2025

Hengdian Group DMEGC Magnetics Co., Ltd.

Environmental, Social and Governance Report

Contents

About This Report

This is the fourth 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 28th meeting of the Company's 9th Board of Directors on March 26, 2026, and was published alongside the 2025 Annual Report.

Reporting Period

The information disclosed in this Report mainly covers the period from January 1, 2025 to December 31, 2025. To enhance the comparability and completeness of information disclosure, some information is retroactive or appropriately extended to 2026.

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 2025 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 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 United Nations Global Compact (UNGC), the *IFRS S2 Climate-related Disclosures*, the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)* and the *Self-Regulatory Guidance No. 3 for Companies Listed on Shenzhen Stock Exchange—Preparation of Sustainability Report*. 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).

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Message from the Management

Sailing at the tide of the times, only those who forge ahead with resolve will advance.

In 2025, the global development landscape continued to evolve amid profound adjustment. A new wave of technological revolution and industrial transformation is reshaping the economic order with unprecedented force, making green, intelligent, and integrated development the irreversible defining theme of the era. In response to both the external environment and the internal demands of high-quality development, DMEGC has remained steadfast in its commitment to sustainable development. Guided by its mission of "Made in DMEGC, Lead the World" and propelled by the dual-engine strategy of "magnetic materials + new energy", the Company has aligned its own growth with China's Dual Carbon strategy and the broader agenda of global sustainable development—opening up new ground amid changes and fostering new opportunities amid challenges.

This year, we reinforced the foundations of governance, further strengthening the resilience needed to navigate economic cycles.

We are fully aware that compliance is our lifeline and governance our anchor. Over the year, we further upgraded our governance structure, embedding ESG principles not merely as management requirements but as part of our cultural DNA. By optimizing governance structures, strengthening audit and risk management, and refining institutional rules and standards, we advanced more precise risk control and greater transparency in decision-making processes. We also continued to deepen relationships of mutual trust with shareholders, customers, employees, and communities, listening to stakeholders with greater openness and reinforcing the governance foundation for steady and sustainable growth.

This year, we advanced green development and answered the call of our times with the strength of DMEGC.

We responded proactively to climate change, turning commitment into action embedded throughout our operational processes. In 2025, the Company continued to advance its green transformation by building a scientific, rigorous, and actionable low-carbon management system, accelerating the substitution of clean energy, carrying out carbon verification across production bases, and driving each production base toward carbon neutrality in phases. We are committed not only to being a producer of green energy, but also an active participant in setting green standards. Through technology spillover and industrial collaboration, we aim to combine DMEGC strength with upstream and downstream partners toward a zero-carbon and sustainable future for our shared planet.

This year, we fostered new quality productive forces, driving technological innovation and industrial upgrade.

We continued to integrate technological innovation with digital and intelligent transformation, injecting the momentum of new quality productive forces into every link of the value chain. We endowed our core products with full life-cycle capabilities through green design, clean production, and circular regeneration, while embracing digital transformation, building advanced smart facilities, and establishing a "four-in-one" digital management system. By integrating digital intelligence in broader and deeper ways, we continuously enhanced our ability to serve the global industrial chain and create greater value.

This year, we worked hand in hand to create a better future, painting a human-centered vision filled with warmth and strength.

Employees are our most valuable asset. Upholding the values of co-creation, co-ownership, shared prosperity, and shared benefits, we focus on the professional skills development, physical and mental well-being, and spiritual fulfillment of our employees through a comprehensive talent pipeline and diversified incentive mechanisms. We create a more inclusive, equal, and safe working environment, allowing every DMEGC employee to find a sense of belonging and accomplishment, achieving synergy between the individual and the Company. Meanwhile, we extend our social responsibility to farther-reaching areas, working diligently in education support, community key initiatives, rural revitalization, and industry advancement so that the fruits of our corporate development may benefit a wider range of communities.

Though the road ahead is long and challenging, perseverance will take us to our destination. With unwavering commitment, the future remains full of promise.

Standing at the new starting point of 2026, DMEGC will ride the waves with greater strategic resolve and more agile execution, transforming sustainable development from a required answer into a value-added advantage, and elevating it from corporate responsibility into corporate belief. Together with all fellow partners, we will continue to move forward through innovation and strive tirelessly to build a greener, smarter, more harmonious, and more prosperous world.

About DMEGC

Corporate Profile

Introduction to DMEGC

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". For many years, the Company has consistently relied on innovation as its engine and long-termism as its foundation, dedicated to promoting the sustainable development of the magnetic materials and new energy industries. The Company has been the largest industrial taxpayer in Dongyang for 29 consecutive years.

In the field of magnetic materials, the Company is a globally leading provider of technical solutions and has become a core supplier for numerous internationally renowned enterprises. The Company has been recognized as Bosch Asia Pacific Best Supplier, BOSCH GLOBAL Best Supplier, and Midea Strategic Supplier, and has been awarded as an excellent supplier by companies such as Brose, Eaton, Panasonic, and Nidec.

In the new energy sector, the Company is a leader in differentiated photovoltaic modules. It has consistently been ranked among the Tier 1 Global PV Module Manufacturers by Bloomberg NEF and has repeatedly received the "Top Brand PV" award from EUPD Research. The Company's differentiated products, including anti-glare, offshore, and all-black modules as well as greenhouse systems, have become the preferred solutions for distributed photovoltaic projects in Europe, Japan, South Korea, and other regions. In 2025, the Company received the "Best Partner" award from Japan's Kyocera Group, becoming the first Chinese supplier in Kyocera's smart energy business segment to receive this distinction.

In 2025, the Company ranked first in the world in ferrite magnetic material shipments, among the global top ten in PV product shipments, and among the top three in China in shipments of cylindrical lithium batteries.

In the future, the Company will continue to strive along the development path of high-tech, green environmental protection, and intelligent manufacturing to create more value.

Corporate Culture

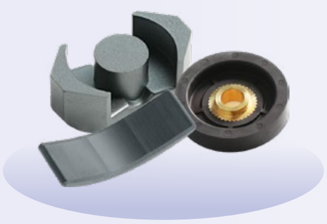
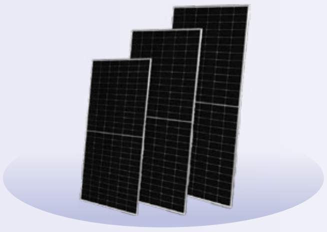
Vision	Mission
The Only Unique World First Class	Made in DMEGC Lead the World

DMEGC

Core Values	Work Style
Customer First Employee Care Unity, Realism, Tenacity, Innovation	Work Diligently Strive Tenaciously

Products and Applications

DMEGC mainly engages in R&D, production, sales, and comprehensive one-stop technical solutions for related products such as magnetic materials, components, photovoltaic and lithium battery. At present, the Company has an annual production capacity of 300,000 tons of magnetic materials, 23 GW of photovoltaic cells, 21 GW of photovoltaic modules, and 8 GWh of lithium batteries.

Types		Major products	Application scenarios
Magnetic materials		Calcined powder, hard ferrite, soft ferrite, plastic bonded magnet, metal magnetic powder cores, nanocrystalline materials, etc.	New energy vehicles and charging stations, big data centers, smart terminals, PV energy storage, household appliances, consumer electronics, telecommunications, industrial internet, and other fields
Components		Vibration devices, cemented carbide, EMI filters, molded inductors, copper strip inductors, etc.	
Photovoltaic products		Batteries, modules, and downstream application development	Various residential distributed, commercial and industrial distributed, and centralized power plants
Lithium battery		Ternary cylindrical lithium batteries, battery packs and energy storage products	Electric two-wheelers, portable energy storage, power tools, smart small household appliances, and other fields; as well as residential and commercial and industrial energy storage

Global Operations

DMEGC has continued to deepen its global footprint, establishing multiple digital and intelligent production bases in China, India, Indonesia, Vietnam, Thailand, and other countries and regions, with its supply chain spanning more than 20 countries and regions. At the same time, the Company has set up marketing bases or warehousing centers in more than 20 countries and regions, including the United States, Germany, the Netherlands, Japan, and South Korea, with its products sold to nearly 70 countries and regions, fully meeting customers' diverse needs. Upholding the core value of "Customer First", the Company implements the "Local for Local" localization strategy and integrates the advanced model of "internal and external collaboration + flexible working", breaking through the boundaries of language, time, and culture to deliver tailored, efficient, and agile solutions to customers.

ESG Key Figures and Recognition

Key Figures

Rooted in Substance, Strengthening Governance Foundations

RMB **22.586** billion
Operating revenue

RMB **1.851** billion
Net profits attributable to the parent company

17.42%
Weighted average return on net assets

RMB **1.563** billion
Total taxes

100%
coverage of employee business ethics training

Cultivating Green, Accelerating Low-Carbon Transition

RMB **69.5375** million
The investment in environmental protection

415 million kWh of green electricity used; **302,800** green certificates purchased

24,625.85 hours
The total duration of environmental protection training

2 factories
recognized as National Green Factories

1,820 tons
Energy-saving and carbon-reduction projects helped reduce carbon emissions

A cumulative total of **39** products obtained carbon footprint certification

A cumulative total of **17** PV products obtained ISO 14067 certification

8 companies
certified to ISO 50001 Energy Management System

10 companies
certified to ISO 14001 Environmental Management System

Forging Ahead with Innovation, Building New Quality Productive Forces

RMB **736** million
in R&D investment

A cumulative total of **10** factories recognized as national- or provincial-level 5G smart factories

A cumulative total of **2** national-level science and technology awards

A cumulative total of **12** provincial-level science and technology awards

A cumulative total of **75** industry standards led or participated in formulation

A cumulative total of **1,931** valid patents

Gathering with Integrity, Empowering Full-Chain Synergy

Supported **32** core suppliers in obtaining national Green Factory certification

Supported **39** core suppliers in obtaining SA8000 Social Accountability Management System certification

99.34%
Product OQC pass rate

94%
Customer satisfaction

United in Purpose, Co-Creating a Better Future

19,159
The total number of employees

5 operating sites
obtained SA8000 certification

92.1%
The employee satisfaction rate

Women account for **16.67%** of the senior management

357,200 hours
The total number of employee training hours

A cumulative total of RMB **4.57** million distributed through the Company's Mutual Aid Association

Yibin subsidiary achieved over RMB **1.1** billion in local procurement

Member of the UN Global Compact (UNGC)

In support of
WOMEN'S EMPOWERMENT PRINCIPLES
Established by UN Women and the UN Global Compact Office

Signed the *Women's Empowerment Principles (WEPs)*

CDP Environmental Information Disclosure

CDP Water Security Questionnaire rating: upgraded to **A**

Climate Change questionnaire rated at **B** for three consecutive years

EcoVadis Silver Certification

S&P Global Corporate Sustainability Assessment (CSA) score increased from 36 to **54**

Wind ESG Rating of

CSI ESG Rating of **A**

2025 Aon
Best ESG Employer in China

TOP 100
Chinese Listed Companies
ESG Top 100

2025 Sedex Supply Chain Awards
Nominee Award for the Environmental Contribution Award

Listed in BNEF Tier 1 Module Manufacturer Ranking for **7** consecutive years	"TOP Brand PV Modules" by EUPD Research for the **8** consecutive years	"Top Performer" by Kiwa PVEL for consecutive years
Listed as a Tier 1 PV Module Supplier in S&P Global's inaugural Cleantech Company List	Listed in SMM Global **Tier 1** PV Module List	Global **Top 10** 2025 PV Module Manufacturers by Wood Mackenzie
RETC 2025 Overall Highest Achiever award for Photovoltaic Modules	"High Achiever recognition for PV modules" by RETC	DMEGC's Sihong and Lianyungang bases successfully passed the Solar Stewardship Initiative (SSI) ESG Standard certification and were awarded Silver Medal
National Green Factory (2025)	China's top 500 manufacturing private enterprises	Ranked No. 18 among the 2025 Top 100 Backbone Enterprises in China's Electronic Components Industry
2025 Top 200 Private Enterprises in Zhejiang Province	Ranked No. 15 among the 2024 Top 100 Patent Creation Enterprises in Zhejiang Province	Passed the review for "Manufacturing Single Champion Product"
Successfully secured approval for "Ferrite Magnet Manufacturing Worker" as a new national occupation	2025 Yinghua Award for A-Share Value Demonstration Case	Outstanding Investor Return Practice Case in Zhejiang for 2024
Outstanding Social Responsibility Case of Zhejiang Private Enterprises in 2025	2025 Top 100 Brands of China's New Energy Enterprises	2025 Top 100 Enterprises for Electronic Information Competitiveness

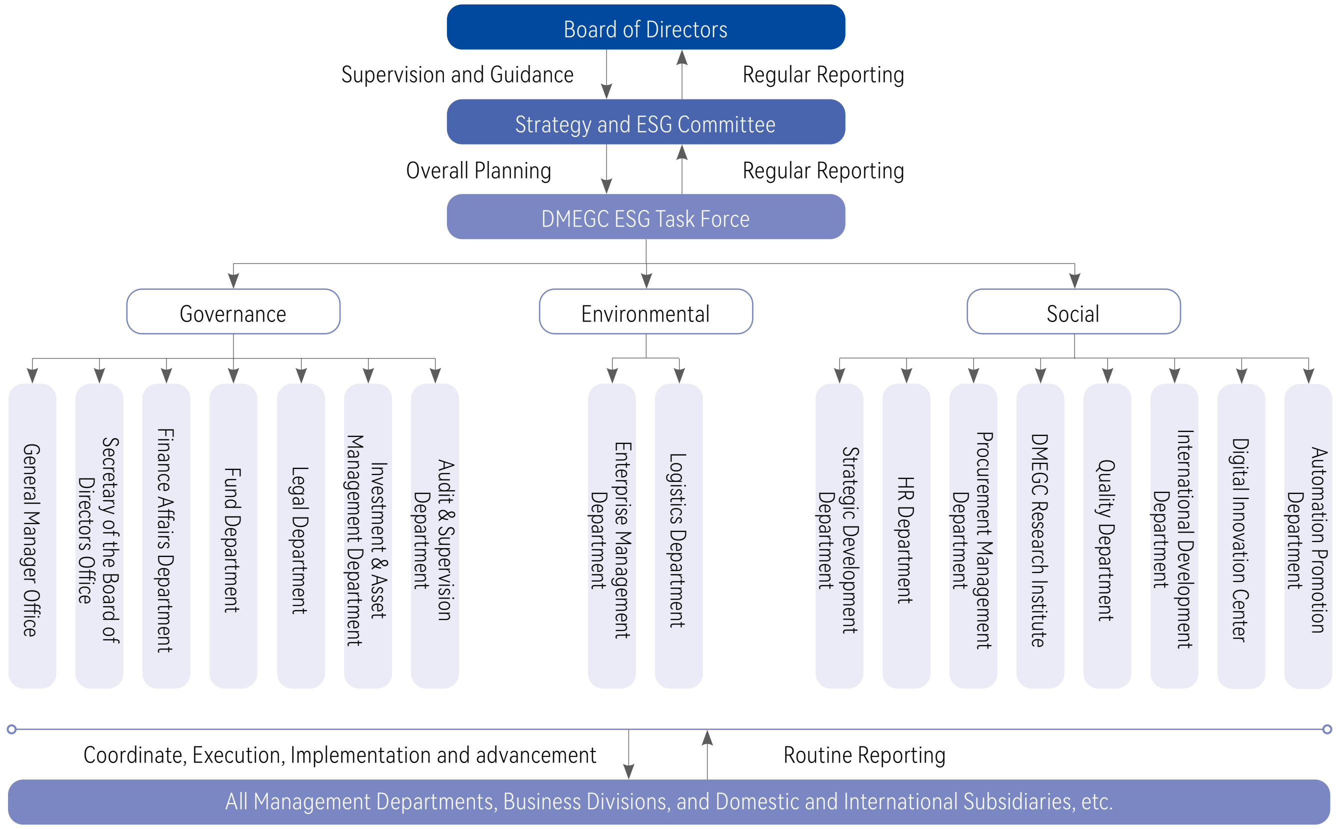
Sustainable Development

DMEGC positions sustainable development as one of its core strategies, continuously optimizes its corporate governance structure and management systems, and is dedicated to promoting the deep integration and synergistic advancement of economic, environmental, and social values.

ESG Governance

ESG Governance Framework

DMEGC has established a governance architecture with the Board of Directors at its core. The Board's Strategy and ESG Committee serves as the decision-making and advisory body, while the DMEGC ESG Task Force handles overall management. Three dedicated task forces operate as the execution layer. The Strategy and ESG Committee integrates corporate strategy with ESG governance, convening regular and ad-hoc meetings annually to review or assess critical issues such as business planning, major investments, ESG strategies, policies and procedures, and climate risks. It reports progress and recommendations to the Board of Directors to ensure the Board's sustained participation and oversight in ESG governance, effectively driving the achievement of the Company's sustainable development goals.



Board of Directors

Top Decision-making and Governance Level

- Review and approve ESG strategic guidelines, objectives, and internal policies;
- Supervise and review ESG performance and progress towards objectives;
- Review and assess ESG risks, opportunities, and material issues;
- Approve the Company's ESG Report.

Strategy and ESG Committee

Management Level

- Lead and supervise ESG work, and report regularly to the Board of Directors;
- Assist the Board in guiding and formulating the Company's ESG strategic guidelines, objectives, and internal policies;
- Supervise the progress of ESG practices;
- Identify and review ESG risks and opportunities;
- Review and guide ESG information disclosure.

DMEGC ESG Task Force

Execution Level

- Improve ESG-related management systems, and implement the Company's ESG objectives and work plans;
- Manage ESG risks and opportunities, and provide suggestions for the management of key ESG issues;
- Prepare ESG information disclosure;
- Responsible for statistics and analysis of ESG-related management data;
- Formulate and organize stakeholder engagement plans and activities.

ESG Institutional Framework and System Development

To clarify authority, strengthen governance, and enhance the strategic nature and effectiveness of ESG initiatives, the Company revised the *Rules of Procedure of the Strategy and ESG Committee* into the *Working Rules for the Board Strategy and ESG Committee* during the Reporting Period. This update covers composition, duties, decision-making procedures, and working rules, reinforcing its functions in strategic advice, forward-looking research, and executive supervision on major ESG issues to improve governance efficacy and strategic alignment. Furthermore, the Company optimized the *Environmental, Social, and Governance (ESG) Management Manual* to enhance its guidance, ensuring that departments conduct ESG work scientifically and efficiently regarding management responsibilities, ESG targets, action planning, material issue management, stakeholder surveys, indicator systems, and data reporting, thereby integrating ESG efforts into daily operations.

ESG Governance Mechanism

The Company has established internal reporting and supervision mechanisms. In 2025, the Strategy and ESG Committee convened two meetings to review corporate development plans, major investments, and climate-related risks and opportunities. The DMEGC ESG Task Force monitors the execution of established targets semi-annually. Meanwhile, the three dedicated task forces assess the implementation progress of annual work plans and objectives quarterly, benchmarking against strategic roadmaps and peer performance to identify gaps and propose countermeasures and solutions.

During the Reporting Period, the Company continued to refine its ESG management system to enhance governance capabilities. We conducted systematic training on regulatory standards via dedicated task forces and relevant management teams to strengthen organizational alignment and execution consensus, while advancing the digital management of ESG indicators in a phased manner to improve the accuracy and timeliness of data collection. Furthermore, we organized benchmark analyses of ESG metrics against industry peers, formulating improvement recommendations and driving their implementation across all management departments and business divisions.

Additionally, the Company has established a sound incentive and constraint mechanism, linking sustainability performance—such as work safety, environmental protection, and greenhouse gas emission reduction—to management assessment criteria or compensation. This effectively reinforces managerial accountability for ESG governance and elevates overall ESG performance.

ESG Culture Development

The Company continues to advance ESG culture development, deeply embedding the sustainability ethos into its operations and management. We released several key documents—including the *2024 ESG Supplementary Disclosure Report*, the *2024 Mineral Supply Chain Due Diligence Report*, and the *2024 Conflict Minerals Investigation Report*—systematically disclosing our practices and progress regarding climate scenario analysis, Scope 1, 2, and 3 GHG emissions, resource and waste management, biodiversity conservation, employee rights and development, conflict minerals, supply chain responsibility, and information security, thereby continuously refining our information disclosure and governance systems.

ESG Strategy

The Company has established a sustainability strategy model aligned with key focus areas and material topics, further clarifying its ESG management philosophy and strategic objectives to accelerate the execution of corporate strategy.

Mutual Growth

Employee Well-being

- Protect employee health and safety, create a caring and inclusive belonging culture, advocate equality and diversity, and help employees grow throughout their careers.

Community Development

- Actively fulfill social responsibilities, promote community development through dialogue and cooperation, and share development achievements.

Key Areas	Employee Well-being	Community Development

Eco Friendliness

Key Areas	Climate Action	Energy Management
	Biodiversity Conservation	Environmental Management

Climate Action

- Scientifically set emission reduction targets, actively respond to climate risks, and develop low-carbon technologies and products.

Energy Management

- Improve energy efficiency, expand the use of renewable energy, and optimize the energy consumption structure.

Biodiversity Conservation

- Assess the impact of operations on ecosystems and implement "avoid, mitigate, compensate" measures.

Environmental Management

- Improve the environmental management system, strengthen the full lifecycle control of wastewater, exhaust gas, and solid waste, and promote the recycling of water resources.

Robust Governance

Compliance Operation

- Strictly abide by the laws and regulations of the operating location, and establish and implement a compliance system that meets international standards.

Business Ethics

- Adhere to integrity as the foundation, and adopt a zero-tolerance attitude toward corruption, bribery, and unfair competition.

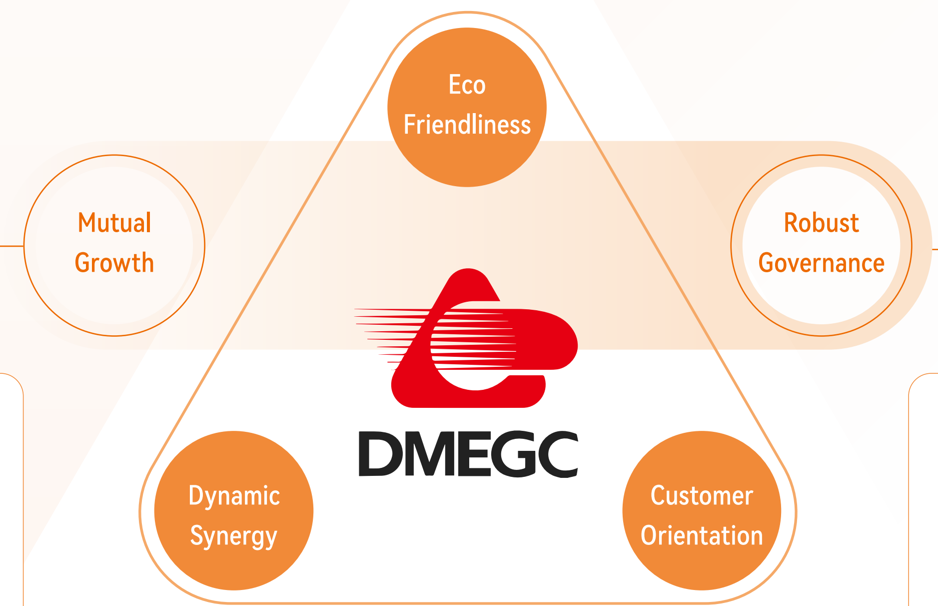
Corporate Governance

- Optimize the Board structure and decision-making mechanisms, protect shareholders' rights and interests, and improve operational transparency and efficiency.

Risk Management

- Systematically identify and prevent strategic, operational, compliance, and ESG risks, and enhance organizational resilience.

Key Areas	Compliance Operation	Business Ethics
	Corporate Governance	Risk Management



Vision

"Infinity Power, Infinity Future"

Dynamic Synergy

Management System

- Establish a professional team, create a closed-loop process covering SAQ, risk assessment, ESG audits, to continuous improvement, and organically incorporate green performance into procurement decisions.

Supply Chain Traceability

- Improve supply chain transparency, ensure compliance of key material sources, identify and manage ESG risks.

Supply Chain Empowerment

- Provide training and guidance to partners, build sustainable awareness, and help them improve sustainable capabilities and performance.

Supply Chain Resilience

- Identify and prevent risks such as supply disruptions and interruptions, jointly build emergency mechanisms with partners, and ensure business continuity.

Key Areas	Sustainable Supply Chain

Customer Orientation

Product Stewardship

- Establish a full-cycle quality closed loop, ensure product safety and compliance, and protect customer rights.

Green Products

- Promote eco-design, develop low-carbon and efficient products, and reduce environmental impact throughout the lifecycle.

R&D Innovation

- Focus on core technology breakthroughs, translate customer and market insights into differentiated solutions, and improve the effectiveness of self-development.

Customer Service

- Establish an agile response system, and provide timely and professional technical support and value-added services to global customers.

Key Areas	Product Stewardship	Green Products	R&D Innovation	Customer Service

Stakeholder Engagement

We uphold an open and transparent approach to actively address stakeholder concerns, ensuring that all stakeholder concerns receive full attention and effective feedback. Our primary stakeholders include customers, shareholders/investors, employees, suppliers, governments, partners, communities, and industry associations. In accordance with the EU Sustainability Reporting Standards (ESRS), the AA1000 Stakeholder Engagement Standard, the Shenzhen Stock Exchange's Guidelines for Sustainability Reports, and internal regulations such as the *DMEGC Environmental, Social and Governance (ESG) Management Manual*—guided by the four principles of "Inclusivity", "Materiality", "Responsiveness", and "Impact"—the Company formulated the *Stakeholder Identification and Risk Assessment Procedures* to identify significant sustainability issues. We widely collect stakeholder feedback through regular questionnaires, symposiums, and targeted interviews, incorporating these insights into corporate decision-making and operations.

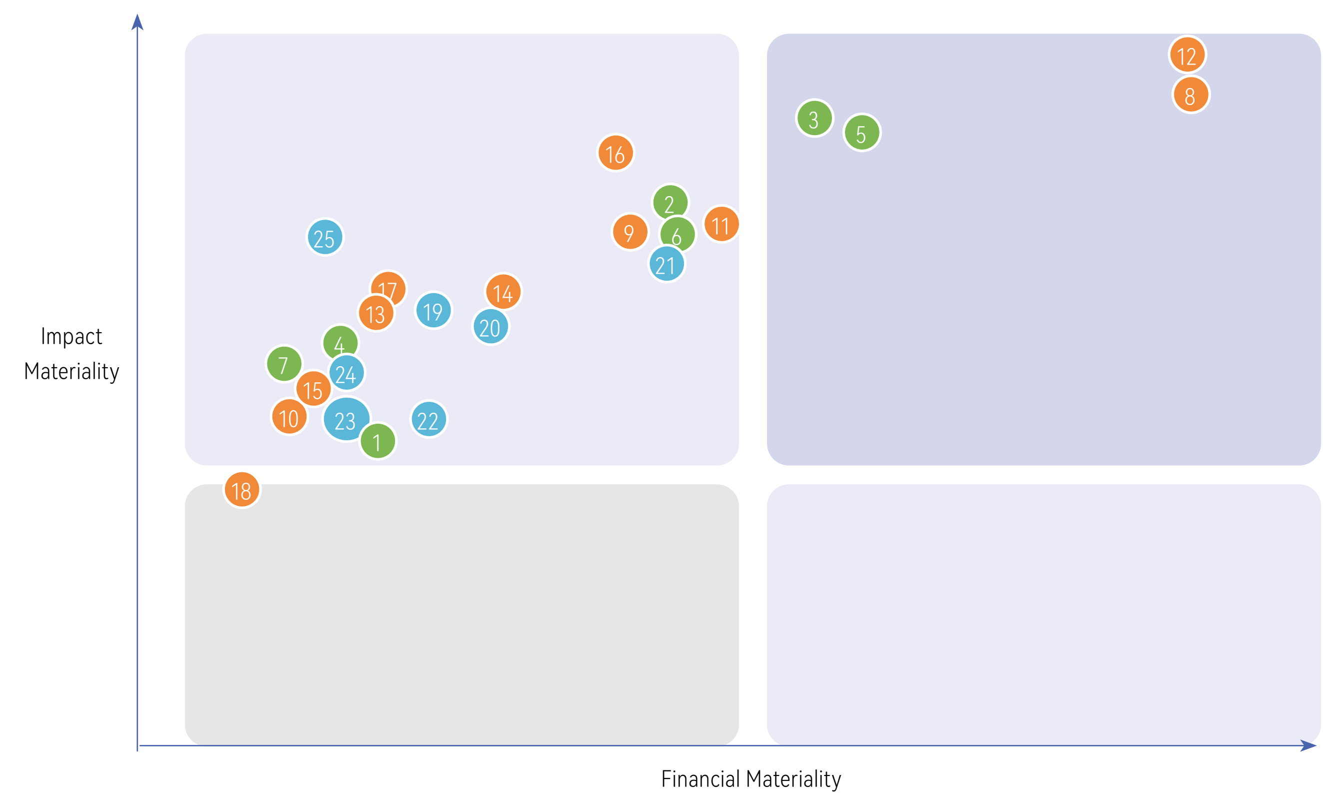
The Company has established a regular stakeholder communication mechanism to ensure robust responses and disclosure regarding material issues. Firstly, we disclose ESG information through ESG reports, annual reports, climate change reports, public policies, and press releases. Secondly, we facilitate in-depth communication on material topics of concern through regular earnings briefings and ad-hoc investor inquiries.

Stakeholders	Main Topics of Concern	Response Measures & Effects	Communication Channels
Shareholders	• Corporate Governance • Economic Benefits • Shareholders' Equity • Compliance Operation • 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 and Provisional announcements • Institutional research reports • Shareholders' meeting • Performance briefings • Research receptions
Customers	• Climate Action • Product Quality • Green Products • R&D Innovation • Information Security • Customer Service • Digital Intelligence Transformation	• Strengthening quality management capabilities • Improving innovation and R&D competence • Enhancing carbon footprint management • Safeguarding customer privacy • Optimizing full-process service • Promoting digital intelligence construction	• Visits to customers • Industry exhibitions • Technical exchanges • Satisfaction survey
Employees	• Equality and Diversity • Cultivation and Development • Health and Safety • Care and Sense of Belonging	• Creating a fair and equitable workplace environment • Build a scientific human resource 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	• Employee training • Grievance channels • Employee activities • General Manager's mailbox • Satisfaction survey
Government	• Compliance Operation • Employment Creation • Environmental Management • Energy management • Waste Management • Business Ethics	• Improving internal control and compliance management • Focusing on core business for sound growth • Optimize the environmental management system • Strictly controlling emissions of three wastes • Adhering to business ethics standards	• Investigation and research • 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 the Code of Business Conduct	• Access certification • Communication and training • Assessment and feedback
Communities and NGOs	• Community Development • Biodiversity Conservation • Promoting Industry Development	• Carrying out public welfare actions • Implementing ecological protection projects • Participating in industry associations • Participating in fair competition	• Volunteer activities • Public welfare projects • Rural revitalization • Industry exchange seminars

Materiality Assessment

DMEGC adheres to a scientific and rigorous approach to identify and manage material issues. By monitoring industry policy trends, benchmarking against best-in-class practices, referencing international disclosure standards, and utilizing questionnaire surveys, we have established a systematic analytical framework. Approaching from the dual dimensions of "Impact Materiality" and "Financial Materiality", we accurately identify and screen core ESG issues, providing a solid decision-making foundation for the effective execution of ESG initiatives.

