, and harmonious workplace environment. The Company categorizes and summarizes the collected reports or opinions and formulates targeted solutions. Meanwhile, we have established a comprehensive tracking mechanism to monitor the entire process, ensuring that employees' grievances are promptly addressed and resolved. Additionally, the Company provides one-on-one interviews for new employees, encouraging them to share their opinions and offering support and guidance.

Case Employee Seminar

In December 2024, the Company's office organized multiple employee seminars, with over 300 participants, including frontline employees, workshop supervisors, technical personnel, office directors, factory managers, and management staff. Participating employees put forward 106 valuable opinions and suggestions regarding the Company's management systems, cultural development, and remuneration mechanisms, with over 85% of the suggestions having been effectively resolved. The remaining opinions and suggestions are being continuously followed up and optimized.

Furthermore, we conduct annual employee satisfaction surveys to comprehensively understand employees' expectations and demands across various dimensions, such as human resources, remuneration and benefits, administrative support, and safety planning. During the Reporting Period, we organized the annual "Three Satisfactions" employee survey, achieving an employee satisfaction rate of 97%. In response to the issues raised by employees in the survey, we actively undertook improvement efforts, such as optimizing employee benefits, to continuously enhance employees' work experience. Over the past three years, the turnover rate of employees in core and critical positions at the Company has been below 1.6%.

100%
Coverage of employees by the Labor Union

97%
Employee satisfaction

Employee Development

Career Development

DMEGC places a strong emphasis on the career development and growth of its employees. By establishing internal systems like the *Grading Standards for Technical Staff* and *Management Measures for Incumbency Qualifications*, the Company continually refines its employee selection, evaluation, and promotion mechanisms, fostering a robust employee evaluation and development system. We facilitate diversified career growth for employees by creating both horizontal and vertical career development paths, supporting internal job transfers, and offering employees extensive development opportunities and space.

In 2024, the Company appointed over 120 new cadres through open competition; conducted talent inventory assessments for key positions and overseas talents, identifying training targets for 140 positions at the deputy factory director level and above, 130 professional and technical positions, and 67 overseas business reserve talents. Based on the talent inventory findings, we formulated specialized training plans for reserve talents, providing high-quality talent support for the Company's steady growth and ensuring the development of a talent pipeline.

Additionally, the Company has collaborated with several renowned universities to offer high-quality educational resources to employees through course development, the establishment of training bases, and the formation of teacher teams, achieving sustainable development through the integration of production and research. We have successively established Tsinghua University Graduate Employment Practice DMEGC - Materials Engineering Base in partnership with Tsinghua University, applied to jointly build Zhejiang Materials Professional Industry-education Collaboration Education Platform with Zhejiang Normal University, and collaborated with Dongyang Vocational Education Center and Zhejiang Institute of Mechanical and Electrical Technician to establish industry-education integration training bases, among other initiatives. During the Reporting Period, 182 fresh graduates were recruited through campus recruitment, bolstering the Company's talent pool.

DMEGC and Quzhou College of Technology Launch "Skills + Education" Employee Training Program

Case

DMEGC and Quzhou College of Technology have adopted a "skills + education" dual-certificate school-enterprise cooperation model to initiate an employee training program. Through various courses such as safe and civilized production, the application of MES systems in digital factories, and the fundamentals and applications of industrial robots, they have jointly enhanced employees' professional skills and vocational capabilities. In 2024, 59 individuals graduated with junior college and 35 with bachelor's degrees from this program, with the Company reimbursing a total of RMB 317,500 in tuition fees for employees.

The Company supports employees' career development and has achieved numerous honorary accomplishments. During the Reporting Period, one employee from DMEGC was awarded the "2022-2023 Advanced Individual in the Competition to Faithfully Implement the 'Double Eight Strategies' and Strive to Build an 'Important Window'", 2 employees were honored as "Zhejiang Craftsmen" in 2023, and 5 employees were simultaneously awarded the honorary titles of "Bawu Golden Craftsman" and "Dongyang Craftsman".

150+	58 individuals	337 individuals
Internal job promotions	External talent acquisition	Specialized talent development

Employee Training

The Company acknowledges that enhancing employee capabilities is a vital driver of corporate growth. We've established a three-tier training management system covering all employees, tailoring training courses closely aligned with their roles at different levels to help them improve their professional skills and overall competencies, fostering mutual growth between individuals and the Company. During the Reporting Period, the total number of employee training hours reaches 411,900 hours, with an average of 21.88 hours per employee, and the coverage rate is 100%.

411,900	21.88 hours	100%
Employee training hours	Average per employee	Coverage rate

General Training

The Company values the holistic development of its employees and provides general education and training encompassing corporate culture, professional ethics, laws, and regulations for all staff. Through systematic course design, we assist employees in enhancing their overall competencies and laying a solid foundation for personal growth and corporate development. During the Reporting Period, this module conducted 59 training sessions, totaling 8,400 hours and involving 2,891 participants.

Four-stage Training for Newly Recruited College Graduates

Case

We offer a new employee orientation training program for newly recruited college graduates, aiding their rapid integration into the Company through systematic general training. The training content covers corporate culture, Company policies and procedures, general work methods and skills, and professional competencies, comprehensively enhancing the overall abilities of new hires. The training is divided into four stages, adopting a phased learning model where employees must pass the assessment of the preceding stage before advancing to the next, ensuring robust training outcomes. Additionally, the Company provides a mentorship program where experienced mentors offer guidance to help new employees grow swiftly in practice and lay a solid foundation for their career development.

