Environmental,Social and Governance (ESG)Report

Farasis Energy (Gan Zhou) Co., Ltd.

2024

CONTENTS

About This Report

The Environmental, Social, and Corporate Governance (ESG) Report (hereinafter referred to as “this report”) is publicly issued by Farasis Energy (Ganzhou) Co., Ltd. (hereinafter referred to as “Farasis Energy”). This report is compiled based on the principles of openness and transparency, discloses practices and performance of Farasis Energy in fulfilling ESG-related issues in 2024.

This English translation of the report is for reference only. In case of any discrepancies between the English and Chinese versions, the Chinese version shall prevail.

Reporting Scope

Unless otherwise specified, the policies, statements, and materials in this report cover the actual business scope of Farasis Energy and our subsidiaries, which is the same as that of the annual report issued by Farasis Energy. Unless otherwise stated, this report is denominated in CNY (renminbi).

Reporting Period

This report is the third ESG report released by Farasis Energy, covering the period from January 1st, 2024 to December 31st, 2024. In order to enhance the readability of the report, some of the contents or data have been backdated to previous or subsequent years.

Definition of Terms

For the convenience of expression and reading, “Farasis Energy”, “we” and “the Company” in this report refer to Farasis Energy (Ganzhou) Co., Ltd. and our subsidiaries, such as Farasis Energy (Zhenjiang) Co., Ltd.

Reporting Principles

This report is ultimately compiled by identifying important stakeholders, analyzing and rating materiality issues related to environment, society and governance, making decisions on the scope of the report, as well as collecting, summarizing, organizing, and reviewing relevant data and materials in the preparation process.

The following standards and requirements were referred to in the preparation of this report.

- Shanghai Stock Exchange, *"Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)"*
- Shanghai Stock Exchange, *"Guidelines No. 4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies ——*
- *Preparation of Sustainability Reports"*
  Global Sustainability Standards Board (GSSB), "GRI Standards"
- United Nations Sustainable Development Goals (SDGs)
- International Organization for Standardization, *"ISO 26000: Guidance on Social Responsibility (2010)"*

Access to This Report

This report is published in both electronic and printed formats. In case of conflicts, the Chinese version shall prevail. You can access the electronic version of this report through the following website:
https://www.farasis.com/index/investor
You can contact us as follows:

- Phone: 0797-7329849
- E-Mail: farasisIR@farasisenergy.com.cn; sustainability@farasisenergy.com.cn

About Farasis Energy

Company Profile

Farasis Energy (Stock Code: 688567) is one of the leading companies in the global pouch battery industry and one of the first companies in China to achieve mass production of ternary pouch batteries. We are committed to the mission of "providing green energy and building a smart world," integrating sustainable development into our daily work, processes, and details, and actively fulfilling our economic, ecological, and social responsibilities on a global scale.

At different stages of energy development, we have leveraged our strong R&D and manufacturing capabilities to create clean energy solutions that meet human needs and lead industry development. Currently, we are rapidly developing in application areas such as transportation, energy storage, equipment, and energy Internet of Things, focusing on the greening of energy and the electrification of transportation.

Currently, we have established long-term strategic cooperative relationships with well-known domestic and international original equipment manufacturers (OEMs), jointly promoting the achievement of sustainable development goals. Through the carbon neutrality of mobile travel and energy use, we are committed to building a more sustainably developed world.

We provide the world with leading clean energy products and services, promoting the sustainable development of human society and powering a better life for humanity. Looking ahead, Farasis Energy will start from the new energy vehicle and energy storage markets, and gradually expand into the smart energy market.

Corporate Culture

Our vision

Dedicate to technology innovation, lead energy transformation, promote a better life for mankind

We focus on technology learning and innovation and ensure sufficient investment in R&D as well as talent training. This allows us to maintain our leading position in the industry and we keep track of changes in laws, regulations, and policies related to the energy sector, thereby contributing to the landscape of energy transformation.

Our mission

Provide clean energy, build an intelligent world

To achieve environmental protection goals and reduce carbon emissions, we assume the mission of providing green energy and strive to meet domestic, international, and industry standards as well as customer requirements in every aspect of research, production, and sales.

Our spirit

Innovation and entrepreneurship for win-win cooperation

We adhere to the principles of mutual respect, honesty, and humility, as well as collaborative equality, in internal communication and interactions with external partners. Abiding by rules, regulations, and procedures, we foster a working atmosphere of seamless communication, unity, and forward momentum in our company. Showing respect to our competitors and valuing our customers, we continuously enhance product safety and quality, uphold fair competition, and eliminate corruption in the market.

Products and Businesses

Focusing on the R&D, production, and sales of lithium-ion batteries and battery systems for new energy vehicles, Farasis Energy lays out a core market with green mobility and smart energy, while actively expanding into emerging markets for particular industry applications.

Our Partners

Our Products and Applications

Farasis Energy is currently implementing several cutting-edge technology developments targeting the future direction of battery development, including semi-solid/solid-state lithium-ion battery technology, sodium-ion battery technology, high-energy-density power battery cell technology, new chemical and electrochemical system energy storage technology, and cathode and anode material R&D technology. Adhering to the technology research and development concept of "one generation in production, one generation in reserve, and one generation in development," Farasis Energy has currently mass-produced batteries with an energy density of 285Wh/kg. The 400Wh/kg cell is in the process of industrialization, and the full solid-state battery under development can reach an energy density of 500Wh/kg.

Leveraging its profound technical accumulation and forward-looking market layout, Farasis Energy has demonstrated extensive application scenarios across multiple fields.

Our Business and Layout

Farasis Energy has built a "4+1" production site layout to ensure the supply of power batteries to our global customers.

In 2024, we have been actively promoting the construction of two major sites, with the Ganzhou New Energy Site and the Guangzhou Site gradually taking shape. The Ganzhou New Energy Site, as the first site for our SPS products, will have a capacity of 30GWh upon completion. The project is divided into two phases. Phase one, which will have a capacity of 15GWh upon completion, has gradually entered mass production in October 2024. The Farasis Energy Guangzhou 30GWh power battery production Site is located in the Knowledge City of Huangpu District, Guangzhou. By the end of 2024, the Guangzhou Site had built a capacity of 15GWh, mainly featuring the LFP (lithium iron phosphate) system. It is also compatible with ternary, sodium-ion, liquid, semi-solid, and solid-state batteries. The PACK factory began trial production in June 2024, and some production lines were put into operation in the first quarter of 2025, with the capacity utilization rate in the ramp-up stage.

Ganzhou Site **5GWh**

Zhenjiang Site **24GWh**

Ganzhou New Energy Site **30GWh**

Guangzhou Site **30GWh**

Türkiye Site **Siro**

2024 Milestones

On March 1st

Farasis Energy signed a new energy cooperation agreement with FAW Jiefang, committed to jointly promoting the market and industrial chain development of semi-solid and solid-state batteries for commercial vehicles.

On April 23rd

Farasis Energy's Super Pouch Solution (SPS) was officially launched with Geely Radar Horizon as its first mass-produced vehicle model.

From April 30th to May 15th

Farasis Energy made its debut in Southeast Asia by participating in the “Asiabike Jakarta 2024” and “INAPA 2024” exhibitions. It reached strategic cooperation on power batteries with Southeast Asian battery swap solution provider Moli Power and Indian Ingar, promoting the electrification of passenger vehicles and two-wheelers in Southeast Asia, and supporting energy conservation, emission reduction, and industrial chain upgrading.

On June 29th

The first pack of the trial production at Farasis Energy' Guangzhou Site was launched.

On July 23rd

The first global strategic model of Aion, the second-generation AION V (King Dragon), equipped with Farasis Energy's star product Super Pouch Solution (SPS), was globally launched.

On September 29th

Jiangling Group New Energy and Farasis Energy signed a strategic cooperation on solid-state batteries, and the SPS battery pack for the Yi Chi 05 model was launched.

On October 29th

The first overseas model equipped with Farasis Energy's Super Pouch Solution (SPS) in Southeast Asia, Geely Radar Horizon, was officially launched in Thailand.

In November

Farasis Energy was honored to be listed on the 2024 China Sodium-ion Battery Annual Competitiveness Brand TOP10, jointly released by EVTank, Hailong Network, Battery Network, Ivi Economic Research Institute, and China Battery Industry Research Institute. Farasis Energy was recognized for its sodium-ion batteries' high energy density, strong low-temperature performance, and outstanding market performance.

Awards and Honors

Field	Awarding unit	Award
Governance	Sci-Tech Innovation Board Daily & CAixin, etc.	Best ESG Company on the STAR Market in 2024
	Shenzhen Jumen Finance Technology Co., Ltd.	Best Investor Relations Data Award for Communication and Interaction in Jumen Finance's 2024 Annual List
	Shanghai British Chamber of Commerce	Finalist for the Green Supply Chain Award at the 2nd Annual ESG Awards
Environmental	Jiangxi Provincial Department of Industry and Information Technology	Jiangxi Green Manufacturing Enterprise of 2024
	Ministry of Industry and Information Technology of the People's Republic of China	National Green Manufacturing Factory of 2024
Social	S&P Global	Listed in S&P Global's *Sustainability Yearbook (China Edition) 2025*
	Jiangxi Provincial "Ankang Cup" Competition Organizing Committee Office	National "Ankang Cup" Competition Outstanding Unit
	Jiangxi Provincial Federation of Industry and Commerce	Jiangxi Private Enterprise Social Responsibility Excellence Case of 2024
	Jiangxi Provincial Federation of Trade Unions	Jiangxi May 1st Labor Award
	Jiangxi Provincial Department of Industry and Information Technology Office	Outstanding Unit in Jiangxi Industrial Cybersecurity Emergency Drill of 2024
	China Automotive Power Battery Industry Innovation Alliance	Most Promising Enterprise
	Qidian Lithium Battery, Qidian Sodium Battery, Qidian Charging and Swapping Platform	2024 China Two-Wheeler Lithium Battery TOP10 Brand Award
	Ganzhou Intellectual Property Office	Outstanding Award at the First Ganzhou High-Value Patent Conversion Competition
	Jiangxi Provincial People's Government	Jiangxi Science and Technology Award - Second Prize for Technological Progress (Ganzhou)
	Jiangxi Provincial People's Government	Jiangxi Science and Technology Award - Second Prize for Technological Progress (Zhenjiang)
	Jiangxi Provincial Federation of Industry and Commerce	Ranked 13th in Jiangxi Top 100 Private Enterprises
	Jiangxi Provincial Federation of Industry and Commerce	Ranked 11th in Jiangxi Top 100 Manufacturing Private Enterprises
	Jiangxi Provincial Department of Science and Technology	Jiangxi Leading Technology Enterprise of 2024
	Jiangsu Provincial Department of Industry and Information Technology	Jiangsu Four-Star Cloud Enterprise
	Jiangsu Provincial Certification Agency	Second Batch of High-Tech Enterprises in 2024
	Jiangxi Provincial Department of Industry and Information Technology	Outstanding Response Unit in Jiangxi Industrial Cybersecurity Attack-Defense Drill of 2024
	Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Department of Finance, Jiangxi Provincial Taxation Bureau	National High-Tech Enterprise
	51job	Outstanding Employer
	Liepin	Extraordinary Employer Award of 2024
	DEKRA	DEKRA ISO 26262 Functional Safety Product Certification
	Automotive Business Review	Farasis Energy's "Long-Cycle High-Loading Silicon Anode Battery Technology" Won the 9th Lingxuan Award
	Jiangxi Provincial Health and Family Planning Commission	Ganzhou Healthy Enterprise
	Gaogong Lithium Battery	Pioneer in the 2024 Sodium Battery Market
	EVTank, Haire, Battery Network, IVIE, China Battery Industry Research Institute	Listed in "2024 China Sodium-Ion Battery TOP10 Competitiveness Brand" and "2024 China Solid-State Battery TOP10 Competitiveness Brand"
	Gaogong Lithium Battery	"Long-Cycle High-Loading Silicon Anode Battery Technology" Won the "Gaogong Golden Globe Award - Technology of the Year 2024"

ESG Management

Sustainable Development Framework

Farasis Energy has deeply embedded the concept of sustainability into its corporate culture, which is driven by "innovation, entrepreneurship, collaboration, and shared success." Guided by its mission to "provide green energy and build an intelligent world," the company remains committed to its long-term vision: "focusing on technological innovation, leading the energy transition, and powering a better life for humanity."

In 2024, Farasis Energy systematically established a sustainability strategy framework under the guiding principle of "EMPOWER." This framework encompasses 14 key focus areas and aligns comprehensively with the United Nations Sustainable Development Goals (SDGs), providing clear value direction for the company's long-term sustainable development.

Sustainability Philosophy: EMPOWER

Efficiency — Efficiency is the key to achieving sustainable development outcomes. Through technological innovation, the company enhances energy efficiency and minimizes waste, driving both environmental and economic benefits.

Management — Effective management is the foundation of a sustainable development strategy. The Company ensures scientific, efficient, and controlled management practices throughout development, production, and commercialization, optimizing decision-making processes and execution capabilities.