STEP 1	STEP 2	STEP 3	STEP 4
A stakeholder list was developed, and through industry analysis, internal review, and other methods, the key stakeholders involved in the materiality assessment were identified based on their significance to and dependence on the Company.	In accordance with the regulatory requirements of the Shenzhen Stock Exchange, as well as domestic and international ESG standards and rating agency requirements, 25 potentially material topics were identified to form the ESG issue database.	Based on the ESG issue database, an online questionnaire was designed and distributed to a wide range of stakeholders. A total of 192 valid questionnaires were collected this year.	Based on the questionnaire data, each issue was assessed and ranked from the two dimensions of impact materiality and financial materiality. The evaluation results are reviewed by the Company's senior management, ultimately forming the materiality matrix and list.



Environmental Issues
1. Environmental Management
2. Waste Management
3. Energy Management
4. Water Resource Management
5. Climate Action
6. Green Products
7. Biodiversity Conservation

Social Issues
8. Product Quality
9. Customer Service
10. Digital Transformation
11. R&D Innovation
12. Sustainable Supply Chain
13. Care and Sense of Belonging
14. Training and Development
15. Equality and Diversity
16. Health and Safety
17. Information Security
18. Community Development

Governance Issues
19. Corporate Governance
20. Compliance Operation
21. Business Ethics
22. Risk Management
23. Shareholders' Equity
24. Economic Benefits
25. Stakeholder Communication

01

Rooted in Substance

Strengthening Governance Foundations

With a sound governance structure as the framework and rigorous risk management as the underpinning, DMEGC integrates core responsibilities such as business ethics and information security into its business operations and the full decision-making process. By continuously optimizing its governance structure, reinforcing internal control defenses, upholding business ethics standards, and enhancing information protection, the Company has fostered a sustainable development ecosystem in which corporate growth and responsible conduct reinforce each other.

Respond UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

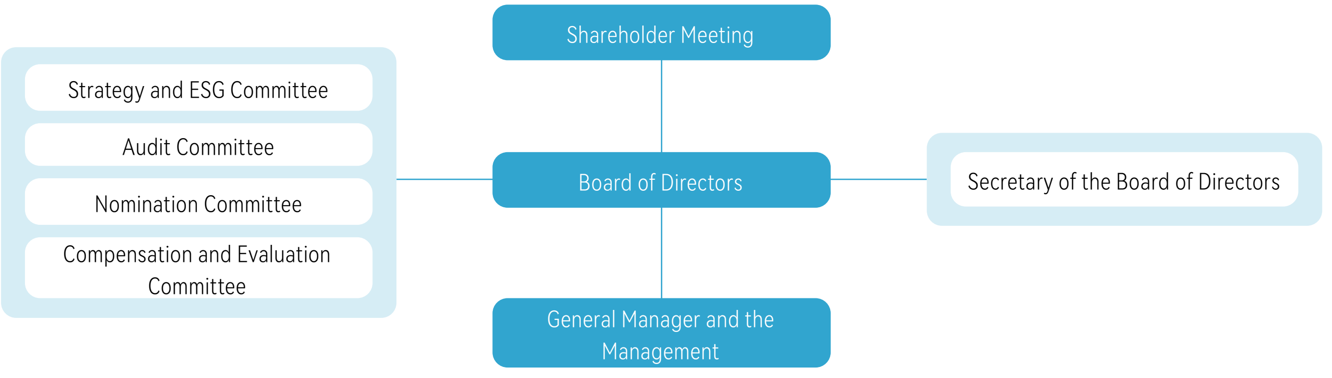
17 PARTNERSHIPS FOR THE GOALS

Optimizing Corporate Governance

Strengthening the Governance System

DMEGC strictly complies with the requirements of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guidelines on the Bylaws of Listed Companies*, the *Stock Listing Rules of the Shenzhen Stock Exchange*, and other applicable laws, regulations, and normative documents. 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 *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 policies are revised, formulated, or abolished in a timely manner in accordance with relevant legal and regulatory requirements and normative documents to ensure the effectiveness of internal control-related systems.

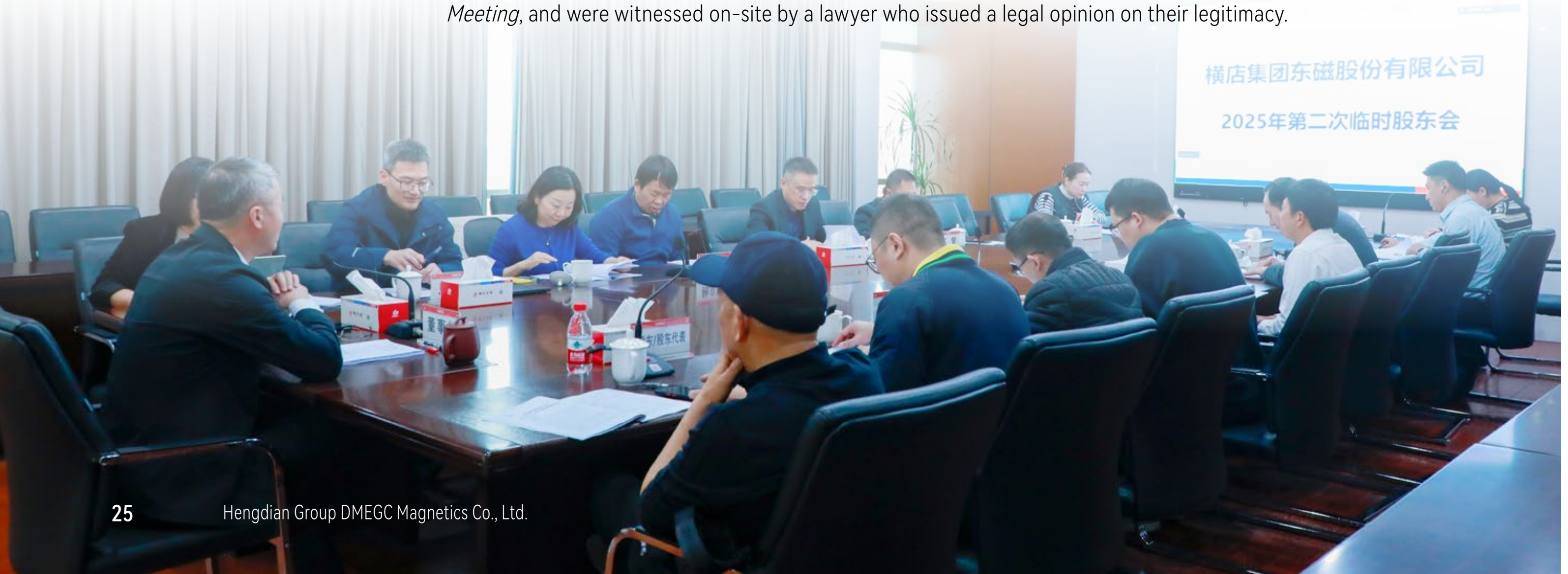
In 2025, in accordance with the latest legal and regulatory requirements and in light of its development needs, the Company steadily advanced the optimization and adjustment of its governance structure. These changes included the cancellation of the Board of Supervisors and the positions of supervisors, with part of the original duties of the Board of Supervisors assumed by the Audit Committee. The Company also added the election of non-independent directors and employee representative directors, and correspondingly adjusted the composition of the Board's specialized committees. These steps further clarified the respective responsibilities and coordination mechanisms among the Shareholders' Meeting, the Board of Directors, and management, ensuring that the Company's governance system meets regulatory requirements while remaining closely aligned with its development strategy and business realities.



Corporate Governance Structure

Institutional Operations

The Shareholder Meeting, as the highest authority of the Company, is responsible for making decisions on significant matters relating to strategy, governance, and operations. In 2025, the Company held a total of three 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.



As the Company's business decision-making body, the Board of Directors is accountable to the shareholders' meeting and is responsible for reviewing and deciding on major matters. The Board of Directors has established a Strategy and ESG Committee, Audit Committee, Nomination Committee, and Compensation and Evaluation Committee, and each committee fully leverages its professional strengths. In 2025, the Company held a total of 11 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.

Meeting Convening Status	Unit	2025	2024	2023
Shareholder Meeting	/	3	4	3
Board of Directors	/	11	10	9
Strategy and ESG Committee	/	2	2	3
Audit Committee	/	5	7	7
Nomination Committee	/	3	2	3
Compensation and Evaluation Committee	/	2	4	2
Independent Directors Special Meeting	/	7	4	/

Board Diversity

The Company has formulated and published the *Board Diversity Policy*, which specifies that the appointment of Board members shall follow the principle of merit-based selection, while optimizing Board composition across multiple dimensions, including gender, age, educational background, nationality, professional experience, knowledge and skills. The Company's Board of Directors currently has 9 members, who possess professional backgrounds in various fields such as industry, finance, law, and economics. The Board of Directors includes three independent directors with backgrounds in accounting, the photovoltaic industry, and business and management, respectively, providing diversified and professional perspectives in support of Board decision-making.

Remuneration Management

The Company has established a Compensation and Evaluation Committee responsible for evaluating the performance and remuneration of directors and senior management. In accordance with the relevant remuneration management measures of the Company, the Committee comprehensively formulates remuneration plans for directors and senior management by taking into account factors such as the Company's operating performance, remuneration levels in the relevant industries and regions, and individual performance of duties. Independent directors are provided with appropriate allowances.

Empowering Performance

To enhance the compliance awareness and duty-performing capabilities of directors and senior management, while strengthening their market insight and corporate governance capabilities, the Company organized multiple specialized trainings for directors and senior management. During the Reporting Period, the Company organized multiple specialized trainings on revisions to corporate governance systems and compliant performance of duties by directors and senior management, interpretation of the new *Code of Corporate Governance for Listed Companies*, and special coaching sessions for earnings briefings. These training courses covered key areas such as rules and regulations, performance of duties, information disclosure, and corporate governance.

Protection of Investors' Rights and Interests

In accordance with the relevant provisions of the *Guidelines for the Work of Investor Relations Management of Listed Companies* and the *Articles of Association*, during the Reporting Period, the Company revised the *Investor Relations Management System* to further safeguard investor rights and interests.

Information Disclosure Management

The Company strictly complies with relevant laws and regulations as well as the requirements of *Information Disclosure Management Policy* and the *Management Policy for Insiders Registration*. It fulfills information disclosure obligations in a truthful, accurate, complete, timely, and fair manner, ensuring that all shareholders have equal access to information. To further enhance transparency, the Company proactively discloses information that may have a material impact on investors' decision-making through diversified channels, including its official website, WeChat official account, and SZSE's Easy Interaction Platform, thereby strengthening positive interaction with the capital market. In 2025, the Company issued a total of 136 external disclosures, including periodic reports and ad hoc announcements, with zero corrections to all announcements.

SZSE 2024-2025 Information Disclosure Evaluation Results **A Rating**

Received an **A rating** in the SZSE's information disclosure evaluations in 6 of the past **7 years**

Investor Relation Management

Adhering to the principles of "respect, equality, initiative, and continuity", the Company effectively addresses the needs of different types of investors through multiple communication channels. The Company regularly holds earnings briefings, participates in various industry strategy conferences, conducts on-site research receptions, and maintains close engagement with professional investors. At the same time, through Shareholders' Meetings, earnings briefings, site visits, and securities firms' strategy conferences, the Company received approximately 550 investor visits in total, held one annual earnings briefing, organized quarterly results communication sessions and refined one-on-one exchanges for periodic reports, issued eight investor relations activity records, and maintained a timely response rate of nearly 100% on the SZSE Easy Interaction Platform. Securities analysts also paid a high level of attention to the Company, issuing approximately 30 research or commentary reports.

In addition, to effectively protect the participation rights of minority shareholders in corporate decision-making, the Company has continued to improve its voting mechanisms, particularly diversified mechanisms including online voting, separate vote counting for minority investors, and the cumulative voting system, while strictly implementing the recusal system for related shareholders in voting.

Investor Returns

The Company has consistently rewarded shareholders through sustainable and stable cash dividends, effectively transmitting long-term value creation to the market and enhancing investors' sense of participation and gain. At the same time, the *Articles of Association* and the *Shareholder's Return Plan for the Next Three Years (2024-2026)* clearly set out the dividend policy, implementation arrangements, and policy adjustment mechanisms, and further safeguard shareholder rights and interests. Since its listing, the Company has distributed cumulative dividends of more than RMB 4.4 billion, accounting for 35% of cumulative net profit attributable to the parent company for that period. In 2025, DMEGC ranked No. 93 in the dividend payout ratio ranking of the 2025 Listed Company Cash Dividend List released by the China Association for Public Companies.

During the Reporting Period, the Company distributed a cash dividend of RMB 720 million for the year 2024, accounting for 55% of net profit attributable to the parent company for that period. From 2022 to 2024, the Company has cumulatively distributed dividends of RMB 1.94 billion, representing 46% of cumulative net profit attributable to the parent company over the past three years. In addition, to further enhance shareholder returns, the Company implemented an interim dividend for the first time in 2025, distributing RMB 610 million in cash dividends, accounting for 60% of net profit attributable to the parent company for that period.

RMB 1.94 billion	RMB 720 million	RMB 610 million
Cumulative cash dividends from 2022 to 2024	Cash dividend for 2024	2025 interim cash dividend
46%	**55%**	**60%**
Cumulative net profit attributable to the parent company for that period over the past three years	Net profit attributable to the parent company for that period	Net profit attributable to the parent company for that period

2025 Yinghua Award - "A-Share Value Demonstration Case"

Outstanding Investor Return Practice Case in Zhejiang for 2024

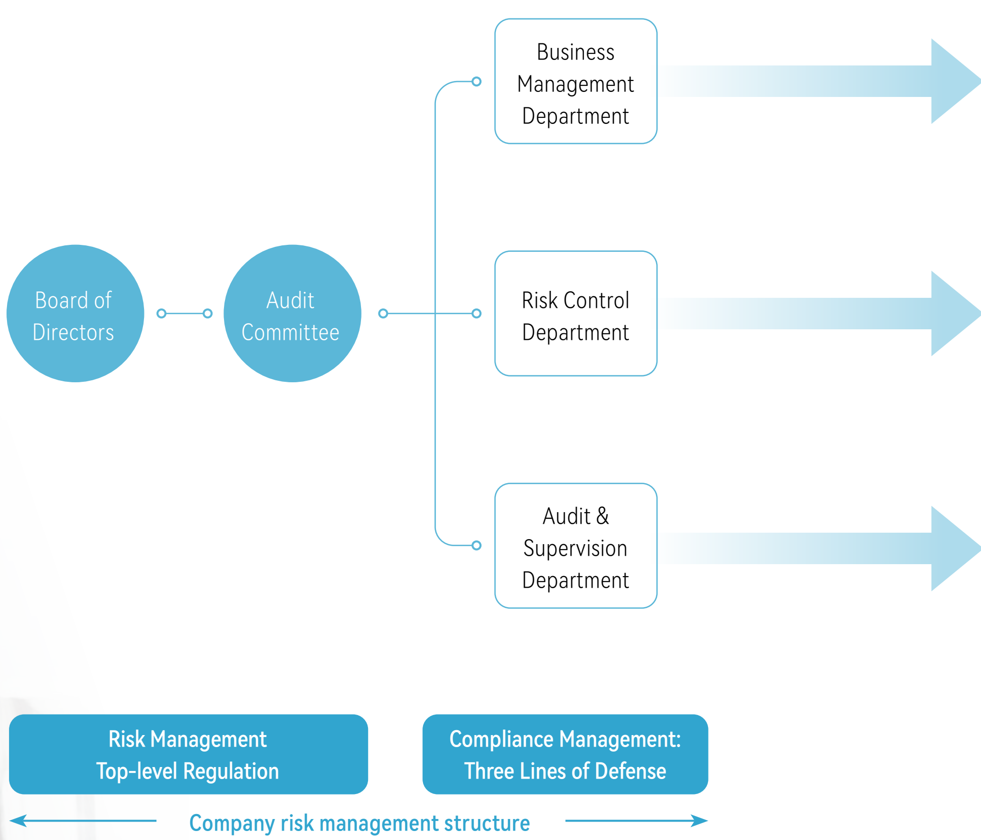
Ranked **No. 93** in the Dividend Payout Ratio List of the 2025 Listed Company Cash Dividend List released by the China Association for Public Companies

Compliance Risk Management

DMEGC strictly complies with the *Company Law of the People's Republic of China*, the *Basic Internal Control Norms for Enterprises* and its supporting guidelines, as well as other applicable laws, regulations, and regulatory requirements. The Company revised systems including the *Internal Control System* and the *Internal Audit Management System*, and formulated policies including the *Anti-Corruption Audit Management Procedures* and the *Confidentiality Provisions on Internal Information of the Audit & Supervision Department*, thereby establishing a comprehensive internal control system to safeguard the Company's sound operations.

The Company has established a Risk Control Committee, chaired directly by the chairman, with senior management and management from core departments serving as members, to build a full-process management system covering risk identification, assessment, response, and monitoring. At the same time, to systematically prevent compliance risks, the Company has established a "Three Lines of Defense" mechanism centered on "business departments, Risk Control Department, and Audit & Supervision Department". Among them, each business division serves as the first line of defense, implementing risk prevention and control responsibilities in business operations to achieve risk control at the source. The Risk Control Department serves as the second line of defense, taking overall responsibility for formulating risk and compliance systems, providing management tools and methodological support, and conducting cross-departmental coordination and risk supervision. The Audit & Supervision Department serves as the third line of defense, independently carrying out audit evaluations and supervision, and reporting directly to the Board of Directors and the Audit Committee. During the Reporting Period, the Company further strengthened the coordination mechanism of the three lines of defense, with a particular focus on comprehensively upgrading the third line of defense. By appointing a new head of the Audit & Supervision Department, building a professional team, and carrying out work through a three-in-one audit and supervision model featuring "pre-event prevention, in-process control, and post-event supervision", the Company continuously enhanced its risk prevention and control as well as compliance management.

The Company has incorporated various types of risks, including market, environmental, and supply chain risks, into a unified risk management system, defining risk-bearing capacity boundaries and management priorities in light of actual business conditions, and translated the results of risk identification and assessment into actionable management requirements and measures. The Company develops special risk inspection checklists for the key risk areas of each business division to guide regular inspections and rectification across business divisions and factories, thereby promoting the implementation of risk management requirements at the operational level. During the Reporting Period, the Company formulated and issued the *Risk Management Policy*, continuously strengthening the comprehensiveness and effectiveness of risk management.



To strengthen compliance oversight and improve the effectiveness of internal control, the Audit & Supervision Department conducts audit supervision through a combination of annual audits, quarterly audits, and unscheduled special audits. In addition, in light of business risks, the Company follows the principle of "auditing one issue, uncovering one category of root causes, and addressing one entire area", carrying out special audits on matters prioritized by management and areas with a high frequency of complaints and reports.

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. 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.

Risk Identification and Assessment	Risk Mitigation Measures
Compliance Risk	• Establish and improve the anti-monopoly compliance management system • Invite external experts to conduct special training, 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 • In response to fluctuations in international exchange rates, hedge foreign exchange impacts through means such as hedging instruments, thereby reducing the impact of fluctuations in export settlement on operating performance
Supply Chain Risk	• Improve full life-cycle supplier management • Build a resilient supply chain, track in real time the supply-demand balance and price fluctuations of key raw and auxiliary materials, and provide procurement decision-making support to each business division while gradually building a supply chain compliance system • Improve systems for supply chain due diligence, supply chain traceability, and labor compliance, achieving full-process supply chain risk prevention and control
Market Risk (Including Trade Risk)	• In response to international trade remedy investigations, actively respond externally while implementing internal early warning measures, effectively reducing the potential impact of related risks on business operations • Continuously track changes in international trade policies and mitigate their impact on shipments and profitability through adjustments to inventory and order strategies
Environmental Risk	• Develop a three-tier environmental management system and emergency plans for sudden environmental pollution incidents • Implement an environmental protection assessment responsibility system and strengthen the investigation and rectification of risks and hidden dangers • Establish and improve the climate change management system, formulate and implement relevant policies and targets
Work Safety Risk	• Improve the safety production management systems • Strengthen the identification, monitoring, and investigation of hazardous sources, and enhance training and emergency rescue systems
Business Ethics Risk	• Establish and improve the three-tier documentation system of policies, procedures, and records, maintain smooth reporting channels, refine self-inspection and audit systems, and continuously monitor key positions • Foster a compliance culture of business ethics and deepen business ethics training
Social Risk	• Improve the social responsibility management system with reference to international conventions and advanced practices • Invite internal and external stakeholders to participate in monitoring social performance indicators, regularly analyze social risks, improve emergency response capabilities, and reduce potential impacts

Risk identification and response

Practicing Business Ethics

Business Ethics Governance System

The Company complies 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 applicable laws, regulations, and industry practices in the places where it operates. It has formulated and publicly released the *Ethics and Business Conduct Policy* and the *Anti-Corruption Policy*, applicable to all employees (including formal employees and labor contract employees), clarifying the Company's policy principles, management requirements, and supervision and penalty mechanisms concerning the prevention of corruption, commercial bribery, improper gifts and hospitality, extortion, embezzlement, fraud, money laundering, facilitation payments, and conflict of interest management.

Bears ultimate responsibility for anti-corruption and business ethics development

Responsible for reviewing management policies and targets related to business ethics and compliant operations, and supervising implementation

Carries out audit work according to plan, prepares work summaries, and reports to the Audit Committee

Three-tier business ethics management structure

Business Ethics Training

The Company continuously promotes a culture of integrity and fosters a clean and upright corporate environment. With training and communication as the main thread, combined with case-based warnings and institutional constraints, we have established a normalized education mechanism. Based on the annual training plan, each business department organizes business ethics and anti-corruption training covering reviews of typical corruption cases in recent years, key legal and regulatory requirements related to business ethics, supplier management, and compliance requirements. In addition to centralized training, the Company also conducts integrity interviews with employees from time to time and publishes notices of disciplinary actions for violations on the intranet, thereby strengthening employees' awareness of discipline and bottom-line requirements. For new employees, personnel in sensitive positions, and management, the Company provides targeted training and promotes the signing of the *Letter of Commitment on Honesty and Self-discipline*, further reinforcing individual responsibility. During the Reporting Period, a total of 359 anti-corruption training sessions were conducted, with 19,148 person-times and cumulative training duration reaching 24,174.9 hours. Participation rates for directors, senior management, and employees all reached 100%. In addition, we conducted 31 business ethics training sessions for suppliers, with cumulative training duration reaching 369 hours.

359 Business ethics training sessions	**24,174.9** hours Cumulative training duration	**100%** Employee training participation rate
31 Business ethics training sessions for suppliers	**369** hours Cumulative supplier business ethics training duration	

Anti-Bribery and Anti-Corruption

We maintain a "zero tolerance" attitude towards corrupt practices. We have formulated the *Management Provisions on Employees' Acceptance of Gifts*, comprehensively requiring employees not to accept gifts from subordinates, nor to accept rebates, commissions, service fees, gifts, or other benefits from business-related entities or individuals. At the same time, we actively encourage suppliers, engineering contractors, and other business partners to follow the relevant requirements, supporting them in improving their business ethics management systems and jointly building a clean and responsible business ecosystem.

With respect to anti-corruption management in the supply chain, we uphold the procurement values of "honest, collaborative and mutually beneficial, proactive and efficient", driving the implementation of procurement responsibility. All suppliers are required to sign the *Supplier Code of Conduct* at the onboarding stage, committing to comply with requirements relating to anti-bribery and corruption, conflicts of interest, anti-unfair competition, and anti-monopoly, while clearly defining liabilities for breach to safeguard supply chain compliance and transparency.

Communication of anti-corruption policies	Corruption risk control	Strict control over pricing processes	Internal audit
The *Supplier Code of Conduct* clearly includes anti-corruption clauses and has been signed by 100% of suppliers; anti-corruption emails are sent to all suppliers every year to specify anti-corruption warnings and reporting channels	The Company has established the *Detailed Rules for Tendering Management*, regularly reviews procurement data, and inspects high-risk projects and abnormal data; it has also deployed an SRM system to create a transparent procurement environment throughout the process, maximizing tender-based procurement and effectively reducing corruption	One-time pricing is applied to all materials in fully competitive markets; any exceptional pricing must go through the Company's OA approval process, reducing corruption risk in the pricing process	Key procurement projects are reviewed every year, and the audit coverage rate for orders above RMB 5 million reaches 100%

Supply chain anti-corruption management measures

We have formulated the *Measures for Gift and Gratuity Handover Management* and the *Basic Code of conduct for Procurement Officers*, establishing the basic code of conduct of "Ten Permits and Ten Prohibitions" to prevent compliance risks in procurement activities from the beginning. Through a combination of online and offline approaches, we continue to conduct targeted training on procurement competencies, business skills, and internal communication, strengthening the compliance awareness and professional ethics of the procurement team. In addition, we regulate procurement behavior through a supervision mechanism combining regular and irregular inspections. Any verified violations are handled seriously in strict accordance with internal rules and, where necessary, transferred to judicial authorities for legal proceedings. During the Reporting Period, we conducted 32 training sessions for procurement personnel, with 189 person-times and total training duration reaching 321 hours.

0
Corruption and bribery cases in 2025

0
Business ethics violation cases in 2025

Anti-Unfair Competition

The Company adheres to the market principles of fair competition. It has formulated and implemented internal management systems such as the *Ethics and Business Conduct Policy*, clearly encouraging lawful and compliant competition while resolutely opposing and resisting all forms of unfair competition. All employees are required to comply with laws, regulations, and recognized business ethics throughout the full process of production and operations, and to eliminate any form of unfair competition.

To prevent false publicity, the Company strictly regulates the full process of brand and marketing management, clearly requiring that all external publicity content be subject to rigorous review by the Communications Department to ensure that publicity materials are truthful, accurate, and compliant, with no exaggerated, false, or misleading statements. In daily operations, the Legal Department routinely conducts unfair competition risk identification and compliance review, issues timely warnings to relevant business departments regarding potential risks, and drives rectification. In addition, the Company maintains regular communication and coordination with market regulation authorities, jointly advancing the implementation of anti-monopoly and anti-unfair competition compliance work, and thereby reinforcing the defense line for compliant market operations.

Case Special Anti-Monopoly Compliance Training

In January 2025, to strengthen the business ethics requirements of fair competition and honest operations, DMEGC conducted "Special Anti-Monopoly Compliance Training", interpreting the main regulated conduct and legal liabilities under the *Anti-Monopoly Law of the People's Republic of China* and clarifying the importance of upholding lawful compliance and fair competition in market activities. Through case analysis, the training strengthened ethical self-discipline and compliance judgment among personnel in key positions such as procurement and sales, promoting the integration of fair competition requirements into day-to-day operations and management.

Whistleblowing and Grievance Mechanism

The Company has established a diversified whistleblowing management system and grievance channels, including the General Manager's mailbox, reporting email and hotline, complaint portal on the official website, and the DingTalk platform, making it easier for employees and relevant parties to raise issues in a timely manner. The Company's Audit & Supervision Department has set up a dedicated ledger for received reports, strictly implements investigation and verification procedures, promptly provides feedback on the handling results to whistleblowers, and grants appropriate rewards for verified reports.

The Company strictly implements the *Whistleblower Protection Policy* and the *Employee Grievance System*, strictly safeguarding the confidentiality of whistleblowers' identities and the information they provide throughout the entire whistleblowing handling process, and resolutely preventing any form of retaliation.

During the Reporting Period, the Company received 16 employee whistleblowing letters and achieved a 100% handling rate. No litigation cases related to employee fraud occurred in the Company.

Whistleblower submits a report → Audit & Supervision Department accepts the case → Verify the reported matter → Provide feedback to the whistleblower on the verification results → Based on the verified facts, reward the whistleblower

Whistleblowing process

Reporting Channels for DMEGC

General manager's reporting mailboxes
headquarter building, dormitory, and factory

DingTalk platform
Complaint and reporting module

Reporting email
jcb@dmegc.com.cn

Reporting phone
0579-86588022
15067581698

Reporting website
https://www.chinadmegc.com/

Information Security and Privacy Protection

DMEGC has embedded information security and customer privacy protection into its governance priorities. The Company has established internal policies including the *Personal Information and Privacy Protection Policy*, the *Network Data Security Management Regulations*, the *Information Security Incident Management System*, and the *Confidentiality Management System*, providing a clear basis for information security protection. During the Reporting Period, the Company further revised the *Key Management Procedures* and the *Software Management Procedures*, introducing quarterly software compliance review requirements for project computers involved in TISAX certification.

Alongside the implementation of technical and institutional requirements, the Company has put in place parallel oversight at the governance level. The Strategy and ESG Committee conducts regular reviews and oversees the development and operation of the information security and cybersecurity system and assesses the effectiveness of risk prevention and control measures. In parallel, the Digital Innovation Center works closely with business departments to ensure that information security initiatives are planned and advanced in step with business development. The Company continues to drive system upgrades and technological optimization, using iterative improvements to strengthen security assurance capabilities and steadily elevate information security management across the value chain.

During the Reporting Period, the Company reported no information security violations, no information leakage incidents, and no privacy infringement incidents involving employees, customers, suppliers, or other stakeholders.

Third-party management

- Sign the *Supplier Confidentiality Agreement* with suppliers and external stakeholders to guard against the risks of information leakage and data misuse arising from third-party access

Cybersecurity protection

- Advance network segmentation and zoning upgrades across 29 factories, update core switching equipment, remove and optimize outdated links, and improve line identification
- Replace carrier-operated links with internal optical fiber links within the industrial park

Endpoint protection

- Enable encryption systems in a unified manner on terminals used by personnel in core positions, reducing the risk of data leakage caused by terminal loss, theft, or unauthorized copying

Business continuity assurance

- Migrate servers from the self-built data center to a telecom IDC standard data center, supported by a multi-layer power supply arrangement comprising "dual commercial power supply + intelligent UPS + generator"
- Equip the data center with 7×24 monitoring, access control, fire extinguishing systems, and other facilities to enhance data center physical security and business continuity assurance

We have continued to strengthen employees' information security capabilities. During the Reporting Period, the Company organized a total of 12 training sessions on information security and privacy protection, covering multiple key business lines, and carried out information security drills on a monthly, quarterly, semi-annual, and annual basis, further strengthening employees' security awareness and practical response capabilities. During the Reporting Period, the Company conducted a total of 12 emergency drills, with 38 person-times. Through regular drills and inspections, we improved the efficiency of operations and maintenance personnel in responding to emergencies, while enhancing business continuity and system resilience.