Professional Competency Training

The Company offers customized professional competency training for employees, ensuring that the training content aligns with actual demands through internal and external expert lectures, practical exercises, and case analyses. These trainings not only enhance employees' professional qualities but also bolster the overall competitiveness of the team, providing a solid talent foundation for the Company's steady growth. In 2024, this module conducted 2,888 training sessions, totaling 87,192.9 hours and involving 60,800 participants.

Six Sigma Training Program

Case

The Company systematically implements Six Sigma training programs, offering differentiated training for employees at various levels. Yellow Belt training is provided for managers at the team leader level and above, while Green Belt and Black Belt training are offered for personnel in production, quality, technology, and equipment, continuously elevating the Company's lean management standards.

In 2024, the Company executed 20 Six Sigma projects, with 271 individuals completing Yellow Belt training, and 3 Black Belts and 17 Green Belts passing certification by the China Association for Quality, collectively generating economic benefits exceeding RMB 70 million.

Intelligent Manufacturing Talent Cultivation

Case

The Company continuously refines its skills talent cultivation system, focusing on the demands of intelligent manufacturing transformation, and systematically conducts professional skills training such as mechatronics, electrical equipment installation, and digital and intelligent equipment engineering, enhancing employees' professional abilities in areas like intelligent equipment operation, equipment maintenance, and digital application, reserving outstanding talents for the Company's digital transformation and development.

Overseas Employee Training

Case

The Company continuously refines its overseas talent cultivation system, conducting specialized training for overseas employees in areas such as corporate culture inheritance, interpersonal relationship management, overseas cross-cultural communication, technical mentoring, and micro-course development, helping employees quickly integrate into local teams, improve work efficiency, and promote the localization of overseas business.

Leadership Training

The Company establishes a multi-level leadership development system, conducting leadership enhancement programs such as strategic management, innovative thinking, and team building for managers at all levels, continuously improving the overall qualities of the management team and reserving outstanding talents for the Company's sustainable development. In 2024, this module conducted 260 training sessions, totaling 26,166.7 hours and involving 9,672 participants.

Training Program	Applicable Employees	Teaching Focus
DMEP Class	All Employees	Facilitate the growth of future leaders by offering courses in production management, quality management, employee management, and mindset management.
Workshop Director Advance Camp	Current Workshop Directors	Enhance the comprehensive management capabilities of workshop supervisors through courses in leadership development, process management, problem analysis and resolution, basic financial knowledge, talent cultivation, and safety and environmental management.
Huangpu Program	Management Trainees, Business Backbones	Accelerate the development of key talents by offering courses in strategic management, production and quality control, sales management, financial management, leadership enhancement, personnel management and development, internationalization, and cognitive upgrading, coupled with mentorship and guidance.
Successor Training	Talent Inventory Cultivation Targets	Address capability shortcomings such as lack of project management skills and insufficient influence and rallying power through courses in the ten skills of managers, presentation skills, project management, team building, mental breakthroughs, and communication management.

Health and Safety

The Company strictly complies with laws and regulations, including the *Work Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, establishing a standardized occupational health and safety management system. Through regular safety training and awareness initiatives, we comprehensively enhance employees' safety awareness and emergency response capabilities, ensuring their health and safety.

Workplace Safety

The Company adheres to the workplace safety management principle of "emphasizing on safety and prevention in comprehensive management". During the Reporting Period, we revised the *Safety Production Management System* and the *Fire Safety Hierarchical Management System* in accordance with the actual business and production situations and introduced the *Change Management Safety System* and the *Electrical Safety Management System*, continuously refining our workplace safety framework. We also prioritize contractor safety management and have developed the *Contractor Safety Management Policy*, clarifying responsibilities and requirements for contractor safety oversight.

The Company has established a robust three-level safety management organizational structure, centered around the Production Safety Committee, fostering a workplace safety system characterized by "each one of each level assuming respective responsibilities". To effectively implement workplace safety responsibilities, the Company promotes a comprehensive safety accountability system, regularly conducting workplace safety objective evaluations for each factory to ensure the effective execution of various measures. For high-risk positions, the Company has implemented a long-term management approach, strictly requiring production personnel to be certified and operate in accordance with standards, eliminating safety hazards at their source. During the Reporting Period, the Company did not encounter any major workplace safety incidents, such as chemical spills or special equipment accidents.

Company Level

- Safety Production Management Committee

Business Divisions Level

- Various Business Divisions
- Independent Factory Production Management
- Process Technology Management
- Engineering Construction Management
- Safety subcommittees for Professional Safety such as Equipment Management

Factory Level

- Safety Production Leadership Group

Company Safety Management System

Adhering to the principle of " horizontal to the edge, vertical to the end ", the Company has established a comprehensive safety responsibility system that extends from the Company's top management to departments and then to frontline employees by signing the *Work Safety Management Responsibility Letters* at all levels, ensuring that safety responsibilities are effectively implemented at every level. In April each year, the Company conducts safety and occupational health risk source identification across the entire Company. Based on the identification results, the Company fully implements the compilation of "Two Lists and Three Cards", requiring each factory to complete the compilation of the List of Safety Responsibility System, the List of Safety Production/Occupational Disease Risks, the Safety Operation Card, the Hidden Danger Investigation Card, and the Emergency Response Card for all positions. This clarifies the steps for safe production, systematically avoids hidden safety issues, and creates a safe, healthy, and reliable working environment for employees.