Partnership — Collaboration serves as the bridge to long-term sustainable development. By working closely with various partners, the Company promotes the application and influence of new energy technologies, fostering a shared vision for sustainable growth.

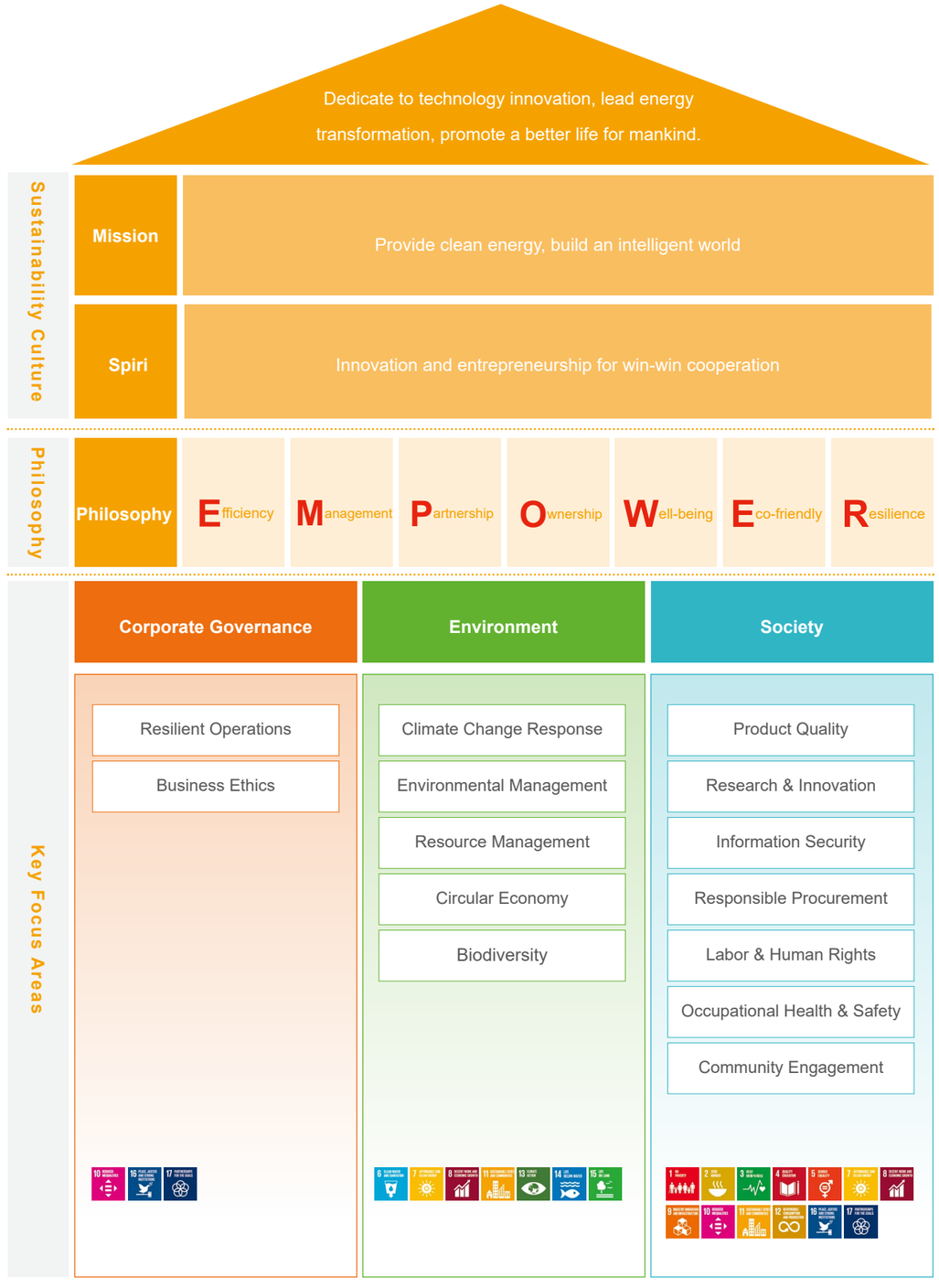
Ownership — Responsibility is the driving force behind sustainability. The Company actively fulfills its social responsibilities by investing in rural revitalization and community development, engaging with and responding to societal concerns.

Well-being — Well-being is the ultimate goal of sustainability. The Company prioritizes the well-being of employees, communities, and consumers, creating broader social benefits and improving quality of life.

Eco-friendly — Ecology is a prerequisite for sustainability. The Company adopts eco-friendly practices in its operations, supporting ecosystem sustainability and conserving natural resources.

Resilience — Resilience is a core capability for sustainable development. By strengthening its ability to navigate external challenges, the Company continuously enhances adaptability and growth, ensuring long-term business stability.

Sustainable Development Philosophy



Faresis Energy Sustainability Strategy House

Sustainable Governance Structure

Farasis Energy continuously enhances the ESG sustainability framework by establishing a three-tier governance structure—Decision-making Level, Management Level, and Execution Level—under the overall leadership of the General Manager. This structure ensures the effectiveness, scientific rigor, and regulatory compliance of ESG governance through strategic planning and institutional mechanisms.

In 2024, the Company continues to strengthen ESG training and capacity-building programs, covering senior management, departmental representatives, and ESG coordinators at operational sites. These efforts aim to enhance ESG management expertise, deeply integrate ESG principles into corporate strategy and daily operations, and drive the achievement of sustainable development goals.

Farasis Energy ESG Governance Structure

Decision-making Level

Led by the General Manager, this level holds overall ESG oversight responsibilities. It is responsible for approving the company's ESG strategy and objectives, identifying ESG risks and opportunities, formulating response plans, and reviewing ESG disclosures.

Management Level

Chaired by the General Manager, the ESG Management Committee consists of Vice Presidents and heads of primary departments. This level identifies, analyzes, and evaluates ESG risks and opportunities; leads the integration of ESG strategy with corporate strategy; establishes ESG objectives and plans; formulates ESG policies and performance evaluation mechanisms; and provides strategic recommendations to the General Manager.

Execution Level

- **ESG Working Group (Secretariat Office)**

  Comprising representatives from various departments and operational sites, this group coordinates ESG execution. A designated lead department oversees the implementation of ESG decisions made by the management team, monitors ESG-related projects, develops ESG strategies, sets realistic ESG objectives and plans, and ensures the integration of ESG initiatives across all business functions and locations.

- **Departments and Sites**

  Serving as implementation units, departments and Sites execute ESG-related decisions, track daily ESG-related activities, collect and consolidate ESG data, and provide critical information for decision-making.

Materiality Analysis

Materiality Assessment Process

In 2024, the Company conducted an ESG materiality assessment targeting key stakeholders, including board members, shareholders and investors, senior management, department heads, employees, customers, partners, government and regulatory bodies, and community partners. A total of 377 valid responses were collected during this assessment.

Compared to the 2023 materiality assessment, this year's evaluation was fully aligned with the 21 topics outlined in the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial).* Additionally, adjustments and refinements were made to reflect the company's specific circumstances. A total of 29 topics were evaluated based on their material impact on Farasis Energy, leading to the identification of the 2024 Materiality Matrix.

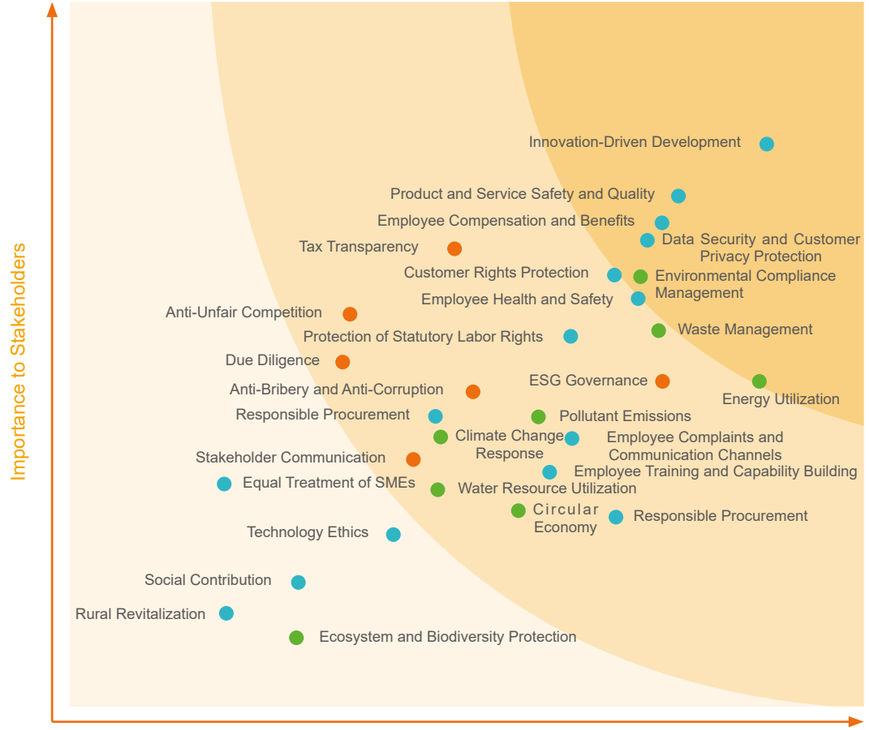
Farasis Energy Materiality Assessment Process

01 Identification of Material Issues	02 Prioritization of Material Issues	03 Review and Approval
The Company has conducted an in-depth analysis of external laws and regulations as well as supervisory policies, combined with industry best practices, annual development plans, sustainable development strategies, and the focus points of stakeholders and expert assessments, to identify the material sustainability issues that have a significant impact on Farasis Energy and its stakeholders.	Based on the ESG strategy, the Company conducted an anonymous questionnaire survey among internal and external stakeholders to identify the core issues that are most important and require priority management for Farasis Energy this year. The results were then prioritized in conjunction with expert assessments.	The Company's senior management reviewed and approved the assessment process and results of the materiality issues. The assessment results were then disclosed internally within the company to ensure that they are fundamentally in line with the company's actual situation, its ESG strategy, and the requirements of domestic and international ESG information disclosure standards.

Materiality Matrix

Environmental	• Environmental Compliance Management • Waste Management • Energy Utilization • Pollutant Emissions	• Climate Change Response • Circular Economy • Water Resource Utilization • Ecosystem and Biodiversity Protection
Social	• Innovation-Driven Development • Product and Service Safety and Quality • Employee Compensation and Benefits • Data Security and Customer Privacy Protection	• Customer Rights Protection • Employee Health and Safety • Protection of Statutory Labor Rights • Employee Complaints and Communication Channels • Employee Training and Capability Building	• Capability Building • Responsible Procurement • Supply Chain Security • Technology Ethics • Equal Treatment of SMEs • Social Contribution • Rural Revitalization
Governance	• ESG Governance • Tax Transparency • Anti-Unfair Competition	• Anti-Bribery and Anti-Corruption • Due Diligence • Stakeholder Communication

Farasis Energy 2024 Material Issues



Farasis Energy 2024 Materiality Matrix

Sustainable Risk Management

Farasis Energy has identified key issues of significant importance to both the company and its stakeholders. The Company has comprehensively initiated risk forecasting and opportunity identification processes to assess the impact of these issues on daily operations and the value chain, ensuring decision-making remains forward-looking and scientifically sound. In terms of information disclosure, the Company prioritizes the annual management measures for key issues, providing stakeholders with clear and accurate information to enhance trust and collaboration. In practice, the Company strengthens comprehensive management of these issues, closely monitors potential risks, and ensures timely responses. At the same time, it actively captures development opportunities to drive continuous progress and achieve sustainable growth.