The Company is advancing, in an orderly manner, work related to cybersecurity classified protection in accordance with the requirements of the Ministry of Public Security of the People's Republic of China. It is currently at the stage of system development and configuration optimization, with classification filing, security remediation, and assessment preparation for various business systems progressing as planned. During the Reporting Period, the Company passed the surveillance audit for the ISO 27001 Information Security Management System certification, as well as the TISAX assessment and obtained the AL3 label, thereby providing stronger protection for customer data and business systems.

Passed the surveillance audit for the **ISO 27001** Information Security Management System certification

Passed the **TISAX** assessment and obtained the **AL3** label

12	12
Information security and privacy protection training sessions	Emergency drills

02

Cultivating Green

Accelerating Low-Carbon Transition

DMEGC adheres to the development philosophy of "Green, Intelligent, and Sustainable" and is committed to establishing a resource efficiency control system spanning the entire production and operation lifecycle. A working group for the "Dual Carbon" goals has been established to systematically plan the implementation path for carbon neutrality. By integrating clean production technologies and monitoring systems, precise control of pollutants and efficient recycling of resources are comprehensively advanced to build a sustainable business ecosystem, achieving synergistic development between economic benefits and environmental responsibilities.

Respond UN SDGs

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

Comprehensive Environmental Management

DMEGC adheres to the environmental management 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 continues to improve its environmental management system, enhances the level of environmental management throughout its operations, clarifies key directions and objectives for environmental management work, and actively fulfills its environmental responsibilities. As of the end of the Reporting Period, the Company's headquarters was rated as Grade A in terms of environmental credit, and no administrative penalties were imposed due to environmental issues.

Environmental Management System

The Company's domestic operations strictly comply with national laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Regulations on the Administration of Construction Project Environmental Protection*, while its overseas operations strictly adhere to the environmental protection laws and environmental management regulations applicable in their operating locations, ensuring that the Company's operations meet local environmental requirements.

The Company has established the *Environmental Sustainable Management Policy*, which covers emission management, pollution management, energy management, resource management, climate change response, and biodiversity. This policy further clarifies the Company's commitments and action framework regarding environmental matters, improves the internal environmental management system, and continuously enhances performance related to environmental protection. In 2025, the Company revised its *Environmental Management System* and compiled a list of key environmental projects for the *Key project portfolio for the 15th Five-Year Plan*, focusing on strengthening pollution control and carbon emission management to further consolidate and expand the positive trend in ecological and environmental quality.

To ensure the effective operation of the environmental management system, the Company has established a three-tier environmental management structure to achieve comprehensive coverage. Each level collaborates effectively, integrating environmental protection concepts into all aspects of the Company's operations.

Company Level

- Conduct environmental planning, establish annual environmental objectives and targets, and organize the signing of annual objective responsibility agreements.
- Implement the "Three simultaneous" principle for environmental protection measures, and conduct supervision and regulation on the operation of three-waste treatment.
- Enhance the environmental management system and respond to customer requirements.

Business Division Level

- Decomposition and implementation of Company environmental objectives, and signing of the target responsibility system.
- Implement the concurrent construction of environmental protection facilities and assist in supervising relevant factories to rectify environmental issues.
- Organize and conduct supervision and regulation of the operation of three-waste treatment.
- Organize training and dissemination sessions and conduct comprehensive emergency drills for environmental incidents.

Factory Level

- Implementation and execution of environmental objectives
- Daily operation and maintenance of facilities for the treatment of waste gas, wastewater, and solid waste, along with emission management; environmental protection "Three simultaneous" compliance work for new construction, expansion, and reconstruction projects.
- Conduct factory-level environmental protection training and implement environmental rectification measures.

Three-Level Environmental Management Structure

In 2025, a total of 320 *Environmental Protection Goal Responsibility Statements* were signed between the Company and its business divisions, subsidiary factories or subsidiaries, and environmental responsible persons. In daily operations, the Enterprise Management Department continuously guides and supervises environmental management across business divisions and factories with operational authority. Through on-site inspections, it identified 244 environmental hazard rectification; of these, 239 were completed within the year, resulting in a rectification rate of 97.9%.

We have vigorously promoted the construction of environmental management systems across all subsidiaries and urged relevant entities to obtain certifications for their environmental management systems, green factories, and product carbon footprints. As of the end of the Reporting Period, DMEGC and its nine manufacturing subsidiaries have successfully obtained ISO 14001 *Environmental Management System* certification, achieving a coverage rate of 71%.

In 2025, the Company completed environmental impact assessments (EIAs) for five technical renovation projects and final acceptance inspections for the compliance with the "Three Simultaneities" principle across four projects. Total investment in environmental protection for the year reached RMB 69.5375 million. Furthermore, the Company continued to refine its lean environmental management practices, adopting a multi-faceted approach that encompassed energy conservation, consumption reduction, resource utilization, and emission reduction, thereby delivering RMB 4.55 million in environmental cost savings.

RMB **69.5375** million
Environmental protection-related investments

RMB **4.55** million
Cost reduction through environmental protection measures

58 specialized environmental emergency drills

Environmental Emergency Management

DMEGC adheres to the principles of prioritizing prevention, comprehensive treatment, and integrating prevention with control. We formulated the *Emergency Plan for Sudden Environmental Pollution Emergencies* to bolster our capacity to respond to environmental accidents. Furthermore, we regularly identify environmental aspects involved in our operations, systematically evaluate potential environmental risks, and implement timely controls over possible pollution hazards. In 2025, we revised the *Emergency Plan for Sudden Environmental Pollution Incidents Involving New Energy Batteries* to further strengthen emergency response management.

Following the risk classification procedure for sudden environmental incidents, the Company screened for potential environmental impacts stemming from malfunctions of environmental treatment facilities, hazardous chemical leaks, fires, and radiation source management. Based on the assessment results, the Company implemented classified control measures for environmental pollution.

Investigation and analysis of basic situation of the enterprise → Calculate the quantity of hazardous substances and their critical ratio (Q) → Risk Level of Sudden Environmental Incidents → Risk Level of Enterprise Sudden Environmental Incidents → General Environmental Risk (Q < 1) / Moderate Environmental Risk / Significant Environmental Risk (Q > 1)

Flowchart for Risk Classification of Sudden Environmental Incidents

To enhance the capability to respond to sudden environmental accidents, the Company strictly followed the contingency response procedures and conducted targeted emergency drills, while organizing joint multi-departmental drills and observational assessments. In 2025, the Company conducted 58 special emergency drills for environmental protection, with a cumulative participation of 1,238 person-times.

Building upon the improvement of the normalized environmental risk prevention and control system, the Company simultaneously strengthened the construction of specialized emergency rescue teams, implemented dynamic management and scheduling system upgrades for emergency materials, and established a normalized emergency guarantee mechanism covering "prevention, warning, response, and recovery".

During the Reporting Period, no sudden environmental pollution incidents occurred, and no complaints or reports regarding the Company's environmental-related investments were received from surrounding communities or residents.

Environmental Protection Training and Dissemination

To boost employee environmental awareness and prevent and mitigate environmental incidents, the Company continuously conducts environmental publicity and training initiatives. During the 54th World Environment Day and Environmental Awareness Month in 2025, the Company centered its activities around the theme "Beautiful China Starts with Me". Business divisions organized extensive campaigns through diverse channels—including hanging banners, posting slogans, blackboard posters, electronic displays, and specialized training. These initiatives actively disseminated environmental knowledge, instilling in employees a commitment to low-carbon living, green commuting, and environmental stewardship, thereby comprehensively elevating company-wide environmental awareness. In 2025, business divisions hosted 608 training sessions covering environmental fundamentals, zero-carbon factories, and hazardous waste management, accumulating 23,785 person-times with a total training duration of 119,497.85 hours.

Ecological Protection

DMEGC adheres to an operational philosophy of respecting nature, adhering to natural laws, and protecting nature. The Company fully recognizes the critical importance of biodiversity and ecosystem protection. It has formulated and promulgated a *Biodiversity Policy* to clarify its commitments. Furthermore, the Company has established and implemented systems such as *the Environmental Protection Management System for Project Construction, the Vegetation Management System*, and *the Soil Pollution Prevention and Control Management System* to ensure the effective implementation of its green ecology initiatives.

Drawing on the disclosure frameworks of the Taskforce on Nature-related Financial Disclosures (TNFD) and the Science Based Targets Network (SBTN), the Company applied the LEAP methodology (Locate-Evaluate-Assess-Prepare) to identify and assess nature-related risks. Based on the assessment results, the Company formulates response strategies, coordinates resource allocation, and implements measures to bolster its resilience against ecological risks.

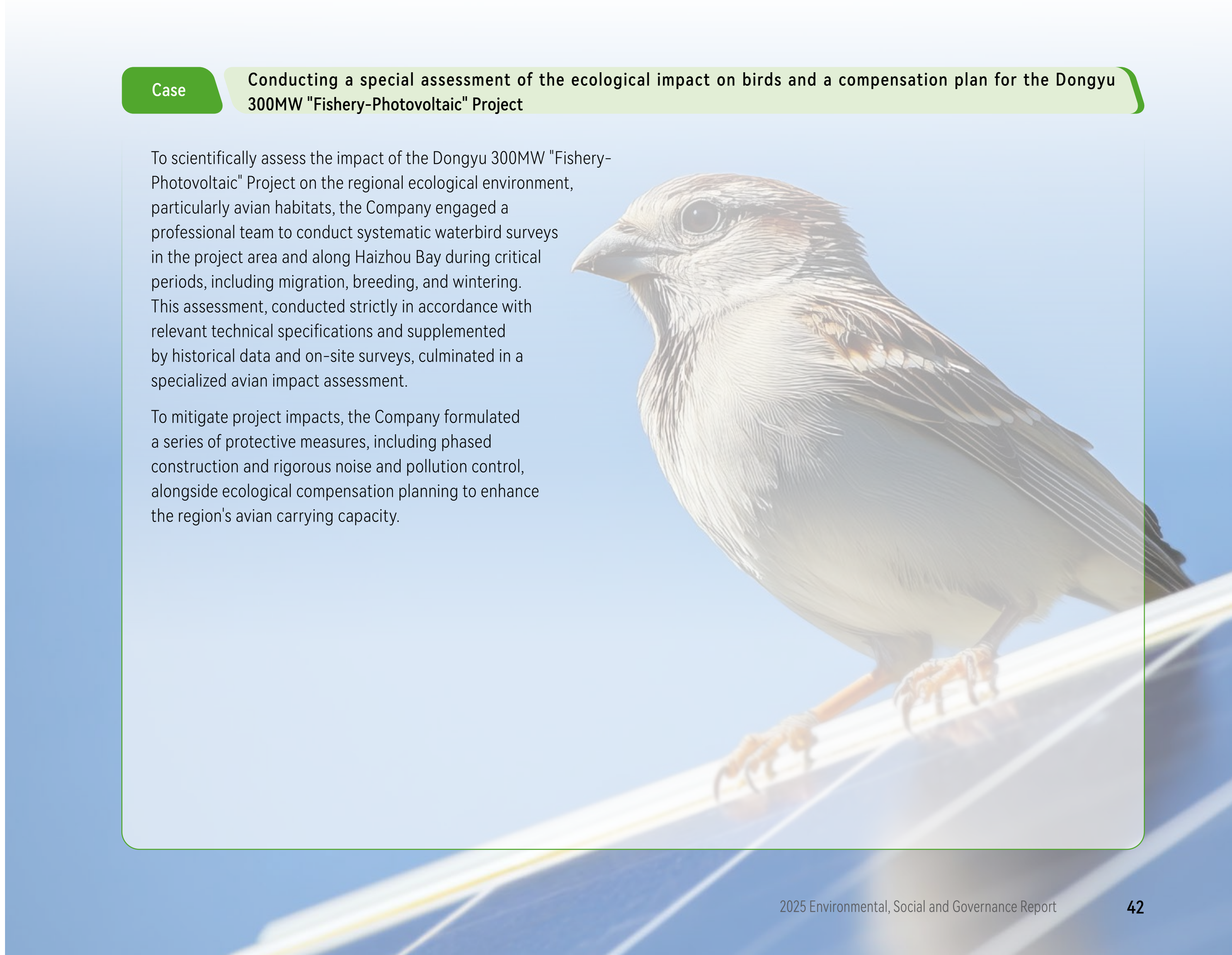
The Company systematically identifies the impact of its business activities on biodiversity (such as pollution and soil erosion) and its dependence on ecosystem services, including key natural resources such as water retention, soil quality, pollination, and climate regulation. We recognize that the degradation of ecosystem services may trigger risks such as water scarcity, rising costs, and constrained raw material supply. To address this, the Company incorporates ecosystem dependency into its annual risk assessment, conducts a comprehensive evaluation of all operational sites at least once a year, and formulates response measures to mitigate the risks of resource supply disruptions and compliance failures.

Mitigate the negative impact on the ecological environment

Adhering to the "Three Simultaneities" principle for project environmental protection, the Company implemented ecological protection and soil erosion control measures during the construction phase. In accordance with national requirements, environmental impact assessments are conducted for the "Three Lines and One List" (TLOL)—specifically, ecological conservation red lines, environmental quality baselines, resource utilization upper limits, and ecological environment access lists—to avoid and minimize pressures on natural ecosystems.

Protection of ecosystems and biodiversity

The Company implements scientific and effective ecological protection measures and conducts continuous ecological monitoring, such as routine landscaping and maintenance within the plant and the installation of artificial nesting boxes, to enrich biodiversity. Furthermore, we actively carry out soil and water conservation projects to curb soil erosion, protecting soil and vegetation, thereby safeguarding biodiversity.



Case **Conducting a special assessment of the ecological impact on birds and a compensation plan for the Dongyu 300MW "Fishery-Photovoltaic" Project**

To scientifically assess the impact of the Dongyu 300MW "Fishery-Photovoltaic" Project on the regional ecological environment, particularly avian habitats, the Company engaged a professional team to conduct systematic waterbird surveys in the project area and along Haizhou Bay during critical periods, including migration, breeding, and wintering. This assessment, conducted strictly in accordance with relevant technical specifications and supplemented by historical data and on-site surveys, culminated in a specialized avian impact assessment.

To mitigate project impacts, the Company formulated a series of protective measures, including phased construction and rigorous noise and pollution control, alongside ecological compensation planning to enhance the region's avian carrying capacity.

Climate Action

Amidst the global imperative to address climate change, we prioritize climate risk management. We have established a multi-tiered climate governance framework to foster the deep integration of climate governance with the Company's business philosophy and operations. This framework guides business divisions to orchestrate collaborative carbon reduction initiatives, contributing to the global effort against climate change.

Climate Governance

The Company has established a *Climate Change Policy* to refine internal management mechanisms and methodologies, thereby enhancing the efficacy of climate governance. We have established a governance structure comprising the Board of Directors, the Strategy and ESG Committee, the DMEGC ESG Task Force, and relevant functional departments. The Strategy and ESG Committee holds meetings at least annually to deliberate on climate management matters. Additionally, the Company has formed a Leading Group for Dual Carbon Goals Management to oversee carbon emission management. This Group systematically advances the accounting of greenhouse gas emissions across the entire value chain, offering guidance and support to further drive energy conservation and carbon reduction. Furthermore, the Company has integrated climate action indicators—such as the renewable energy mix and waste gas emission compliance rate—into management performance appraisals to ensure the effective implementation of climate governance objectives.

Climate Strategy

The Company has set the goals of reaching carbon peaking by 2030 and achieving carbon neutrality by 2050. Anchored by these targets and aligned with its corporate strategy and business planning, the Company regularly evaluates its climate risk management posture, refines its climate strategy and phased target setting based on market dynamics, and closely tracks progress toward its climate goals.

Aligned with the frameworks of the Task Force on Climate-related Financial Disclosures (TCFD), the International Energy Agency (IEA), and the Intergovernmental Panel on Climate Change (IPCC), the Company conducts policy research and benchmarking to assess the impact of climate risks on its business, strategy, and financial performance. These assessments inform subsequent decision-making regarding climate change risk management.

The principal climate-related risks and opportunities identified by the Company are as follows:

Risk / Opportunity	Type	Risk Factors	Impact Period	Potential Impact	Risk Response Measures
Physical Risk	Acute Risk	• Extreme Weather	Short-term Long-term	• Extreme heat, floods, typhoons, and other phenomena triggered by climate change may cause damage to or impairment of facilities and equipment, increase energy consumption for cooling/heating, and raise operating costs; disrupt production, hinder the transportation of raw materials and products, and affect operational stability; and impact employee health and safety.	• Strengthen energy consumption management and standardize the implementation of acute risk response measures. • The emergency response system shall be improved, risk and monitoring activities shall be promptly conducted, and emergency preparedness shall be enhanced. • Systems and emergency plans for acute risks shall be established, with responsibilities at each level clearly defined. • Annual training on heatstroke prevention and emergency first aid is conducted.
	Chronic Risk	• Long-term Natural Risks	Long-term	• Sustained high temperatures, droughts, and rising sea levels triggered by climate change may affect the Company's production and operational facilities, such as photovoltaic power stations, located in climate-sensitive regions, and may also impact employee health.	• A risk monitoring and assessment mechanism shall be established to promptly adjust production and procurement plans, with dynamic adjustments made to production and transportation arrangements.
Transition Risk	Legal and Regulatory Risk	• Existing/Emerging Policies • Legal Proceedings	Short-term Long-term	• Stricter emission standards have been imposed, resulting in potential operational and compliance risks regarding emissions. • Amidst the strengthening of greenhouse gas emission requirements and the establishment of carbon trading mechanisms in various countries, fluctuations have occurred in the prices of CCER, green electricity, and green certificates.	• Continuously monitor updates to global regulations. • Strengthen environmental protection and emission management to ensure compliance. • Advance the transformation of the energy structure, expand photovoltaic investment, and increase the proportion of renewable energy.
	Technology Risk	• R&D Innovation • Technological Iteration	Medium-term	• To address climate change and low-carbon development, increased investment is required in the renewal of equipment and technologies for energy conservation, emission reduction, and waste treatment. • Due to the rapid iteration of new technologies, there is a risk of loss associated with investment in updates.	• An environmental lean and energy-saving carbon reduction diagnostic project was initiated to assess the potential and feasibility of each process. • Promote the renovation and upgrading of energy conservation and emission reduction to achieve controllable costs and improved efficiency.
	Market Risk	• Changes in the supply-demand landscape	Short-term Long-term	• Climate change may lead to upstream supply constraints, thereby driving up raw material costs. • Customer demand for low-carbon solutions has increased; failure to reduce the environmental impact of the company and its products may adversely affect market share.	• Enhance supply chain traceability and reduce supply chain risk events. • Conduct full lifecycle carbon footprint analysis and assessment of the product and obtain certification. • Develop low-carbon and environmentally friendly products and provide green solutions.
	Reputational Risk	• Expectations of Stakeholders	Short-term	• Regulators, investors, customers, media, and other stakeholders place greater emphasis on corporate climate performance. As disclosure requirements increase, compliance costs associated with maintaining and enhancing reputation may rise.	• Tracking the management of environmental and climate initiatives to ensure compliance with regulatory and statutory requirements. • Enhance information disclosure, improve ESG ratings, and demonstrate ESG performance and results.
Opportunity	Market and Product Opportunities	• Low-carbon products • New Application Areas	Short-term	• Develop green products that comply with international standards and customer requirements to enhance market competitiveness and promote revenue growth. • In alignment with the global trend of energy transition, diversify new energy products and application scenarios to create new business growth drivers.	• Implement carbon emission management across the entire product lifecycle and expand green product certification. • Reduce the use of hazardous substances in products and provide products that comply with regulations and have minimal environmental impact. • Provide one-stop green energy solutions for multiple application areas, including building-integrated photovoltaics and agrivoltaics.
			Long-term	• Establish and implement ESG management principles, strategic objectives, and missions encompassing climate action to shape a green corporate image.	• A sustainable development strategy model shall be established to conduct research and development as well as upgrades and renovations in response to climate change and in alignment with technological and market trends. • Build a green brand.

Risk Management

DMEGC has integrated the climate risk management system into its corporate strategy and operational processes, establishing an end-to-end governance framework encompassing risk identification, assessment, and control. By instituting a scientific regular identification mechanism, we deeply analyze potential climate risk factors and utilize professional assessment methodologies to gauge risk magnitude. Through the implementation of rigorous control measures, we effectively mitigate risk impacts, thereby cementing a solid 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 have 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.

Carbon Reduction Measures

Scope 1	Reduction in the use of fuel-powered vehicles	Official vehicles and forklifts within the factory premises are to be gradually replaced with electric vehicles.
	Energy-Saving Technical Retrofit	Utilization of Waste Heat from the Kiln Tail to Reduce Natural Gas Consumption
Scope 2	Energy Conservation and Consumption Reduction Technical Transformation	Various Lean Projects Achieve Energy Consumption Optimization
	Energy Management Platform	Establish a digital platform to achieve intelligent energy consumption control.
	Increase Green Power Usage	Green power procurement and self-generation for own use facilitate the energy transition.
Scope 3	Supply Chain Decarbonization	Promoting Green Electricity Usage by Suppliers
	Optimization of logistics and warehousing	Localization of supply chain deployment to reduce transportation mileage.
	Sustainable Procurement	Actively seeking the procurement of circular materials and secondary materials.

A total of **6** green products have been certified

A total of **39** products have accumulated carbon footprint certifications

A total of **17** photovoltaic products have cumulatively obtained ISO 14067 certification

2 National-level green factory certifications were obtained

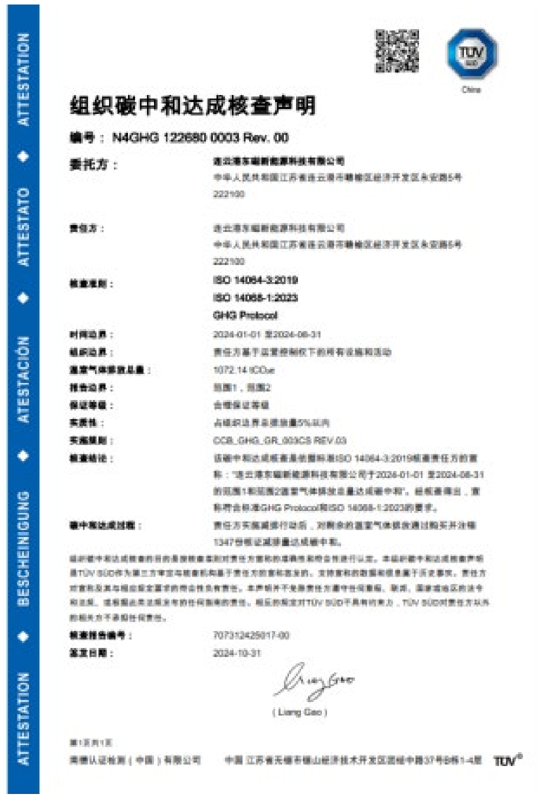
415 million kWh Utilization of green electricity

Purchase of **302,800** green certificates

Upholding the principles of clean production and low-carbon transition, the Company is accelerating the construction and certification of green factories. By leveraging value chain synergies—such as green product R&D, green power sourcing, and low-carbon procurement—we drive emission reductions across the entire value chain. We have engaged a professional third party to perform ISO 14064 greenhouse gas assurance and actively pinpoint decarbonization opportunities throughout our operations. As of the end of the Reporting Period, four DMEGC subsidiaries had successfully passed the ISO 14064 greenhouse gas verification.

Lianyungang DMEGC received the ISO 14068 Carbon Neutrality Certification, making it the world's first production base in the photovoltaic industry to achieve this distinction. This milestone underscores the Company's industry leadership in full lifecycle carbon management, adherence to international standards, and green competitiveness. By transitioning entirely to renewable energy and achieving a 100% offset of residual emissions, the Lianyungang Base was awarded the highest-level "Type I, Four-Star Zero-Carbon Factory" certificate by TÜV SÜD.

DMEGC Headquarters ISO 14064-1:2018 Greenhouse Gas Verification Statement



Carbon Neutrality Certificate for Lianyungang Production Base

Climate Business Continuity Management

DMEGC Solar has established the *BCM Business Continuity Management Procedure* and conducts annual business continuity risk analyses and response deployments across all its subordinate bases. These measures address acute climate risks—such as typhoons, floods, and mudflows—as well as chronic risks like sea-level rise. Furthermore, the Division instituted a multi-tiered governance structure comprising the DMEGC Solar Safety Committee, department heads (Sales, Procurement, Production), and base representatives, effectively mitigating the associated risks.

Indicators and Targets

The Company has established a dedicated team to conduct a comprehensive GHG inventory. Integrating current emission profiles with projections for future capacity growth, the team conducts science-based explorations of carbon target setting and emission reduction pathways. Furthermore, the Company identifies energy conservation and decarbonization opportunities across the value chain—including production, storage, transportation, and packaging—to embed low-carbon transformation objectives deeply within its business operations.

In 2025, the Company completed 16 energy conservation and decarbonization projects, yielding a reduction of 1,820 tons of CO_2e. In addition, the Company established a systematic low-carbon transition framework. With the new energy segment serving as the strategic linchpin, it drives synergistic progress in energy efficiency innovation, clean energy substitution, and carbon asset development. DMEGC Solar has set specific carbon reduction targets: using 2022 as the base year, it aims to cut Scope 1 and 2 emission intensity by 40% and lower Scope 3 emissions from purchased goods and services and downstream transportation by 50% by 2030. To maximize the potential for factory-level decarbonization and actively advance zero-carbon initiatives, the Hengdian headquarters factory has launched the provincial-level cultivation program for zero-carbon factories.

Looking ahead, the Company will remain steadfast in its "Dual Carbon" strategy, implementing strategic initiatives—such as green power, CCER projects, renewable energy, and energy storage—to establish an end-to-end decarbonization framework spanning R&D, production, and the supply chain. Furthermore, the Company will drive the green transformation of the industrial chain by fostering a collaborative ecosystem for sustainable development and facilitating the creation of a sustainable, low-carbon network across the value chain.

Indicators	Unit	2025	2024	2023
Total Greenhouse Gas Emissions	tCO_2e	738,705.29	615,099.80	845,075.78
Total Scope 1 greenhouse gas emissions[1]	tCO_2e	93,318.12	86,043.98	70,981.59
Total Scope 1 greenhouse gas emissions Intensity	tCO_2e/RMB million revenue	4.13	4.64	3.60
Total Scope 2 greenhouse gas emissions[2]	tCO_2e	645,387.17	529,055.82	774,094.19
Total Scope 2 greenhouse gas emissions Intensity	tCO_2e/RMB million revenue	28.58	28.51	39.25

DMEGC Greenhouse Gas Emissions

Performance of Greenhouse Gas Intensity for the Photovoltaic Sector in 2025

Per unit of cell product output
Scope 1 and Scope 2 greenhouse gas emission intensity

26.31

tCO_2e/RMB million revenue

Per unit of module product output
Scope 1 and Scope 2 greenhouse gas emission intensity

11.24

tCO_2e/RMB million revenue

1 Scope 1 Emission Factor: The emission factor for the combustion of fossil fuels consumed by electronic equipment manufacturing enterprises is calculated based on parameters such as the carbon content per unit calorific value of fuel and the carbon oxidation rate.

2 The Company's carbon emission data for the year 2025 were calculated based on the national average carbon dioxide emission factor for electricity published by China in December 2025, which is 0.6096 tCO_2e/MWh (excluding non-fossil energy power from market-based trading), as stipulated in the "National Average Carbon Dioxide Emission Factor for Electricity in 2023 (Excluding Non-Fossil Energy Power from Market-Based Trading)". Due to the increase in annual production compared to 2024 and the corresponding rise in electricity procurement, the Company's total greenhouse gas emissions have increased.

Efficient Utilization of Resources

Leveraging technological innovation and management optimization, we continuously enhance the efficiency of energy and water resource utilization throughout the production and operation processes, establishing a long-term development mechanism that synergistically advances environmental and economic benefits.

Energy Management

Energy Management System

The Company strictly adheres to applicable laws and regulations, such as the *Energy Conservation Law of the People's Republic of China* and the *Guidelines for Energy Management in Industrial Enterprises*. It has formulated a suite of management documents, including the Energy Management Manual, established standardized energy management workflows, and integrated key energy consumption indicators for production into the performance evaluation system for relevant personnel. As of the end of the Reporting Period, the Hengdian headquarters, Jiangsu DMEGC, Sichuan DMEGC and Lianyungang DMEGC have obtained ISO 50001 Energy Management System certification.

Enhance Energy Efficiency

During the Reporting Period, the Company's business divisions prioritized energy conservation and consumption reduction. By introducing high-efficiency equipment, advancing equipment technology upgrades, and implementing refined production controls, they comprehensively enhanced overall energy efficiency, resulting in the completion of 22 energy-saving projects. Furthermore, the Company established an intelligent energy management platform, utilizing digital tools to deeply mine the potential of "peak shaving and valley filling" and further optimize energy efficiency.

Project Name	Key Project Contents	Project Outcomes	Illustration
Sichuan DMEGC Energy Management Platform	By adding a hardware energy management platform and upgrading the supporting software on the basis of the existing automated control system, the level of intelligent system control is enhanced to achieve energy-saving effects.	An annual energy saving of approximately 6 million kilowatt-hours is projected.	
Yibin Air Compressor Waste Heat Recovery Project	To enhance the energy efficiency of the pure water heating system, waste heat generated during air compressor operation is utilized to preheat the pure water required for the texturing and alkali polishing processes. This raises the water temperature above 70°C, thereby reducing energy consumption in the electric heating stage.	The estimated annual energy saving is approximately 20.238 million kWh.	
Conversion of a single-layer permanent magnet kiln to a double-layer kiln	The project adopts a two-tier electric kiln structure. By utilizing residual heat from the kiln body to preheat products in the upper tier, raising their temperature before transferring them to the lower tier for formal sintering, the system achieves cascaded utilization of thermal energy. This approach reduces overall sintering energy consumption and accomplishes the dual objectives of residual heat recovery and energy efficiency enhancement.	An annual energy saving of approximately 6.3 million kWh is projected.	
Mass phase-out of inefficient motors	In 2025, 591 inefficient motors were eliminated, and a comprehensive plan was formulated to advance the replacement of these motors with energy-efficient alternatives.	Upon full completion, annual electricity savings of approximately 1.2 million kWh are expected to be achieved.	