At the same time, the Company carries out various forms of hazard investigation and treatment work every year, including daily inspections, pre-holiday inspections, special inspections, and seasonal inspections, to comprehensively strengthen the safety defense line. In response to issues identified during inspections, the Company rigorously implements closed-loop management to ensure that every potential hazard is thoroughly addressed. During the Reporting Period, a total of 448 safety inspections were conducted by the Company, with a hazard rectification rate of 97%.

Comprehensive Safety Inspection Campaign — Case

In September 2024, DMEGC conducted a cross-check of safety production across the entire Company. Inspection teams delved into front-line operations, examining all aspects of production safety, fire safety, environmental safety, and building safety. This thorough review covered every location, facility, material, and process to enhance all employees' awareness of safety production and fortify the line of defense of safety production.

By the end of the Reporting Period, 9 operational sites of the Company and its major production-related subsidiaries obtained the ISO 45001 Occupational Health and Safety Management System certification, with a coverage rate of 60%. During the Reporting Period, DMEGC recorded no fatalities or severe injuries from work-related accidents.

Occupational Disease Protection

To safeguard employees' occupational health and legal rights, the Company has established a comprehensive occupational disease prevention system. It has developed a series of internal policies, including the *Occupational Health Management Policy*, the *Occupational Disease Protective Equipment Management Policy*, the *Warning and Notification Policy of Occupational Disease Hazards*, and the *Occupational Disease Hazard Prevention and Control Responsibility Policy*, to prevent, control, and eliminate occupational hazards. Additionally, the trade union and employee representatives actively participate in identifying sources of occupational health risks. They oversee occupational health related work, including facility and equipment technology upgrades, distribution of labor protection articles, employee occupational health check-ups, and education and training on occupational disease prevention. These efforts aim to effectively prevent, control, and eliminate occupational hazards.

Occupational Hazard Identification	Occupational Health Notification	Archives of Occupational Health
Strictly implement the "Three Simultaneities" acceptance for occupational health facilities, which requires that occupational prevention facilities be designed, constructed, and put into operation simultaneously with the main project; regularly monitor and assess the distribution, concentration, and intensity of occupational hazards, identify potential risks, and take corresponding protective measures; Reduce occupational hazards through optimizing production processes, upgrading machinery and equipment, and adopting advanced technologies.	Improve occupational health notice boards, occupational hazard notification cards for job positions, and warning signs; Provide safety education and operational guidance for employees exposed to occupational hazards, and distribute personal protective equipment (PPE) in accordance with legal requirements and actual needs for standardized management of its selection, allocation, usage, maintenance, and scrapping.	Provide pre-employment, on-the-job, and post-employment occupational health examinations to achieve health management throughout the entire employment cycle; Establish and improve six key records for occupational health management to fully safeguard employees' occupational health and legal rights.

During the Reporting Period, no occupational disease cases were reported at the Company. The coverage rate for occupational health monitoring and the participation rate for occupational health examinations both reached 100%.

448	97%	100%	100%
Cumulative safety inspections conducted	Hazard rectification rate	Occupational health monitoring coverage rate	Occupational health examination rate

Chemical Safety Management

Effective management of hazardous chemicals is crucial to the life safety of employees. The Company has formulated a series of internal management policies, such as the *Hazardous Chemicals Safety Management Policy*, the *Explosive Chemicals Management Policy* and the *Precursor Chemicals Management Policy.* It has also built a multi-department collaborative mechanism for chemical risk control. Through the safety departments at the Company, business divisions, and factories, comprehensive management of chemicals is implemented at every stage, including design, procurement, usage, storage, disposal, and scrapping, to ensure the safe use of chemicals.

The Company established a "zero-incident" management objective and implemented comprehensive management and control across all stages of chemical management, including design, procurement, usage, and scrapping. We strictly adhere to national requirements for chemical management and control, display chemical inventories and incompatibility charts on-site, and provide ample emergency response materials for chemical incidents. We also mandate that operators be certified to ensure safe and compliant operations. Additionally, we regularly conduct safety hazard checks for chemical hazards and specialized emergency drills for chemical leaks. For identified issues and risk points, we take measures such as upgrading equipment safety protections and enhancing safety awareness to effectively avoid risks.

Furthermore, the Company places great emphasis on reducing and substituting chemicals. We actively pursue technological innovation and process optimization, ensuring the health of employees and environmental safety at the source.

Sichuan DMEGC Chemicals Reduction Initiative

Case

During the Reporting Period, Sichuan DMEGC launched a special initiative to reduce chemical consumption. Through three key steps which are cause analysis, countermeasure development, and implementation effectiveness verification, the initiative effectively lowered the usage of hydrogen peroxide, hydrofluoric acid, and sodium hydroxide. This not only reduced employee exposure risks but also minimized environmental pollution hazards. The initiative achieved a 58.1% reduction in chemical consumption per unit of product. In the future, we will further advance our efforts to reduce chemical usage. We plan to introduce new eco-friendly, consumption-reducing additives and establish a waste acid recycling system to enable the circular use of waste acid from graphite boat cleaning. These measures will continue to enhance the efficiency of chemical usage and create a safer and healthier working environment for our employees.