Issues	Impact Scope			Impact nature		Affected stakeholders	Risk	Opportunity	Disclosure location	SDGs
	Upstream	Operations	Downstream	Positive	Negative					
Environmental Compliance Management		✓		✓	✓	• Regulator	Increasingly stringent environmental regulations require companies to invest more resources to ensure compliance, or face the risk of heavy fines, legal action, and even production shutdowns or market bans.	By strengthening environmental compliance management, enterprises can improve their own image, but also help to promote enterprise technology upgrading and management innovation and green development of the industry.	Environment: Environmental compliance management	
Waste Management		✓			✓	• Regulator • Community	Improper waste disposal may cause environmental pollution, legal risks and reputational damage, while increasing the operating costs of enterprises.	Effective waste management can reduce environmental pollution, and long-term compliance management can improve the reputation and image of enterprises.	Environment: efficient use of resources	
Energy Utilization	✓	✓	✓	✓	✓	• Regulator • Supplier • Client	Low energy efficiency will increase the production cost of enterprises, and high energy consumption may lead to risks when energy supply is tight.	By improving energy efficiency, enterprises can reduce production costs, while helping to achieve energy conservation and emission reduction targets, improve corporate image.	Environment: Addressing climate change	
Pollutant Discharge		✓			✓	• Regulator • Community	Exceeding the emission standards will be punished by environmental protection authorities, and may cause dissatisfaction in surrounding communities and affect the reputation of enterprises.	Strict control of pollutant discharge can help enterprises to establish a good environmental image, but also help promote enterprise technology upgrading and management innovation.	Environment: efficient use of resources	
Addressing Climate Change	✓	✓	✓	✓	✓	• Regulator • Supplier • Client	Physical and transition risks from extreme weather and natural disasters caused by climate change may lead to losses of own assets, increased costs due to supply chain disruptions, etc.	We will actively respond to climate change, achieve long-term and stable energy supply through technological upgrading for energy conservation, achieve targets for energy conservation and emission reduction, and reduce production costs.	Environment: Addressing climate change	
Circular Economy	✓	✓	✓	✓	✓	• Supplier • Client	The development of circular economy requires enterprises to invest a lot of capital and technology, which may be difficult to see obvious benefits in the short term.	Through the development of circular economy, enterprises can realize the efficient use of resources, continuously improve the recycling and recycling ratio of products, and reduce production costs.	Environment: circular economy and green products	
Water Resources Utilization		✓		✓	✓	• Community • Employee	Water shortage may affect the normal production and operation of enterprises, and water pollution may also affect enterprises.	By optimizing water use, companies can reduce the cost of water and contribute to achieving sustainable development goals.	Environment: efficient use of resources	
Ecosystem and Biodiversity Conservation		✓			✓	• Community	Corporate activities can cause damage to ecosystems and biodiversity, leading to legal risks and reputational damage.	By strengthening the protection of ecosystems and biodiversity, we can improve the efficiency of ecological protection and contribute to biodiversity conservation.	Environment: ecosystem and biodiversity conservation	
Innovation-driven	✓	✓	✓	✓	✓	• Supplier • Client	Innovation requires enterprises to invest a lot of capital and manpower, which may be difficult to see obvious benefits in the short term. At the same time, innovation is accompanied by certain technical risks and market risks.	Through innovation drive, enterprises can enhance their competitiveness, realize technology upgrading and product innovation, and help enterprises to explore new markets and improve economic benefits.	Social: R&D and innovation	
Product and Service Safety and Quality	✓	✓	✓	✓	✓	• Regulator • Supplier • Client	Product and service safety and quality problems can cause legal risks and reputational damage, as well as increase the operating costs of enterprises.	By improving the safety and quality of products and services, enterprises can enhance their own image, but also help enterprises to establish a good brand reputation.	Social: Product and service assurance	
Employee Compensation and Benefits		✓		✓	✓	• Employee	Unreasonable employee compensation and welfare system may cause employee dissatisfaction, affect the stability of the enterprise and production efficiency.	By optimizing the compensation and welfare system of employees, enterprises can improve employee satisfaction and loyalty, enhance corporate cohesion, and help enterprises attract and retain talents.	Social: employee rights and growth	
Data Security and Customer Privacy Protection	✓	✓	✓	✓	✓	• Regulator • Supplier • Client	Irregular management of data and customer privacy will lead to data leakage, bring compliance risks, cause fines or lawsuits, and reduce customer trust.	By actively taking data protection measures, we can gain recognition and support from all sectors of society, so as to better utilize the value of data.	Social: Data security and privacy protection	
Customer Rights protection		✓	✓	✓	✓	• Client	Poor protection of customer rights and interests may lead to a decline in customer trust, affecting the company's brand reputation and market share.	By strengthening the protection of customer rights and interests, the Company can improve customer satisfaction and loyalty, enhance brand competitiveness.	Social: Product and service assurance	
Employee Health and Safety		✓		✓	✓	• Employee	Accidents and occupational diseases in the workplace can lead to health damage of employees, increase compensation costs for enterprises, and affect production efficiency.	Effective health and safety management can reduce the cost of operating a business by reducing downtime, medical costs and compensation expenses caused by accidents and work-related injuries.	Social: employee rights and growth	

Issues	Impact Scope			Impact nature		Affected stakeholders	Risk	Opportunity	Disclosure location	SDGs
	Upstream	Operations	Downstream	Positive	Negative					
Legal protection of employees' labor rights and interests		✓		✓	✓	• Employee	If the Company fails to protect the rights and interests of employees according to law or fails to provide necessary labor protection, it may lead to an increase in labor disputes between employees and enterprises, which will affect the reputation and operational efficiency of enterprises.	By improving the labor rights protection mechanism, Farasis Energy can reduce the legal risks and economic losses caused by labor disputes and maintain the stable operation of the enterprise.	Social: employee rights and growth	
employee appeals and communication		✓		✓	✓	• Employee	Poor communication or untimely complaint handling may lead to a decline in employees' trust and satisfaction with the company, affecting team cohesion and work efficiency.	By establishing an effective appeal and communication mechanism, Farasis Energy can solve employees' problems in a timely manner and enhance their trust and sense of belonging to the company.	Social: employee rights and growth	
employee training and capacity building		✓		✓	✓	• Employee	If the training content cannot meet the actual work needs of employees, it may lead to poor training effect, waste resources, and affect employees' enthusiasm for training.	Through training, the Company can better manage and develop human resources, improve employees' career development path, optimize talent structure.	Social: employee rights and growth	
Responsible Procurement	✓	✓		✓	✓	• Supplier	Non-compliance by suppliers, such as the use of conflict minerals and violations of labor rights, could affect the reputation and supply chain stability of Farasis Energy.	By implementing responsible sourcing, companies can improve supply chain transparency, enhance their relationships with suppliers, and drive suppliers to improve ESG performance, thereby ensuring a stable supply of raw materials and improving quality.	Social: Building sustainable supply chains	9, 11, 12, 17
Supply Chain Security	✓	✓		✓	✓	• Supplier	Security loopholes in the supply chain may lead to raw material supply interruption, production delays, and even product delivery, increasing operational risks for enterprises.	Strengthening supply chain safety management can improve the stability and resilience of supply chains, reduce the risk of production interruption caused by security issues, and improve the overall operational efficiency and market competitiveness of enterprises.	Social: Building sustainable supply chains	
Ethics in Science		✓	✓	✓	✓	• Regulator • Community • Client	In the process of technological innovation, it may face scientific and technological ethical issues such as data privacy protection and algorithmic bias, which will lead to legal risks and reputational losses.	Adhering to the principles of science and technology ethics will help enhance the trust of consumers and partners, promote the sustainable development of the company in the field of science and technology, and contribute to the improvement of global AI governance.	Social: R&D and innovation	
Equal Treatment of SMEs	✓				✓	• Supplier	In the cooperation with small and medium-sized enterprises, there may be problems of poor communication and unequal cooperation, which affect the effect of cooperation and corporate reputation.	Treat small and medium-sized enterprises equally can expand the partner network of Farasis Energy, promote innovation and resource sharing, and enhance the market competitiveness and industry influence of enterprises.	Social: Building sustainable supply chains	
rural Revitalization		✓		✓		• Regulator • Community	Rural revitalization projects may face problems such as large capital input and long return cycle, which will increase the financial pressure on enterprises.	Actively participating in rural revitalization will help the company enhance its sense of corporate social responsibility, enhance brand reputation, and may obtain government policy support and market opportunities.	Social contribution and rural revitalization	
Social Contribution		✓		✓		• Regulator • Community	Social welfare activities may face problems such as uneven resource allocation and insignificant effect, which will affect the social image of enterprises.	Through social contribution activities, the Company can enhance its corporate social image, enhance employee cohesion, and may obtain support and recognition from all sectors of society.	Social contribution and rural revitalization	
ESG Governance		✓		✓	✓	• Regulator • Supplier • Client	Inadequate ESG governance may lead to risks in environmental, social and corporate governance aspects of enterprises, which will affect the sustainable development of enterprises.	Strengthening ESG governance will help Farasis Energy improve its corporate governance level, enhance investor confidence and promote sustainable development of the company.	ESG management: sustainable governance structure	
Tax Transparency		✓				• Regulator	Tax opacity may lead to tax compliance risks for enterprises, increasing tax costs and legal risks.	Maintaining tax transparency can help companies improve their corporate reputation, reduce tax risks and enhance trust with tax authorities and investors.	Corporate governance: scientific and standardized governance	8, 12, 16, 17
Anti-unfair Competition	✓	✓	✓	✓	✓	• Shareholders and investors • Regulator • client	Unfair competition may damage the company's market position and reputation, increase legal risks, cause litigation or administrative penalties.	Adhering to anti-unfair competition is helpful to build a fair market environment for competition, maintain the trust relationship between the company and customers, and promote the steady development of the company.	Corporate governance: adhere to business ethics	
Anti-commercial Bribery and Anti-corruption	✓	✓	✓	✓	✓	• Shareholders and investors • Regulator	Business bribery and corruption may bring significant economic costs, legal consequences and operational risks to the company.	Strengthening anti-commercial bribery and anti-corruption management will help companies improve their compliance level, optimize internal management, and improve management efficiency and transparency.	Corporate governance: adhere to business ethics	
responsible Investigation	✓	✓	✓	✓		• Client • Community	Inadequate due diligence may lead to risks in investment, cooperation and other aspects of the enterprise, which will affect the decision-making of the enterprise.	Through comprehensive due diligence, companies can reduce investment and cooperation risks, improve the quality of decision-making, and protect corporate interests.	Social: Building sustainable supply chains	
Stakeholder Communication	✓	✓	✓	✓		• All stakeholders	Poor communication with stakeholders can lead to misunderstandings and conflicts, which can affect the reputation of the enterprise and its cooperative relationship.	Strengthening stakeholder communication will help companies improve transparency, enhance trust, promote cooperation and promote sustainable development.	ESG management: stakeholder communication	

Stakeholder Communication

Farasis Energy identifies the groups involved in its operations and business activities based on industry characteristics, products and services, mission, and vision. The Company has selected seven key stakeholders: shareholders and investors, management, employees, government and regulatory agencies, customers, partners (suppliers, contractors, etc.), and community partners (media, industry organizations, social organizations). Farasis Energy actively establishes regular communication mechanisms with these stakeholders, striving to create greater value for all parties involved.

Stakeholders	Shareholders and Investors	Government and Regulatory Authorities	Management
Stakeholder Representatives	• Investors • Potential Investors	• Governments and Regulatory Agencies at All Levels • Shanghai Stock Exchange • China Securities Regulatory Commission (CSRC)	• Board Members • Senior Management • Department Heads
Stakeholder Concerns	• Company operations and fundamentals • Strategic development direction of the company • Financial performance and market outlook • Corporate governance and risk management capabilities	• Legal and compliant operations • Climate change response and carbon neutrality • Contribution to local economic and industrial development	• Strategy execution and market competitiveness • Efficient corporate management structure • Profitability
Modes of Communication and Engagement	• Regular information disclosure • Shareholders' meetings • Investor roadshows and communication events • Communication via telephone and email • On-site factory visits • Earnings briefing sessions • Investor relations activities through new media platforms	• Regular information disclosure • Participation in relevant meetings • Engagement through industry associations and organizations	• Regular work reports • Management meetings • Thematic training sessions • Email communication • Corporate WeChat

Employees	Customers	Partners	Community Partners
• General Employees	• Domestic and International Customers	• Suppliers • Contractors • Business Partners	• Communities Surrounding Company Facilities • Universities and Research Institutions • ESG Rating Agencies • Media • Industry Associations, etc.
• Competitive compensation and benefits • Comprehensive training system • Transparent career development pathways • Occupational health and safety	• Product quality and delivery capability • Information security and privacy protection • Green and low-carbon products • Battery energy density and safety	• Technological strength and stable collaboration • Fair, just, open, and transparent procurement environment • Technology empowerment and industry development • Market and sales support	• Contribution to sustainable community development • Sharing in the company's development outcomes • Reducing environmental impact
• Party branches • Labor union • “Farasis Core” employee communication platform • Email communication • Corporate WeChat • Employee suggestion box • “Farasis Home” official WeChat account	• Pre-sales communication • After-sales services • Routine communication (e.g. customer visits) • Third-party training • Customer audits	• Supplier training • On-site audits and communication • Project collaboration • Regular visits	• Face-to-face communication • Public welfare activities • Complaint hotline • Media briefings Regular communication and feedback • Project collaboration • Farasis Energy’s official website, WeChat account, and other public channels

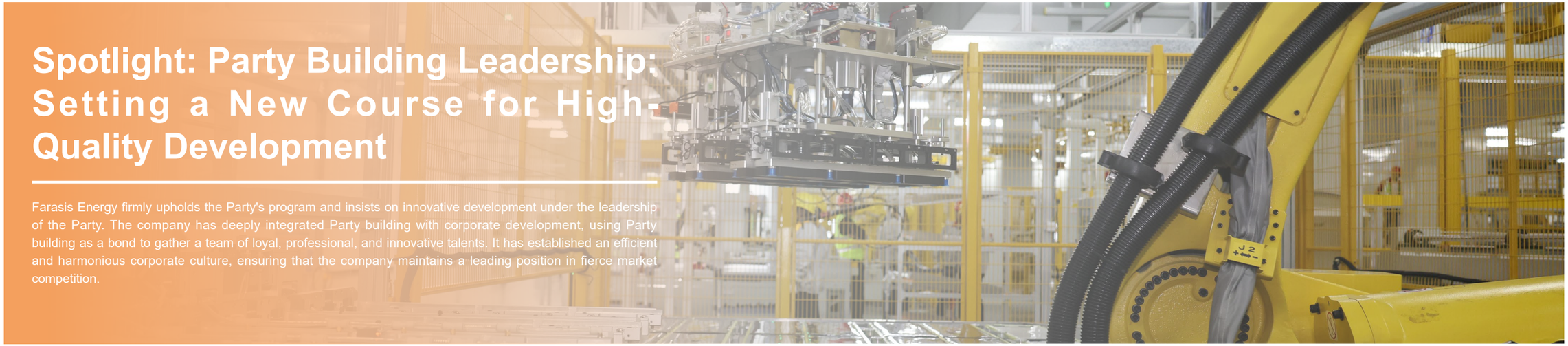
Our Progress

- Number of Party member activities conducted: 26 times, covering 107 participants
- The company's tax credit rating is Grade A
- Established a global product compliance system and issued the *Global Product Compliance Guidelines*
- No major incidents involving suspected monopolies or unfair competition have occurred

01 Corporate Governance

Farasis Energy adheres to the leadership of Party building, optimizes its corporate governance system, strengthens risk management, enhances transparency, upholds business ethics, and ensures the stable operation of the enterprise.