DMEGC Energy Conservation Project Case

Use of Clean Energy

During the Reporting Period, the Company actively pursued the transition to clean energy. By procuring hydropower, constructing self-owned PV plants, scaling up green power purchase volumes, acquiring and consuming green electricity through market mechanisms, and purchasing renewable energy certificates (RECs), the Company reduced its reliance on traditional fossil fuels. It continuously increased the share of renewables, achieving 100% green energy coverage for both module and new energy battery factories. During the Reporting Period, the Company utilized 415 million kWh of green electricity.

Indicators		Unit	2025	2024	2023
Total Energy Consumption		tce	300,816.41	250,201.52[3]	192,677.35
Comprehensive Energy Consumption Intensity	Magnetic material products[4]	tce/ton	0.5643	0.5628	0.5706
	Photovoltaic Modules[5]	tce/MW	1.5910	1.9724	2.1777
	Lithium Battery Products[6]	tce/10,000 pieces	0.3946	0.5235	0.6062
Energy Consumption Intensity		tce/RMB million revenue	13.32	13.48	9.77
Direct Energy Consumption					
Natural Gas		10,000 m^3	4,276.79	3,938.89	3,247.79
Indirect Energy Consumption					
Purchased Electricity		MWh	1,834,600.35	1,456,694.50[7]	1,130,719.55
Purchased Steam		tons	126,396.00	124,971.00	122,665.13
Renewable Energy Consumption					
Purchased Green Electricity		MWh	364,372.25	387,528.51	30,217.19
Green Electricity Certificate		MWh	302,848.00	269,000.00	50,000.00
Self-generated and self-consumed green electricity		MWh	50,400.26	21,443.00	22,590.25

DMEGC Energy Consumption Status

Water Resource Management

The Company strictly adheres to applicable laws and regulations, such as the *Water Law of the People's Republic of China* and the *Water Pollution Prevention and Control Law of the People's Republic of China*, and has formulated and implemented the *Environmental Sustainable Management Policy*. Following the path of "reduction at the source-management and control in the process-efficiency gains through recycling", the Company has established a full-chain water conservation management system covering water intake, usage, and recycling. While ensuring stable production and product quality, the Company continuously reduces water intensity and operating costs, thereby synergistically enhancing environmental performance and economic benefits.

Key Performance

During the Reporting Period, DMEGC achieved a CDP Water Security Leadership Level A rating for the first time, representing an industry-leading position.

[3] The increase in the total amount and intensity of comprehensive energy consumption in 2024 was caused by the construction and commissioning of projects such as Lianyungang Phase II and Yibin Phase II.

[4] The production volume of high-precision, high-end, and miniaturized high value-added magnetic material products has increased, resulting in a rise in comprehensive energy consumption.

[5] According to the 2024 Standard Conditions for Photovoltaic Manufacturing Industry, the average comprehensive energy consumption of photovoltaic modules is approximately 3.07 tons of standard coal per megawatt.

[6] With production operating at full capacity and skills development programs being implemented, the comprehensive energy consumption intensity has decreased significantly.

[7] The increase in purchased electricity in 2024 was caused by the construction and commissioning of projects such as Lianyungang Phase II and Yibin Phase II.

Management Structure

The Strategy and ESG Committee is responsible for overseeing and approving the setting of water management targets and monitoring their achievement. The DMEGC ESG Task Force, in conjunction with the Enterprise Management Department, formulates water management plans and objectives, assesses the efficacy of management measures, and provides implementation guidance. Business divisions and factories are tasked with executing these objectives and delivering performance reporting.

Water Risk Assessment

The Company's operational water sources comprise municipal supply and river water abstraction. Municipal water is primarily allocated to industrial cooling, purified water preparation, and equipment and product cleaning; meanwhile, river water—approved by local authorities—serves as a critical supplement for auxiliary production and domestic use. To ensure compliance and safety, the Company has instituted a robust water intake and discharge monitoring framework, enabling real-time tracking and the formulation of a *Water Conservation Plan*. This initiative integrates assessment outcomes with actual production records to document water intake and usage data across all stages. Furthermore, the Water Quality Monitoring Team oversees systematic testing and control of both source and process water, ensuring continuous adherence to relevant standards.

The Company has instituted a systematic water risk management framework. Leveraging the World Resources Institute's Aqueduct Water Risk Atlas, the Company conducts regular risk identification and rating for major production bases to formulate and implement targeted water conservation measures. Analysis of water pressure, scarcity, drought, and flood risks has been performed across all global production sites. Furthermore, the Company addresses water security within its supply chain by assessing supplier dependency and related impacts, thereby promoting regulatory compliance and joint mitigation of environmental risks.

Water Stress Response

Water Conservation Initiatives

The Company prioritizes water pressure mitigation and water resource management, effectively advancing conservation efforts through water quality control, equipment upgrades, implementation of water-saving processes, and utilization of alternative water sources. Furthermore, standardized operating procedures (SOPs) for water management have been established across all business divisions to regulate production and operational water use, thereby driving the continuous improvement of water use efficiency.

Case **Water Conservation Retrofit**

To elevate comprehensive water use efficiency, the Company executed a systematic water-saving retrofit at Sichuan DMEGC. The project involved installing a dedicated backwash water recovery system to collect ultrafiltration concentrate and routine cleaning water, yielding 304 tons of recycled water. Simultaneously, a secondary recovery system for high-salinity water was added to reprocess effluent from the existing concentrate reuse system, securing an additional 350 tons. Following the upgrade, the annual utilization of reclaimed water is projected to increase by approximately 240,000 tons, thereby significantly boosting the wastewater reuse rate while alleviating freshwater consumption and discharge loads.

Closed-Loop Water Recycling

By introducing advanced equipment and innovating production processes, the Company reduces water consumption at the source, optimizes water structure, and intensifies conservation efforts. Furthermore, the Company actively implements reclaimed water reuse and closed-loop recycling within core processes to lower water costs.

Alternative Water Sourcing

The Company systematically advances alternative water sourcing by integrating rainwater harvesting. Dedicated cisterns have been constructed to capture and utilize precipitation for non-potable applications, specifically greening and sanitation purposes.

Wastewater Reuse

The Company actively advances wastewater reuse initiatives, encompassing the recycling of slurry tank and grinding wastewater in the permanent magnet sector, along with condensate and RO concentrate recovery in DMEGC Solar and water-saving retrofits at Sichuan DMCGC. Annual wastewater reuse exceeded 70,000 tons, with condensate recovery accounting for 65,000 tons, thereby significantly reducing freshwater intake and discharge volumes. Furthermore, the Company employs a tiered water management system aligned with process requirements. Lower-grade sources, such as river water, are allocated to auxiliary functions like cooling, cleaning, and irrigation, while high-grade water is reserved exclusively for precision manufacturing to ensure optimal utilization.

Case | **Upgrade of Wastewater Treatment Infrastructure for Magnetic Materials Production**

During the Reporting Period, the Company optimized and replicated proven wastewater treatment models from existing facilities across other magnetic materials production sites. By installing slurry tanks, buffer tanks, and circulating pump systems, the Company implemented multi-stage sedimentation to achieve closed-loop reuse. Furthermore, flange connections were added to the slurry tanks to facilitate sludge recovery, minimizing raw material waste. Since commissioning, the project has significantly improved water quality and mitigated pipeline blockages and unscheduled downtime, ensuring stable production and enhanced quality. This initiative yields annual savings of over RMB 1 million in labor, maintenance, and material recovery, alongside conserving more than 70,000 tons of water.

Circular Economy

The Company actively upholds its commitment to high-quality, green, and low-carbon development by embedding circular economy principles throughout the entire product lifecycle. This approach drives resource efficiency while fostering harmonious coexistence between the economy and the environment.

Critical Control Points	Key Initiatives	Progress Update
Product Design & R&D	• Collaborating with research institutes and value chain partners, the Company centers its strategy on technological reserves and systemic frameworks. At the design phase, the focus is on design-for-recycling principles; technically, the Company advances physical and chemical recycling processes. Aligned with policy and market trends, the Company issues periodic component recycling roadmaps to drive the efficient, eco-friendly, and resource-efficient utilization of decommissioned assets, thereby promoting sustainable industrial development.	• The Company has formed a dedicated task force to conduct industry research and evaluate technical pathways, achieving preliminary progress in design-for-recycling, reverse logistics models, and collaborative strategies.
Raw Material Procurement	• The Company actively advances a circular economy model by increasing the utilization ratio of secondary materials. Through the establishment of a robust procurement system for recycled content, the Company is committed to realizing green, closed-loop management spanning production and procurement, thereby reducing reliance on virgin resources.	• The New Energy Battery Division has partnered with a third party to regenerate NMP waste liquid from the production process into reusable fluid. During the Reporting Period, 2,998 tons of regenerated NMP were processed, yielding cost savings of approximately RMB 24.70 million.
Production Process Optimization	• To enhance the purity of recycled materials, the Company's Permanent Magnet Division conducted onsite piping retrofits aligned with lean and clean production standards, thereby achieving 100% raw material utilization.	• Approximately 1,350 tons of recycled materials are recovered monthly. Following process optimization and purification to meet downgraded utilization standards, these materials are repurposed at a lower tier, reducing monthly production costs by over 8%.
Packaging Material Reduction & Circularity	• Centered on the *Requirements for Recycling of Cell Packaging Materials*, the Company has established a comprehensive packaging governance system. This system facilitates the secondary recycling of reusable auxiliaries—such as pearl cotton and plastic trays—to boost material utilization and minimize solid waste generation. Furthermore, through automated rework modifications, localized sourcing, and supplier collaboration, the Company achieves closed-loop packaging reuse, thereby mitigating the environmental and health hazards associated with waste.	• Photovoltaic products, along with plastic and wooden pallets, achieve 100% recycling and reuse. • In the magnetic materials sector, approximately 100,000 cardboard boxes and over 250,000 plastic trays and crates are recycled annually. Furthermore, the New Energy Battery Division optimized packaging structures to reduce unit weight by 32 grams; calculated against an annual output of 600 million units, this initiative conserves roughly 98 tons of packaging materials. • During the Reporting Period, the Company generated RMB 6.62 million in revenue from packaging reuse, achieving a recovery rate of 98%.
Waste Valorization & Recycling	• The Company has instituted a rigorous waste classification system to manage residual-value wastes—such as scrap copper/aluminum foil, electrode sheets, and wound cores—through centralized recovery and comprehensive disposal. By engaging qualified third parties via a competitive tendering process, the Company ensures professional treatment, thereby achieving closed-loop management from waste generation to resource regeneration.	• Approximately 200 tons were processed during the Reporting Period, facilitating resource valorization and delivering cost efficiencies through waste reduction.
Product Recovery & Reuse	• Aligned with the EU *Waste Electrical and Electronic Equipment (WEEE) Directive*, the Company fulfills its responsibilities regarding end-of-life product recovery and solid waste management, while actively exploring and establishing a circular recycling system for PV modules.	• As of the end of the reporting period, the Company had completed WEEE registration in eight national markets, including Germany, France, the Netherlands, and Italy.

Indicators	Unit	2025	2024	2023
Total Packaging Material Consumption	RMB 10,000	25,164.54	17,092.34	21,361.64
Packaging material use intensity	RMB 10,000/million revenue	1.11	0.92	1.08

Usage of Packaging Materials of DMEG

Rigorous Emission Control

Fully compliant with the *Regulation on the Administration of Permitting of Pollutant Discharges*, the Company has systematically refined its environmental monitoring framework to ensure production aligns with high environmental standards. By leveraging advanced process optimization and resource recovery technologies, the Company has established a virtuous cycle encompassing "emission reduction, efficiency gains, green certification, and industrial upgrading".

Name of Company / Subsidiary	Types of Major & Characteristic Pollutants	Names of Major & Characteristic Pollutants	Emission Concentration / Intensity	Total Emissions	Non-compliance Status
Hengdian Group DMEGC Magnetics Co., Ltd.	Exhaust Gas	SO_2	5.7	10.7	None
	Exhaust Gas	NOx	77.14	110.26	None
	Wastewater	COD	122.73	339.26	None
	Wastewater	NH_3-N	10.24	21.30	None

Wastewater Management

The Company strictly adheres to the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Integrated wastewater discharge standard*, treating wastewater management as a cornerstone of its *Environmental Management System* (EMS). Consequently, the Company promulgated the *Air Emission and Wastewater Discharge Management System*, instituting an end-to-end control mechanism covering "source reduction, segregated collection, advanced treatment, and closed-loop reuse" to ensure systematic, efficient, and secure wastewater treatment.

We continuously monitor wastewater composition and treatment efficacy, deploying advanced technologies to ensure high-efficiency purification. By tailoring treatment processes to specific wastewater characteristics and production demands, we maximize the effectiveness of our water recycling systems. This approach enables the closed-loop reuse of treated water in production, ultimately ensuring compliance with discharge standards prior to drainage.

Type of Wastewater	Generation Stage	Key Wastewater Indicators	Treatment Process
Wastewater from Magnetic Material Production	Cooling Water & Cleaning Wastewater from Granulation, Pre-sintering, Ball Milling, Sintering, and Grinding Processes	Suspended Solids, COD, & Petroleum Substances	Oil Separation, Multi-stage Sedimentation, Coagulation, and Dissolved Air Flotation (DAF)
Wastewater from New Energy Product Manufacturing	Acid-Base, Fluoride-Containing, & Suspended Solid-Laden Wastewater from Cleaning Processes	pH, COD, Ammonia Nitrogen, Fluoride, SS, & Total Cobalt	Multi-stage Physical Sedimentation; Integrated Chemical Flocculation; Chemical Precipitation-Biological Treatment; & Acid-Base Neutralization

Furthermore, we are advancing the systematic upgrade of stormwater and sewer networks, reinforcing the remediation of risks associated with "Zero Direct Discharge" practices. This establishes a closed-loop model featuring "high-efficiency treatment and standard-compliant discharge", setting a benchmark for water environment governance while enhancing both ecological integrity and economic returns.

Case Upgrading the Integrated Wastewater Treatment & Reuse System to Enhance Closed-Loop Resource Utilization

The Company invested RMB 3.18 million in Sichuan DMEGC to construct a new Integrated Wastewater Treatment & Reuse System, boasting an annual designed capacity of 360,000 tons. Optimized based on operational experience from Jinchuan Electronics and the Vietnam production base, the system employs a combined process of "Coagulation-Dissolved Air Flotation (DAF)" and "A/O Biochemical Treatment-MBR" for high-efficiency treatment and advanced purification. With effluent quality consistently meeting standards for production reuse and landscaping irrigation, the initiative effectively drives the closed-loop utilization of wastewater resources while further elevating resource efficiency and environmental management.

Site of Wastewater Treatment Facilities Construction at Sichuan DMEGC

Wastewater Discharge Control Plan:

Using 2025 as the baseline, the Company targets a **39.45%** reduction in COD emissions and a **31.19%** reduction in total wastewater discharge by 2030.

Indicators	Unit	2025	2024	2023
Wastewater Discharge Volume	10,000 tons	495.37	500.87[8]	360.87
Wastewater Discharge Intensity	10,000 tons/RMB million revenue	0.022	0.027	0.018
Major Wastewater Pollutants				
Chemical Oxygen Demand (COD)	tons	122.73	116.88	156.27
Ammonia Nitrogen	tons	10.24	10.24	15.39

Wastewater Discharge of DMEGC

[8] Due to the expansion of production scale and the commissioning of new projects, the volume of wastewater generated in 2024 increased correspondingly compared to 2023.

Air Emission Management

The Company strictly adheres to the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* and the *Standard for Fugitive Emission Control of Volatile Organic Compounds*, establishing a refined waste gas management system. By enacting the *Air Emission and Wastewater Discharge Management System* and instituting an end-to-end control mechanism, we clarify departmental responsibilities to minimize the environmental impact of emissions.

We conduct comprehensive analyses of major exhaust components and proactively optimize treatment facilities to ensure compliant discharge. By implementing tailored control strategies for distinct production stages, we establish a refined waste gas management system.

Generation Stage	Magnetic Material Production Process	New Energy Product Manufacturing Process
Major Waste Gas Types	• Process Dust, Kiln Exhaust Gases, & Volatile Organic Compounds (VOCs)	• Acid-Base Exhaust, Volatile Organic Compounds (VOCs), & Silane-Containing Exhaust
Treatment Process	• Bag Filtration; Water Film Scrubbing + Wet ESP; Condensation Recovery + Spray Oxidation; & Activated Carbon Adsorption / ECO	• Acid-Base Scrubbing; Combustion-Condensation Recovery-Activated Carbon Adsorption; Condensation Recovery + Multi-stage Spray Oxidation; Alkali Scrubbing & Activated Carbon Adsorption; Catalytic Combustion; & Combustion-Bag Filtration-Acid Scrubbing

Furthermore, the Company entrusts qualified third-party agencies to conduct annual monitoring and assessment of waste gas emissions. By establishing a robust monitoring system and continuously advancing energy conservation and emission reduction initiatives, we have significantly enhanced treatment efficiency and effectively mitigated potential atmospheric risks.

Indicators	Unit	2025	2024	2023
Total Volume of Key Air Pollutant Emissions	tons	77.53	68.68	67.75
Exhaust Gas Emission Intensity	tons/million revenue	0.0034	0.0037	0.0034
Nitrogen Oxides (NOx) Emissions	tons	77.14	61.84	61.70
Sulfur Dioxide (SO_2) Emissions	tons	5.70	6.84	6.05

Air Emission of DMEGC

Waste Management

The Company strictly adheres to the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* and other relevant regulations. In full compliance with the *National Directory of Hazardous Wastes*, the *Standard for Pollution Control on Hazardous Waste Storage*, and the *Measures for the Transfer of Hazardous Wastes*, we have instituted internal protocols—specifically the *Scrap Material Disposal Management Process* and the Hazardous Waste Management System—to enforce end-to-end control covering source classification, standardized storage, and compliant transfer & disposal.

In our management practices, we uphold the principles of "Reduction at source, Reuse and Recycling, and Harmless disposal", establishing clear classification criteria, storage protocols, and processing workflows for diverse solid waste streams to achieve refined, differentiated control.

Types of Waste	Handling Method
General Solid Waste	The Company implements a framework of classified collection, comprehensive utilization, and secure disposal. Recyclable materials are sorted and transferred to licensed recyclers to maximize resource circularity. Non-recyclable general solid waste is entrusted to qualified contractors for secure landfilling or incineration.
Hazardous Waste	The Company maintains a dedicated storage zone built and managed in strict accordance with hazardous waste storage standards to ensure containment security. Furthermore, we partner with licensed hazardous waste disposal contractors, to whom we regularly transfer waste for compliant, harmless treatment.

The Company actively explores waste valorization, leveraging technological innovation and process optimization to achieve resource regeneration, with notable demonstration cases in the recovery of key elements—fluorine, silicon, and phosphorus. These resource utilization initiatives not only eliminate environmental pollution pathways but also unlock the latent economic value of waste, establishing a closed-loop industrial ecosystem and facilitating the Company's transition to a green circular economy.

Regarding e-waste, the Company formulates its management plans in strict compliance with the EU's *Waste Electrical and Electronic Equipment (WEEE) Directive* to fulfill Extended Producer Responsibility (EPR) obligations and actively assume end-of-life recycling duties. We partner with licensed third-party agencies for the recycling of PV modules sold in the EU market. As of the end of the Reporting Period, we registered as a WEEE member in Germany, the Netherlands, Italy, Austria, Poland, Spain, France, Luxembourg, and Portugal, with plans to expand our registration footprint in the future.

Case **The Calcium Fluoride Sludge In-park Resource Utilization Project achieves zero solid waste discharge and high-efficiency recycling.**

During the Reporting Period, the Sichuan DMEGC achieved comprehensive closed-loop solid waste recycling via its in-park resource utilization project for general industrial solid waste (calcium fluoride sludge). Furthermore, by adopting an "Absorption + MVR Evaporation" process for ammonia-laden process gas, the Company converted resulting ammonium sulfate solutions into by-products, yielding 1,365 tons and generating approximately RMBRMB 1 million in revenue. Furthermore, the Company optimized NMP cleaning waste liquid treatment by shifting from hazardous waste disposal via third parties to resource recovery by the original equipment manufacturer (OEM), thereby further enhancing environmental benefits.

Indicators	Unit	2025	2024	2023
Total Waste Volume	tons	36,900.15	39,140.24	37,033.24
Waste Discharge Intensity	Tons /million RMB revenue	1.63	2.11	1.88
General Waste	tons	36,381.23	38,661.01	36,619.49
Hazardous Waste	tons	518.19	479.23	413.75
Comprehensive utilization rate of general waste	%	91.55	92.62	82.39
Hazardous Waste Disposal Rate	%	100	100	100

Waste Discharge of DMEGC

Hazardous Chemical Management

The Company has instituted internal protocols—specifically the *Hazardous Chemicals Safety Management Policy*, the *Explosive Chemicals Management Policy* and the *Precursor Chemicals Management Policy*—to establish a multi-departmental synergy mechanism for chemical risk control. Leveraging safety departments across the Group, Divisions, and Factories, we enforce rigorous chemical management throughout the entire lifecycle, encompassing design, procurement, usage, storage, disposal, and decommissioning, thereby ensuring comprehensive chemical safety.

Business Divisions / Factories	Primary Responsible Person for Chemical Safety.
Procurement Management Department	Responsible for chemical procurement and daily safety management of hazardous chemical warehouses.
Safety Departments at All Levels	Responsible for supervising and administering chemical safety across all organizational levels.
Enterprise Management Department	Responsible for hazardous chemical supervision, as well as the disposal and management of hazardous waste chemicals.

The Company has set a "zero-incident" management target, enforcing comprehensive lifecycle controls over chemicals spanning procurement, usage, storage, and decommissioning. We strictly adhere to national regulatory requirements by posting chemical inventories and incompatibility charts on-site, equipping adequate emergency response materials, and mandating certified operator credentials to ensure operational safety and compliance.

The Company has institutionalized a safety management system for Major Hazard Installations (MHIs), enforcing accountability protocols and developing tailored safety and monitoring plans. We maintain comprehensive MHI archives and emergency plans, ensuring full regulatory filing. Adhering to the principle of "immediate rectification for critical hazards and time-bound rectification for general hazards", we implement a tiered closed-loop management system. All corrective actions are documented with inspection reports, rectification records, and before-and-after evidence to form a complete management ledger.

Meanwhile, we conduct regular chemical hazard inspections and specialized leakage emergency drills. By upgrading equipment safeguards and reinforcing safety awareness, we effectively mitigate risks identified during these assessments.

Furthermore, prioritizing chemical reduction and substitution, we drive technological innovation and process optimization to proactively protect employee health and environmental safety at the source. During the Reporting Period, the Company recorded zero work-related safety accidents involving chemicals.

Case | **Replacement of Precursor Chemicals**

The Soft Magnetic Steel Strip Plant replaced acetone—a precursor chemical and low-flashpoint hazardous solvent—with a safer, non-precursor diluent through process analysis, technical refinement, and performance validation. While meeting process requirements, this initiative significantly reduced hazards associated with chemical management and usage. Since 2025, the Company has ceased using acetone entirely, projecting an annual reduction of approximately 2 tons. We remain committed to optimizing raw and auxiliary selection and process control to continuously enhance intrinsic safety and ensure employee health and safety.

Case | **Reduction of Unit Chemical Consumption**

By applying the Six Sigma (DMAIC) methodology, Sichuan DMECG reduced unit chemical consumption in PV cell production by nearly 46%, achieving industry-leading efficiency. In 2025, this initiative delivered direct cost savings of approximately RMB 25.27 million, significantly enhancing product competitiveness and profit margins.

Case | **Conducting emergency drills for chemical leakage response**

To enhance employee preparedness for chemical leakage emergencies, the Company organized a specialized emergency drill for electrolyte leakage at its Lithium Battery Factory. This exercise effectively validated the operability of emergency plans, sharpened the proficiency of response teams, improved cross-departmental coordination efficiency, and accumulated practical experience for mitigating similar risks while ensuring personnel and environmental safety.

03

Forging Ahead with Innovation

Building New Quality Productive Forces

DMEGC continues to promote the deep integration of technological innovation and digital intelligence transformation, strengthens its innovative R&D capabilities, accelerates the layout of green low-carbon products and clean technologies, and establishes a four-in-one digital intelligence production capacity. While improving efficiency, it comprehensively upgrades the quality management system to achieve full-process intelligent control and precise traceability, thereby solidifying the bottom line of product quality. In addition, we focus on customer needs, deepen digitalization and personalization of services, continuously enhance reliability and experience, and fulfill our mission with excellence.

Respond UN SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Innovation-Driven Development

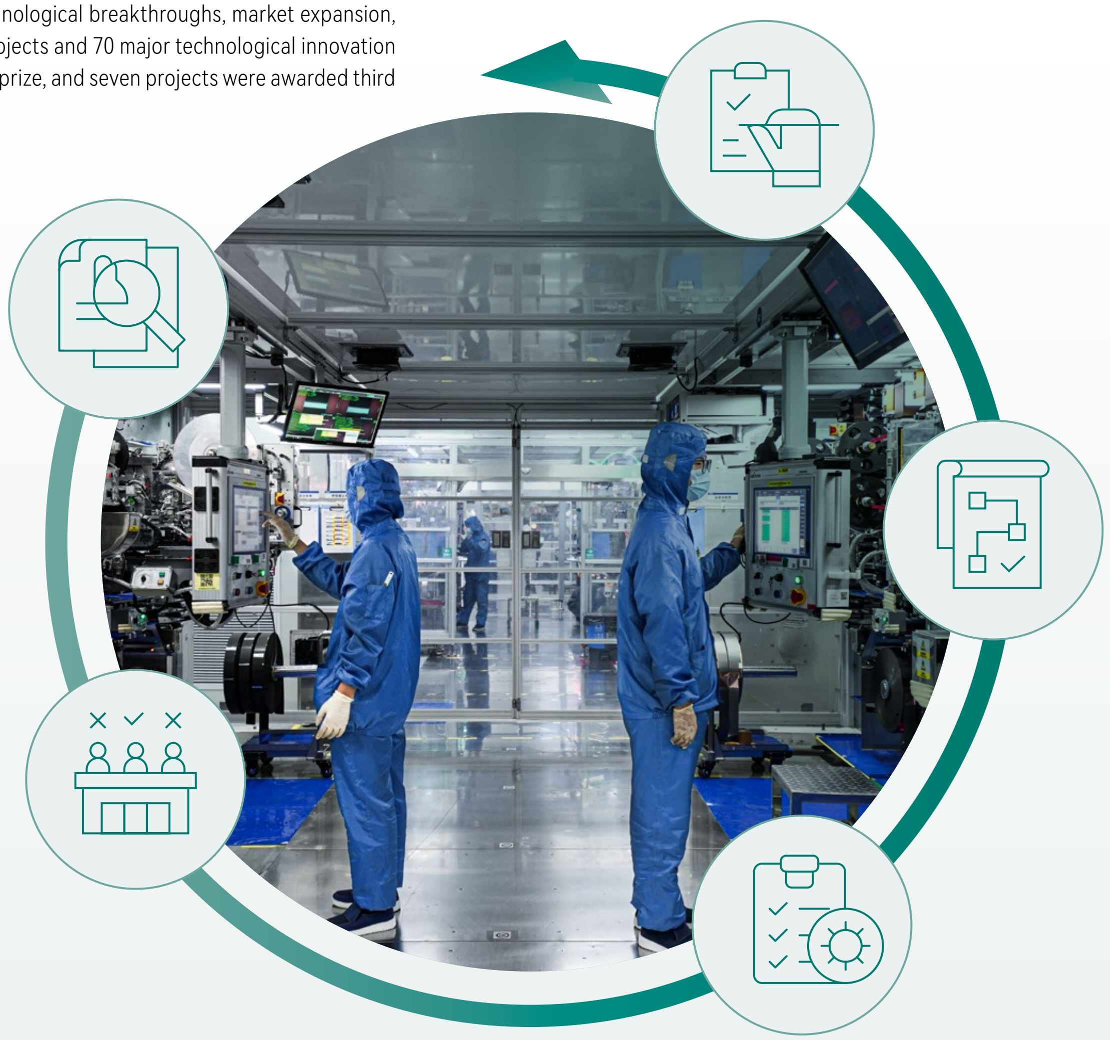
DMEGC adheres to an innovation-driven development strategy, has established a comprehensive innovation mechanism, and continues to invest in research and development to drive technological breakthroughs and product upgrades. We attach great importance to intellectual property protection and management, have established and improved an intellectual property management system, achieved effective protection and utilization of technical achievements, and consolidated our leading product competitiveness.

R&D Management

DMEGC adheres to the philosophy of "one in reserve, one in development, one in production", establishing a three-level collaborative innovation system comprising the DMEGC Research Institute, business divisions, and factories, thereby creating an end-to-end channel from technical conception to product implementation. Through closed-loop management spanning conceptual design, pilot verification, and scaled application, alongside cross-departmental dynamic collaboration and rapid feedback mechanisms, the efficiency of technology achievement transformation is enhanced. In 2025, the Company revised policies including the *Technology Innovation Management Measures*, the *Management Regulation on Special Funds for Major Technological Innovation Projects,* and the *Detailed Rules for the Implementation of Technological Innovation Awards* to further enhance innovation management and incentive mechanisms.

To enhance independent innovation capabilities and promote the transformation of scientific and technological achievements, the Company organizes the declaration and project initiation review for technical challenges and major technological innovation special projects at the beginning of each year. Sufficient funding support is provided to projects that pass the review. The Company conducts innovation award applications and reviews at the end of each year to recognize projects and teams that have demonstrated outstanding performance in technological breakthroughs, market expansion, economic benefits, and application promotion. In 2025, the Company initiated 17 technical challenge projects and 70 major technological innovation special projects. Upon review, two projects were awarded first prize, four projects were awarded second prize, and seven projects were awarded third prize for technological innovation.

Technical Innovation R&D Process



Preparation of the Project Initiation Report

The DMEGC Research Institute and the R&D departments of business divisions conduct comprehensive project research based on technology development roadmaps, market demands, and the Company's mandatory plans. They then prepare the *Project Feasibility Analysis Report* and submit project applications through the digital management system for innovation intellectual property.

Project Initiation Review

The innovation project review expert review panel for innovation projects conducted a multi-dimensional evaluation and scoring based on project initiation materials such as the *Project Feasibility Analysis Report*, covering aspects including the rationale for topic selection, technical level, market application prospects, and plans for intellectual property applications.

Project Initiation

The project management department submitted the proposal for project initiation to the General Manager of the Company for approval based on the review opinions of the innovation project review expert group.

Project Execution

The project team conducted R&D in accordance with the schedule approved by the innovation project review expert group. The project management department supervised and managed the R&D process and expenses, and provided support.

Project Acceptance

The project team summarized the project, conducted technical novelty searches and sampling inspections on the project outcomes for certification, and the project management department organized the project acceptance.