Safety Culture Construction

The Company actively promotes the safety culture construction. Through systematic training and diversified publicity, we continuously enhance the safety awareness and emergency response capabilities of all employees, laying a solid foundation for safe production and operation. The Company has actively carried out a variety of themed publicity campaigns, including the Occupational Disease Prevention Law Publicity Week, Safety Publicity Month, and the "Universal Fire Safety, Life First" Fire Safety Month, to create a safety culture atmosphere in which everyone participates.

We have established a multi-level safety and environmental protection training system, covering the company level, business division level, factory level, and workshop level, to ensure that safety training is implemented at every level and involves all employees. In line with the annual training plan and the demands of each unit, we have organized a range of safety training programs and evidence-collection activities, including training for key personnel and safety managers, hazardous chemical managers, and training of eight special operations. During the Reporting Period, we conducted a total of 3,730 employee safety training sessions, covering 139,733 participants, with a total training duration of 212,172 hours.

3,730 times	139,733	212,172 hours
Employee safety training	Training participants	Total training duration

DMEGC's "Capacity Building for All Employees to Respond to Initial Fires" Special Campaign

Case

During the Reporting Period, we organized production line employees, Emergency Response Team (ERT) members, and management personnel to participate in the "Capacity Building for All Employees to Respond to Initial Fires" special campaign. By combining theoretical training with practical drills, we systematically improved employees' ability to respond to initial fires, thereby enhancing overall safety awareness and emergency response capabilities and providing strong support for safe production.

Community Contributions

DMEGC adheres to the philosophy of "striving to be the most socially responsible enterprise". Through diverse public welfare practices such as supporting rural revitalization, organizing charitable donations, and mobilizing employee volunteer services, we join hands with the communities to build a better home, support rural development, and promote coordinated regional growth. We are committed to fostering the socio-economic sustainable development in our operational areas by prioritizing the employment of local workers and advancing local procurement, thereby continuously creating value for communities. Meanwhile, we have formulated and released the *DMEGC Community Relations Policy,* respecting and safeguarding the rights and interests of local communities and indigenous peoples, and actively building mutually trusting and win-win community relationships.

Rural Revitalization

To promote coordinated regional development, the Company headquarters actively recruited personnel from central and western regions and continued to expand its industrial layout in these areas, thereby boosting local employment and injecting new momentum into regional economic growth. By the end of 2024, the Company employed 1,341 people from central and western regions, with an annual payment of remuneration of RMB 266 million.

DMEGC actively responded to the national strategy and vigorously implemented rural assistance initiatives. The Company established leadership groups for "2024 Civilized Unit Building Initiative" and "100+100 Partnership for Civilized Development Program", and comprehensively carried out rural support efforts. In 2024, the Company made donations to the Huoshan Charity Association and Meigu County in Liangshan Yi Autonomous Prefecture, Sichuan Province. It also invested in constructing community roads in overseas operational areas and participated in the "Mountain-Sea Cooperation" project by purchasing agricultural products. The total expenditure for these activities exceeded RMB 1 million.

Public Welfare Action

Volunteer Services

The Company has always been committed to making contributions to the people and giving back to society, encouraging employees to actively engage in public welfare activities and to convey warmth and hope through concrete actions. We organized blood donation activities for employees, safeguarding lives with our passion and dedication. We also launched the "Care for the Elderly" condolence activities, donating daily necessities and bricks for construction to nursing homes, bringing warmth and care to the elderly. In addition, the Company organized volunteer services at high-speed railway stations, providing consultations and assistance to passengers, helping to create a comfortable and orderly travel environment, and fulfilling our firm commitment to building a better society through practical actions. In 2024, the Company organized 11 volunteer activities, with a total of 663 employee volunteers participating.

Volunteer Activities for Ecological Protection — Case

In 2024, the Company actively embraced the concept of environmental protection by organizing the "Green Future" themed tree-planting activities and multiple environmental clean-up volunteer services. In November, the Company organized tree-planting activities for employees to fulfill its commitment to ecological protection with practical actions. In July and November, volunteers were organized to carry out urban litter cleanup campaigns. Through continuous environmental protection volunteer services, DMEGC has joined hands with its employees to safeguard the ecological environment of the surrounding communities and jointly create a green and livable home.

Volunteer Activities for the BOC Cup Hengdian Marathon — Case

On November 24, 2024, the Company organized a team of employee volunteers to provide comprehensive event services for the 28,000 runners participating in the 2024 Bank of China Cup Hengdian Marathon, ensuring the smooth operation of all event-related tasks and contributing to a safe, orderly, and exciting running experience for the participants.

Support for Education

DMEGC collaborates with schools to launch knowledge-sharing activities on campus, igniting students' innovative thinking and passion for exploration through scientific practice, and providing robust support for their future growth and development.