Support SDGs



Spotlight: Party Building Leadership: Setting a New Course for High-Quality Development

Farasis Energy firmly upholds the Party's program and insists on innovative development under the leadership of the Party. The company has deeply integrated Party building with corporate development, using Party building as a bond to gather a team of loyal, professional, and innovative talents. It has established an efficient and harmonious corporate culture, ensuring that the company maintains a leading position in fierce market competition.

Highlighting Political Leadership and Continuously Deepening Ideological Soul-Casting

The Company has solidified its discipline learning and education. It has guided and urged its subordinate Party branches to strictly implement work requirements, formulate learning plans, and focus on studying the Regulations on Disciplinary Punishments of the Communist Party of China. The Company has carried out the "Learning Party Discipline and Guarding the Bottom Line" campaign, creating a positive atmosphere of learning and competition. Party committee members have given eight lectures on the front line of production in the workshop, organized six centralized study sessions, and held four thematic seminars. The subordinate Party branches have identified 436 issues through self-inspection and comparison, formulated 451 corrective measures, and achieved a 100% rectification rate.

The Company has deepened theoretical armament. It has thoroughly studied and implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the spirit of the Third Plenary Session of the 20th Central Committee of the Party, and the important instructions of President Xi Jinping on social work. The company has strictly implemented the "first agenda" system and the organizational life system, including "three meetings and one class," organizational life meetings, and democratic evaluation of Party members. The Party committee secretary has given five Party classes, and the secretaries of each branch have given four Party classes, with more than ten exchanges and discussions organized for Party members.

The Company has assisted in scientific decision-making. It has strictly implemented the responsibility system for ideological work, incorporating ideological work into the company's important agenda. The company has convened four Party committee meetings to study more than ten major company matters, combining the construction of the Party committee's "three major and one important" decision-making system with the company's system construction. This has made the company's management decisions more scientific, standardized, and democratic.

Party Committee members take the lead in preaching in the workshop production line

8 times

Organize centralized learning

6 times

Special seminar

4 times

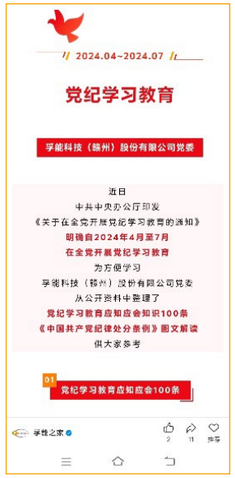
"Remembering the Turbulent Years and Tempering the Steadfast Initial Aspiration" Themed Party Day Activity

On July 1, 2024, the Company's Party Committee organized more than 50 Party members and positive applicants for Party membership to visit the Ganzhou Long March Theatre to watch the red situational musical and dance epic "The Long March Suite," conducting the "Remembering the Turbulent Years and Tempering the Steadfast Initial Aspiration" themed Party Day activity.

Taking Multiple Measures to Promote the Implementation of Party Discipline Learning and Education

Since April 2024, the Company's Party Committee has been committed to advancing the work of Party discipline learning and education. Under the guidance and supervision of the Party Committee, the subordinate Party branches have strictly implemented the work requirements, formulated learning plans, and focused on studying the Regulations on Disciplinary Punishments of the Communist Party of China. They have also launched the "Learning Party Discipline and Guarding the Bottom Line" campaign to create a positive atmosphere of learning and competition. The Party Committee members have given eight lectures on the production front line of the workshop, organized six centralized study sessions, and held four thematic seminars. A total of four articles on Party discipline learning and other Party building topics have been published. The subordinate Party branches have identified 436 problems through self-inspection and comparison, formulated 451 corrective measures, and achieved a 100% rectification rate.

- The Party Committee members have given **8** lectures on the production front line of the workshop
- Organized **6** centralized study sessions
- Held **4** thematic seminars
- A total of **4** articles on Party discipline learning and other Party building topics have been published



The company has

1 General Party Branch

The company has established

4 Party Branches

The total number of Party members is

107

The total number of new Party members added is

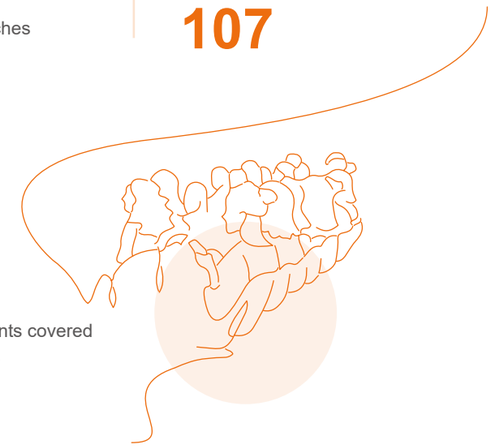
25

The total number of Party member activities held is

26

The total number of participants covered by Party member activities is

107



Strengthening the Organizational Foundation and Consolidating the Basis of Party Work

Deepening Party Organization Construction. The Company has strengthened its three-tier party organization structure of “Party Committee + General Branch + Branches,” and implemented the “dual-entry and cross-appointment” system between the party organization leadership and the management team. All members of the Party Committee are senior and middle-level managers of the company, achieving a 100% cross-appointment rate.

Grasping Party Member Education and Management. In 2024, the Company recruited 3 new Party members, nurtured 17 positive applicants for Party membership, and completed the transfer of organizational relationships for 25 migrant Party members. Throughout the year, 12 themed Party Day activities for Party members were organized.

Focusing on Practical Matters and Solving Difficult Problems. The Company actively implements the “Four Must-Talks and Five Must-Visits” initiative and has launched a hotline called “Seeking Help from Party Organizations.” A total of over 100 suggestions and opinions have been received, with a 100% closed-loop implementation rate. The company has also built a staff home and a staff library. Regular activities such as assisting employees in difficulty and the “Fuwa’s Journey to School” program are carried out. The establishment of “aid workshops” and a special fund for love has provided a total of 350,000 CNY in love funds to 41 families.

Actively Carrying Out Volunteer Service Activities. The Company has conducted 12 volunteer service activities throughout the year. It has visited places such as the Zhenai Nursing Home in Ganzhou, the Ganzhou Children’s Welfare Institute, and the “Childhood Haven” in Xiejiacun, Sanjiang Township, to carry out the “‘Volunteer’ in Heart, ‘Willingness’ in Action” series of activities. For five consecutive years, the company has provided financial assistance to Sanjiang Township, with a total donation amounting to 157,400 CNY.

Focusing on Core Business Priorities and Promoting Deep Integration of Party Building and Production

Exerting the Vanguard and Model Role of Party Members. The Company actively leverages the role of the “Provincial Party Representative Studio,” establishing 38 “Party Member Vanguard Posts” and 6 “Party Member Responsibility Zones” in the production workshops. Throughout the year, 125 key projects were advanced, 48 types of battery cell materials were developed, technical solutions were provided for 25 product projects, and 15 technical invention patents were awarded.

Continuously Strengthening Branches on Projects. In the Ganzhou New Energy Battery Project, where time is of the essence and efficiency is crucial, the company’s Party Committee joined forces with the project team. Through forms such as Party building thematic meetings and Party member assault teams, they provided a strong organizational guarantee for the project’s progress, truly realizing the concept of “branches on projects.” In January, the first production line was ready for material input; in March, the production line was debugged; in May, the first SPS mass production trial product was launched. Currently, the project has the capability to deliver orders.

Conducting the “Five Small” Activities. Led by the Party Committee, the company carried out the “Five Small” rationalization suggestion collection and a “reward-based essay” campaign. A total of over 3,238 suggestions were collected, with 75% being adopted and implemented.

Actively Creating Party Building Brands. In 2024, the Company introduced the “Five-Line Working Method” of the Farasis Energy Party Committee (organizational leadership on the front line, Party member dedication on the front line, talent development on the front line, role model establishment on the front line, and caring support on the front line). The experience and practices titled Farasis Energy: Playing the ‘Five-Line Score’ and Singing the ‘Duet’ of Party Building and Development were published by Xinhua News Agency.

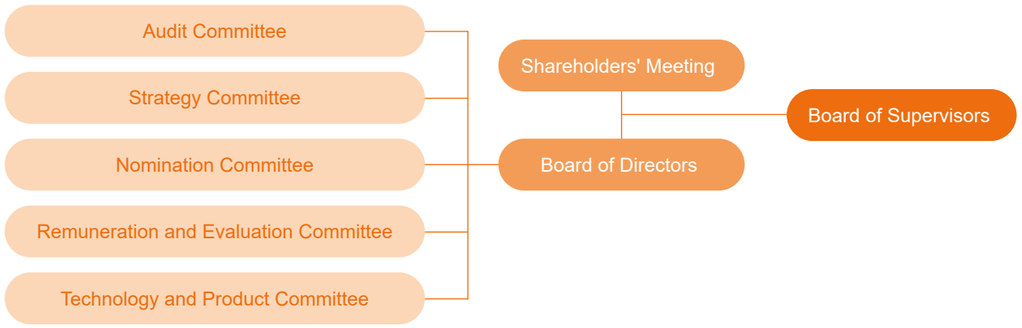
Scientific and Standardized Governance

Farasis Energy adheres to scientific governance principles and operates its Board of Directors, Board of Supervisors, and Shareholders' Meetings (the "three meetings") efficiently and transparently. The Company places great importance on investor relations by ensuring timely information disclosure and interactive communication, thereby safeguarding investor rights and promoting sustainable corporate development.

Standardized Operation of the "Three Meetings"

Farasis Energy strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, and the *Listing Rules of the STAR Market of the Shanghai Stock Exchange*. In alignment with these requirements, the Company has established a comprehensive set of internal regulations, including the *Articles of Association of Farasis Energy (Ganzhou) Co., Ltd.*, the *Rules of Procedure for the Shareholders' Meeting, the Rules of Procedure for the Board of Directors*, and the *Rules of Procedure for the Board of Supervisors*. These frameworks form a well-defined and balanced corporate governance structure composed of the Shareholders' Meeting, the Board of Directors, and the Management, ensuring clear responsibilities and checks and balances. A fair and scientific decision-making mechanism has been put in place to ensure the effectiveness of corporate governance decisions.

The Board of Directors has established five specialized committees: the Audit Committee, the Strategy Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Technology and Product Committee. Each committee performs its respective duties, fully contributing to sound decision-making and effective supervision.



Corporate Governance Structure of Farasis Energy

In 2024, Farasis Energy lawfully convened

- **2** Shareholders' Meetings
- **10** Board Meetings
- **5** Supervisory Board Meetings

In addition, the Company held

- **4** Audit Committee Meetings
- **2** Nomination Committee Meetings
- **2** Remuneration and Appraisal Committee Meeting
- **1** Special Meeting of Independent Directors

Board Diversity and Independence

The Company takes into full consideration factors such as industry experience, background, and gender in the composition of its Board of Directors, aiming to ensure an optimized, diverse, and independent board structure.

Board Members' Professional Background

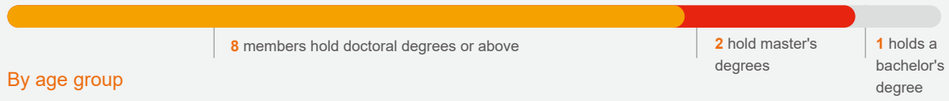
Current members of the Board of Directors possess professional expertise across a wide range of fields, including batteries, chemical engineering, business administration, strategic management, law, finance, and investment. All members have extensive industry experience and the skills and competence required to effectively perform their duties.

Board Independence

Independent directors play a critical role in corporate governance by providing independent and objective opinions on major corporate matters at Shareholders' Meetings, Board Meetings, and specialized committees. Among the 11 board members, 7 are non-independent directors and 4 are independent directors, accounting for 36.36% of the board. This composition significantly enhances the professionalism and scientific rigor of the company's decision-making processes.