We have continuously consolidated the foundation for innovation. We successively established multiple innovation platforms, including a national enterprise technology center, a postdoctoral research workstation, a provincial key enterprise research institute, and a provincial engineering research center, thereby constructing a multi-level technical platform system covering the entire R&D chain. In 2025, the Pilot Platform for High-End Magnetic Materials and New Energy Materials was designated by the Jinhua Economic and Information Technology Commission as a municipal-level pilot platform in Jinhua City for 2025. The magnetic material devices and new energy concept verification center, which were applied for the first time, were included in the list of the first batch of concept verification centers in Jinhua City.

We focus on the construction of a tiered talent structure for R&D personnel, and there are over 3,100 R&D technical staff. During the Reporting Period, the Company added 330 R&D talents in total for the year (including 114 engineers promoted internally and 22 assistant engineers). Furthermore, we conducted a series of training programs on technology innovation project management, patent analysis, and filing for R&D personnel and technicians, cumulatively covering over 800 person-times, thereby comprehensively enhancing the Company's capabilities in intellectual property creation and utilization.

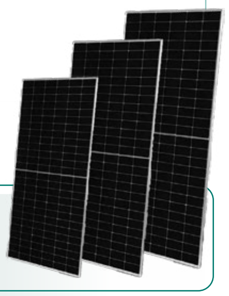
Innovation Achievements

In 2025, the Company's R&D investment reached RMB 736 million, accounting for 3.26% of revenue. As of the end of the Reporting Period, a total of 230 products of the Company had been accepted following provincial advanced product appraisal, including 18 newly added in 2025 (3 at internationally leading level, 8 at internationally advanced level, 5 at domestically leading level, and 2 at domestically advanced level).

- A wide-temperature low-impedance material was developed. This material achieves precise control of oxygen content during the cooling phase while reducing impedance, significantly minimizing material loss;
- Develop magnetic nylon composite materials that improve the interfacial compatibility between the nylon matrix and magnetic powder, while possessing excellent flowability and flexural strength

Magnetic Materials

- Launched high-power solar photovoltaic modules based on TOPCon Det technology to achieve a significant increase in module power. Innovatively integrated multi-layer composite passivation film processes into these modules to enhance module lifespan and product yield, achieving synergistic optimization of high reliability and low cost



Photovoltaic Products

- Innovative development of lithium-ion cells was conducted by optimizing high-nickel cathode materials and matching electrolyte selection to strengthen internal resistance control, thereby effectively enhancing the cycle performance of the products. Furthermore, a network-like electron transport field was established to increase the density of the product cathodes, improving both compaction density and electrode capacity

Lithium battery

In 2025, the Company received multiple honors for its innovation capabilities. The project Key Technology R&D and Industrialization of High-Comprehensive Performance Magnetic Materials for High-Efficiency Motors and the ferrite products for charging equipment below 11KW for new energy vehicles were awarded the First Prize and Second Prize, respectively, in the Third Science and Technology Progress Award of China Electronics Components Association. The sensor project for the new energy vehicle-assisted braking system was recognized as 2025 Zhejiang Provincial Outstanding Industrial New Products. The project concerning ferrite products for charging equipment below 11KW for new energy vehicles was honored with the 2025 Zhejiang Manufacturing Premium Products. The Company ranked 15th among the Zhejiang Provincial Top 100 Enterprises in Patent Creativity in 2024.

2	12	
Accumulated Receipt of National-Level Science and Technology Awards	Accumulated Receipt of Provincial-level Science and Technology Awards	Manufacturing Single Champion Enterprise

Industry Construction

Industry-University-Research Cooperation

DMEGC continues to build an open and collaborative innovation ecosystem. Serving as a nexus for joint platform development, it promotes the deep integration of industry, academia, and research resources while focusing on breakthroughs in frontier technologies within the sector. We have jointly established the Zhejiang Provincial Key Laboratory of Advanced Information Materials with Zhejiang University and the Zhejiang Key Laboratory of Magnetic Materials and Applications with Ningbo Institute of Materials Technology & Engineering.

Case Industry-University-Research Cooperation

DMEGC collaborated with China Jiliang University on industry-university-research cooperation. In 2025, the two entities jointly applied for the Zhejiang Provincial Science and Technology Progress Award with the project titled "Precise Detection and Regulation Technology of Strategic Key Metal Elements in Magnetic Materials and Its Industrial Application" and was awarded the Second Prize of the Zhejiang Provincial Science and Technology Progress Award.

Standard Setting

We led or participated in the development of multiple national and industry-level standards to promote the unification and standardized development of technical requirements in key areas. As of the end of the Reporting Period, DMEGC had cumulatively led or participated in the formulation of 75 international, national, and industry standards. Among these, four industry standards were published in 2025, three new industry standards were newly led or participated in, and an additional 20 standards are currently being advanced simultaneously.

Ferrite cores - Guidelines on dimensions and the limits of surface irregularities -

Part 15: U-cores

IEC 63093-15

Magnetic powder cores Guidelines on dimensions and the limits of surface irregularities -

Part 6: EQ-cores

IEC 63182-6

2025 DMEGC Industry Standard Release Achievements (Partial)

As of now, DMEGC 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. Leveraging our long-accumulated technical expertise and practical experience, we actively participate in industry policy discussions, standard-setting initiatives, and technical exchanges to contribute professional insights and solutions to the industry.

Organization Name	Role
Solar Power 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
Primary Cells and Batteries (SAC/TC176)	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

Case **Leading Industry Organization Construction and Co-building a Sustainable Development Ecosystem**

In October 2025, as the Chairman and President, the Company fully leveraged its industry leadership role and actively participated in the Election Congress and the 2025 Magnetic Materials Industry High-Level Forum jointly hosted by the Magnetic Materials and Devices Branch of China Electronic Components Association, the Zhejiang Magnetic Materials Industry Association, and the Dongyang Magnetic Materials Industry Association at the DMEGC Building. More than 200 representatives from government departments, scientific research institutions, industry organizations, and key enterprises gathered in Hengdian, Dongyang, to jointly witness the convening of the meeting. As an industry leader, we continue to promote the construction of industry governance mechanisms, assist in building an open, collaborative, and sustainable industrial ecosystem, and further consolidate and enhance the Company's core influence and sense of responsibility within the industry.

75
Total number of standards that led or participated in the formulation by DMEGC

21
The number of international standards that led or participated in the formulation by DMEGC

18
The number of national standards that led or participated in the formulation by DMEGC

Intellectual Property Management

DMEGC continues to strengthen its intellectual property management system. In accordance with internal policies such as the *Patent Management Measures*, the *Proprietary Technology Management Measures*, the *Trademark Management Measures*, and the *Copyright Management Measures*, the Company standardizes the review and declaration processes for intellectual property, firmly prevents infringement acts, and ensures the effective transformation of innovation outcomes. In 2025, the Company revised its *Intellectual Property Management Measures*, introducing a patent value assessment and tiered management mechanism. This revision comprehensively covers the full lifecycle management of core assets, including patents, proprietary technologies, and copyrights, thereby advancing intellectual property management from "compliance management" to "value creation". As of the end of the Reporting Period, DMEGC has a total of 1,931 valid patents, including 873 invention patents. A total of five patents have been awarded the China Patent Excellence Award, and three patents have received provincial-level patent awards.

Indicators	Unit	2025	2024	2023
Number of newly granted invention patents	Pcs	106	63	108
Number of newly granted utility model patents	Pcs	136	72	151
Number of newly granted design patents	Pcs	2	4	5
Total	Pcs	244	139	264

Number of newly granted patents

We continue to advance the systematic construction of the intellectual property management system and comprehensively enhance the capability to protect innovation outcomes. In 2025, we maintained our surveillance audit compliance with the *Enterprise Intellectual Property Compliance Management System (GB/T 29490-2023)* and obtained the three-level evaluation certification for *ISO 56005 Innovation management — Guidance for intellectual property management*.

In 2025, the Company established the *Value Grading Policy Prior to Patent Application* and conducted a systematic evaluation of technical disclosure documents. Based on product leadership, implementation probability, and potential economic benefits, we have categorized them into three tiers: A (including A+), B, and C. For A+ projects, we implement an expedited application mechanism focused on disruptive, original, or industry-impacting technologies to ensure timely protection of core outcomes. This policy directs patent positioning toward high-value areas, achieving precise resource allocation and maximizing innovation benefits.

Furthermore, we strengthened ex-ante risk control during the new product initiation phase, with the Legal Department proactively intervening to conduct Freedom to Operate (FTO) analysis. For identified potential risk patents, we promptly issued warnings to the business department and collaborated with the R&D team to conduct design-around strategies or initiate patent invalidity searches. This approach reduces infringement risks at the source and promotes efficient innovation activities within a compliant framework.

Case Training on Enhancing Patent Capability

In 2025, DMEGC conducted training on Enhancing Patent Analysis and Drafting Capabilities for R&D personnel and intellectual property management staff. The training focused on mining innovation points, optimizing patent novelty and inventiveness, and strengthening drafting quality and layout capabilities. Simultaneously, the initiative enhanced intellectual property awareness among alliance enterprises in scenarios such as marketing and production operations, effectively promoting improvements in both the quantity and quality of patent applications while bolstering risk prevention capabilities.

1,931
Cumulative Number of Valid Patents Held

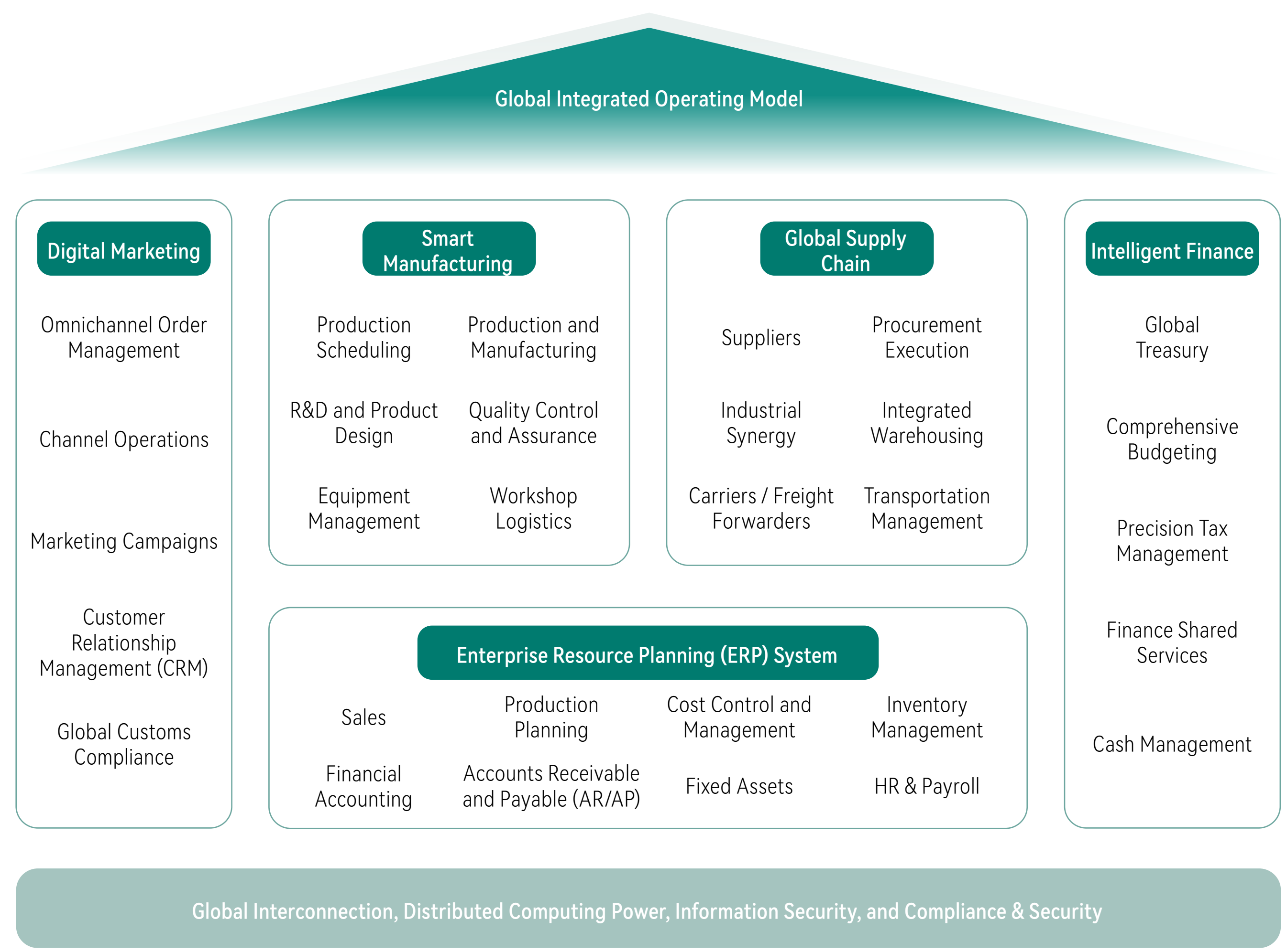
5
Accumulated Recipient of the China Patent Excellence Award

3
Accumulated Receipt of Provincial-Level Patent Awards

Empowering Digital and Intelligent Transformation

DMEGC is committed to interpreting the core connotation of new industrialization through digital and intelligent transformation. During the "14th Five-Year Plan[9]" period, we followed a path from "automation" to "digitalization" and then to "intelligence", taking automation upgrades as the key driver and data as the core element to reshape the entire process of research and development, production, management, and energy utilization. Currently, we have completed the transition from "system construction" to "business empowerment" and are moving from "supporting business operations" toward "data-driven decision-making". By the conclusion of the "14th Five-Year Plan", we have established five national-level 5G factories, two provincial-level 5G factories, and three provincial-level advanced intelligent factories.

As we embark on the opening year of the "15th Five-Year Plan[10]", having completed the construction of digital systems and business empowerment, we are accelerating towards a new stage of data-driven intelligent decision-making and value creation. We have established the "15th Five-Year Plan for Digitalization" to construct a four-in-one digital system integrating "production and manufacturing, business management, infrastructure, and global support". This system covers three major business segments: magnetic materials, photovoltaics, and lithium batteries. It deeply integrates order flows, logistics flows, capital flows, and information flows, ultimately forming a global integrated "digital intelligence" operation and management system centered on "data-driven, AI-collaborative, green, and efficient" principles.



Global Integrated Operating System

[9] The 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China
[10] The 15th Five-Year Plan for National Economic and Social Development of the People's Republic of China

We are advancing the iterative upgrade of digital factories and smart factories to "future factories" by constructing a unified Manufacturing Execution System (MES) and Enterprise Resource Planning (ERP) hub core covering the entire industry. This initiative aims to gradually achieve supply chain collaborative optimization, agile global operational response, intelligent manufacturing operation control, and data-driven scientific decision-making.

We have established an integrated collaborative platform covering production, supply, and sales with ERP as the core. By implementing unified standards across factories, we have connected end-to-end data from procurement to delivery, effectively advancing data collaboration and intelligent management. Furthermore, we have established an overseas online office portal to enable online collaboration for human resources, administrative, and procurement processes, thereby promoting the implementation of "one-stop online services".

We explore the integration of AI with business operations. The Company's official website has been equipped with a self-developed AI assistant. Since its launch in July 2025, it has served over 1,200 person-times, achieving an accuracy rate of 94.66% in answering inquiries. To ensure data security, we have deployed localized large-scale models to replace public cloud models, empowering key departments such as quality and legal to conduct internal document analysis. In addition, we have embedded AI capabilities into the international logistics, OQC (Outbound Quality Control), and CRM (Customer Relationship Management) systems to achieve automatic text extraction, form data capture, and automated generation of customer risk reports, thereby reducing manual operational costs and enhancing business process efficiency.

Case | **Magnetic Material 5G Factory Project**

Addressing the common requirements of the magnetic materials industry in key scenarios such as flexible manufacturing, process optimization, and capacity enhancement, we have developed a cloud-edge integrated intelligent production control platform covering automated control, industrial IoT, big data analytics, intelligent batching, and inspection.

Case | **Lithium Battery Smart Factory**

The lithium battery intelligent factory relies on dynamic real-time data collection, analysis, and control, combined with industrial data analysis and modeling, to construct an intelligent and refined quality control process. This significantly enhances product quality and consistency, providing a solid foundation for green manufacturing and sustainable development.

Case | **Intelligent Battery Factory**

As the first 5G fully connected intelligent manufacturing future factory in Yibin City, the facility is equipped with a 5G industrial internet, an intelligent factory brain system, an AI-powered intelligent security system, intelligent AGV forklifts, six-axis industrial robots, industry-leading digital workshops, intelligent logistics warehousing, and related supporting facilities. While achieving comprehensive intelligent production, smart management, and collaborative manufacturing, it simultaneously realizes continuous breakthroughs in production technology and a comprehensive improvement in product quality.

Case | **Intelligent Factory for High-Efficiency 5G Solar Photovoltaic Modules**

As the largest 5G private network application smart factory in Lianyungang City, the Company has established a full-process digital integration system by deeply integrating traditional industrial information systems with emerging technologies such as 5G, the Internet of Things (IoT), big data, and artificial intelligence. This initiative achieves wafer-level traceability for silicon wafers, AI-driven automatic process optimization, and predictive maintenance, thereby creating a new paradigm of efficient collaboration and data-driven intelligent manufacturing.

5	2	3
Number of National-Level 5G Factories	Number of Provincial-Level 5G Factories	Number of Provincial-Level Advanced Intelligent Factories

Green Products

DMEGC integrates low-carbon concepts throughout the full lifecycle management of its products, focusing on clean technology innovation and green strategies for the entire product lifecycle. The Company continues to deepen research and development in clean energy technologies, creating high environmental adaptability green products to provide solutions that are both economically viable and environmentally friendly for global energy transition.

Product Lifecycle Management

DMEGC adheres to the product philosophy of "environmental friendliness and resource utilization", with "Green Design - Clean Production - Circular Regeneration" as its core theme. We have systematically established a green manufacturing and circular management system covering R&D, procurement, production, transportation, usage, and recycling, achieving closed-loop green value creation from source carbon reduction to end-of-life recovery.

R&D

Adhere to emission reduction at the source of the R&D phase, prioritizing low- or rare-earth-free formulations and environmentally friendly, biodegradable, and renewable raw materials; By embedding full-lifecycle green strategies during the project initiation and design review phases, an optimized balance between performance and sustainability was achieved.

Procurement

All raw material specifications must explicitly require materials to comply with the latest EU RoHS Directive and other environmental compliance requirements, and environmental compliance indicators shall be incorporated into supplier qualification and assessment; We require all raw material suppliers to sign the *Guarantee of Non-use of Hazardous Substances* to strictly control the risks of restricted/prohibited substances, block the inflow of hazardous materials into production processes, and continuously enhance the green compliance level of the supply chain.

Production

Adhering to green manufacturing and compliance with applicable standards, the Company engages third-party institutions to conduct testing prior to product shipment, ensuring that all products fully meet international environmental standards such as the EU RoHS, REACH, and PFASs-free requirements. Furthermore, we increased the proportion of green electricity usage, introduced green production technologies and equipment, and continuously optimized production processes to effectively reduce energy consumption and pollutant emissions. Furthermore, we utilize waste solutions generated from exhaust gas treatment to produce by-products for external sales, thereby strengthening end-of-pipe governance and resource utilization.

Transportation

Optimize logistics routes and transportation modes, and continuously advance the greening process of packaging by selecting recyclable and biodegradable materials to reduce packaging waste generation and mitigate environmental impacts in the transportation process;

Usage

Product usage guidelines and energy-saving suggestions are launched for customers to assist them in reducing energy consumption and environmental impact during the usage phase.

Recycling

The systematic construction of a product take-back system is being advanced, with systematic collection and classification management implemented for products such as module brackets. Furthermore, a full-process take-back mechanism has been established to ensure the environmentally sound disposal and resource-based reuse of recovered items, thereby facilitating the return of products from the "usage end" to the "resource end" and establishing a sustainable circular utilization pathway.

Case Hazardous Substance Management Training

In March 2025, we engaged external instructors to conduct specialized training on hazardous substances, explaining on-site control requirements and compliance key points to employees and suppliers. This initiative effectively enhanced the awareness and management capabilities of all parties, significantly reduced environmental risks associated with products, and further strengthened the defense line for product environmental safety. During the Reporting Period, two rounds of REACH SVHC (Substances of Very High Concern) non-use declaration surveys were completed, and suppliers were urged to sign the *Guarantee of Non-use of Hazardous Substances*.

In 2025, DMEGC continued to advance its green product certification initiatives. This included covering the carbon footprint life cycle assessment (LCA) for N-type product modules, cells, and wafers across all facilities; obtaining mainstream product carbon declaration certifications based on the ISO 14067 international standard; securing EPD Norge certificates for flagship standard products while simultaneously expanding mutual recognition to EPD Italy and EPD Denmark; and acquiring PEP certification for flagship products in France to provide robust support for clients competing in public projects. As of the end of the Reporting Period, the Company had completed a total of 6 green product certifications.

100%
Proportion of the Company's N-type products shipment volume that has passed LCA certification

27
Number of products with cumulative Environmental Product Declarations (EPD) certifications from Italy, Norway, and Denmark (EPD Italy, EPD Norge & EPD Denmark)

Accumulated Number of Carbon Footprint Certified Products

17
Cumulative Number of ISO 14067 Certified Photovoltaic Products

Clean Technology Development

With product safety and reliability as the prerequisite, we integrate green practices throughout the entire lifecycle and pursue clean technology innovation. We have deepened the design of environmentally friendly products and explored circular economy pathways. Through the research and implementation of low-carbon processes, we continuously enhance the green attributes of our products, providing robust support for the Company's green transformation and carbon neutrality goals. In 2025, the Company successfully completed the re-evaluation for green factories by the Ministry of Industry and Information Technology of the People's Republic of China. As of the end of the Reporting Period, the Company has cumulatively had two bases recognized as national green factories by the Ministry of Industry and Information Technology of the People's Republic of China.

The Company has developed a green lifecycle path design for core materials including solar cells, glass, ribbons, encapsulants, frames, junction boxes, silicone, and packaging. Starting from the product design source, the Company focuses on green innovation in areas such as low silver content, high efficiency, thinning, lightweighting, lead-free formulation, and waste recycling. At the same time, a specialized team was established, R&D resources were allocated, and multiple rounds of testing and process optimization were conducted to continuously enhance the environmental friendliness of the products. To achieve a closed-loop lifecycle for green manufacturing, we are systematically planning future recycling technology pathways.

Future Development Directions of Recycling Technologies

Modular

Support mobile deployment solutions to establish a mobile recycling factory

New Technologies

Utilize green chemical solvents in conjunction with multiple technologies

Intelligence

AI tools are introduced to enhance component identification efficiency

Standardization and Commercialization

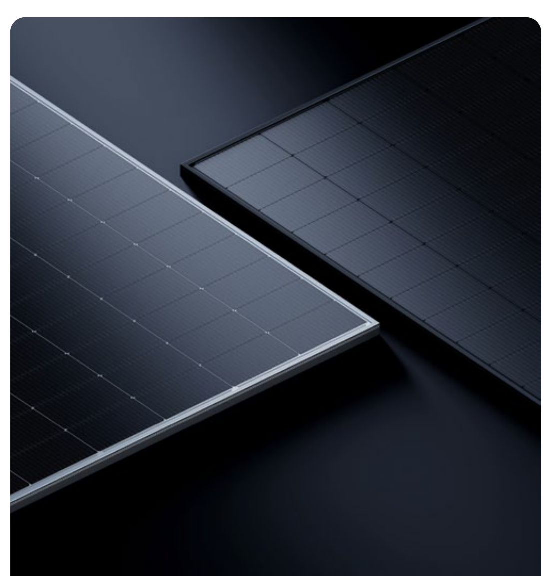
Innovative Business Models

Currently, DMEGC has accumulated technical reserves for multiple environmentally friendly components, laying a solid foundation for the scaled application of green products.

Case **Energy-Saving and Low-Carbon Design — High-Performance Steel Frames**

Addressing the issue of high carbon emissions associated with traditional aluminum alloy frames, the Company has innovatively introduced a high-performance steel frame solution. This initiative achieves significant carbon reduction while comprehensively enhancing the structural performance of the modules, establishing it as the preferred green option for large-scale commercial applications. The carbon footprint of this product over its entire lifecycle is reduced by more than 60% compared to traditional aluminum alloy frames. Mechanical properties have been comprehensively enhanced; tensile strength, yield strength, and toughness are significantly improved relative to aluminum alloys. The C-surface exhibits superior tear resistance, meeting the stringent load requirements for large-size, high-power modules.

Furthermore, the product maintains the aluminum frame's external structure and installation logic, supports bolted connections, and is compatible with existing tools and operational procedures. This eliminates learning costs for installation, facilitating rapid switching and implementation by downstream users. Leveraging the triple advantages of "low carbon, high performance, and easy adaptability", steel-framed products are accelerating green iteration and industrial upgrading in the frame material sector.

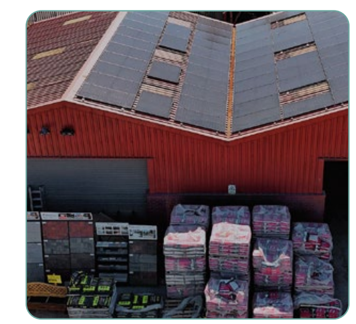


Expansion of Product Application Scenarios

DMEGC has deeply explored the potential for energy transition in sectors such as industry and commerce, agriculture, and transportation. By integrating photovoltaic, energy storage, and magnetic material technologies, we have developed systematic solutions covering multiple scenarios, driving the upgrade of energy applications from single products to comprehensive services.

Photovoltaic Multi-Scenario Applications

We focus on residential, commercial and industrial, and large-scale centralized scenarios to promote the deep integration of photovoltaic products and applications. Through the self-consumption and surplus power grid-feeding model, we achieve efficient energy utilization. Among these, distributed systems have become the fastest-growing application form in the current market due to their flexibility and rapid deployment advantages.

Product Type	Residential Distributed	Commercial and Industrial Distributed	Large-scale centralized
			
Application Scenarios	Independent residential houses, villas, and rural self-built house roofs	Roofs of factories, warehouses, shopping malls, data centers, etc.	Centralized ground-mounted power stations; desert/gobi power stations
Key Characteristics	To meet household electricity demand, surplus power may be sold to the grid	Achieve self-generation and self-consumption with surplus electricity fed into the grid to reduce power costs	Construction of power stations with capacities ranging from megawatts to gigawatts, ensuring efficient utilization of idle land
Value and Effectiveness	Reduce household electricity costs and promote the widespread adoption of green energy.	Simultaneously achieving insulation and cooling to enhance building energy efficiency	Establish a large-scale "green energy base" to achieve sustainable power generation

Application Technology

In distributed scenarios, we actively promote the application of Building-Integrated Photovoltaics (BIPV) and Building-Applied Photovoltaics (BAPV). By utilizing photovoltaic modules as building curtain walls, skylights, or sunshades, we achieve a deep integration of power generation functionality with architectural aesthetics, thereby enhancing energy utilization efficiency and spatial value.

We focus on diverse global climatic conditions to develop specialized component products tailored for various environments, ensuring stable operation under complex operating conditions. We have promoted the implementation of "Photovoltaic+" models such as "Fishery-Photovoltaic" and "Agrivoltaics", achieving synergistic utilization of photovoltaic power generation with agriculture, fishery, and desert resources. Through scenario-based solutions, we assist clients in achieving a win-win outcome for both ecological and economic benefits.

Centralized Large-Scale Ground-Mounted Power Station

Application Scenarios	Fishery-Photovoltaic / Agrivoltaics	Floating Solar Power Station	Large-scale Power Stations in Desert/Gobi Regions
Core Characteristics	Photovoltaic panels are installed above water surfaces or farmland, with aquaculture or crop cultivation conducted simultaneously below.	Photovoltaic modules are installed on the surface of water bodies such as reservoirs, lakes, and fish ponds, without occupying land resources.	Construction of photovoltaic power stations with capacities ranging from megawatts to gigawatts on vast land areas to efficiently utilize idle resources.
Value and Effectiveness	Achieve three-dimensional land utilization and enhance economic and ecological benefits per unit area.	Leveraging the natural cooling effect of water bodies to enhance module power generation efficiency and reduce operation and maintenance costs.	Establish a large-scale "green energy base" to achieve efficient and sustainable power generation.

Case Ganyu Fishery-Photovoltaic Power Generation Project

In November 2025, the first batch of capacity from the Ganyu fishery-photovoltaic power generation project, which is the largest single-site fishery-photovoltaic power generation project in China, was successfully connected to the grid. This project achieves synergistic power generation and aquaculture on a fish farm spanning 10,000 mu, significantly reducing the impact on the fishery ecosystem while enhancing comprehensive land utilization. Upon completion of all project phases, the annual power generation capacity is projected to reach 1.609 billion kWh, providing robust support for regional green transformation and sustainable development.

Comprehensive Quality Management

Quality is the cornerstone of the company's survival and development. We have established a quality control mechanism spanning the entire chain from procurement, research and development, production, delivery to service. We organize all employees to participate in activities that integrate knowledge with action and jointly create high-quality products, thereby promoting the steady and long-term development of the Company.

Quality Management System

DMEGC aligns with the ISO 9001 and IATF 16949 quality management systems to systematically standardize the quality management processes and requirements throughout the product lifecycle, thereby establishing a comprehensive internal quality policy system. In 2025, the Company implemented concrete actions regarding strict entry and exit controls, measuring instruments, non-conforming product management, customer complaint management, corrective and preventive actions, and internal audits. The Company revised over 50 policy documents, including the *Management Review Control Procedure* and the *Non-compliant Product Management Procedure*, to further optimize the quality management system. As of the end of the Reporting Period, all business divisions and factories of DMEGC have successfully passed external audits and obtained certifications for international quality standards such as IATF 16949 and ISO 9001.

We have established a three-tier quality management structure comprising the Company's Quality Department, the quality departments of business divisions, and the quality sections of factories to clarify division of responsibilities and ensure effective alignment of quality management strategy and execution across all levels. We use international standards as the benchmark to continuously validate our quality management system and strengthen the compliance and operational effectiveness of management practices.

During the Reporting Period, we organized an action to investigate and eliminate quality hazard risks, identifying and completing rectification for a total of 300 risk hazard points. Through the "Quality Month" campaign, we selected 17 advanced collectives and individuals and conducted an evaluation for the "Top Ten Advanced Individuals in Quality Management" to establish quality benchmarks. We also conduct a review of classic quality cases through the "Case of the Month" program, focusing on an in-depth analysis of typical issues. The Company organized 1,112 quality training sessions throughout the year, covering 33,900 person-times, comprehensively strengthening employees' quality awareness and professional capabilities to jointly create high-quality products.

Furthermore, the Company continuously utilizes electronic publishing platforms to conduct quality-themed sharing sessions for all employees, disseminate policies, hold regular meetings, launch promotional columns, and share case studies. These initiatives foster a culture that prioritizes quality, enabling employees to "understand standards and act effectively", thereby enhancing the synergy of the quality management system.