2024 DMEGC "Bringing Knowledge into Campus" Series Activities — Case

In 2024, the Company's doctoral team visited the Second Primary School of Hengdian Town to conduct the "Science Popularization on Campus, Igniting the Dream of Science" themed activity. Through engaging and interesting explanations of magnetic materials and lithium battery knowledge, they sparked the students' enthusiasm for exploring science.

To foster innovation awareness among middle school students, the Company invited students from Zhejiang Dongyang High School to visit its smart factory. Themed "With Stars in Hearts, Guided by Light", the event showcased the Company's development journey and automated production processes. It allowed young people to experience up close the intelligent manufacturing charm of a "Future Factory", igniting their dreams of technological innovation.

In the higher education sector, DMEGC partnered with Zhejiang Normal University to implement industry-education integration practices. They innovated a two-way interactive model combining "theoretical teaching and production practice", guiding college students to deeply understand cutting-edge technologies in magnetic and photovoltaic materials. This approach cultivates innovative thinking and practical skills, preparing outstanding talents for the industry.

Appendix I: Key Performance Indicators

Indicators	Unit	2024	2023	2022
Economics				
Total assets	RMB 100 million	242.12	212.08	176.14
Net assets attributable to shareholders of listed companies	RMB 100 million	100.82	90.15	77.56
Operating income	RMB 100 million	185.59	197.33	194.53
Net profits attributable to shareholders of listed companies	RMB 100 million	18.27	18.18	16.68
Operating cash flow	RMB 100 million	35.22	39.00	28.87
Total taxes	RMB 100 million	9.10	11.12	8.45
Basic earnings per share	RMB/share	1.1335	1.1277	1.0306
Weighted average return on net assets[9]	%	19.41	22.07	23.25
Governance				
Percentage of employees trained on business ethics issues	%	100	100	100
Number of reports generated by the whistleblower process	/	1	2	1
Number of recognized corruption incidents	/	0	3	0
Number of recognized information security incidents	/	0	0	0
Environment				
GHG Emissions				
Total GHG (Scope 1 and 2) emissions	tCO_2e	615,099.80	845,075.78	755,416.72
GHG (Scope 1 and 2) emission intensity	tCO_2e/million revenue	33.14	42.85	38.82
Direct GHG (Scope 1) emissions	tCO_2e	86,043.98	70,981.59	78,437.81
Direct GHG (Scope 1) emission intensity	tCO_2e/million revenue	4.64	3.60	4.03
Indirect GHG (Scope 2) emissions	tCO_2e	529,055.82	774,094.19	676,978.90
Indirect GHG (Scope 2) emission intensity	tCO_2e/million revenue	28.51	39.25	34.79
Total GHG emission reduction of the Company (emission reduction contribution)	tCO_2e	33,500.5	36,323.68	20,143.70
Energy Consumption				
Total energy consumption	tce	250201.52	192,677.35	167,541.56
Comprehensive energy consumption intensity				
Magnetic material products	tce/ton	0.5628	0.5706	0.5797
PV modules	tce/MW	1.9724	2.1777	2.1254
Lithium battery products	tce/10,000 pieces	0.5235	0.6062	0.6640
Comprehensive energy consumption intensity	tce/million revenue	13.48	9.77	8.61
Direct energy consumption				
Natural gas	10,000m^3	3,938.89	3,247.79	3,597.10

9 During the current period, the Company acquired 100% ownership of a subsidiary through a business combination under common control, with corresponding retrospective adjustments made to the financial statements of prior years.

Indicators	Unit	2024	2023	2022
Indirect energy consumption				
Purchased electricity	MWh	1,456,694.50	1,130,719.55	960,498.75
Purchased steam	Ton	124,971.00	122,665.13	71,703
Renewable energy consumption				
Renewable energy consumption	MWh	408,971.51	52,807.44	2,228.23
Purchased green electricity	MWh	387,528.51	30,217.19	/
Self-generated and self-used green electricity	MWh	21,443.00	22,590.25	/
International Green Certificates for Hydropower	MWh	269,000.00	50,000.00	/
Water Consumption				
Total water consumption	10,000 tonnes	644.73	555.46	422.07
Water consumption intensity	10,000 tonnes/million revenue	0.035	0.028	0.021
Wastewater Discharge				
Total wastewater discharge	10,000 tonnes	500.87	360.87	292.08
Wastewater discharge intensity	10,000 tonnes/million revenue	0.027	0.018	0.015
Main wastewater pollutants				
Chemical oxygen demand (COD)	tonnes	116.88	156.27	124.93
Ammonium nitrogen	tonnes	10.24	15.39	13.27
Air Emissions				
Total major air pollutants emissions	tonnes	68.68	67.75	78.69
Air emission intensity	ton/million revenue	0.0037	0.0034	0.0040
Air emissions - Sulfur Oxides (SO_2)	tonnes	6.84	6.05	5.39
Air emissions - Nitrogen Oxides (NO_x)	tonnes	61.84	61.7	73.3
Waste Discharge				
Total waste	tonnes	39,140.24	37,033.24	35,132.61
Waste intensity	ton/million revenue	2.11	1.88	1.8
General waste	tonnes	38,661.01	36,619.49	34,773.85
Hazardous waste	tonnes	479.23	413.75	358.76
Comprehensive utilization rate of general waste	%	92.62	82.39	73.23
Hazardous waste disposal rate	%	100	100	100
Total waste recycled	tonnes	35,808.61	30,170.80	25,464.89