In 2024, the Board of Directors of Farasis Energy consisted of 11 members:

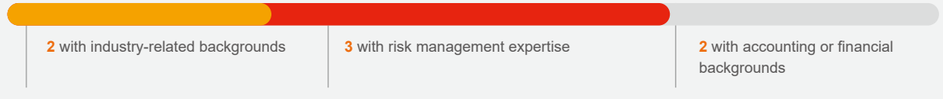
By educational background



By age group

By independence

By professional background (among independent directors)



In 2024, Farasis Energy actively organized training sessions for the Board of Directors and senior management, covering topics such as shareholder rights and compliance requirements for directors, supervisors, and executives. Legal experts were invited to provide explanations and address specific questions. In addition, the Company participated in four offline training sessions organized by the Jiangxi Listed Companies Association, which focused on financial supervision, audit regulation, annual report preparation guidelines, amendments to the Company Law, and reforms to the independent director system.

Strengthening Investor Relations Management

Farasis Energy strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Guidelines for Investor Relations Management of Listed Companies*. In accordance with these regulations, the Company has formulated and implemented internal policies such as the *Investor Relations Management Measures* and the *Information Disclosure Management Measures* to ensure effective investor relations management and promote constructive interaction with investors.

To protect the rights and interests of minority shareholders, the Company continuously optimizes its information disclosure mechanism, enhances transparency, and actively engages with small and medium investors through channels such as the investor service hotline and the SSE "E-Interaction" platform, ensuring their right to information is fully protected.

Earnings Briefings

- The Company holds earnings briefings for periodic reports, as well as investor communication meetings to provide comprehensive updates on financial performance, operating results, and the achievement of key business goals. These meetings also cover the company's plans and outlook for the coming year, and offer Q&A sessions to address key investor concerns.
- In 2024, the Company organized 7 earnings briefings.

Investor Meetings

- Farasis Energy actively participates in quarterly, mid-year, and annual strategy meetings hosted by major institutions, as well as reverse roadshows. These events allow the company to provide timely updates on business operations, R&D, strategic planning, and financing activities. The company's visibility in the capital market continues to grow.
- In 2024, the Company held 9 public online investor meetings, engaging a total of 317 institutions.

On-Site Factory Visits

- The Company regularly organizes factory visits for investors, offering an in-depth understanding of production and operations. Experts from the production team accompany and provide on-site explanations.
- In 2024, the Company hosted 4 in-person site visits.

New Media Platforms

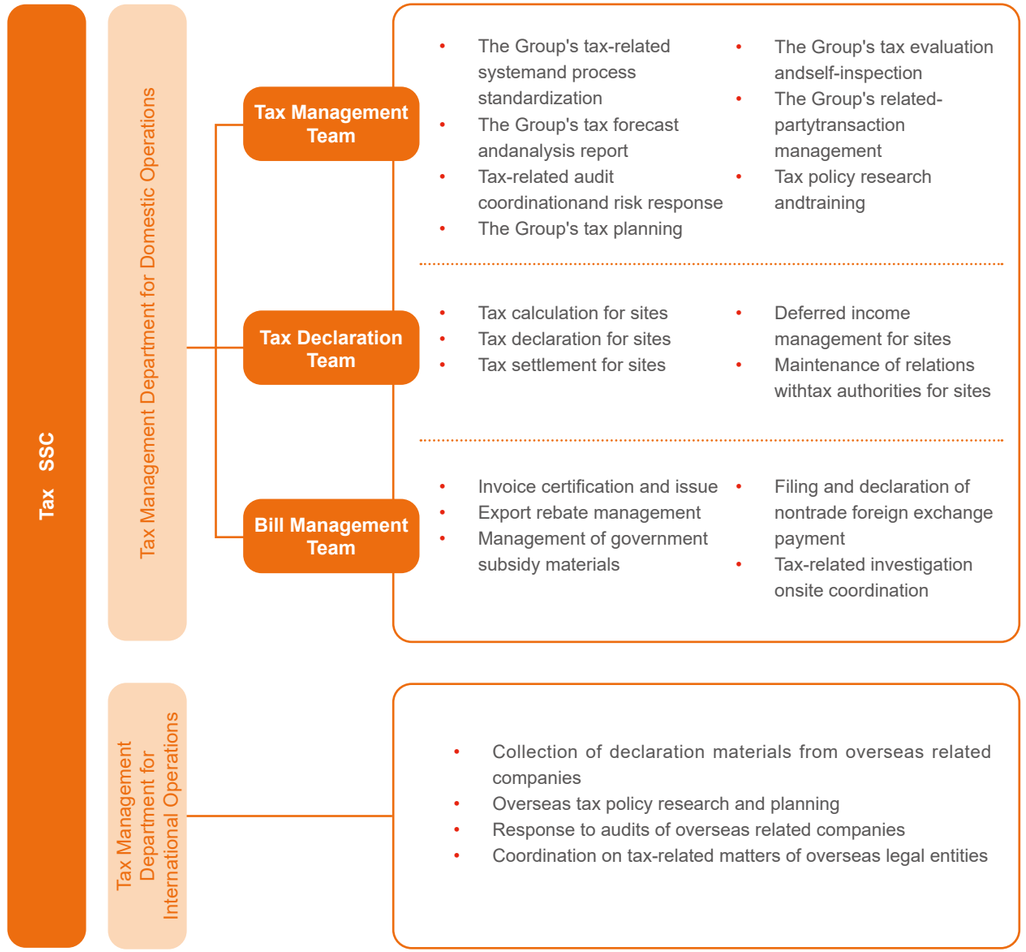
- Farasis Energy regularly responds to investor inquiries via the SSE's public "E-Interaction" platform, fostering effective communication among listed companies, investors, and other capital market participants.
- In 2024, the Company responded to 121 investor questions through the SSE E-Interaction platform.

Key Investor Engagements in 2024

Enhancing Tax Transparency

Tax Compliance Governance

Farasis Energy places great importance on tax compliance and has established a Tax Shared Services Center to centrally manage tax affairs across the company and its subsidiaries at all levels (parent, subsidiary, and sub-subsidiary). The center's responsibilities include standardizing tax-related policies and procedures, conducting tax forecasts and analytical reports, managing tax audits and risk responses, and executing tax planning. By centralizing tax data management, the Company is able to effectively monitor tax risks, streamline compliance processes, and leverage big data analytics to gain insights into tax trends and opportunities. For major tax planning initiatives, disputes, or non-routine business matters, the center follows a structured process of "policy research-communication with external firms-confirmation with tax authorities", ensuring full compliance. All outcomes are reported to the leadership of the Finance Center.



Structure and Functions of Farasis Energy Tax SSC

Tax Risk Control

To address key tax-related issues, Farasis Energy has established a set of internal control policies for tax compliance, including the *Tax Payment Management Policy, Detailed Implementation Rules for Related-Party Transaction Management,* and *Invoice and Receipt Management Policy*. These internal frameworks ensure the company's compliance in tax management and provide a solid foundation for responding to tax audits and inspections.

Farasis Energy places strong emphasis on tax compliance management, ensuring that all tax filings, tax payments, accounting treatments of tax matters, business decisions, and daily operations are fully aligned with tax regulations. This proactive approach helps prevent penalties and reputational damage resulting from non-compliance. Key measures include:

Accuracy of Tax Filing

The Company monitors the accuracy rate of tax declarations by calculating the ratio of accurate filings to total filings. This reflects the robustness of tax compliance practices and helps mitigate risks of fines and late payment interest due to filing errors.

Timeliness of Tax Payment

The Company ensures that taxes are paid in full and on time within statutory deadlines. By comparing the number of on-time payments against the total number of payment obligations, the Company maintains a strong tax credit record.

Compliance in Policy Applicatio

Periodic self-assessments are conducted to ensure that tax operations remain in alignment with the latest tax laws and regulations, supporting compliant implementation of tax policies.

In 2024, the Company launched a tax digitalization system and an electronic invoice platform (Enterprise Invoice Folder), utilizing big data and related technologies for centralized financial processing. These tools significantly improved tax data processing efficiency and enhanced tax compliance analytics.

Tax Capability Building

Farasis Energy is committed to developing a professional and knowledgeable tax management team. Through continuous tax training, the Company ensures that team members stay updated on the latest tax policies, optimize compliance processes, and mitigate tax risks—maintaining a competitive compliance advantage in a dynamic market environment. At the same time, the Company enhances employees' tax awareness and technical skills to ensure efficient and accurate execution in tax filing, planning, and risk management, adapting to the evolving tax landscape.

In 2024, the Company actively organized both internal and external training programs to strengthen the professional capabilities of its finance and tax personnel.

Externally

We actively participate in training programs organized by tax authorities, including city-wide income tax and property/ behavioral tax workshops, as well as various training events hosted by accounting firms.

Internally

For each newly issued tax policy, we organize online study sessions and discussions, and provide e-learning courses for employees to study in depth.

Strengthening the Risk Defense Line

Improving the Internal Control System

The Board of Directors and its Audit Committee bear primary responsibility for the establishment, improvement, and effective implementation of the internal audit system, and for ensuring that disclosures related to internal audit are truthful, accurate, and complete. Within this framework, the Audit and Supervision Department operates under the direct leadership of the Board and the Audit Committee, carrying out three core functions: internal auditing, internal control, and supervision. It reports regularly to the Audit Committee.

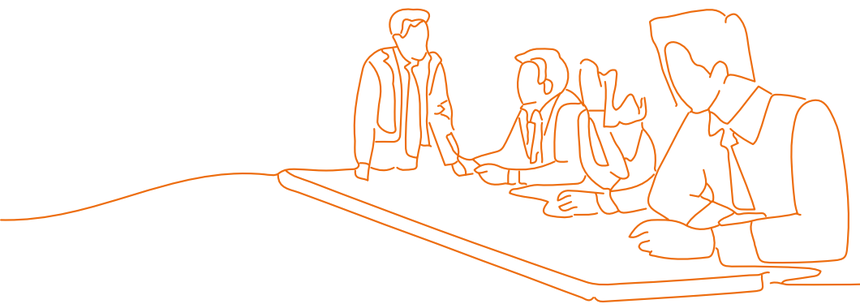
To ensure the effective execution of audit work, all internal departments, subsidiaries, and associated companies with significant influence are required to fully cooperate with the Audit and Supervision Department, comply with relevant laws and regulations, and provide the necessary conditions and support for audit operations. The department holds broad authority, including but not limited to reviewing corporate plans, budgets, final accounts, ledgers, financial statements, contracts, and other business-related documents, meeting records, and software systems. It is also entitled to request any documentation, physical evidence, or information required for auditing, to conduct on-site inspections, asset verifications, or inventory audits, and to interview relevant departments or personnel for workflow testing.

In cases where audit work is obstructed, disrupted, or when required information is withheld, the Audit and Supervision Department, upon approval by the responsible leadership, has the right to take necessary interim measures and recommend disciplinary actions or accountability measures against involved personnel, thereby upholding the authority and integrity of the audit process.

Enhancing Risk Management and Control

The Company adopts a systematic risk identification process to comprehensively assess internal and external risk factors. Various risks are categorized and compiled into a company-wide risk register.

The Audit and Supervision Department conducts regular, comprehensive scans and assessments of both internal and external risks. It develops and continuously updates the company's risk register, working closely with responsible departments to improve the risk control matrix. This ensures that the risk management model remains adaptive and capable of accurately addressing a wide range of emerging risks. In high-risk business areas such as procurement, fund management, and asset management, the Audit and Supervision Department formulates an annual audit plan with great care. Over the course of each audit cycle, multiple audit projects are carried out to ensure these high-risk areas are included in routine annual audits. This proactive approach helps effectively prevent and mitigate potential risks, thereby safeguarding the company's stable operations.



Farasis Risks List

Risk Type	Risk Driver	Key Risk Points
Internal Risks	Organizational and Management Factors	Organizational structure, management model, asset management, business processes
	Human Resources Factors	Professional conduct of board members, executives and senior management; employee competence
	Independent Innovation Factors	R&D investment, technology input, application of information technologies
	Financial Factors	Financial conditions, operating performance, cash flow
	Safety and Environmental Factors	Operational safety, employee health, environmental protection
External Risks	Economic Factors	Economic trends, industrial policies, financing environment, market competition, resource supply
	Legal Factors	Legal regulations, compliance requirements
	Social Factors	Public security, cultural norms, social trust, education level, consumer behavior
	Natural Environmental Factors	Natural disasters, environmental conditions
	Technological Factors	Technological progress, process improvement

Upholding Business Ethics

Farasis Energy is committed to lawful and compliant operations and has established a comprehensive legal compliance system to ensure that all business activities strictly adhere to national laws and regulations. Through compliance risk identification and conformity assessments, the Company implements systematic risk management measures that effectively reinforce its risk defense mechanisms and safeguard the stability and sustainability of its operations.