Case "Unity of Knowledge and Action, Co-creating Excellence" Theme Quality Month Activity

In 2025, we launched a Quality Month campaign for all employees with the theme "Unity of Knowledge and Action, Co-creating Excellence". We organized a quality knowledge competition and a contest on the "three standard rates" (standard completeness rate, standard perfection rate, and standard compliance rate). Through activities including company-wide quality knowledge dissemination via an online learning platform, preliminary selection through outcome testing, and finals competition, we promoted the transition of quality awareness from passive learning to true "unity of knowledge and action". During the campaign period, nearly 7,000 registered learning accounts were established, representing a year-over-year increase of over 170%. The proportion of employees who completed the full question bank study doubled compared to the previous year, effectively enhancing the quality and competency of all staff.

Product Quality Control

We adhere to integrating quality control requirements throughout the product lifecycle system. We extend quality accountability to the source, achieving closed-loop management throughout the entire process from design to service, and continuously enhancing our product full-link quality assurance capabilities.

Product Quality Assurance System

1 Product Development

Upholding the "right-first-time" philosophy, embed quality requirements during the early stages of product development; through the implementation of advanced product quality planning, establish a high-quality foundation for products from the design phase.

2 Raw Material Procurement

Adhering to strict standards in advancing supplier access management; through multi-dimensional assessments of qualifications, quality capabilities, and delivery performance, coupled with rigorous incoming material inspections, achieve quality control over the procurement process

3 Production

Implement strict control over the entire process of "personnel, machines, materials, methods, and environment"; adopt SPC technology, strengthening quality process management; In 2025, the Company's quality department and Digital Innovation Center jointly developed a metrological instrument management information system to achieve full lifecycle online management, covering requisition approval, calibration ledgers, calibration reminders, electronic records and automatic report generation, as well as transfers, repairs, sealing and disposal, effectively preventing uncalibrated instruments from entering the production process, significantly enhancing management efficiency and process reliability.

4 Product Delivery

Scientific product testing is conducted using automated detection technologies. In 2025, the Company developed a new OQC information system. This system automatically prompts sampling based on preset standards for batches of products submitted for acceptance and performs automatic judgment of measurement data. These capabilities prevent the leakage of non-conforming products caused by human judgment while providing efficient traceability, thereby comprehensively enhancing inspection efficiency and standardizing release criteria.

5 Customer Services

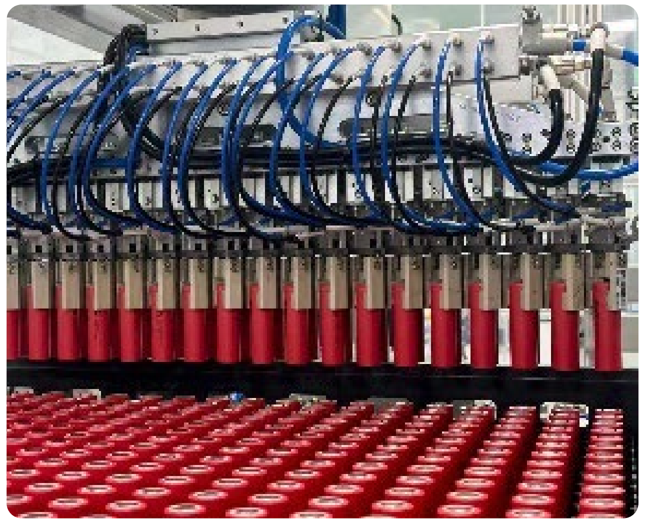
Adhering to a customer-centric approach, the Company established a CRM system covering customer management, sales, and order management to enhance service response efficiency and customer experience. In 2025, the Company introduced the *Quality Guarantee Fund Management Policy*, which standardized the scope, ratio, methodology, and reversal period for accruals of quality guarantee funds while implementing dynamic management to provide robust assurance for after-sales activities.

We continuously conduct various forms of quality audits annually, including internal quality system audits, management reviews, process audits, and product audits, to comprehensively cover the quality management operations of our subsidiaries. Through multi-dimensional inspections, we identified issues and established a rectification list, clearly defining the responsible entities and completion deadlines while maintaining continuous tracking to ensure closed-loop resolution. During the Reporting Period, we conducted a total of 20 quality system internal audits (including overseas enterprises), 53 quality system external audits, 314 customer second-party audits, 24 process audits, and 97 product audits, with all issues identified in these audits having been rectified.

Moreover, we continuously conduct Six Sigma quality improvement activities by collecting improvement topics and assessing current conditions, screening key factors, and applying Six Sigma methodology to implement systematic improvements. In 2025, all business divisions initiated a total of 16 Six Sigma improvement projects. These projects successfully completed all five phases: Define, Measure, Analyze, Improve, and Control. Among these, the project to improve the first-pass yield of valve components achieved significant results, with the first-pass yield increasing from 66.97% to 87.26%.

Case | **Project to Improve the Yield Rate of 21700**

To enhance customer satisfaction and product consistency, the Company initiated the 21700 Yield Improvement Project. Focusing on critical quality stages throughout the entire process, the project systematically identified bottleneck issues and decomposed them into multiple sub-projects. These were organized as Six Sigma projects to facilitate cross-functional teams in conducting targeted breakthrough efforts. Through the collection of foundational data and in-depth analysis, combined with scientific methods such as mechanism analysis, Design of Experiments (DOE), and process parameter optimization, sustainable quality improvement has been achieved. The 21700 Yield Improvement Project has achieved significant results. The overall yield across the entire process has been improved to above 97.03%, and the Process Capability Index (CPK) for all key quality characteristics has reached above 1.67. Engineering capabilities have been enhanced by more than 10%, effectively ensuring high consistency and high-quality delivery of products.



We have established the *Product Recall Control Procedure* to define the proactive and reactive recall processes, ensuring that products delivered to customers are promptly recalled upon discovery of compliance, safety, or environmental issues. During the Reporting Period, no product recalls or major customer complaints occurred. The OQC pass rate reached 99.34%, maintaining a level above 99% for five consecutive years.

Safeguarding Customer Rights and Interests

We are committed to serving global customers and adhere to the "Customer First" philosophy. We have fully implemented the "Local for Local" strategy to build a service system that integrates production, logistics, sales, and services. We focus on precise customer needs, establish product quality as the cornerstone, respond rapidly to diverse customer requirements, and continuously deliver customized solutions that align with needs and are trusted by global customers.

Customer Service System

Leveraging a comprehensive customer service system, we support the realization of customer value through full-cycle and full-scenario services. We have established a "360-degree" marketing service system covering pre-sales, in-sales, and post-sales stages to facilitate the efficient conversion of customer needs into product innovation. Additionally, leveraging the CRM system, we achieve collaborative linkage among customer information management, sales processes, and order delivery, thereby comprehensively enhancing service response efficiency and customer experience.

Pre-sale

Specific customer requirements regarding products, quality, and technology are collected. In alignment with the Company's standard processes, deviations are identified across key stages including quality standards, factory audits, supervision, shipment inspection, and arrival inspection. Collaborative communication is conducted to develop a final solution mutually confirmed by both parties.

During-sale

Customer service at the factory interfaces with customers or their designated third parties to assist in process monitoring and pre-shipment inspection; simultaneously, the global service team provides on-site delivery support to ensure smooth product delivery.

Post-sale

Following product delivery, the professional service team proactively engages with clients to promptly address and resolve inquiries regarding product quality, thereby achieving closed-loop management of issues.

"360-degree" Service System

We collect and analyze customer feedback, collaborate with R&D and production departments to drive the closed-loop resolution of issues, and propose product iteration recommendations based on market insights to enhance service response efficiency and customer experience. During the Reporting Period, the New Energy Battery Division established a new product manager position dedicated to end-to-end management of customer feedback matters, with a focus on deeply exploring and precisely understanding customer requirements.

Safeguarding Customer Rights and Interests

DMEGC has always attached great importance to the legitimate rights and interests of customers and resolutely prohibits any form of false or exaggerated publicity. In accordance with the *Regulations on Advertising Work Management*, we strictly reviewed the authenticity and accuracy of marketing communications and established clear requirements for the compliance of marketing activities. Moreover, responsible marketing training is regularly and irregularly conducted for employees involved in marketing activities to continuously cultivate an integrity-based and professional marketing philosophy, thereby earning customer trust. During the Reporting Period, DMEGC held a total of 9 training sessions on responsible marketing, with 424 participants and a total duration of 705 hours.

In accordance with the *Customer Complaint and Return Control Procedure* and adhering to defined product complaint handling processes and response time requirements for complaints and grievances, standardized after-sales services are provided to customers. In 2025, a lessons-learned module was added to the customer complaint system to accumulate historical complaint handling cases and improvement experiences. Furthermore, the 8D report template was standardized to further enhance the efficiency of resolving customer complaint issues and the level of implementation of improvements. During the Reporting Period, the number of customer complaints received by the Company decreased by 32% compared to 2024. The response rate within the required timeframe reached 100%, and the target of a 100% complaint resolution rate was achieved. We comprehensively collect customer feedback through multiple channels, including Voice of the Customer (VOC), on-site inspections, and customer workshops. In addition, we hold monthly quality meetings to consolidate customer complaint information from all business divisions and, based on this, formulate the quality work plan and key focus areas for the next phase. Moreover, we leverage the expedited claims mechanism to promptly respond to customers' claims requirements and enhance the customer service experience. During the Reporting Period, all customer complaints received by the Company were resolved with a 100% closure rate.

Customer Satisfaction

We have revised the *Customer Satisfaction Monitoring Control Procedure* and continue to regularly gain insights into customers' experiences with the Company's products and services in accordance with the *Customer Satisfaction Management Procedure.*

We conduct customer satisfaction surveys annually. Through planning, implementation, preparation of analysis reports, and improvement initiatives, we steadily advance the customer satisfaction monitoring plan, genuinely listen to customer feedback, and drive the implementation of corrective measures to continuously enhance service quality. In addition, through various forms such as customer audits, visits, communications, questionnaires, follow-ups, and senior management engagements, we continuously monitor changes in customer satisfaction to promptly capture customer feedback and facilitate service optimization.

In 2025, DMEGC collected a total of 424 satisfaction survey questionnaires, resulting in a customer satisfaction rate of 94%, remaining above 90% for five consecutive years. During the Reporting Period, the Company was honored with the RETC. 2025 Overall Highest Achievers for Photovoltaic Modules, the Kiwa PVEL 2025 Top Photovoltaic Module Manufacturer designation, the Eaton Electronics Best Quality Award, the Goertek Electronics Joint Innovation Award, and the Pinghu Electric Products Excellent Supplier Award. In total, the Company received 15 recognition awards from well-known clients, fully demonstrating the high quality of the Company's products and service capabilities.

Customer Satisfaction **94%**

Customer satisfaction has remained over **90%** for five consecutive years

04

Gathering with Integrity

Empowering Full-Chain Synergy

Building a sustainable supply chain system is a key support for promoting high-quality development of the value chain. DMEGC is committed to optimizing the full lifecycle management of suppliers by deeply integrating ESG factors into every stage of supplier access, management, assessment, and evaluation. Through scientific and efficient management mechanisms, DMEGC promotes the formation of a mutually beneficial and win-win responsible ecosystem. Additionally, we continue to strengthen supplier capacity building, prioritizing the advancement of sustainable procurement practices and the construction of a green logistics system to accelerate the green transformation of the supply chain through concrete actions.

Respond UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Enhancing Supplier Management

DMEGC continuously optimizes its global supply chain layout by deeply integrating quality and resilience to build a global supply chain system that supports high-quality products.

Supplier Management System

The primary bodies responsible for supply chain ESG management at DMEGC are the Strategy and ESG Committee and the Procurement Management Department. The Strategy and ESG Committee regularly reviews the results of supply chain risk assessments and the implementation of management policies. The Procurement Management Department conducts regular assessments of risk factors such as supplier price fluctuations and ESG compliance, promotes the implementation of improvement measures, and incorporates supply chain ESG performance into the overall sustainable development goal management system. Furthermore, the Company has established contingency plans for all key supply nodes to ensure stable raw material supply under external shocks and safeguard business continuity.

We have integrated ESG elements throughout the entire supply chain management process, encompassing supplier development, onboarding, daily operations, performance evaluation, optimization, and exit. This initiative promotes efficient coordination among all stages of the supplier management process and comprehensively enhances collaborative response capabilities.

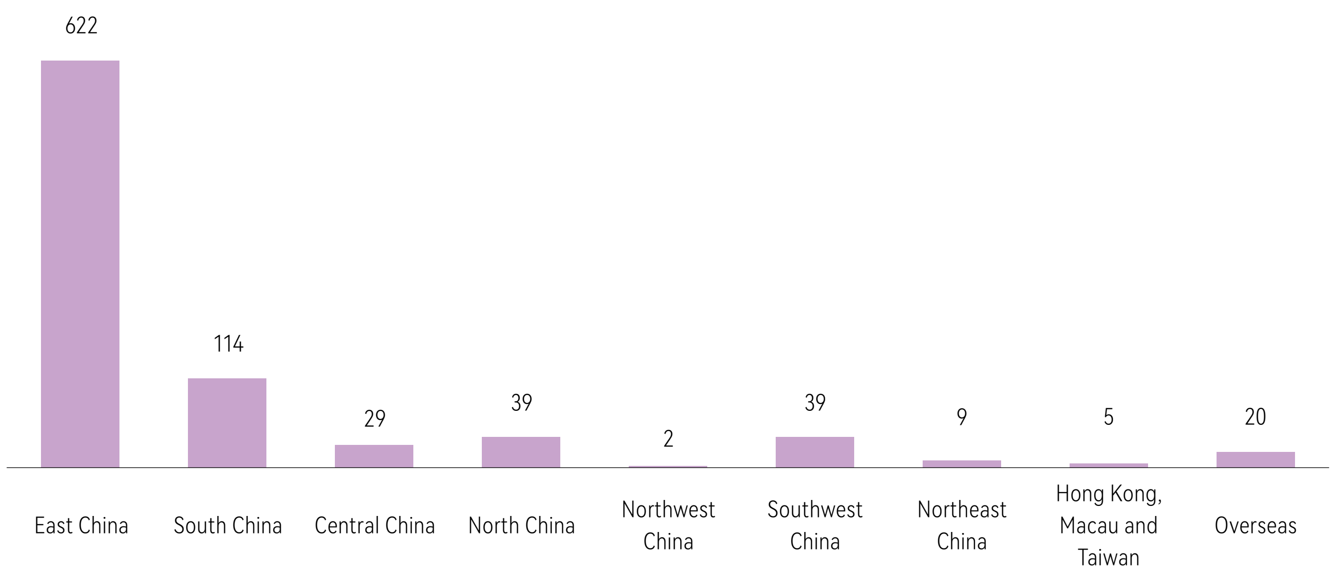
Supplier Management Process

Supplier Development

While meeting production requirements, we incorporate ESG management requirements—including business ethics, compliance management, labor rights, circularity, and conflict minerals—into procurement needs. By combining proactive engagement with invitations to join, we establish a supplier resource pool to enhance supply chain resilience.

Supplier Onboarding

A comprehensive supplier onboarding process has been established, covering key stages including development applications, capacity assessments, sample testing, joint reviews and approvals, as well as post-mass production quality tracking. In accordance with the *Supplier Management Policy*, we have established clear criteria for supplier admission, evaluation mechanisms, and management processes to strictly standardize the identification and management requirements for basic supplier information. In addition, we have introduced the *ISO 20400 Sustainable Procurement-Guidance* to further strengthen supplier screening criteria and enhance the scientific rigor of supplier management. During the Reporting Period, ESG risk surveys and the admission process were integrated. Self-assessment questionnaires and risk analyses for suppliers were embedded into the existing supplier admission system to more accurately depict the ESG performance profile of suppliers, thereby prioritizing those with strong ESG performance. During the Reporting Period, we added 34 new suppliers, all of which were screened based on ESG evaluation dimensions. The number of suppliers by region is presented in the table below:



Number of suppliers by region

Supplier Daily Operations

We have entered into agreements and commitments with all suppliers regarding quality, delivery, service, social responsibility, and the non-use of hazardous substances, and require suppliers to sign the *Commitment Letter on Non-Conflict Minerals*. In 2025, the portion of the Company's suppliers signing the *Supplier Code of Conduct* reached 100%, strictly managing comprehensive ESG risks related to compliant employment, working conditions, occupational health and safety, environmental protection, supply chain traceability, and business ethics.

100%
Signing Rate of the *Supplier Code of Conduct*

Supplier Performance Evaluation

DMEGC has implemented a supplier evaluation and assessment mechanism that covers multiple dimensions and spans the entire lifecycle. Suppliers are evaluated and classified, and targeted management strategies are adopted for suppliers at different levels to effectively control potential supply chain risks. Centered on the QCDS (Quality, Cost, Delivery, Service) evaluation system, we comprehensively conducted material assessments and on-site audits of suppliers regarding product quality and service, system construction, and ESG management practices. These activities were carried out through supplier credit investigations, new supplier access reviews, monthly comprehensive evaluations, irregular audits, and special social responsibility audits.

Supplier Optimization and Exit

We strictly implement management measures in accordance with the *Supplier Management Policy*. We conduct regular monthly, semi-annual, and annual evaluations. Based on these evaluation results, suppliers are classified into four tiers: A, B, C, and D. Furthermore, optimization strategies and exit mechanisms are applied to suppliers according to their assessment outcomes. During the Reporting Period, among the 854 suppliers on the evaluation list (excluding 25 foreign suppliers from the Import Division), 237 achieved an average score of Grade A (27.8%), 478 achieved Grade B (56%), 23 achieved Grade C (2.7%), and 1 achieved Grade D (0.1%).

Grade A

Excellent suppliers can be rewarded with increased procurement allocations, timely payments and priority consideration during eligibility adjustments.

Grade B

Suppliers meeting the minimum requirements received no priority consideration when adjusting eligibility.

Grade C

Suppliers who receive rectification notices may face limitations or suspension of supply, and possible payment delay.

Grade D

Suppliers are required to rectify within a specified timeframe, facing limitations or suspension of supply, and possible payment delay. Suppliers rated Grade D for 3 consecutive times will be eliminated and blacklisted.

Building a Sustainable Supply Chain

DMEGC focuses on the four dimensions of "responsible, green, resilient, and circular". By addressing compliance response, codes of conduct, and audit assessments, we have established a sustainable supply chain.

Responsible Sourcing

The Company has established the *Responsible Procurement Policy* and the *Supplier Code of Conduct*. Building upon clearly defined internal responsibilities for sustainable sourcing management, these documents set forth specific requirements regarding suppliers' environmental responsibilities, respect for human rights, business ethics, and conflict minerals management, while further expanding the scope of conflict minerals due diligence.

Responsible Sourcing Practices

Conflict Minerals

We commit to not using conflict minerals and ensure that all metals used do not originate from conflict-affected or high-risk areas.

Labor Management and Human Rights

Cooperation shall be prioritized with suppliers that have obtained social responsibility standard certifications such as SA8000, and the existence of a written human rights commitment by the supplier shall be incorporated into the admission review process.

Environmental Protection

Environmental compliance qualifications shall be established as one of the key conditions for supplier admission, and the coverage of environmental audits for suppliers shall be further expanded.

Sunshine Procurement

Upholding the procurement values of "integrity, collaboration, mutual benefit, proactivity, and efficiency", compliance training and behavioral guidance are conducted for procurement personnel and suppliers.

Supplier ESG Audit

The Company has established a supplier ESG review mechanism. During the Reporting Period, we revised the *Supplier ESG and Sustainable Procurement Management System Assessment Form* to further strengthen controls over system construction, environmental management, and the protection of labor rights. Based on internationally recognized ESG standards, we conducted system audits, questionnaires, and on-site inspections of suppliers' ESG management practices to comprehensively understand their actual performance. For the identified weaknesses, we proactively proposed improvement recommendations and provided specialized support to drive continuous supplier enhancement, thereby effectively reducing supply chain ESG risks.

System Audits

Through the *Supplier Management System Evaluation Form* and the *Supplier Quality System Audit Form*, regular audits are conducted on the establishment and operation of suppliers' systems to ensure that cooperating suppliers continuously comply with certification requirements for systems such as ISO 9001, ISO 14001, and ISO 45001.

Questionnaire Surveys

Monthly and annual supplier social responsibility reviews are conducted regularly by requiring suppliers to complete the *Supplier Social Responsibility Audit Form*, systematically evaluating their ESG performance across multiple dimensions, including environmental management, supply chain traceability, labor rights protection, and health and safety.

On-site Audits

Annual on-site ESG audits were conducted for key suppliers through site inspections, employee interviews and surveys, and document reviews to comprehensively assess their compliance regarding environmental management, chemical control, labor human rights protection, and occupational safety. Suppliers were required to implement corrective actions and preventive measures based on the issues identified during the audits.

Supplier ESG Audit Mechanism

In 2025, we conducted system audits on 324 suppliers, performed on-site ESG audits on 89 suppliers, and carried out written and questionnaire-based ESG assessments on 52 suppliers. Relevant risks identified during the audit processes were promptly followed up with the respective suppliers to ensure corrective actions were implemented.

Conflict Minerals Management

We treat conflict minerals management as a critical component of supply chain responsibility and are committed to eliminating the use of conflict minerals in our supply chain, ensuring that our products do not directly or indirectly support any activities that infringe upon human rights, damage the environment, or contribute to armed conflict. In addition to tantalum, tin, gold, and tungsten (3TG) metals, cobalt, palladium, mica, silicon, and other minerals have been incorporated into the management framework. In 2025, DMEGC Solar issued its first *Conflict Minerals Investigation Report*, detailing the status of supply chain management and the investigation findings.

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 production and sales information at each stage. Moreover, we have established the *Conflict Minerals Policy*, the *Conflict Minerals Due Diligence Management Procedure*, and the *Identification Procedure for Conflict-Affected and High-Risk Areas* to refine risk management and non-compliance handling processes, thereby continuously enhancing responsible mineral procurement practices. For suppliers with conflict mineral risks, timely investigations were conducted and control measures were implemented; for those that failed to implement improvement requirements, cooperation was suspended or terminated.

We require all business divisions to standardize the mineral procurement process. We encourage suppliers to adopt the *Responsible Minerals Initiative (RMI)* management framework and utilize tools such as the *Conflict Minerals Reporting Template (CMRT)* and *Extended Minerals Reporting Template (EMRT)* to implement due diligence. Where necessary, we conduct on-site visits to selected suppliers to collaboratively trace the origin of materials, ensuring that procurement activities comply with Company policies and applicable international and domestic standards.

During the Reporting Period, the Company established a unified *Commitment Letter on Non-Conflict Minerals* and required suppliers to sign it. Traceability of raw materials was conducted for a total of 194 products, accounting for 63.4%. Throughout the year, conflict minerals due diligence was performed on 320 suppliers, achieving a pass rate of 97.5%. The Company's photovoltaic segment completed assessments of 150 qualified suppliers and identified that products from three suppliers may contain conflict minerals in the form of tin. These products correspond to five Smelter or Refiner (SOR) facilities: three are Conformant SORs, and two are Eligible SORs. The findings have been disclosed externally via the official website in the *Conflict Minerals Report*. Currently, the refineries under audit have no plan for approval. The relevant suppliers are preparing to be replaced, with completion expected by April 2026. We will continue to monitor the progress.

Supply Chain Traceability

DMEGC Solar adheres to the principles of "traceable sources, trackable destinations, and accountable responsibilities" by establishing a series of management procedures, including the *Supply Chain Traceability Management Manual*. The Company has built end-to-end traceability capabilities covering quartz ore, metallurgical silicon, polysilicon, and modules. Supported by specialized management systems and dedicated personnel, DMEGC Solar has established an efficient, robust, and transparent traceability system.

Enhanced Traceability

Implementation of batch-level traceability management is introduced. A unique traceability code is assigned to each batch of raw materials. Through a digital management system (integrating blockchain technology with QR codes/RFID tags), real-time recording of raw material sources, processing procedures, inspection reports, and logistics information is achieved, enabling automatic data collection and evidence preservation at key nodes.

Organizational and Personnel Assurance

A dedicated traceability management team shall be established, cross-departmental coordination mechanisms shall be implemented, and regular traceability drills and internal audits shall be conducted to ensure that the traceability process can respond rapidly in emergency situations.

Collaborative Empowerment

During the Reporting Period, more than 20 quality and traceability specialists were dispatched to key suppliers, and 8 specialized training sessions were organized, covering 100 personnel in critical supplier roles. Additionally, relevant suppliers were encouraged to actively participate in the Solar Stewardship Initiative (SSI) and the *Responsible Minerals Initiative (RMI)*, jointly enhancing industry traceability standards.

During the Reporting Period, DMEGC Solar achieved the following traceability performance.

Traceability Coverage and Presentation:	Achieve 100% traceability coverage for direct suppliers. Multiple traceability models have been established, including spot checks at individual points and comprehensive batch inspections. A traceability network has been constructed to clearly present various traceability information through traceability reports, such as supplier locations, names, supply chains, and supply proportions across all supply stages.
Conflict Minerals Management	All SORs within the traceability chain involving tin, tantalum, tungsten, and gold have achieved at least the Eligible level of audit under the RMI and are actively pursuing full certification. Suppliers have signed the *Conflict-Free Minerals Declaration* with 100% coverage to ensure that raw materials do not originate from Conflict-Affected and High-Risk Areas (CAHRAs).
Retrospective Time Limit	A reverse tracing mechanism with a 24-hour window has been established to rapidly identify problematic raw material batches. During the Reporting Period, 3 retrospective simulation drills were completed cumulatively, reducing the average tracing time to 6 hours.

Building a Resilient Supply Chain

We continuously optimize procurement strategies and management mechanisms to comprehensively enhance supply resilience, respond to an increasingly volatile market environment, and ensure the Company's steady development.

Strengthening Supply Chain Risk Management

We conduct multi-dimensional risk assessments of suppliers on a monthly basis, with a focus on monitoring key factors such as price fluctuations and ESG compliance. Departments conduct regular reviews of key order suppliers and systematically analyze the primary factors influencing price fluctuations, such as export controls and unexpected events.

In addition, the Company has implemented a series of measures to mitigate supply chain risks, including credit and financial assessments of target enterprises during onboarding—conducted jointly with the procurement and legal departments—tightened controls over payment processes, and additional inspections prior to major tenders, thereby enhancing financial and supply chain stability.

Promoting Local Procurement

While focusing on supplier scale, quality, and R&D capabilities, we actively advanced localization procurement strategies and continuously increased the procurement of local goods and services in the locations of major production bases. During the Reporting Period, local procurement in the Sichuan DMEGC reached RMB 1.13 billion, representing a year-over-year increase of 5.03%; local procurement in the Jiangsu base reached RMB 485 million, representing a year-over-year increase of 7.65%.

Promoting Diversification of Supply Sources

For exclusive raw material suppliers, the Company explicitly requires the introduction of second and third suppliers as backup options to mitigate procurement risks associated with a single source. Furthermore, we are accelerating the layout of our overseas supply chain network to diversify geopolitical risks and ensure the long-term stability of the supply chain.

Enhancing Emergency Response and Continuity Assurance

For key supply nodes, the Company has established dedicated emergency response plans to ensure that raw material supply remains stable under external sudden shocks, thereby maximizing the assurance of supply and business continuity.

Facilitating Supplier Development

DMEGC adheres to the principle of mutual benefit and win-win outcomes, continuously supports suppliers in improving social responsibility, green production, and quality enhancement, and collaborates to build a sustainable supply chain ecosystem.

Supplier Growth Program

We focus on strengthening suppliers' capabilities in environmental management, labor rights, and corporate governance to promote their fulfillment of social responsibilities, thereby enhancing the resilience and sustainability of the supply chain together.

We continue to advance routine technical exchanges with suppliers by integrating the ESG standards of the SSI and the latest industry technical requirements. Moreover, we conducted on-site ESG training for material suppliers to enable them to master key evaluation indicators and enhance their capability to identify and respond to ESG-related risks. During the Reporting Period, ESG training was conducted for 73 suppliers on-site, 89 online, and 127 via questionnaires. Guidance and consultation were provided regarding the construction of social responsibility systems and the enhancement of management capabilities, continuously assisting suppliers in clarifying their ESG responsibilities.

As a purchaser and provider of clean technologies, the Company actively empowers suppliers to grow and is committed to working with partners to promote energy conservation and carbon reduction across the entire value chain. We have integrated carbon management indicators into supplier cooperation agreements and audit standards. By promoting the application of green power procurement and providing assistance for photovoltaic construction, we effectively support upstream enterprises in transitioning to low-carbon operations. In 2023, the first batch of 8 suppliers implemented green electricity applications, accounting for 0.6%. In 2024, this number increased to 26 suppliers, with the proportion rising to 20%. By 2025, the scope further expanded to 32 suppliers, reaching a proportion of 25%, demonstrating a steady annual expansion in the use of green electricity.

Furthermore, we guide and promote suppliers in obtaining national "Green Factories" certification and SA8000 system certification. As of the end of the Reporting Period, DMEGC had assisted a cumulative total of 32 core suppliers in obtaining the national "Green Factories" certification and 39 core suppliers in obtaining the SA8000 Social Responsibility Management System certification, representing a year-over-year increase of 117%.

Building Green Logistics

DMEGC has established the construction of a green logistics system as a key driver for promoting sustainable supply chain development. The Company actively collaborates with industry partners, including suppliers and customers, to conduct joint innovation, continuously optimizes logistics operation models, and achieves green upgrading and efficient transformation of the supply chain through technology-driven initiatives.

Case | **Supplier Proximity Manufacturing**

The Company continues to optimize its supply chain layout and encourages suppliers to establish factories near the Company's major production bases. As of the end of the Reporting Period, the Company had facilitated the establishment of 14 supplier factories in proximity to their operations. This initiative is expected to reduce annual transportation mileage by 3.319 million kilometers, avoid approximately 800 tCO_2e, and save transportation costs of approximately RMB 15 million.

Case | **Forklift Electrification**

In controllable logistics segments such as short-distance transportation within the industrial park, we promote the use of manual or electric forklifts to reduce gasoline consumption. As of the end of the Reporting Period, the Company owned 94 electric forklifts, resulting in an annual reduction of gasoline consumption by 300 tons compared to traditional forklifts.

Case | **Clean Fuels for Maritime Decarbonization**

The Company continues to explore cooperation models with maritime shipping service providers and actively seeks to reduce carbon emissions throughout the logistics process. In the Company's ocean freight orders for the fourth quarter of 2025, cooperating service providers utilized bio-liquefied natural gas (BioLNG) to replace a portion of conventional fuel, thereby avoiding emissions of 87.38 tCO_2e, as well as reducing atmospheric pollutant emissions including 2.32 tons of SOx, 20.09 tons of NOx, and 1.17 tons of PM10.