Indicators	Unit	2024	2023	2022
Environmental Management				
Percentage of sites with environmental risk assessments	%	100	100	100
Percentage of sites that have passed ISO 14001 and other environment-related certifications	%	80	87	/
Percentage of employees trained on environmental issues	%	100	100	100
Society				
R&D Innovation and Product Responsibility				
Amount of R&D investment	RMB 100 million	7.22	8.77	9.39
Proportion of the R&D investment to revenue	%	3.89	4.45	4.83
Number of newly granted invention patents	Pcs	63	108	117
Number of newly granted utility model patents	Pcs	72	151	175
Number of newly authorized design patents	Pcs	4	5	15
Total number of newly granted patents	Pcs	139	264	306
Percentage of products recalled for environmental, health and safety reasons	%	0	0	0
Supply Chain Management				
Total number of target suppliers	/	845	693	549
Percentage of target suppliers that have signed the *Supplier Code of Conduct*	%	100	100	100
Percentage of target suppliers contracted with clauses covering environmental, labor and human rights requirements	%	100	100	100
Percentage of target suppliers that have undergone CSR assessment	%	25.44	25.69	26.96
Percentage of target suppliers that have undergone CSR on-site audits	%	10.30	11.26	16.76
Percentage of procurement personnel that have been trained in sustainable sourcing	%	100	100	100
Percentage of assessed suppliers engaged in corrective actions or capacity improvement	%	100	100	100
Employee Management				
Total number of employees	person	18,831	18,416	16,121
Percentage of employees covered by formal collective agreements on working conditions	%	75	82.91	94.71
Percentage of employees covered by duly elected employee representatives	%	100	100	100
Percentage of sites that have undergone a human rights review or human rights impact assessment	%	51.06	52.50	52.50
Percentage of employees covered by a living wage benchmarking analysis	%	100	100	100
Percentage of employees paid below living wage	%	0	0	0
Ratio of the annual total compensation for the highest paid individual, to the median annual total compensation for all employees	/	16.04	12.29	21.11
Percentage of employees covered by social security	%	100	100	100
Number of incidents of child or forced labor	/	0	0	0

Indicators	Unit	2024	2023	2022
Percentage of women employed	%	43.9	45.39	43.06
Percentage of women in senior management positions	%	16.67	22.22	17.14
Percentage of women board members	%	14.28	14.28	14.28
Average unadjusted gender pay gap[10]	%	78.7	86.75	87.1
Percentage of employees[11] from disadvantaged groups	%	0.98	0.59	0.33
Percentage of employees who have received training on diversity, discrimination and harassment	%	100	100	100
Average hours of training provided for employees	hours	1.56	1.74	1.63
Percentage of employees who have undergone regular performance and career development reviews	%	100	100	100
Percentage of employees with vocational or skill-related training	%	100	100	100
Number of employees participated in career development training	person	11,717	5,286	6,131
Number of employees with personal development plans	person	18,831	18,416	16,121
Number of days lost due to work-related injuries	days	530	1,864	390
Number of work-related incidents	/	9	18	26
Number of employee health and safety training	/	3,730	2,446	1,119
Total hours of employee health and safety training	hours	212,172.15	204,207	180,126
Percentage of employees who have participated in health and safety training	%	100	100	100
Percentage of sites with employee health and safety risk assessments	%	100	100	100
Percentage of employees represented by the health and safety committee	%	100	100	100
Social Welfare				
Investment in rural revitalization	RMB 100 million	2.66	2.27	2.02
Number of volunteers	person	663	420	420
Number of public welfare projects	/	11	3	4
Number of employees participating in public welfare	person	663	990	640
Number of recipients in public welfare	person	41	71	66

10 Average gross hourly earnings of female employees as a percentage of average gross hourly earnings of male employees.

11 The Company's employees from disadvantaged groups are mainly employees with disabilities.

Appendix II: Indicator Indexes

GRI Content Index

Disclosures	Disclosure topics	Index of sessions	Page Index
General Criteria			
GRI 1: Foundation 2021			
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	About DMEGC	7-8
2-2	Entities included in the organization's sustainability reporting	About This Report	3-4
2-3	Reporting period, frequency and contact point	About This Report	3-4
2-4	Restatements of information	About This Report	3-4
2-5	External assurance	Appendix III: Independent Assurance Statement	107-108
Activities and workers			
2-6	Activities, value chains and other business relationships	About DMEGC Global Operations Supplier Management System	7-8 9-10 75
2-7	Employees	Employee Rights	83
2-8	Workers who are not employees	Supplier Management System	75
Governance			
2-9	Governance structure and composition	Corporate Governance	23
2-10	Nomination and selection of the highest governance body	Corporate Governance	23
2-11	Chair of the highest governance body	Corporate Governance	23
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance	23
2-13	Delegation of responsibility for managing impacts	Corporate Governance	23
2-14	Role of the highest governance body in sustainability reporting	ESG Governance	15-16
2-15	Conflicts of interest	Business Ethics	29
2-16	Communication of critical concerns	ESG Governance	15-16
2-17	Collective knowledge of the highest governance body	ESG Governance	15-16
2-18	Evaluation of the performance of the highest governance body	ESG Governance	15-16
2-19	Remuneration policies	Employee Rights	85
2-20	Process to determine remuneration	Employee Rights	85
2-21	Annual total compensation ratio	Appendix I: Key Performance Indicators	101