Comprehensive Compliance Framework

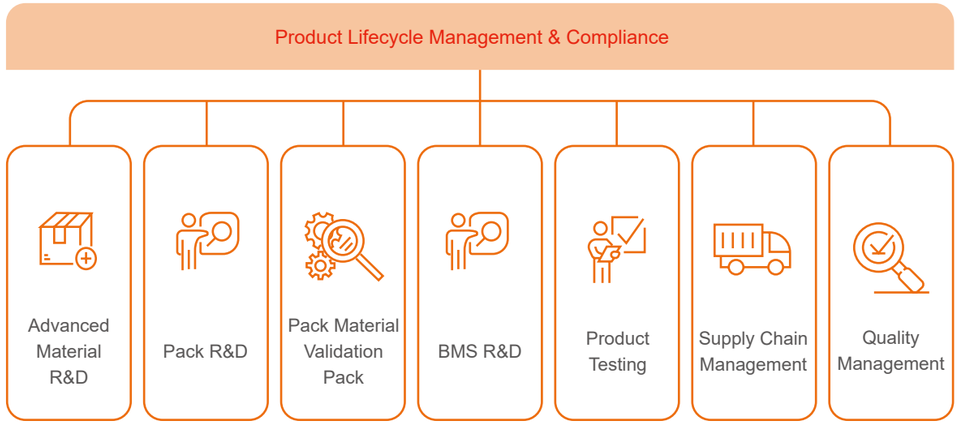
Governance

Farasis Energy has established a scientific and efficient compliance governance system to ensure that all aspects of its operations strictly adhere to applicable laws, regulations, and industry standards. The Legal and Compliance Department serves as the core unit responsible for overall compliance planning and oversight. In addition, a dedicated product compliance management function has been established within the R&D Institute, focusing specifically on product compliance oversight.

The Company has issued the *Farasis Energy Compliance Code* to regulate the conduct of the company and its employees and to ensure lawful and compliant operations. The code defines behaviors such as corruption, fraud, collusion, coercion, obstruction, and sexual harassment. It sets out detailed compliance principles covering key areas including integrity and compliance, fair competition, anti-bribery and anti-corruption, prohibition of insider trading, conflict of interest avoidance, protection of trade secrets, and product control and quality assurance.

To further institutionalize compliance management, the Company has introduced a range of internal policies, including *the Compliance Obligations and Conformity Assessment Management Procedure* and the *Register of Applicable Laws, Regulations, Standards,* and Other Requirements, clearly defining the compliance responsibilities that support sustainable and healthy development.

Moreover, in 2024, to ensure product compliance and effectively address market supervision risks, the Company established a global product compliance framework and released the Global Product Compliance Guidelines. These guidelines specify compliance requirements and implementation procedures for restricted substances, durability, labeling and markings, conformity assessments, and CE markings. They also provide detailed process guidance and execution standards for all stages of product development, ensuring the effective integration of sustainability into the R&D process.



Farasis Energy Global Product Compliance System

Strategy and Risk Management

Farasis Energy conducts annual reviews of major compliance risks and promptly identifies early warning signals related to external risks. Compliance risk identification is primarily based on internal conformity assessments, employee feedback and inquiries, and external customer requirements. At the early stage of the compliance evaluation, dedicated compliance liaisons collect and organize applicable laws, regulations, and standards related to their respective domains, identify relevant compliance obligations, and compile the *Register of Legal, Regulatory, and Other Requirements.* Compliance officers guide responsible departments to submit supporting documentation generated in the course of fulfilling compliance obligations. By comparing the collected evidence against the identified obligations, compliance officers assess conformity, identify areas for improvement, and issue corrective notices where necessary.

According to *the Compliance Obligation and Conformity Assessment Management Procedure,* the Company organizes annual comprehensive compliance assessments across key areas including EHS, labor and employment, information security, intellectual property, and energy management. Relevant departments jointly identify applicable legal obligations, and corrective actions are continuously implemented for areas requiring improvement. In 2024, the Legal and Compliance Department conducted another focused compliance screening in the EHS domain for high-relevance items.

In terms of product compliance, the Company ensures continuous monitoring and effective control of risks throughout product development by implementing stage-based risk management mechanisms and a product compliance release process within its new product development workflow.

Stage-Based Risk Identification and Closed-Loop Management

- At key stages of new product development, conduct risk assessments and compliance release reviews using tools such as DFMEA, PFMEA, and validation testing to identify potential risks in a timely manner.
- Implement standardized sign-off and review mechanisms to enable cross-functional collaboration and closed-loop management, ensuring issues are recorded, tracked, and resolved.

Full-Process Management of Product Compliance Release

- Ensure that product compliance release is integrated into all stages of the new product development process to verify that products meet regulatory requirements and market entry standards. Sustainability targets are also incorporated into the review criteria.

Closed-Loop Validation and Continuous Optimization

- Adopt a closed-loop management approach of "Identification – Assessment – Mitigation – Validation," and continuously improve the product development process through feedback mechanisms, enhancing overall quality and sustainability management.

Farasis Energy Product Compliance Risk Management Process

In 2024, Farasis Energy conducted response planning and simulation exercises to address product compliance risks under the EU Battery Regulation and trade compliance risks related to the U.S. market. To mitigate potential impacts, the Company established a dedicated EU Battery Regulation Task Force, which delivered 24 compliance solutions and roadmaps, and deeply integrated regulatory requirements into the early stages of product planning. At the same time, the Company conducted traceability due diligence for products exported to the United States. These initiatives have effectively strengthened the stability of business operations and supported the company's long-term sustainable development.

Annual Progress and Goals

In 2024, Farasis Energy actively promoted compliance training and awareness across the organization, embedding a culture of compliance at all levels.

In-Depth Legal Interpretation and Broad Practical Application

Compliance officers regularly collect the latest laws, regulations, standards, and official policy notices, filtering and adapting content relevant to the company. The selected materials are edited into the *Compliance Classroom – Policy Updates* series and published via the OA system.

Company-Wide Compliance Education with Role-Based Training

A company-wide compliance education program was implemented to raise awareness of compliance knowledge among all employees. Tailored training content was designed based on job responsibilities, differentiating between blue-collar and non-blue-collar staff. In 2024, the Compliance Department conducted comprehensive training sessions focused on the *Farasis Energy Compliance Code*. Training courses were customized by employee category, and participants were required to complete online learning and pass assessments to ensure training effectiveness.

Weekly Policy Sharing and Establishment of a Compliance Knowledge Base

The Legal and Compliance Department actively encouraged internal learning and knowledge-sharing. Team members took turns presenting in weekly departmental meetings to deliver in-depth insights on legal and compliance topics. To consolidate and leverage accumulated knowledge, the department also established a dedicated compliance knowledge base, providing an accessible platform for ongoing learning and reference.

Anti-Bribery and Anti-Corruption

Anti-Fraud Governance Framework

Farasis Energy places high importance on fraud prevention and has established a comprehensive anti-fraud governance structure with clearly defined responsibilities at all organizational levels. Relevant departments are required to provide support to ensure the effectiveness of anti-fraud efforts and to build a robust fraud prevention management system. The company's anti-fraud monitoring focuses on behaviors such as: unauthorized or illegal appropriation or misappropriation of corporate assets for personal gain; falsification, misleading statements, or material omissions in financial reporting and information disclosure; abuse of authority by directors, supervisors, executives, and other senior management personnel; and collusion or fraudulent conduct involving related organizations or individuals. To effectively prevent fraudulent activities, Farasis Energy and its subsidiaries continuously enhance their internal control systems and regularly carry out self-assessments of internal controls.

Farasis Energy has taken specific measures to prevent fraud and bribery by implementing the *Anti-Fraud Management Policy* and the *Disciplinary Accountability Regulations*. These documents clearly define controls over key business processes such as accounting and procurement, aiming to prevent misconduct while regulating the professional behavior of all employees—particularly directors, supervisors, middle and senior management, and those in key positions. Any form of fraudulent activity that undermines the company's legitimate economic interests or seeks improper gains is strictly prohibited. Furthermore, the Company has issued the *Corporate Gift Management Policy*, which outlines detailed approval procedures for sensitive business activities such as the giving and receiving of gifts and hospitality. This ensures that gifts serve appropriate business purposes and that items such as gifts or cash received from external parties are properly managed and recorded.

For business areas with higher risk—such as procurement, fund management, and asset management—the Audit and Supervision Department formulates an annual audit plan to conduct routine audits each year. In parallel, the Company strengthens internal risk awareness through regular communications. Initiatives include publishing holiday integrity reminders and employee disciplinary decisions via the OA system, as well as releasing monthly anti-corruption posters on the corporate WeChat platform as part of employee risk management training. To raise anti-corruption awareness among contractors and suppliers, Farasis Energy conducts internal anti-corruption training and issues holiday no-gift notices to external partners. Led by the Supply Chain Department, the Company also promotes clean and fair business practices by implementing anti-corruption agreements, supplier integrity due diligence, and incorporating anti-bribery performance into partnership prioritization mechanisms—advocating for a fair, transparent, and win–win commercial environment.

Whistleblowing and Whistleblower Protection

Farasis Energy places great emphasis on strengthening its internal supervision mechanisms and is committed to building a systematic and standardized whistleblowing management system. To maximize the role of whistleblowing in risk prevention and control, the Company has developed a comprehensive framework that covers policy formulation, process optimization, and rights protection. The Company has issued and publicly disclosed the Whistleblowing and Whistleblower Protection Policy, which clearly outlines the reporting channels, scope of cases, handling procedures, incentive mechanisms, and protective measures.

A standardized whistleblowing process has been established, covering all stages from case acceptance and registration, preliminary verification, formal investigation, to result feedback and archival. Each step is governed by clear operational guidelines and time requirements, ensuring that all reports are addressed in a timely and fair manner, while also providing whistleblowers with a transparent feedback mechanism. The Company places particular importance on the efficiency and quality of case handling, requiring that fact-checking be completed within a defined timeframe and that whistleblowers be informed of the results, ensuring that every case is responded to and resolved.

In terms of whistleblower protection, the Company strictly enforces confidentiality rules. The identity of the whistleblower, the content of the report, and details of the investigation are all kept strictly confidential to prevent any form of information leakage. All acts of retaliation are strictly prohibited and regarded as serious violations. Perpetrators of retaliation are subject to disciplinary actions—including education, warning, or dismissal—depending on the severity of the offense, and may be held legally accountable in cases of serious consequences. The same level of protection also extends to investigators, witnesses, and their immediate family members, ensuring that all parties involved in the whistleblowing and investigation process can fulfill their responsibilities in a safe and secure environment.

To encourage employees to actively participate in corporate governance, Farasis Energy has established a dedicated incentive fund. Employees who report serious violations, offer valuable compliance recommendations, or help the company avoid significant losses are eligible for rewards.

The Company has opened multiple online and offline reporting channels to ensure smooth and unobstructed access. Any department, employee, or business partner who becomes aware of actual or suspected violations of the company's compliance policies, relevant laws and regulations, or other applicable requirements—regardless of the severity—may report the matter, either anonymously or under their real name, to the Compliance Department or through the following channels:

In-person reporting	Report directly to audit personnel or the General Manager of the Audit and Supervision Department. Office location: Audit and Supervision Department, 5th Floor (West Wing), Administration Building, Ganzhou Site.
Telephone reporting	Call the designated whistleblowing hotline. Hotline: +86 797-7329850
Email reporting	Send an email to the designated whistleblowing address. Email: fnlianjie@farasisenergy.com.cn
Written reporting	Submit a letter to the whistleblowing mailboxes located at the Ganzhou and Zhenjiang site facilities.