05

United in Purpose

Co-Creating a Better Future

DMEGC adheres to the people-oriented principle and fosters a sound ecosystem of shared value creation between employees and the Company by strengthening rights protection, broadening career pathways, and improving the working environment. At the same time, the Company actively fulfills its social responsibilities in areas such as rural revitalization and public welfare support, striving to build a mutually beneficial community of development with employees, communities, and society.

Respond UN SDGs

1 NO POVERTY
3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Protecting Employee Rights and Interests

DMEGC places strong emphasis on the protection and development of employee rights and interests, working to create a healthy and safe working environment. Through a well-developed remuneration system, occupational health and safety management, and employee training programs, the Company provides employees with sustained opportunities and safeguards for development.

Compliant Employment

The Company remains committed to lawful and compliant employment and strictly complies with applicable laws and regulations in the places where it operates, 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*. At the same time, it benchmarks against international labor standards such as *the International Labour Conventions* and *the ILO Declaration on Fundamental Principles and Rights at Work*, embedding compliance requirements and fundamental labor rights into institutional development, employment management, and daily oversight. The Company has established employee rights and human rights protection policies and systems, including the *Labor & Human Rights Policy*, the *Anti-Slavery and Anti-Trafficking Policy*, and the *Management Control Procedures for Prohibiting Forced Labor*, which set out clear requirements on the protection of basic rights, working hours management, remuneration, and benefits, thereby continuously safeguarding employees' lawful rights and interests.

Labor and Human Rights

The Company continues to strengthen its institutional framework governing fundamental labor standards and commits not to use or tolerate any form of child labor, forced labor, slavery, or human trafficking within its operations. It has embedded human rights protection into every aspect of operational management and upholds responsible corporate conduct throughout the entire business process. Before onboarding, the Company verifies identity information covering key elements such as ID details, educational background, and work experience, thereby preventing the risks of child labor and illegal employment at the source. The Company strictly complies with national laws and regulations, strengthens protections for juvenile workers, ensures that they are kept away from prohibited work, and organizes regular health examinations to effectively safeguard their lawful rights and interests. During the Reporting Period, the Company did not employ child labor or juvenile workers.

We conduct regular annual human rights training for security personnel to strengthen the human rights awareness and safety assurance capabilities of relevant personnel. During the Reporting Period, the Company recorded no incidents involving child labor or forced labor. To further strengthen the systematic and verifiable foundations of its human rights governance, the Company promoted SA8000 Social Accountability Management System implementation and certification across its major operating sites. As of the end of the Reporting Period, five operating sites had obtained SA8000 certification, including all operating sites in the PV business.

Security personnel		
	25 Human rights training sessions	**553** person-times
	hours Training duration	**100%** Training coverage rate

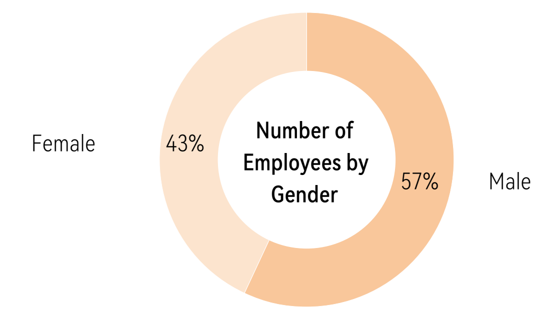
The Company proactively identifies and manages the impact of its operations on communities and stakeholders. It has established the *Community Relations Policy* and the *Stakeholder Identification and Risk Assessment Procedures* and conducts human rights due diligence to identify potential risks. Drawing on the principles advocated in the *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct*—including legitimacy, accessibility, predictability, equitability, policy adaptability, dialogue-based engagement, and transparency—we have established the *Procedures for the Prevention, Mitigation, and Remedy of Adverse Impacts* in accordance with the hierarchy of "prevention, mitigation, and remedy".

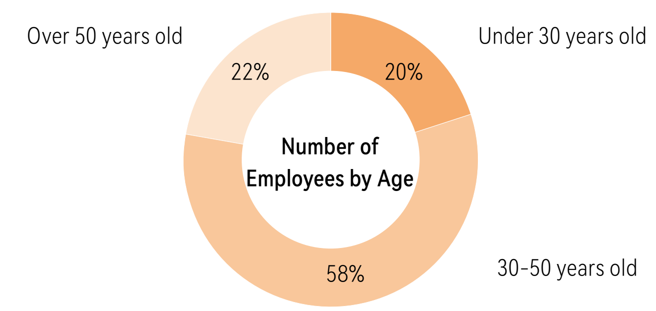
Diversity and Equality

The Company remains committed to providing equal opportunities and support for all employees. It has established internal policies including the *Anti-Harassment and Anti-Abuse Policy* and the *Anti-Discrimination Policy*, adopts a zero-tolerance approach to discrimination, and explicitly prohibits discrimination of any kind based on ethnicity, race, nationality, religious belief, freedom of association, gender, age, disability, marital or parental status, or any other grounds. During the Reporting Period, the Company did not experience any incidents of harassment, abuse, or discrimination.

The Company provides employees with anti-discrimination and anti-harassment training, primarily through online formats and with coverage extending to new hires, helping employees understand behavioral boundaries while reinforcing awareness of respect and personal boundaries. During the Reporting Period, a total of 1,228 employees completed training related to anti-discrimination and anti-harassment. The Company also pays close attention to the needs of vulnerable groups. By cooperating with welfare enterprises, it provides employment opportunities for employees with disabilities, while establishing a "dual-track support" mechanism for employees with relatively weak skills or educational backgrounds, combining personal care with skills development to support stable employment and capability enhancement.

The Company is committed to fostering a diverse, equal, and inclusive working environment. With a focus on the management of a diverse overseas workforce, it continues to improve cross-cultural communication mechanisms, optimize global human resource allocation, and strengthen localized compliance management, thereby enhancing coordination across domestic and overseas operations. As of the end of the Reporting Period, the Company had 19,159 employees, including 724 overseas employees.





The Company regards safeguarding women's rights and supporting their career development as an important part of its corporate responsibility. It strictly complies with the *Special Rules on the Labor Protection of Female Employees* and has established a multi-level network of women representatives to ensure that the needs and concerns of female employees receive timely responses and effective support. The Company strictly implements labor protection requirements for female employees during pregnancy, maternity leave, and breastfeeding, retains their original positions in accordance with the law, and provides maternity leave for employees giving birth. Where conditions permit, the Company provides facilities such as maternity rest rooms and breast-feeding/lactation rooms to offer more considerate support for female employees. The Company continues to strengthen women's health support measures by arranging critical illness insurance covering breast and cervical cancer for eligible female employees, and supplementary medical insurance for gynecological diseases for all female employees, while organizing dedicated health examinations for female employees every two years to enhance their health protection. In addition, the Company assists in arranging free HPV vaccination for female employees. The Company also organizes activities and provides benefits on occasions such as International Women's Day to enhance female employees' sense of fulfillment and belonging. The Company upholds fairness in recruitment and selection, fosters a women-friendly working environment, and supports women in achieving career development and capability enhancement through initiatives such as dedicated development programs for female technical talent and skills training.

During the Reporting Period, the Company formally signed the *Women's Empowerment Principles (WEPs)* of UN Women and joined the Target Gender Equality (TGE) initiative of the United Nations Global Compact (UNGC), aligning its corporate commitments with international initiatives and continuing to embed gender equality principles across the Company.

16.67%
Proportion of women in senior management as of the end of the Reporting Period

Case "Charming Women, Fragrant DMEGC" Women's Day-themed event

In March 2025, the Company organized the "Charming Women, Fragrant DMEGC" Women's Day-themed event. Centered on a 3.8-kilometer walk, the event featured a range of fun activities along the route, including pitch-pot, blowing balls into holes, the "24 Points" game, picking up marbles with chopsticks, and ring toss. During the event, female employees participated in teams and, in a relaxed and cheerful atmosphere, demonstrated a spirit of active collaboration and mutual encouragement, further strengthening their sense of belonging and cohesion.

Case "Colleague Moms" mutual support mechanism

To help address childcare challenges during school holidays, the Netherlands subsidiary introduced the "Colleague Moms" mutual support mechanism. During the May school holiday in the Netherlands, the Company allowed female employees to bring their children to the workplace, provided a safe and comfortable activity space, and arranged for employees to take turns caring for the children and organizing activities such as outdoor outings and playground visits, thereby fully supporting female employees in balancing career development and family responsibilities.

Remuneration and Benefits

The Company upholds the principle of equal remuneration for men and women and is committed to building and implementing a lawful, fair, competitive remuneration and benefits system to attract, retain, and motivate talent, while supporting the shared growth of employees and the Company.

The Company has established a remuneration system linked to job value, individual performance, and business performance, and has formulated and implemented the *Remuneration Management Policy*. Employee remuneration consists of fixed wages, monthly performance bonuses, annual performance bonuses, and other components. Through a sound attendance and payroll settlement system, we accurately record employees' working hours and overtime and ensure that overtime pay and other statutory remuneration are paid in full and in accordance with the law. The Company ensures that remuneration standards for all positions exceed the minimum wage requirements in the places where it operates and provides employees with market-competitive remuneration.

Aligned with the Company's development strategy, the Company prepares rolling development plans each year, defines operating objectives for each business division, and cascades them to the departmental level, where individual performance objectives are then set in line with job responsibilities. In performance evaluation, management personnel first conduct self-assessments, followed by evaluations by their direct supervisors. Department heads carry out performance appraisals and feedback discussions, helping employees clarify stage-specific objectives and work priorities. Employees receive timely suggestions for improvement and development support, making the link between performance outcomes and remuneration incentives more transparent, and further strengthening their sense of engagement and fulfillment.

To share the value created through development, the Company has implemented multiple employee stock ownership plans. During the Reporting Period, the Company continued to advance the third phase of its employee stock ownership plan, strengthening employees' sense of belonging and enhancing corporate cohesion.

The Company has established a multi-dimensional benefits network covering statutory welfare, financial support, health support, and life care.

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
- Supportive allowances such as rental allowances and housing allowances

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
- Cooling support for employees in high-temperature positions during summer
- Full implementation of annual employee health examinations, achieving a 100% examination coverage rate, with annual spending reaching nearly RMB 10 million

Case **"Moving Forward Together, Creating the Future Together" team-building event**

In May 2025, the Company organized the "Moving Forward Together, Creating the Future Together" themed team-building event. Nearly 400 young employees took part in fun competitions and collaborative tasks, strengthening communication and mutual understanding through relaxed yet well-organized interaction, while energizing the team and reinforcing collaboration.

Case **Employee sports events**

The Company continues to organize a wide range of sports competitions and recreational activities, including football friendship matches, employee gas volleyball competitions, and badminton tournaments, encouraging employees to actively participate in sports activities and exchange, enriching their after-work lives, and fostering a healthy and uplifting team atmosphere.

The Company actively encourages and supports employees to join the Company's Mutual Aid Association. Through this mutual assistance mechanism, financial aid and care are provided to employees and their families facing temporary hardships arising from major illnesses, accidents, or major family difficulties. As of the end of the Reporting Period, the Company's Mutual Aid Association had cumulatively distributed RMB 4.57 million in assistance funds and supported a total of 536 people.

Democratic Communication

The Company respects employees' rights to freedom of assembly and freedom of association in accordance with the law. It has established the *Employee Freedom of Association Management Policy* and the *Equal Consultation Policy*, and safeguards employees' rights to participate in corporate governance and express their concerns through the trade union organization and collective consultation mechanism. As of the end of the Reporting Period, DMEGC Labor Union comprised 12 branch unions, covering 100% of all employees. During the Reporting Period, the labor union, on behalf of employees, signed the *Company Collective Agreement* and the *Company Wage-Specific Collective Agreement* with the Company, with continuous coverage extending to all employees.

100%	100%	100%
Coverage rate of the *Company Wage-Specific Collective Agreement*	Coverage rate of the *Company Collective Agreement*	Trade union membership coverage rate

The Company attaches great importance to building an open and transparent environment for employee communication, ensuring smooth employee feedback channels through institutional arrangements and process safeguards. The Company has established the *Employee Grievance System* and provides diversified feedback channels, including the General Manager's reporting mailbox, reporting hotline, dedicated website, and reporting email address, making it easier for employees to express their concerns and suggestions. We continue to improve the grievance handling mechanism, establishing a full-process management approach covering acceptance and registration, fact verification, and feedback on outcomes. All feedback received is verified in accordance with the prescribed process, while employees are kept informed of the handling progress and final results. The Company also pays close attention to the integration and communication needs of new employees by arranging one-on-one interviews during onboarding, encouraging new hires to raise questions and suggestions, and providing timely support and guidance to help them adapt more quickly to the working environment and build a stronger sense of belonging.

To better understand employees' views on Company management, cultural activities, and related matters, the Company holds an employee seminar every two years and pays close attention to diversity in participant composition, ensuring the involvement of employees of different genders, ages, and job levels. Through group discussions and other formats, we encourage employees to communicate and share their views openly during the seminar.

In addition, the Company conducts an employee sentiment survey every two years to understand employees' views and needs across areas such as human resources, remuneration and benefits, administrative logistics, and safety planning. During the Reporting Period, the Company also conducted its annual "Three Satisfactions" employee survey, collecting approximately 2,000 questionnaires, with the overall employee satisfaction rate reaching 92.1%.

92.1%
Overall employee satisfaction rate

Empowering Employee Development

DMEGC places great importance on the shared growth of employees and the Company. By building clear career development pathways and a diversified talent development system, it provides employees with the necessary support and safeguards at every stage of their professional development.

Career Development

The Company regards employee career growth as an important pillar of sustainable development. Through employee selection, improved evaluation and promotion mechanisms, and a sound employee assessment and development system, it supports capability enhancement and career advancement of employees. The Company has established internal systems including the *Grading Standards for Technical Staff* and the *Management Measures for Incumbency Qualifications*, building standardized development pathways that make employees' growth trajectories clearer and more predictable.

Aligned with the Company's development strategy, we have strengthened the recruitment and allocation of international talent, key R&D talent, and core operations and management talent. At the same time, we place emphasis on internal talent development by improving mechanisms for job competition, job rotation and exchange, and internal mobility, enabling employees to broaden their capabilities through exposure to and development in different roles. The Company follows the principle of equal opportunity, with information on job competitions and rotation opportunities publicly released through channels such as recruitment websites and internal office platforms, allowing employees to register and participate in the job selection process based on their own interests. During the Reporting Period, approximately 150 employees were involved in internal promotions and job rotations, creating a positive cycle of internal talent mobility.

The Company continues to advance school-enterprise cooperation, proactively introducing university curricula and teaching resources to provide on-the-job employees with dual development pathways of "skills enhancement + academic advancement". It has partnered with multiple universities to carry out dual-certificate talent development programs and jointly offer top-up degree programs from junior college to bachelor's level, providing employees with ongoing opportunities for further study. During the Reporting Period, a total of 94 employees obtained junior college or bachelor's degrees through school-enterprise cooperation programs.

The Company also actively expands external resources to empower internal training. Through government-school-enterprise cooperation platforms, it promotes a two-way mechanism of "enterprise mentors entering the classroom and students undertaking practical training in workshops", transforming university resources into sustained momentum for internal employee training and providing more stable support for employees' skills enhancement and career development.

Case DMEGC's "Skills + Education" Employee Training Program in Collaboration with Higher Education Institutions

DMEGC has partnered with Quzhou College of Technology and Zhejiang Industry Polytechnic College to deliver employee training under a dual-certificate model combining "kills + Education". The program is designed to strengthen employees' professional skills and job competence, with course content covering key areas such as production safety standards, practical electrical skills, MES system application, and the fundamentals of industrial robotics, thereby providing an effective pathway for the Company to cultivate highly skilled technical talent. In 2025, 58 individuals graduated with junior college and 36 with bachelor's degrees from this program, with the Company reimbursing a total of RMB 214,000 in tuition fees for employees.

150+	30 individuals	472 individuals
Internal job promotions	External talent acquisition	Specialized talent development

Employee Training

The Company has established a training system covering all employees, built around development pathways for new hires, management development, professional and functional talent development, and skilled worker development. Through online courses, offline workshops, project-based practice, and external training programs, we continuously enhance employees' overall quality, professional capabilities, and management skills, promoting the aligned advancement of individual growth and organizational development.

702,800	36.68 hours	100%
Employee training hours	Average training hours per employee	Coverage rate

We place strong emphasis on building a robust leadership pipeline. For current managers, middle managers, and front-line managers, we carry out leadership development programs tailored by level and category, continuously strengthening their capabilities in production and quality management, team management, and problem-solving, thereby reinforcing the Company's management talent reserves for sustainable development.

We provide employees with customized professional capability training, designing courses and programs around job competence and business needs. Professional capability training is delivered to key positions and business functions to help employees consolidate their professional foundations and improve collaboration efficiency and business management capabilities.

In addition, we provide comprehensive training for new hires, supporting them in building fundamental capabilities, understanding the company, adhering to standards, and adapting to their positions. This program enables employees to grasp the corporate culture and fundamental policies, while enhancing their professionalism and safety awareness.

Management Development

- Capability enhancement for current managers
  - Leadership enhancement program for management personnel
  - Interpretation and analysi·s of new energy policies
- Development for middle managers
  - Workshop Director Advance Camp
  - Training for overseas Workshop Directors
  - Huangpu Program
- Development for front-line managers
  - DEMP reserve class
  - Chuying Program

Professional and Functional Talent Development

- Training for marketing personnel
  - Accounts receivable management
  - Induction training for sales personnel, etc.
- Six Sigma Training Program
  - Yellow Belt training
  - Green Belt training
  - Black Belt training
- Boot camp for improving course development capability
- Base construction project management training

Skilled Worker Development

- Training for digital and intelligent equipment engineers
- Training for grinding workers
- Training for PV module manufacturing workers
- Training for Electrical Equipment Installation Workers
- Training for assembly fitters
- Training for Electrical Workers

New Hire Onboarding

- Pre-job training for new hires
- Induction training for Newly Recruited College Graduates
- Induction training for newly recruited external hires

Employee development system

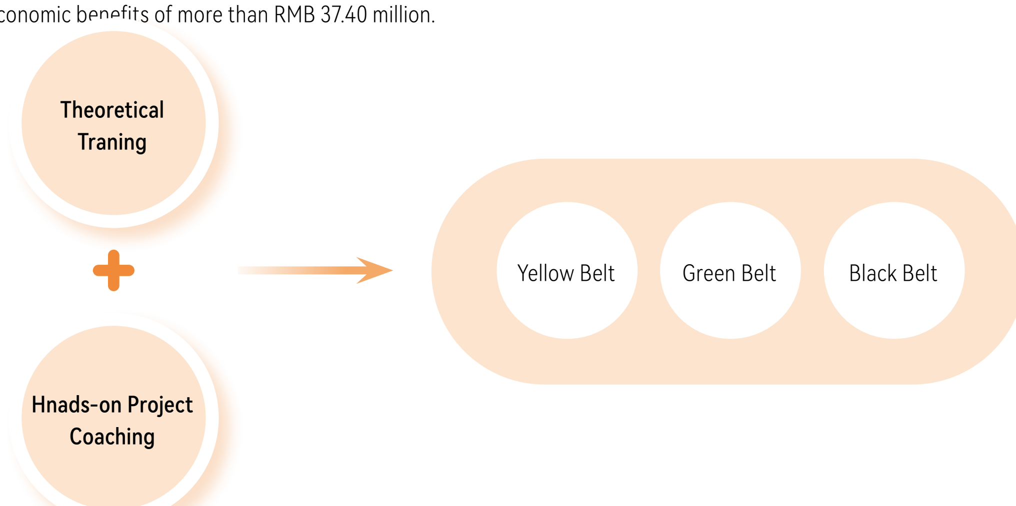
Case **Case: Newly Recruited College Graduates Training**

Based on four objectives—alignment with institutional requirements, business understanding, cultural integration, and the integration of learning and application —the Company provides newly recruited college graduates with phased onboarding training delivered through both online and offline sessions. Online sessions focus on general workplace skills and compliance requirements, while offline sessions strengthen understanding of corporate culture, safety awareness, and foundational job capabilities. 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.

Case **Case: Six Sigma Training Program**

The Company continues to carry out Six Sigma training programs and implements differentiated training for employees at different levels. Yellow Belt training is provided to management personnel at team leader level and above, while Green Belt and Black Belt training is delivered to employees in production, quality, technology, and equipment roles, continuously strengthening employees' capabilities in problem analysis and improvement.

In 2025, the Company implemented a total of 15 Six Sigma projects. A total of 119 employees completed Yellow Belt training, while 6 and 97 employees in Black Belt and Green Belt projects, respectively, obtained certification from the China Association for Quality, generating combined economic benefits of more than RMB 37.40 million.



Safeguarding Health and Safety

DMEGC continues to strengthen its occupational health and safety management system. Through the establishment of stringent workplace safety and occupational disease prevention and control systems, together with multi-level safety education and training, the Company is committed to enhancing employees' safety awareness and operational skills and fostering a healthy and safe working environment.

Workplace Safety

The Company adheres to the workplace safety management principle of "emphasizing on safety and prevention in comprehensive management", and continues to improve its workplace safety management system. During the Reporting Period, the Company revised the *Safety Production Management System*, standardizing internal requirements in areas such as workplace safety management, accident reporting and investigation, safety assessment, rewards, and penalties, while making targeted adjustments and improvements in areas including safety inspections, education and training, special equipment operations, personnel certification, major hazard sources, hazardous chemicals management, and emergency response. At the same time, the Company formulated the *Contractor Safety Management Policy*, incorporating contractors' safety conduct into a unified management framework to ensure controllable risks across the entire business value chain.

To safeguard employees' occupational health and safety, the Company has established a Safety Production Management Committee, chaired by the Chairman of the Board, with principal heads of business divisions and directly affiliated departments serving as members. Members of the sub-committees are drawn from the responsible persons of each business division and directly affiliated factory. Under the Committee, a Safety Production Leadership Group has been established to implement safety management responsibilities in line with the division of duties.

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

Three-level safety management organizational structure

In line with the principle of "horizontal to the edge, vertical to the end", the Company advances the development of a full-staff safety accountability system. Through the step-by-step signing of the *Work Safety Management Responsibility Letters* and the setting of annual work safety targets, the Company has established a chain of production safety responsibilities extending from Company management to departments and further to front-line positions.

2026 Work Safety Targets

- Zero fire and explosion accidents
- Zero serious injury and fatality accidents, and zero occupational disease poisoning incidents
- Zero occupational disease incidence rate
- Work-related injury rate not exceeding the standard set by the Company
- Direct economic losses from other accidents controlled within one ten-thousandth of industrial output value
- 100% testing rate for occupational disease hazard factors in workplaces
- 100% coverage rate for safety evaluation or assessment of production projects
- 100% certification rate for principal personnel in charge, safety management personnel, and special equipment or special operations personnel
- 100% employee education and training rate

The Company organizes specialized departments (including safety, technical, engineering, and equipment) and front-line teams annually to conduct multi-dimensional identification of safety and occupational health hazards. During the Reporting Period, based on the results of risk source identification, we revised and improved the *Operating Procedures* and the *Risk Notification Cards* for each position. We advanced visual management by presenting key safety procedures in a clear and intuitive manner to ensure that employees can conveniently access and understand safety information. For high-risk positions, the Company strictly requires production personnel to be certified and operate in accordance with standards, eliminating safety hazards at their source. In special equipment safety management, we reviewed and reorganized the special equipment list, updated the special equipment register, completed equipment deregistration and use registration, and conducted the annual inspection of all types of special equipment as planned, thereby ensuring compliant and safe equipment use. During the Reporting Period, the Company did not encounter any major workplace safety incidents, such as special equipment accidents.

At the same time, the Company has established a high-frequency, full-coverage inspection network covering routine inspections, special inspections, and thematic inspections, enabling the timely identification and elimination of potential risks. During the Reporting Period, we conducted a cumulative total of 514 safety inspections, and the hazard rectification rate reached 98.8%.

As of the end of the Reporting Period, a total of 8 operating sites of the Company and its major production-related subsidiaries had obtained ISO 45001 Occupational Health and Safety Management System certification. During the Reporting Period, DMEGC recorded no fatalities or severe injuries from work-related accidents.

Safety Culture Development

The Company continues to advance the development of its production safety culture and has established a safety and environmental protection training system covering all employees, continuously strengthening employees' safety awareness and operational capabilities. Each year, the Company organizes a series of activities such as the Occupational Disease Prevention Law Publicity Week, the Safe Production Month, and the Fire Safety Month. Through multi-channel and multi-format communication and training, it further enhances safety awareness among all employees and reinforces identification with the safety culture.

The Company carries out safety education and training in a variety of forms and regularly organizes all employees to participate in production safety-related training, strengthening employees' capabilities in areas such as safe operations and emergency response. In line with the annual training plan and the needs of each business division and factory, the Company continues to strengthen the development of professional production safety teams. Through specialized training, it ensures that personnel at all levels, including principal personnel in charge, safety management personnel, and special operations personnel, possess the necessary safety management capabilities and equipment operation qualifications. At the same time, the Company promotes health and safety education for all employees, provides training in first aid knowledge, and offers employees opportunities to obtain Red Cross first-aider certification, thereby enhancing emergency response and self-rescue capabilities. During the Reporting Period, we conducted a cumulative total of 3,755 employee safety training sessions, reaching 125,737 person-times, with total training hours reaching 212,560.

3,755
Employee safety training

125,737
Training person-times

212,560 hours
Total training duration

We continue to strengthen employees' emergency response capabilities for incipient fires, with the aim of improving overall response efficiency in both real fire incidents and simulated drills. In emergency situations, on-site personnel are able to respond rapidly and coordinate effectively by promptly activating emergency response plans, organizing personnel evacuation, carrying out incipient fire suppression, and reporting relevant information. They also exercise strict control over critical steps such as power shut-off, site cordoning, personnel assembly, and headcounts, ensuring the effective execution of emergency procedures and keeping personnel safety under control. In addition, each business division conducts monthly spot checks on the development of incipient fire response capabilities at its subordinate units and prepares written evaluation records, thereby supporting the continuous improvement of emergency response mechanisms.

Case | **Incipient Fire Response Skills Competition**

In June 2025, DMEGC organized an incipient fire response skills competition among its business divisions and directly affiliated plants. The event enabled employees to improve their capabilities through practical drills and accumulate experience through competition, thereby effectively enhancing emergency rescue capabilities and helping prevent and contain safety incidents.

Occupational Disease Protection

We have established and continue to improve our occupational health and safety management system. The Company has formulated and implemented internal policies including the *Occupational Health Management Policy* and the *Occupational Disease Hazard Prevention and Control Responsibility Policy*, ensuring that occupational disease prevention and control is carried out in a standardized and institutionalized manner. The Company has established a leading group for occupational disease prevention and control, which holds one dedicated meeting each quarter and convenes at any time in the event of occupational health-related incidents or major hidden risks. At the same time, the trade union and workers' representatives actively participate in the identification of occupational health risk sources and supervise occupational health-related work across all units, including facility and equipment upgrades, the distribution of labor protection equipment, employees' occupational health examinations, and education and training on occupational disease prevention and control, so as to prevent, control, and eliminate occupational disease hazards.

Occupational Disease Risk Prevention

- Strictly implement the "Three Simultaneities" acceptance requirements for occupational health and regularly monitor and assess hazard factors. Reduce hazards at the source through process optimization, equipment upgrades, and the adoption of advanced technologies
- Improve occupational health notice boards, hazard notification cards, and warning signs. Provide safety education and operational guidance to employees in hazard-exposed positions to strengthen risk prevention awareness

Work Process Management

- Conduct regular testing of occupational disease hazard factors and status evaluation
- Provide personal protective equipment in accordance with laws and regulations, and standardize whole-process management covering selection, use, maintenance, and scrapping to ensure that protective measures are effectively implemented
- Provide safety education and operational guidance to employees exposed to occupational disease hazards

Occupational Health Protection

- Provide pre-employment, on-the-job, and post-employment occupational health examinations to achieve health management throughout the entire employment cycle
- Establish and improve occupational health management records, with complete documentation of the management process

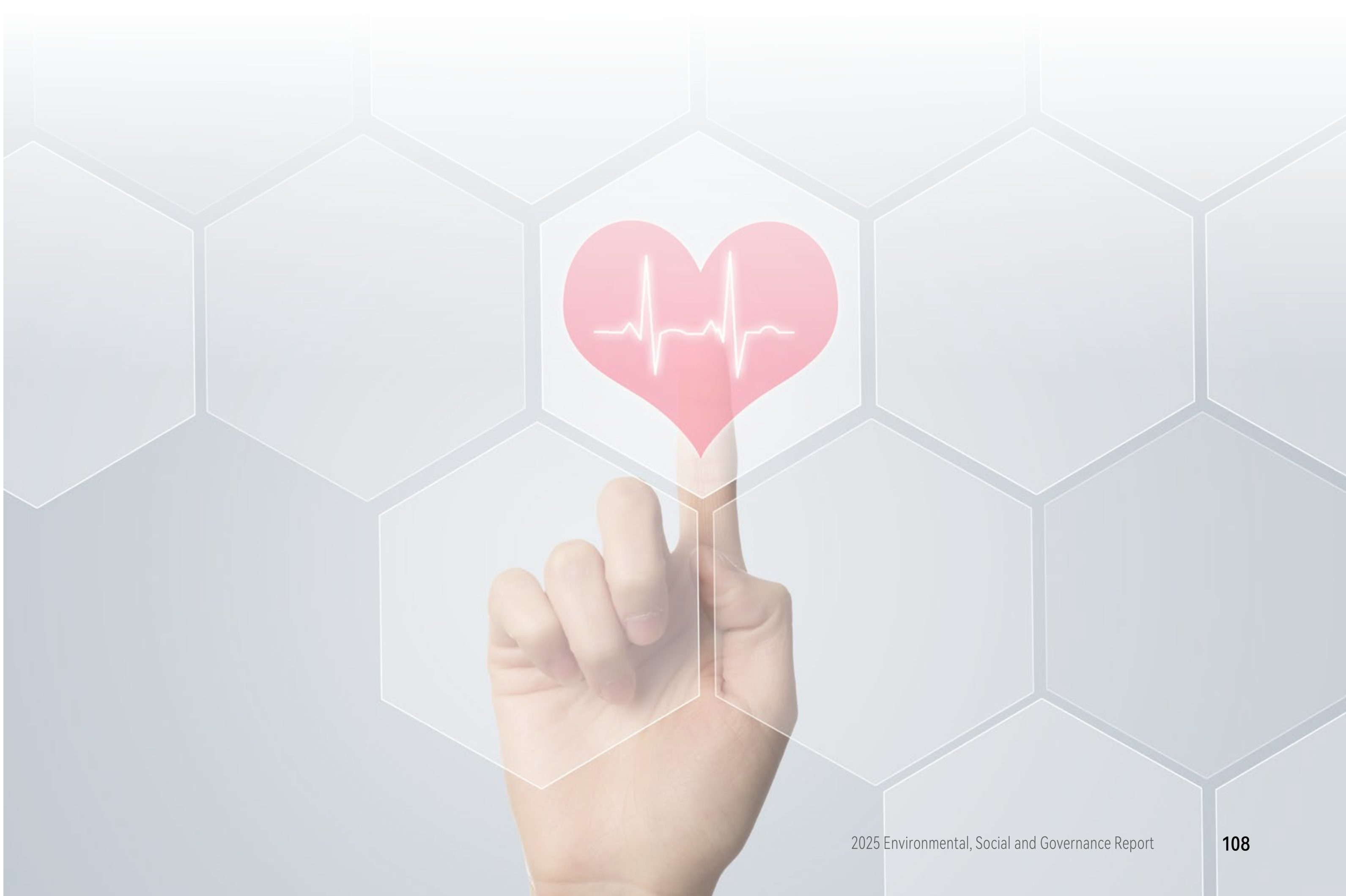
In response to hazards such as noise, dust, high temperatures, and chemicals arising in the production process, DMEGC has implemented classified and graded management, systematically identifying and controlling various occupational disease hazards in light of production processes and equipment characteristics. The Company places strong emphasis on noise control, advances rectification at positions where noise exceeds standards, and adopts technical measures such as sound insulation and vibration reduction to mitigate noise-related harm to employees. For high-noise positions, the Company provides employees with compliant noise-reduction earplugs and optimizes both the layout of high-noise equipment and job rotation arrangements, thereby minimizing the incidence of occupational noise-induced hearing loss to the greatest extent possible. During the Reporting Period, the Company rectified eight severe noise-related programs across five factories, improving the working environment.