Disclosures	Disclosure topics	Index of sessions	Page Index
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	ESG Strategic Plan	17
2-23	Policy commitments	Sections of this report	/
2-24	Embedding policy commitments	ESG Governance	15-16
2-25	Processes to remediate negative impacts	Business Ethics	29
2-26	Mechanisms for seeking advice and raising concerns	Stakeholder Engagement	18
2-27	Compliance with laws and regulations	Sections of this report	/
2-28	Membership associations	Innovation-Driven Leadership	59
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Stakeholder Engagement	18
2-30	Collective bargaining agreements	Employee Rights	87
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Materiality Assessment	19-20
3-2	List of material topics	Materiality Assessment	19-20
3-3	Management of material topics	Materiality Assessment	19-20
Topic Standards			
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	ESG Key Figures and Recognition Appendix I: Key Performance Indicators	11 99
201-2	Financial implications and other risks and opportunities due to climate change	Response to climate change	41-42
201-3	Defined benefit plan obligations and other retirement plans	Employee Rights	85
201-4	Financial assistance received from government	N/A	/
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Appendix I: Key Performance Indicators	101
202-2	Proportion of senior management hired from the local community	Incomplete/unavailable information	/
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	N/A	/
203-2	Significant indirect economic impacts	N/A	/
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Incomplete/unavailable information	/
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Business Ethics	29
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics	30
205-3	Confirmed incidents of corruption and actions taken	Business Ethics	29
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Risk Management	27-28

Disclosures	Disclosure topics	Index of sessions	Page Index
GRI 207: Tax 2019			
207-1	Approach to tax	N/A	/
207-2	Tax governance, control, and risk management	N/A	/
207-3	Stakeholder engagement and management of concerns related to tax	Stakeholder Engagement	18
207-4	Country-by-country reporting	N/A	/
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	Resource Management Appendix I: Key Performance Indicators	50 100
301-2	Recycled input materials used	Resource Management Appendix I: Key Performance Indicators	49 100
301-3	Reclaimed products and their packaging materials	Resource Management Appendix I: Key Performance Indicators	49 100
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	Resource Management	46
302-2	Energy consumption outside of the organization	Resource Management	46
302-3	Energy intensity	Resource Management	46
302-4	Reduction of energy consumption	Resource Management	45-46
302-5	Reductions in energy requirements of products and services	Resource Management	45-46
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Resource Management	47-48
303-2	Management of water discharge related impacts	Resource Management	47-48
303-3	Water withdrawal	Resource Management	47-48
303-4	Water discharge	Resource Management	47-48
303-5	Water consumption	Resource Management	47-48
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Protection	38-39
304-2	Significant impacts of activities, products and services on biodiversity	Environmental Protection	38-39
304-3	Habitats protected or restored	N/A	/
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A	/
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Response to climate change	44
305-2	Energy indirect (Scope 2) GHG emissions	Response to climate change	44
305-3	Other indirect (Scope 3) GHG emissions	Incomplete/unavailable information	/
305-4	GHG emissions intensity	Response to climate change	44
305-5	Reduction of GHG emissions	Response to climate change	44
305-6	Emissions of ozone-depleting substances (ODS)	Incomplete/unavailable information	/
305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	Emission Management	53

Disclosures	Disclosure topics	Index of sessions	Page Index
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Emission Management	53-54
306-2	Management of significant waste related impacts	Emission Management	53-54
306-3	Wastes generated	Emission Management	53-54
306-4	Wastes diverted from disposal	Emission Management	53-54
306-5	Waste directed to disposal	Emission Management	53-54
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain	77-78
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain	77-78
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Employee Rights	87
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights	85
401-3	Parental leave	Employee Rights	84
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	N/A	/
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Health and safety	93-94
403-2	Hazard identification, risk assessment, and incident investigation	Health and safety	93-94
403-3	Occupational health services	Health and safety	93-94
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety	93-94
403-5	Worker training on occupational health and safety	Health and safety	96
403-6	Promotion of worker health	Employee Rights Health and safety	85-86 93-96
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety	93-96
403-8	Workers covered by an occupational health and safety management system	Health and safety	93-94
403-9	Work-related injuries	Health and safety	94
403-10	Work-related ill health	Health and safety	94
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Employee Development	90
404-2	Programs for upgrading employee skills and transition assistance programs	Employee Development	90-92
404-3	Percentage of employees receiving regular performance and career development reviews	Appendix I: Key Performance Indicators	102
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Corporate Governance Employee Rights	24 83-84
405-2	Ratio of basic salary and remuneration of women to men	Appendix I: Key Performance Indicators	102