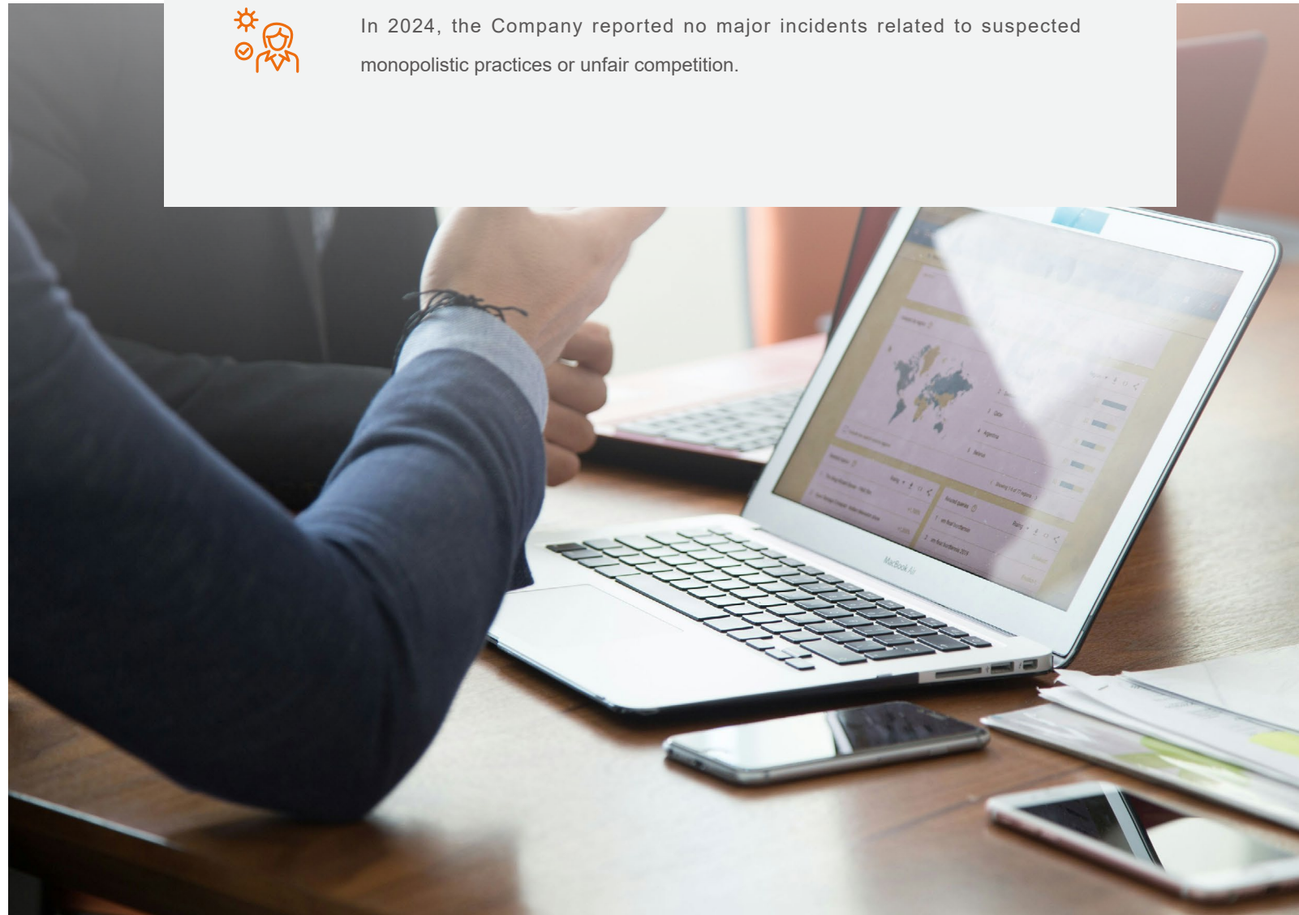
Farasis Energy Whistleblowing Channels

Fair Competition and Anti-Unfair Practices

Farasis Energy strictly complies with the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Civil Code of the People's Republic of China*, as well as relevant international standards. The Company has implemented the *Anti-Monopoly Compliance Management Measures* and is committed to building a business environment based on the principles of fairness, impartiality, and win–win cooperation.

In customer relationship management, the Company effectively identifies and objectively evaluates customer requirements, firmly opposing any form of improper competitive behavior. When accepting customer orders, Farasis Energy follows the *Order Review and Control Procedure*, accurately presenting its actual commercial capabilities and strictly refraining from providing any false information, thereby ensuring integrity in all business dealings.

In 2024, the Company reported no major incidents related to suspected monopolistic practices or unfair competition.



Our Progress

- Disclosed carbon management information on the CDP website, achieving a B rating for climate change.
- Generated 37,035,604.40 kWh of photovoltaic power.
- Achieved a 100% participation rate in employee environmental training.
- Reduced annual water consumption by 4.55% compared to the previous year.
- Fully advanced the application and management of circular packaging, with a circular packaging usage rate of 99.69% at the Ganzhou New Energy Site.

02 Environment

In the context of global green transformation, Farasis Energy actively addresses the challenges of climate change by formulating strategic plans, implementing risk and opportunity management, and carrying out low-carbon practices to promote energy transition and sustainable development.

Support SDGs

Response to Climate Change

In the context of global green transformation, changes in energy structure and responses to climate change have become key topics for corporate development. As a pioneer in the clean energy sector, Farasis Energy is committed to exploring innovative energy management paths and deeply integrating green development concepts into the entire value chain operations. The Company continuously optimizes its energy structure and builds an "energy-carbon integration" management model, implementing carbon emission control measures with a three-in-one approach: "eliminate, reduce, and offset." This promotes the deep integration of energy transformation and industrial upgrading. At the same time, in reference to the *IFRS S2 Climate-related Disclosures* and the Shanghai Stock Exchange's *Guide No.4 for Self-Regulatory Supervision on Listed Companies of the SSE — Compilation of Sustainable Development Reports*, the Company's climate change framework covers governance, strategy, risk and opportunity management, and metrics and targets. Farasis Energy continuously improves and discloses its climate change governance system, contributing to the achievement of green development and carbon neutrality goals.

Governance

The Company has established an energy and climate change governance structure centered around the "General Manager - ESG Committee - Sustainable Development Department," facilitating efficient collaboration across three levels: decision-making, management, and execution. This structure ensures the orderly advancement of energy and climate change management and practices.

General Manager

As the highest decision-making level in ESG governance, the General Manager is responsible for ESG sustainable oversight, strategic goal-setting, risk and opportunity identification and response planning, and reviewing information disclosure.

ESG Committee

As the dedicated ESG governance management body, the ESG Committee is responsible for identifying and assessing ESG risks and opportunities, advancing the integration of ESG strategy with the company's overall strategy, setting goals and plans, establishing policy frameworks and assessment mechanisms, and reporting to the General Manager with recommendations.

Sustainable Development Department

As the execution level, the Sustainable Development Department is fully responsible for planning and implementing carbon management and climate strategy goals. It coordinates and supervises the implementation of management decisions across various functional departments and production sites, ensuring the effective execution of energy and climate change action plans throughout the company. Additionally, the department is specifically responsible for executing and promoting energy and carbon management-related tasks.

Farasis Energy and Climate Change Governance Structure

Through ISO 14064 carbon emission system training, carbon emission management personnel in each department have acquired initial carbon emission accounting capabilities, enabling them to effectively identify, collect, and analyze carbon emission data. This has laid the foundation for the scientific construction of the carbon emission management framework. In practice, relevant personnel ensure the smooth implementation and continuous optimization of the carbon emission management system through efficient execution and collaboration, providing a solid foundation for the company's emission reduction goals.

The Company is in the process of establishing a climate management incentive mechanism for the ESG executive team, combining both short-term and long-term incentives to drive continuous improvement in the energy and climate domain.

Strategy

Risk and Opportunity Analysis

The Company has fully integrated climate risk control into its operational processes. By conducting in-depth analyses of both physical and transition risks, and considering the nature, likelihood, and potential impact of these risks, the Company accurately identifies and effectively categorizes various climate-related risks.

Physical Risks

Risk Type	Risk Description	Financial Impact	Impact Timeline	Likelihood of Impact	Affected Value Chain	Risk Mitigation Measures
Acute Risks	Extreme weather events, such as typhoons and floods, may lead to asset impairment, supply chain disruptions, and other systemic risks.	Increased costs ↑ Revenue decrease ↓	Short term	Medium	Own operations Upstream value chain	The Company has implemented early warning systems and emergency plans to reduce the impact of extreme weather.

Transition Risks

Risk Type	Risk Description	Financial Impact	Impact Timeline	Likelihood of Impact	Affected Value Chain	Risk Mitigation Measures
Policy and Legal Risks	The battery manufacturing industry may be included in carbon markets.	Increased costs ↑ Revenue decrease ↓	Short term	Medium	Own operations	• Conduct company-level carbon emission audits and engage third-party organizations for data calculation and verification. • Promote energy efficiency improvements and equipment upgrades to optimize energy efficiency and reduce carbon emissions. • Increase the use of renewable energy through a combination of self-built distributed energy systems and purchased green electricity.
Policy and Legal Risks	The EU's new battery law introduces new requirements for the full lifecycle of batteries sold in Europe, potentially subjecting related products to regulatory oversight.	Increased costs ↑ Revenue decrease ↓	Short term	High	Own operations Upstream value chain	• Establish an EU battery regulation compliance team to ensure regulatory requirements are incorporated into product planning and development processes. Additionally, set up a "Product Lifecycle Management and Compliance Department" to oversee regulatory execution and enhance the company's regulatory response capabilities. • Promote and complete TÜV SÜD EU battery regulation conformity certification for key battery pack products to ensure market access requirements are met in the EU. • Invest in product carbon footprint accounting, engaging third-party agencies for data calculations and verifications. • Invest in emission reduction measures, improve energy efficiency, adopt clean technologies, and introduce low-carbon alternatives to optimize the supply chain. • Coordinate with suppliers to comply with relevant policies.

Transition Risks						
Risk Type	Risk Description	Financial Impact	Impact Timeline	Likelihood of Impact	Affected Value Chain	Risk Mitigation Measures
Reputation Risk	With growing consumer demand for low-carbon products, failure to fulfill environmental responsibilities or address climate risks may lead to reputational damage and a decline in market share.	Revenue decrease ↓	Medium term	Medium	Own operations	Continue increasing R&D investment, focusing on key material technology innovation in the battery industry, including core areas such as cathode and anode materials. Additionally, actively advance diversified decarbonization practices and build a green low-carbon technology system.

The Company places great importance on the strategic opportunities presented by climate change. Through systematic identification and evaluation of its potential long-term value, the Company integrates climate opportunities deeply into its strategic decision-making system, injecting new momentum into business innovation and sustainable development.

Opportunity Type	Opportunity Description	Financial Impact	Impact Timeline	Likelihood of Impact	Affected Value Chain	Opportunity Management Measures
New Energy Market	As one of the largest automotive battery manufacturers in China, the Company will benefit from the significant growth in demand for electric vehicle batteries.	Increased revenue ↑	Short term	High	Downstream value chain	Continuously increase R&D investment, systematically conduct market research, prototype design, and testing verification, with a focus on new technology development and process upgrades.
New Energy Market	The EU's acceleration of clean energy transformation is driving the expansion of the energy storage market, leading to a growth in demand for lithium batteries.	Increased revenue ↑	Medium term	Medium	Downstream value chain	Upgrade equipment and innovate technology to establish a sound quality control system, enhancing product performance and quality levels.
Low-Carbon Transition Investment	Investment in photovoltaic power generation can reduce electricity-related carbon emissions and lower costs for carbon credit purchases (e.g., CCER, green certificates).	Decreased costs ↓	Short term	Low	Own operations	Promote the construction of smart factories, continue investing in solar photovoltaic projects, optimize the energy structure, and increase the proportion of renewable energy use.
Efficient Energy Management	Upgrading equipment and improving process energy efficiency can reduce energy procurement and usage costs.	Decreased costs ↓	Short term	Low	Own operations	Optimize equipment and production processes, drive energy-saving technology upgrades (e.g., dehumidifier modification, pressure grid connection, etc.), reduce energy consumption, and improve energy efficiency.

Risk and Opportunity Response

The Company has developed comprehensive strategies for addressing both climate risks and opportunities. By implementing prevention measures and mitigation strategies across financial, operational, and reputational domains, the Company effectively reduces the negative impacts of climate risks on its operations and enhances its climate resilience. Additionally, based on a thorough evaluation of climate opportunities, the Company has defined its sustainable development strategy, increasing investment and innovation in related fields to strengthen its future market competitiveness.

Smart Upgrades Enhance Energy Efficiency; Green Transformation Achieves Breakthroughs

The Company continuously improves energy efficiency and reduces energy consumption through systematic and intelligent approaches. Using Manufacturing Execution Systems (MES) and Energy Management Systems (EMS), the Company has achieved real-time monitoring and energy consumption analysis across production facilities, optimizing energy usage efficiency. Moreover, it has established a comprehensive energy management mechanism, including monthly operation monitoring reports, energy-saving audits, energy performance standards, and daily monitoring and improvement systems for production lines.

2024 Energy-saving Technological Upgrades

Ganzhou Site

- Implementing staggered production strategies to adjust coating processes, middle-section ovens, and washing times to reduce power losses during peak and high-peak periods.
- Measures such as standby heating in coating ovens, intelligent control of assembly line motors, and humidity control on rollers to lower equipment energy consumption.
- Optimizing production parameters to reduce baking temperature and time of electrode sheets, thus reducing energy consumption.
- Rebuilding the dehumidifier condensate recovery system to use treated water in the cooling tower, improving water resource utilization.

Zhenjiang Site

- Implementing an interconnected air compressor pipeline network to centralize air supply loads, reducing the number of high-energy-consuming air compressors in operation and minimizing frequent unloading, significantly lowering power consumption.
- Utilizing multi-stage cooling of steam condensate as makeup water for the cooling tower of the central air conditioning system in the power station, reducing tap water consumption for evaporation.
- Optimizing the operation of the 5.5 kW dust collector in the stacking-integrated machine by replacing manual control with PLC automation. The dust collector now automatically shuts down after 10 minutes of inactivity and restarts when the equipment is powered on, reducing energy consumption.

Ganzhou New Energy Site

- Energy-saving transformation of the cold water system to optimize operation efficiency and reduce refrigeration energy consumption, improving overall energy efficiency.
- Improving the power distribution system and establishing a new energy management system to enhance the fine-tuning of electricity management and reduce power loss.
- Implementing exhaust heat recovery in tunnel furnaces to reduce energy waste by reusing excess heat.
- Environmental modifications to reduce dehumidifier running time and lower energy consumption.

Guangzhou Site

- Constructing a thermal energy cascade utilization system using steam condensate and tap water heat exchange to provide stable hot water to dormitories and workshops, while also recycling cooled condensate for the cooling tower replenishment.
- Utilizing smart water storage and cooling technology, operating chillers during low electricity price periods at night to store cooling energy, which can then be released during peak periods to balance grid loads and reduce electricity costs.