Case **Case: Special Training on Noise Hazards and Protection**

In September 2025, the Company organized noise hazard protection training for front-line employees at its production base in Hengdian headquarters. Combining on-site demonstrations, case videos, and interactive hands-on exercises, the training focused on how noise affects hearing, the correct way to wear earplugs, and key points for daily maintenance. Participating employees also conducted earplug fit tests in a simulated high-noise environment and learned the basic operation of noise monitoring equipment, further strengthening their awareness of noise protection and self-protection capabilities.

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%.

514	98.8%	100%	100%
Cumulative safety inspections conducted	Hazard rectification rate	Occupational health monitoring coverage rate	Occupational health examination rate



Fulfilling Social Responsibility

Upholding the philosophy of "striving to be the most socially responsible enterprise", DMEGC integrates its development into community prosperity and social progress, actively contributing to society through rural revitalization, volunteer service, educational support, and other initiatives, while working to build a community ecosystem grounded in mutual trust and win-win outcomes. During the Reporting Period, the Company's total charitable and public welfare donations exceeded RMB 500,000.

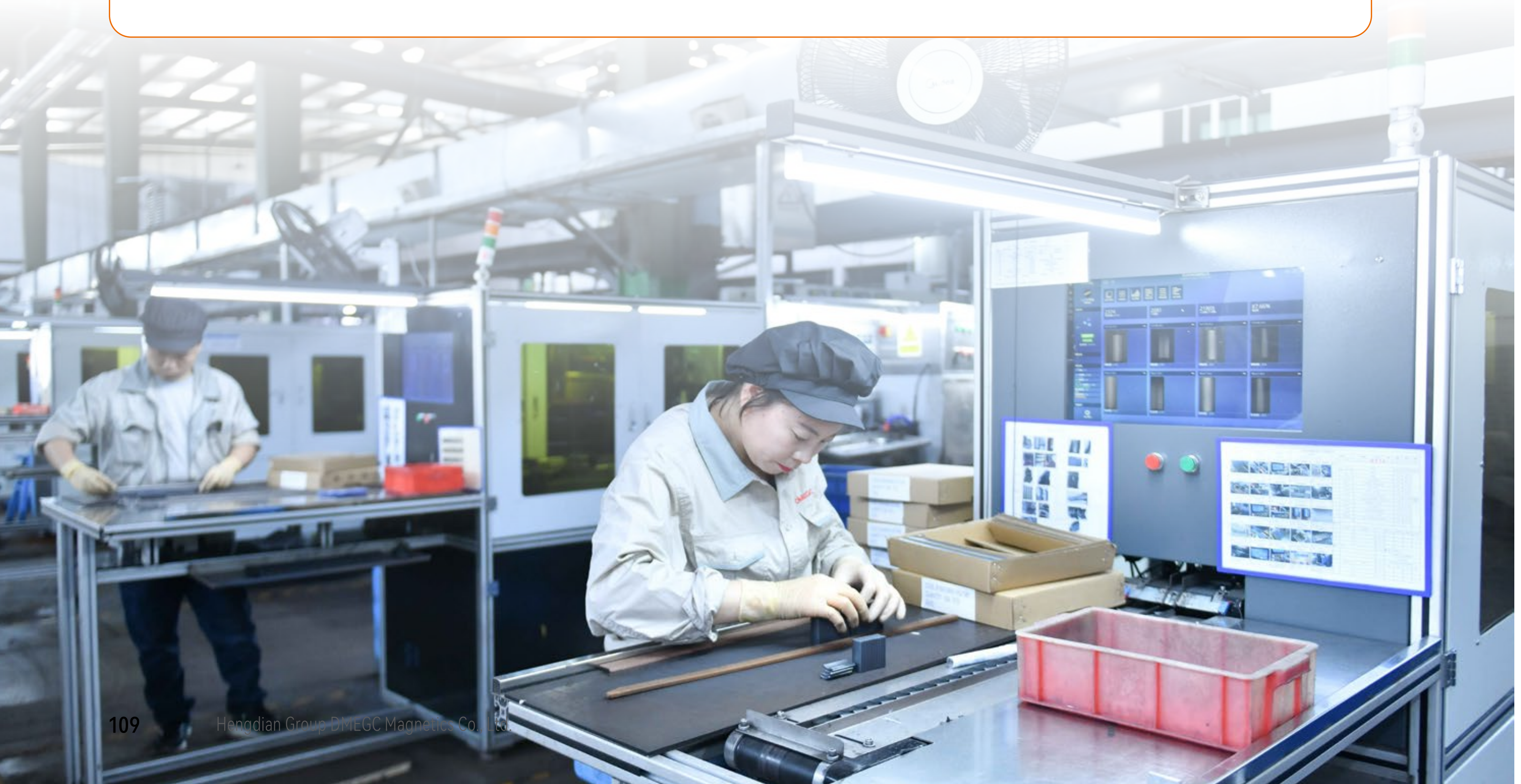
Rural Revitalization

The Company has deeply rooted its development in the communities where it operates. It established the leadership groups for "2025 Civilized Unit Building Initiative" and the "100+100 Partnership for Civilized Development Program", and has developed close assistance relationships with communities including Yujia Village and Hutoulu Community. In addition to providing financial support for community infrastructure, we also actively procure local agricultural and sideline products through consumption-based support, thereby directly contributing to farmers' income growth.

To support coordinated regional development, the Company and its subsidiaries actively create employment opportunities for workers from central and western China. During the Reporting Period, the Company recruited 1,128 new employees from Yunnan, Guizhou, Sichuan, and other regions, bringing the cumulative number of employees from central and western China to 3,996. Total annual remuneration paid to employees from these regions amounted to RMB 304 million, effectively contributing to coordinated regional development through industrial investment.

Case Supporting Coordinated Development in Central and Western China

Since 2019, the Company has established a magnetic materials production base in Yibin, Sichuan, and has since continued to increase investment in both the magnetic materials and new energy segments. As of the end of the Reporting Period, the Yibin base provided more than 600 high-quality jobs for the local community with cumulative hires exceeding 2,400, while annual tax payments exceeded RMB 164.63 million. At the same time, the Company has actively advanced localized procurement, driving coordinated development of local manufacturing and supporting industrial chains by prioritizing local products and services. In 2025, local procurement exceeded RMB 1.1 billion.



Public Welfare Activities

We believe that kindness is built through countless small actions, which ultimately bring warmth to the community. The Company actively organizes employees to participate in diverse volunteer activities, including blood donation, street cleaning, and public welfare tree planting. Employee volunteers can be seen across every corner of the community, turning the Company's social responsibility into tangible action that serves communities and brings warmth to neighbors. During the Reporting Period, the Company organized 7 volunteer activities, with employee participation reaching 1,201 participant attendances.

Case Case: Hengdian Marathon Volunteer Activity

On November 16, 2025, DMEGC organized a volunteer team for the Hengdian Marathon themed "Run into Film, Travel through History". The volunteers provided all-round event support to all 18,000 runners, playing a vital role in ensuring the smooth execution of the event and adding warmth and vitality to the Hengdian Marathon.

Case Case: Annual Child Health Check and Community Care Activities

NUSA, DMEGC's Indonesian subsidiary, has continued to participate in the annual child health check-up activity organized by the Citramas Foundation (Industrial Estate). As of the end of the Reporting Period, NUSA had assisted more than 1,600 children in completing health examinations, effectively improving the health of children in the community. In addition, the Company regularly organizes visits and care activities for nearby nursing homes and children's homes, providing daily necessities and emotional support to the elderly and children. As of the end of the Reporting Period, NUSA had cumulatively supported around 150 elderly people and 30 orphans, helping to build a responsible corporate image.

Educational Support

We regard educational support as a way of investing in the future and actively build bridges to industrial practice. We open our facilities to students for study visits and learning programs, bringing advanced manufacturing and green energy to life through corporate research visits, introductory practical training, and factory tours, and offering students a valuable window into modern industry and innovative technology.

Case

Case: Winter Break Social Practice Activity

In January 2025, the winter break social practice team from the School of Materials Science and Engineering at Tsinghua University, under the theme "Qing Materials, Smart Mobility, Solar Dreams", visited DMEGC for research and exchange activities. During the visit, representatives from DMEGC Solar introduced the team to industry knowledge, the Company's development, product applications, and technology trends, helping students gain a deeper understanding of the new energy industry and providing valuable practical experience for their future career development.

Case

Case: "Qinglan Plan" Order-Class Practical Training Activity

On February 26, 2025, students from the "Qinglan Plan" order class at Hengdian College of Film & Television visited DMEGC's Cell Factory No. 7 and Module Factory No. 1 for a practical training visit focused on understanding the Company. Through on-site visits and hands-on practice, the students gained a more intuitive understanding of the Company's operations and manufacturing processes.

Industry Talent Standards Development

Going beyond its own operations, the Company actively promotes the standardization and institutional development of industry talent frameworks. In 2025, the occupation of "Ferrite Magnet Manufacturing Worker", for which the application was spearheaded by DMEGC, was successfully approved by the Ministry of Human Resources and Social Security of the People's Republic of China and officially recognized as a new occupation. This initiative filled a long-standing gap in occupational classification within the magnetic materials industry and provided a clear occupational identity and development pathway for approximately 300,000 workers in related industries nationwide. By advancing the standardization and professionalization of skilled talent development across the industry, we are demonstrating the responsibility of an industry leader on a broader scale.


17个新职业，正式发布！

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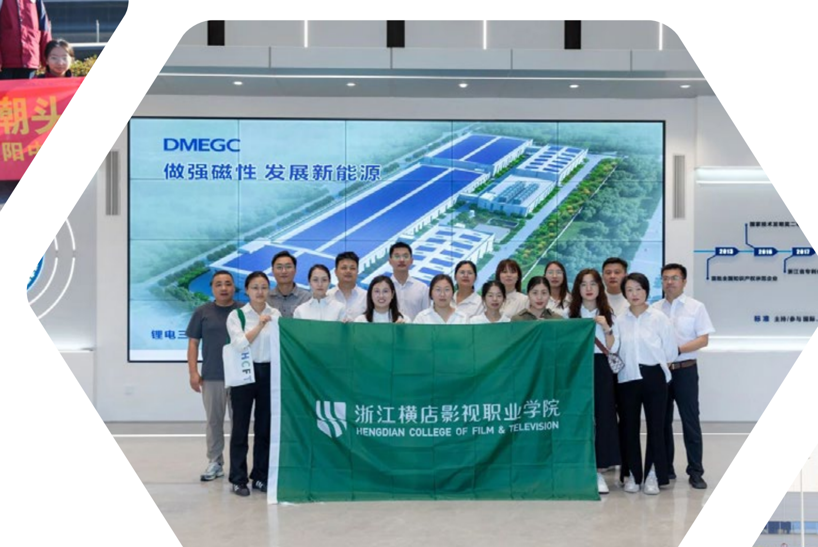
记者从人力资源和社会保障部的发布会上了解到，7月22日，第七批新职业正式发布，包括17个新职业、42个新工种。

17个新职业包括：

检验检测管理工程技术人员、养老服务师、跨境电商运营管理师、无人机群飞行规划员、装修管家、工伤预防咨询师、电子电路设计师、室内环境治理员、家政服务经理人、电力可靠性管理员、电力聚合运营员L/S、农村集体经济经理人、代用茶加工工、咖啡加工工、碳纤维制品成型制作工、铁氧体磁体制造工、钢结构装配工。



Appendix I: Key Performance Indicators

Indicators	Unit	2025	2024	2023
Economic Performance				
Total asset	RMB 100 million	274.27	242.12	212.08
Net assets attributable to shareholders of the listed company	RMB 100 million	106.28	100.82	90.15
Operating revenue	RMB 100 million	225.86	185.59	197.33
Net profit attributable to shareholders of the listed company	RMB 100 million	18.51	18.27	18.18
Operating Cash Flow	RMB 100 million	32.58	35.22	39.00
Total Tax Amount	RMB 100 million	15.63	9.10	11.12
Basic Earnings Per Share	RMB/share	1.16	1.1335	1.1277
Return on Weighted Average Net Assets	%	17.42	19.41	22.07
Corporate Governance Performance				
Percentage of Employees Who Have Received Business Ethics Training	%	100	100	100
Number of Reports Generated Through Whistleblowing Procedures	/	0	1	2
Number of Recognized Incidents of Corruption	/	0	0	3
Number of Recognized Information Security Incidents	/	0	0	0
Environment Performance				
Greenhouse Gas Emissions				
Total greenhouse gas (Scope 1 and Scope 2) emissions	tCO_2e	738,705.29	615,099.80	845,075.78
Total greenhouse gas (Scope 1 and Scope 2) Emission Intensity	tCO_2e/ RMB million revenue	32.71	33.14	42.85
Total Scope 1 greenhouse gas emissions	tCO2e	93,318.12	86,043.98	70,981.59
Total Scope 1 greenhouse gas emissions Intensity	tCO_2e/ RMB million revenue	4.13	4.64	3.6
Total Scope 2 greenhouse gas emissions	tCO_2e	645,387.17	529,055.82	774,094.19
Total Scope 2 greenhouse gas emissions Intensity	tCO_2e/ RMB million revenue	28.58	28.51	39.25
Total GHG emission reduction of the Company (emission reduction contribution)	tCO_2e	31,056.04	33,500.50	36,323.68
Energy Consumption				
Total energy consumption	tce	300,816.41	250201.52	192,677.35
Total Energy Consumption Intensity				
Magnetic material products	tce/ton	0.5643	0.5628	0.5706
Photovoltaic Modules	tce/MW	1.5910	1.9724	2.1777
Lithium Battery Products	tce/10,000 pieces	0.3946	0.5235	0.6062
Energy Consumption Intensity	tce/RMB million revenue	13.32	13.48	9.77
Direct Energy Consumption				
Natural Gas	10,000 m^3	4,276.79	3,938.89	3,247.79
Indirect Energy Consumption				
Purchased Electricity	MWh	1,834,600.35	1,456,694.50	1,130,719.55
Purchased Steam	tons	126,396	124,971.00	122,665.13

Indicators	Unit	2025	2024	2023
Renewable Energy Consumption				
Consumption of renewable energy	MWh	414,772.51	408,971.51	52,807.44
Purchased Green Electricity	MWh	364,372.25	387,528.51	30,217.19
Self-generated and Self-consumed Green Electricity	MWh	50,400.26	21,443.00	22,590.25
Green Electricity Certificate	MWh	302,848.00	269,000.00	50,000.00
Water Consumption				
Total Water Consumption	10,000 tons	740.91	644.73	555.46
Water Consumption Intensity	10,000 tons/RMB million revenue	0.033	0.035	0.028
Wastewater Discharge				
Wastewater Discharge Volume	10,000 tons	495.37	500.87	360.87
Wastewater discharge intensity	10,000 tons/RMB million revenue	0.022	0.027	0.018
Major Wastewater Pollutants				
Chemical Oxygen Demand (COD)	tons	122.73	116.88	156.27
Ammonia Nitrogen	tons	10.24	10.24	15.39
Air Emissions				
Total Volume of Key Air Pollutant Emissions	tons	77.53	68.68	67.75
Air Emissions Intensity	tons/RMB million revenue	0.0034	0.0037	0.0034
Sulfur Dioxide (SO_2) Emissions	tons	5.70	6.84	6.05
Nitrogen Oxides (NOx) Emissions	tons	71.84	61.84	61.70
Waste Discharge Volume				
Total Waste Volume	tons	36,900.15	39,140.24	37,033.24
Waste Discharge Intensity	tons/RMB million revenue	1.63	2.11	1.88
General Waste	tons	36,381.23	38,661.01	36,619.49
Hazardous Waste	tons	518.19	479.23	413.75
Comprehensive Utilization Rate of General Waste	%	91.55	92.62	82.39
Hazardous Waste Disposal Rate	%	100	100	100
Total Waste Recycled Volume	tons	33,306.50	35,808.61	30,170.80
Environmental Management				
Percentage of Sites Conducting Environmental Risk Assessments	%	100	100	100
Percentage of Factories Certified to ISO 14001 or Other Environmental Standards	%	72.55	80	87
Percentage of Employees Trained on Environmental Issues	%	100	100	100

Indicators	Unit	2025	2024	2023
Society Performance				
R&D Innovation & Product Responsibility				
R&D Investment	RMB 100 million	7.36	7.22	8.77
R&D Intensity	%	3.26	3.89	4.45
Number of Newly Granted Invention Patents	Pcs	106	63	108
Number of Newly Granted Utility Model Patents	Pcs	136	72	151
Number of Newly Granted Design Patents	Pcs	2	4	5
Total Number of Newly Granted Patents	Pcs	244	139	264
Percentage of Products Subject to Mandatory Recall due to Environmental and Safety Issues	%	0	0	0
Supply Chain Management				
Target Number of Suppliers	No.	879	845	693
Percentage of Target Suppliers Signed the *Supplier Code of Conduct*	%	100	100	100
Percentage of Target Suppliers with Contracts Containing Environmental, Labor, and Human Rights Requirements	%	100	100	100
Percentage of Target Suppliers Assessed for Corporate Social Responsibility (CSR)	%	28.44	25.44	25.69
Percentage of Target Suppliers Undergoing On-site CSR Audits	%	12.06	10.3	11.26
Percentage of Procurement Staff Trained in Sustainable Procurement	%	100	100	100
Percentage of Assessed Suppliers Participating in Improvement Actions or Capacity Building	%	100	100	100
Employee Management				
Total number of employees	Person	19,159	18,831	18,416
Percentage of Employees Covered by Formal Collective Bargaining Agreements	%	100	75	83
Percentage of Employees Covered by Formally Elected Worker Representatives	%	100	100	100
Percentage of Operations Subject to Human Rights Review or Impact Assessment	%	51.06	51.06	52.50
Percentage of Employees Covered by Living Wage Benchmark Analysis	%	100	100	100
Percentage of Employees Earning Below the Living Wage	%	0	0	0
Percentage of Total Annual Remuneration of Highest-Paid Individual to Median Total Annual Compensation of All Employees	%	17.50	16.04	12.29
Social Security Coverage Rate	%	100	100	100
Number of Incidents of Child Labor or Forced Labor	/	0	0	0
Female Workforce Ratio	%	43.45	43.90	45.39
Percentage of Women in Senior Management Roles	%	16.67	16.67	22.22
Percentage of Female Board Members	%	11.11	14.28	14.28
Unadjusted Gender Pay Gap[11]	%	80.5	78.7	86.75

Indicators	Unit	2025	2024	2023
Percentage of Employees from Vulnerable Groups[12]	%	0.88	0.98	0.59
Percentage of Employees Trained on Diversity, Anti-discrimination, and Anti-harassment	%	100	100	100
Average Employee Training Hours[13]	Hours	18.64	21.88	16.73
Average Training Hours per Male Employee	Hours	32.97	25.36	-
Average Training Hours per Female Employee	Hours	14.74	17.43	-
Percentage of Employees Receiving Regular Performance and Career Development Appraisals	%	100	100	100
Percentage of Employees Trained in Vocational or Skill-related Skills	%	100	100	100
Number of Employees Receiving Career Development Training	Person	19,159	11,717	5,286
Number of Employees with Individual Development Plans	Person	19,159	18,831	18,416
Days Lost Due to Work-related Injuries	Days	1,502	530	1,864
Number of Work-related Accidents	/	15	9	18
Number of Employee Health and Safety Training Sessions	Times	3,755	3,730	2,446
Total Hours of Employee Health and Safety Training	Hours	212,560	212,172	204,207
Employee Health and Safety Training Coverage Rate	%	100	100	100
Percentage of Sites Conducting Employee Health and Safety Risk Assessments	%	100	100	100
Percentage of Employees Represented by Health and Safety Committees	%	100	100	100
Social Public Welfare				
Investment in Rural Revitalization	RMB 100 million	3.04	2.66	2.27
Number of Volunteers	Person	1,201	663	420
Number of Public Welfare Projects/Activities	No.	7	11	3
Number of Employee Volunteer Participations	Person	1,201	663	990
Number of Beneficiaries of Public Welfare Activities	Person	69	41	71

11 Percentage of Average Total Hourly Wage of Female Employees to That of Male Employees
12 The company's employees from vulnerable groups are primarily persons with disabilities.
13 This adjustment stems from an update to the statistical caliber.

Appendix II: Indicator Indexes

Index of Shenzhen Stock Exchange Sustainability Report

Dimension	Number	Issue	Corresponding Chapter
Environment	1	Addressing Climate Change	• Climate Action
	2	Pollutant Emissions	• Rigorous Emission Control
	3	Waste Treatment	• Rigorous Emission Control
	4	Ecosystem and Biodiversity Conservation	• Comprehensive Environmental Management
	5	Environmental Compliance Management	• Comprehensive Environmental Management
	6	Energy Utilization	• Efficient Utilization of Resources
	7	Water Resource Utilization	• Efficient Utilization of Resources
	8	Circular Economy	• Efficient Utilization of Resources
Society	9	Rural Revitalization	• Fulfilling Social Responsibility
	10	Social Contribution	• Fulfilling Social Responsibility
	11	Innovation-Driven	• Innovation-Driven Development
	12	Technology Ethics	• Not Involved
	13	Supply Chain Security	• Enhancing Supplier Management • Building a Sustainable Supply Chain • Building a Resilient Supply Chain • Facilitating Supplier Development
	14	Equal Treatment of Small and Medium Enterprises	• Not Involved
	15	Product and Service Safety and Quality	• Comprehensive Quality Management • Safeguarding Customer Rights and Interests
	16	Data Security and Customer Privacy Protection	• Information Security and Privacy Protection
	17	Employees	• Protecting Employee Rights and Interests • Empowering Employee Development • Safeguarding Health and Safety
Governance Related to Sustainable Development	18	Due Diligence	• Materiality Assessment
	19	Stakeholder Communication	• Stakeholder Engagement
	20	Anti-Commercial Bribery and Anti-Corruption	• Practicing Business Ethics
	21	Anti-Unfair Competition	• Practicing Business Ethics

GRI Content Index

Disclosure Statement	• DMEGC reported the information referenced in this GRI Content Index with reference to the GRI Standards for the reporting period from 1 January 2025 to 31 December 2025.
GRI Standard Used	• GRI 1: Foundation 2021

Disclosures	Disclosure topics	Index of sessions
General Criteria		
GRI 1: Foundation 2021		
GRI 2: General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	• About DMEGC
2-2	Entities included in the organization's sustainability reporting	• About This Report
2-3	Reporting period, frequency and contact point	• About This Report
2-4	Restatements of information	• About This Report
2-5	External assurance	• Appendix III: Independent Assurance Statement
Activities and workers		
2-6	Activities, value chains and other business relationships	• About DMEGC • Global Operations • Enhancing Supplier Management
2-7	Employees	• Protecting Employee Rights and Interests
2-8	Workers who are not employees	• Enhancing Supplier Management
Governance		
2-9	Governance structure and composition	• Optimizing Corporate Governance
2-10	Nomination and selection of the highest governance body	• Optimizing Corporate Governance
2-11	Chair of the highest governance body	• Optimizing Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	• Optimizing Corporate Governance
2-13	Delegation of responsibility for managing impacts	• Optimizing Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	• ESG Governance
2-15	Conflicts of interest	• Practicing Business Ethics
2-16	Communication of critical concerns	• ESG Governance
2-17	Collective knowledge of the highest governance body	• ESG Governance
2-18	Evaluation of the performance of the highest governance body	• ESG Governance
2-19	Remuneration policies	• Protecting Employee Rights and Interests
2-20	Process to determine remuneration	• Protecting Employee Rights and Interests
2-21	Annual total compensation ratio	• Appendix I: Key Performance Indicators
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	• ESG Strategic Planning
2-23	Policy commitments	• Sections of this report

Disclosures	Disclosure topics	Index of sessions
2-24	Embedding policy commitments	• ESG Governance
2-25	Processes to remediate negative impacts	• Practicing Business Ethics
2-26	Mechanisms for seeking advice and raising concerns	• Stakeholder Engagement
2-27	Compliance with laws and regulations	• Sections of this report
2-28	Membership associations	• Innovation-Driven Development
Stakeholder engagement		
2-29	Approach to stakeholder engagement	• Stakeholder Engagement
2-30	Collective bargaining agreements	• Protecting Employee Rights and Interests
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	• Materiality Assessment
3-2	List of material topics	• Materiality Assessment
3-3	Management of material topics	• Materiality Assessment
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
201-2	Financial implications and other risks and opportunities due to climate change	• Climate Action
201-3	Defined benefit plan obligations and other retirement plans	• Protecting Employee Rights and Interests
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
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	• Practicing Business Ethics
205-2	Communication and training about anti-corruption policies and procedures	• Practicing Business Ethics
205-3	Confirmed incidents of corruption and actions taken	• Practicing Business Ethics
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• Practicing Business Ethics
GRI 207: Tax 2019		
207-1	Approach to tax	• N/A
207-2	Tax governance, control, and risk management	• N/A

Disclosures	Disclosure topics	Index of sessions
207-3	Stakeholder engagement and management of concerns related to tax	• Stakeholder Engagement
207-4	Country-by-country reporting	• N/A
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	• Efficient Utilization of Resources
301-2	Recycled input materials used	• Efficient Utilization of Resources
301-3	Reclaimed products and their packaging materials	• Efficient Utilization of Resources
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	• Efficient Utilization of Resources
302-2	Energy consumption outside of the organization	• Efficient Utilization of Resources
302-3	Energy intensity	• Efficient Utilization of Resources
302-4	Reduction of energy consumption	• Efficient Utilization of Resources
302-5	Reductions in energy requirements of products and services	• Efficient Utilization of Resources
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	• Efficient Utilization of Resources
303-2	Management of water discharge related impacts	• Efficient Utilization of Resources
303-3	Water withdrawal	• Efficient Utilization of Resources
303-4	Water discharge	• Efficient Utilization of Resources
303-5	Water consumption	• Efficient Utilization of Resources
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	• Comprehensive Environmental Management
304-2	Significant impacts of activities, products and services on biodiversity	• Comprehensive Environmental Management
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	• Climate Action
305-2	Energy indirect (Scope 2) GHG emissions	• Climate Action
305-3	Other indirect (Scope 3) GHG emissions	• Incomplete/unavailable information
305-4	GHG emissions intensity	• Climate Action
305-5	Reduction of GHG emissions	• Climate Action
305-6	Emissions of ozone-depleting substances (ODS)	• Incomplete/unavailable information
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	• Rigorous Emission Control
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	• Rigorous Emission Control
306-2	Management of significant waste related impacts	• Rigorous Emission Control

Disclosures	Disclosure topics	Index of sessions
306-3	Wastes generated	• Rigorous Emission Control
306-4	Wastes diverted from disposal	• Rigorous Emission Control
306-5	Waste directed to disposal	• Rigorous Emission Control
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	• Building a Sustainable Supply Chain
308-2	Negative environmental impacts in the supply chain and actions taken	• Building a Sustainable Supply Chain
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	• Protecting Employee Rights and Interests
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	• Protecting Employee Rights and Interests
401-3	Parental leave	• Protecting Employee Rights and Interests
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	• Safeguarding Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	• Safeguarding Health and Safety
403-3	Occupational health services	• Safeguarding Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	• Safeguarding Health and Safety
403-5	Worker training on occupational health and safety	• Safeguarding Health and Safety
403-6	Promotion of worker health	• Safeguarding Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Safeguarding Health and Safety
403-8	Workers covered by an occupational health and safety management system	• Safeguarding Health and Safety
403-9	Work-related injuries	• Safeguarding Health and Safety
403-10	Work-related ill health	• Safeguarding Health and Safety
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	• Empowering Employee Development
404-2	Programs for upgrading employee skills and transition assistance programs	• Empowering Employee Development
404-3	Percentage of employees receiving regular performance and career development reviews	• Empowering Employee Development
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	• Optimizing Corporate Governance • Protecting Employee Rights and Interests
405-2	Ratio of basic salary and remuneration of women to men	• Appendix I: Key Performance Indicators
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	• Protecting Employee Rights and Interests
GRI 407: Freedom of Association and Collective Bargaining 2016		

Disclosures	Disclosure topics	Index of sessions
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	• Protecting Employee Rights and Interests
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	• Protecting Employee Rights and Interests
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	• Protecting Employee Rights and Interests
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedure	• Protecting Employee Rights and Interests
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	• Fulfilling Social Responsibility
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	• Building a Sustainable Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	• Building a Sustainable Supply Chain
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	• Comprehensive Quality Management
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	• Comprehensive Quality Management
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	• Safeguarding Customer Rights and Interests
417-2	Incidents of non-compliance concerning product and service information and labeling	• Safeguarding Customer Rights and Interests
417-3	Incidents of non-compliance concerning marketing communications	• Safeguarding Customer Rights and Interests
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	• Information Security and Privacy Protection

Appendix III: Independent Assurance Statement

INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No: SRA-843221

Hengdian Group DMEGC Magnetics Co., Ltd.
2025 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 2025 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 2025 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.

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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.

For and on behalf of BSI: Verifier of the Report:

Michael Lam, Senior Vice President, APAC Assurance Team Leader: Chunrong Lu

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DMEGC

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