Disclosures	Disclosure topics	Index of sessions	Page Index
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Employee Rights	83-84
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employee Rights	87
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Employee Rights	83
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Rights	83
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedure	Employee Rights	83
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous people	N/A	/
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development program	Community Contributions	97-98
413-2	Operations with significant actual and potential negative impacts on local communities	N/A	/
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Sustainable Supply Chain	77-78
414-2	Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain	77-78
GRI 415: Public Policy 2016			
415-1	Political contributions	N/A	/
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	Quality Orientation	67-68
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Quality Orientation	67-68
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	Customer Services	71
417-2	Incidents of non-compliance concerning product and service information and labeling	Customer Services	71
417-3	Incidents of non-compliance concerning marketing communications	Customer Services	71
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Privacy Protection	31

UNGC Principle Index

UNGC Principle	Corresponding section
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	United in Vision, Creating and Sharing Together
Principle 2: make sure that they are not complicit in human rights abuses.	United in Vision, Creating and Sharing Together
Labour	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	United in Vision, Creating and Sharing Together
Principle 4: the elimination of all forms of forced and compulsory labour;	United in Vision, Creating and Sharing Together
Principle 5: the effective abolition of child labour; and	United in Vision, Creating and Sharing Together
Principle 6: the elimination of discrimination in respect of employment and occupation.	United in Vision, Creating and Sharing Together
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Eco Friendliness and Low-carbon Future
Principle 8: undertake initiatives to promote greater environmental responsibility; and	Eco Friendliness and Low-carbon Future
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Eco Friendliness and Low-carbon Future
Anti-corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Governance Foundation and Stable Operations

Appendix III: Independent Assurance Statement

INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No: SRA-824220

Hengdian Group DMEGC Magnetics Co., Ltd.
2024 Environmental, Social and Governance Report

The British Standards Institution is independent of Hengdian Group DMEGC Magnetics Co., Ltd., and its subsidiaries (hereafter referred to as "Hengdian DMEGC" collectively in this statement), and has no financial interest in the operation of Hengdian Group DMEGC Magnetics Co., Ltd. other than for the assessment and assurance of Hengdian DMEGC's 2024 Environmental, Social and Governance Report (the "ESG Report").

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of 2024 ESG Report presented by Hengdian DMEGC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and adequate.

Scope & Criteria
The scope of engagement agreed upon with "Hengdian Group DMEGC Magnetics Co., Ltd." includes the following:

1. The assurance scope is consistent with the description of Hengdian DMEGC 2024 ESG report.
2. The ESG Report is prepared in accordance with the GRI standards and refer to Guidelines for Shenzhen Stock Exchange Guidelines No. 17 for Self-Regulation of Listed Companies - Sustainability Reporting (Trial).
3. Type 1 Moderate Level of Assurance in accordance with the AA1000 Assurance Standard v3 ("AA1000AS v3") Reasonable assurance evaluates the nature and extent of Hengdian DMEGC adherence to four reporting principles: Inclusivity, Materiality, Responsiveness and Impact. Therefore the reliability of specified sustainability performance information/data disclosed in the ESG Report has not been evaluated.

Opinion Statement
We conclude that the ESG Report provides a fair view of Hengdian DMEGC sustainability plan and performance in the reporting year. We believe that the environmental and social general disclosures and key performance are fairly represented in the Report, in which Hengdian DMEGC efforts to pursue sustainable development are widely recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors in accordance with AA1000 Reasonable assurance. We planned and performed this part of our work to obtain the necessary information and explanations. We considered Hengdian DMEGC has provided sufficient evidence that Hengdian DMEGC self-declaration of compliance with the GRI standards were fairly stated.

For and behalf of BSI:

Michael Lam, Senior Vice President, APAC Assurance

Page: 1 of 2

...making excellence a habit.™

Issue Date: 2025-03-10 Effective Date: 2025-03-10

Statement No: SRA-824220

Methodology
Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to Hengdian DMEGC policies to provide a check on the appropriateness of statements made in the Report.
- Discussion with senior executives on Hengdian DMEGC approach to stakeholder engagement. We had no direct contact with external stakeholders.
- Interview with staff involved in sustainability management, report preparation and provision of report information.
- Review of key organizational developments.
- Review of supporting evidence for claims made in the Report.
- An assessment of the Hengdian DMEGC reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Assurance Standard.

Conclusions
We have conducted an verification in accordance with the AA1000AS v3 principles of inclusiveness, materiality, responsiveness and impact of the sustainability reporting assurance standards, as well as the GRI standards as follows:

Based on the results of the verification, we have not noticed that the data and information described in the sustainability report of the reporting organization are incorrectly presented or omitted in any material respects, nor that the issues related to inclusiveness, significance, responsiveness and impact based on the AA1000 accountability principles of sustainability reporting have not been properly addressed.

We confirm that the contents related to social responsibility and sustainable development in the report are disclosed in accordance with the GRI standards.

In our professional opinion, this report covers the social responsibility and sustainable development affairs of Hengdian DMEGC. The improvement suggestions we provided for the report have been adopted by DMEGC prior to the issuance of this statement of opinion.

Assurance Level
The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibilities
It is the responsibility of Hengdian DMEGC senior management to ensure that the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Ability and Independence
The assurance team was composed of Lead Assurer and Assurer, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI Series Standards, AA1000, ISO14064, ISO 14001, ISO50001, ISO45001, ISO 9001, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

Issue Date: 2025-03-10 Effective Date: 2025-03-10

Page: 2 of 2


DMEGC