Co-building a Low-carbon Culture, Mobilizing Everyone for a Green Journey

The Company continues to promote low-carbon culture through systematic, ongoing education and incentive mechanisms, greatly increasing employee awareness and involvement in energy-saving practices. In 2024, the Company launched a series of themed activities such as "Earth Hour," "Energy Saving Week," and the "Low-Carbon Marathon," fostering a culture of green awareness and embedding it into its operations.

"Carbon Reduction Marathon: Racing Towards Sustainability" - 2024 Ganzhou Marathon Event

In 2024, the company's union and Sustainability Department jointly organized the "Carbon Reduction Marathon: Racing Towards Sustainability." Employees participated in the marathon wearing matching blue uniforms and conveying green and low-carbon concepts through concrete actions, symbolizing the company's commitment to low-carbon principles. This event not only strengthened employees' identification with the green culture but also injected vitality into the company's green corporate culture, further advancing its sustainability initiatives.

Risk and Opportunity Management

The Company identifies key risk management factors, departments, and stakeholders, categorizing and assessing risks and opportunities to determine their impact on company goals. Various functional teams and senior leadership continuously review the business environment, operational status, and climate-related risks and opportunities, integrating climate risk control and opportunities into operational processes. Risk and opportunity assessment meetings are convened as needed, and sustainable development plans, along with short-, medium-, and long-term goals for each department and business unit, are established and executed across departments and sites to ensure the effective implementation of the sustainability strategy. The Company also continuously improves its carbon management system, focusing on five business pillars: carbon accounting, carbon planning, carbon reduction, carbon offsetting, and carbon disclosure, to enhance the professionalism and operational efficiency of its energy and climate change management.

01 Carbon Accounting

- ISO 14064 standard for organizational carbon footprint calculation
- ISO 14067 standard for product carbon footprint
- EU Battery Regulation and PEFCR product carbon footprint accounting

02 Carbon Planning

- Aligning carbon reduction targets with SBTi (Science Based Targets initiative)
- Developing carbon-neutral management plans according to ISO 14068

03 Carbon Reduction

- Low-carbon projects using ISO 50001 methods for energy-saving and emissions reduction
- Supply chain decarbonization through sustainable supply chain projects

04 Carbon Offsetting

- Zero-carbon projects using distributed photovoltaic systems + PPA green electricity + green certificates
- Negative-carbon projects with GS+VCS+NBS

05 Carbon Disclosure

- GHG protocol for production carbon neutrality
- ISO 14068 carbon-neutral “Zero-Carbon Factory”
- CDP projects
- ESG ratings and empowerment

Sustainable Carbon Management Framework

Metrics and Targets

In terms of system construction, the Company has completed the ISO 50001 Energy Management System certification for the group and the Ganzhou Site. It is also actively promoting the construction of rooftop photovoltaic systems at the Ganzhou New Energy Site and the Guangzhou Site, providing comprehensive technical support. In addition, the Company has coordinated the procurement and trading of green electricity and renewable energy certificates across all sites, with a plan to achieve a target of 100% premium-free green electricity transactions at the Ganzhou Site and 60% premium-free green electricity transactions at the Ganzhou New Energy Site by 2025.

Regarding carbon neutrality practice, the Ganzhou Site achieved carbon neutrality for greenhouse gas emissions at the organizational operational level in 2023, in compliance with the ISO 14068 standard, effectively becoming a "zero-carbon factory."

Greenhouse Gas Categories	Unit	2022	2023	2024[1]
Total emissions of Scope 1 greenhouse gas	tCO2e	6,280.48	4,328.28	3,679.09
Total emissions of Scope 2 greenhouse gas (location-based)	tCO2e	418,505.90	367,329.06	285,403.39
Total emissions of Scope 2 greenhouse gas (market-based)	tCO2e	348,171.00	246,221.50	265,853.66
Total emissions of Scope 2 greenhouse gas (market-based)	tCO2e	874,815.60	987,510.47	841,536.69
Total energy consumption	tce	102,882	93,987	82,222.28[2]
Energy consumption intensity	tce/CNY 1 million of operating income	8.88	5.72	7.04
PV power generation	kWh	21,040,600.00	37,129,897.40	37,035,604.40

In the future, Farasis Energy will continue to increase the proportion of clean energy, expand the scale of photovoltaic power generation system construction, and further improve the utilization rate of renewable energy.

[1]The scope of data statistics for 2024 includes the company's two major Sites: Zhenjiang Site and Ganzhou Site.

[2]According to the *General Rules for the Calculation of Comprehensive Energy Consumption* (GB/T 2589-2020), the standard coal conversion coefficient for electricity is 0.1229 kgce/kWh, for steam is 0.0946 tce/ton, and for natural gas is 1.2143 kgce/m³.

Environmental Compliance Management

Farasis Energy consistently adheres to its environmental policy: "Implement scientific management, provide green energy, protect the Earth's environment, and create a better life together." The Company strives to optimize its environmental management system continuously through scientific management, technological innovation, and full employee participation, reducing the impact of operations on the environment and contributing to environmental protection.

Environmental Compliance Governance

The Company strictly follows domestic and international environmental laws and regulations and has formulated and published its *Environmental Management Declaration*, which outlines the company's environmental management structure. It has developed stringent procedures and target management plans for various aspects, including system certification and management, energy resource management, "three wastes" management, and green product development. All processes are rigorously monitored.

An Environmental Management Committee, composed of senior management, is the highest decision-making body on environmental management within the company. It is responsible for formulating the company's environmental management system, including the environmental management policy, goals, identification and assessment of environmental factors, control standards for environmental operations, stakeholder demand management, emergency response, monitoring metrics, performance evaluation (compliance evaluation, internal audits, management reviews), and continuous improvement to enhance environmental management levels. The EHS Department is responsible for promoting the implementation of various environmental protection systems and driving the completion and improvement of environmental targets.

Environmental Impact Assessment

Farasis Energy has established the *Environmental Factor Identification and Evaluation Management Procedure*, requiring the identification of environmental factors and hazard sources to be conducted at least once a year. The LEC (Likelihood, Exposure, Consequence) job hazard analysis method is adopted to assess the risks associated with hazard sources, with results categorized as high-risk, medium-risk, and low-risk. For low-risk hazard sources, management measures are formulated. For high-risk hazard sources, corrective and preventive measures are implemented, and early warning devices (such as smoke detectors, temperature sensors, combustible gas alarms, oxygen alarms, etc.) are installed. Additionally, the Company registers and evaluates identified environmental factors, compiling a list and management plan for significant environmental factors to control environmental risks.

In 2024, the Company successfully completed environmental impact assessments for two newly commissioned Sites to ensure that the projects meet environmental protection requirements.

Ganzhou New Energy Site

In October 2024, the Site completed the expert review of its second environmental impact assessment report and is expected to receive approval in 2025. The Company will continue to follow up on the approval progress to ensure the Site's operations comply with environmental protection requirements.

Guangzhou Site

During the construction phase, the Site completed the Environmental Impact Report for the "Annual Production of 30GWh Power Battery Production Site" project and received approval from the relevant authorities. In the future, the Site will conduct regular environmental monitoring based on the actual production and operation status, develop and implement an environmental protection management plan, and take optimization measures to minimize environmental impact.

Currently, the Ganzhou Site and Zhenjiang Site have obtained ISO 14001 Environmental Management System Certification. In 2024, no administrative penalties were issued to the company's Sites for environmental issues.

Environmental Emergency Management

The Company attaches great importance to environmental training and emergency management. It incorporates environmental regulations and waste management requirements into the new employee onboarding training system to ensure that all employees understand basic environmental management knowledge and skills, achieving full coverage of environmental-related training. The Company has established a comprehensive safety and fire emergency response mechanism, regularly conducting emergency drills to ensure that employees are familiar with emergency procedures and improve their emergency response capabilities. Through these drills, employees are able to assist emergency teams in quickly initiating rescue operations during emergencies, effectively reducing accident risks and ensuring that incidents are addressed promptly and appropriately.

Zhenjiang Site- Fire Safety Awareness and Emergency Skills

On November 9, 2024, the 33rd "National Fire Safety Day" took place under the theme "Fire Safety for All, Life Above All." From November 13 to 27, the Zhenjiang Site held a series of activities including fire equipment demonstrations, trivia quizzes, knowledge competitions, emergency response evaluations, and fire safety skill contests. All departments actively participated, creating an energetic atmosphere that significantly enhanced employees' safety awareness and emergency response skills.

Ganzhou New Energy Site - Fire Safety Facility Upgrade and Emergency Modifications

In 2024, the Ganzhou New Energy Site completed a comprehensive linked test of fire safety facilities (including hydrants, sprinklers, fire alarms, etc.), achieving a 100% completion rate. Additionally, several safety and emergency modifications were made to the formation workshop, such as the addition of emergency backup lighting, integration of warehouse alarm systems and infrared monitoring alarms into the central control room, and the optimization of fire alarm signal zones for stacker machines. These upgrades further enhanced the fire safety standards.

In 2024, the company's environmental training participation rate reached **100%**, significantly improving employees' environmental awareness and compliance capabilities.

Efficient Resource Utilization

Faresis is committed to the efficient use of resources. Through systematic management measures, the Company aims to improve the management efficiency of water resources, waste, and pollutants, driving maximum resource utilization and minimizing environmental impact.

Water Resource Utilization

Water Resource Management

The Company has developed and implemented the *Water, Gas and Noise Pollution Management Procedures* and *Energy Resource Management Procedures*, taking a series of effective measures in water resource management and utilization to ensure safe and environmentally compliant water use. All operational sites source water from municipal supplies. In 2024, the Company did not involve water-related impacts caused by water extraction, consumption, or discharge, nor did it have water-related impacts directly caused by business relationships through operations, products, or services.

Efficient Water Use and Conservation

In 2024, the Company adopted multiple measures, including institutional development, facility upgrades, metering and monitoring, and resource recovery to enhance water resource utilization efficiency and reduce waste. Specific actions included:

Responsibility Assignment and Evaluation

Clearly defining water conservation responsibilities across departments, establishing regular inspection and evaluation mechanisms to ensure the effectiveness of water-saving measures.

Facility Upgrades and Renovations

Conducting comprehensive inspections and replacing old water pipes, faucets, and toilets, installing delayed closure faucets, water-saving toilets, and other efficient water-saving devices to significantly reduce water wastage.

Steam Optimization and Condensate Water Recycling

Replacing electric heating with steam heat, adding condensate water recovery devices to recycle condensate and steam, reducing resource waste. Additionally, condensate water generated by dehumidifiers around the factory was recovered, with about 6m³ per day used for cooling towers, significantly improving water resource recycling rates.

Pipe Network Inspection and Monitoring

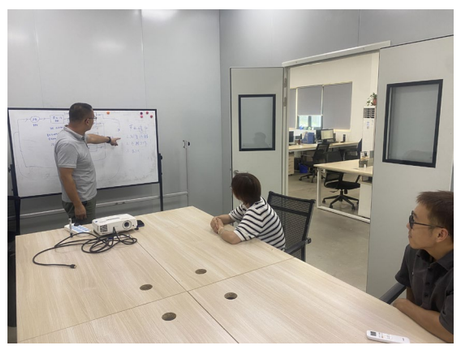
Conducting a comprehensive inspection of the water supply network, installing metering water meters based on water use properties, and setting up water pressure alarms at main meters to achieve real-time monitoring and statistical analysis of water usage, providing a scientific basis for precise management.

Rainwater Management and Optimization

Installing outdoor rainwater filtration devices to prevent blockages in pipes, conducting regular inspections and maintenance of drainage systems to ensure stormwater and sewage are separated and prevent mixing.

Water Conservation Activity for World Water Day at Zhenjiang Site

On March 22, 2024, the Zhenjiang Site used "World Water Day" as an opportunity to organize a series of water conservation publicity and training activities. Employees expressed their support and participation by signing water conservation commitment letters. They also watched water conservation promotional videos to deepen their understanding of global water resource status and the urgency of water conservation. A special training session explained water-saving technologies and the implementation plans at the Site, helping employees learn practical water conservation methods and effectively enhancing their awareness.



Zhenjiang Site Energy-Saving and Cost Reduction: Precise Management of "Leaks and Drips"

From April to July 2024, the Zhenjiang Site launched the "Energy Saving and Cost Reduction Battle," effectively addressing the "leaks and drips" phenomenon in the factory through joint self-inspections and irregular random checks by energy-saving grid members. During the period, 162 energy waste issues were identified through joint inspections, with a 100% rectification rate, reducing energy waste by approximately CNY 314,000. Grid members also identified and corrected 559 issues through routine self-inspections, reducing energy waste by around CNY 1.24 million.

In 2024, the company's water consumption decreased by **4.55%** compared to the previous year, showing significant water conservation results.

Water Resource Categories	Unit	2022	2023	2024
Water consumption	Tonne	2,388,865.8	2,032,662.75	1,647,060.00
Water consumption intensity	Tonne/CNY 1 million of operating income	206.15	123.67	141.01
Total consumption of recycled water	Tonne	737,501.8	611,234.6	4,841,138.00

Waste Disposal

Waste Management

The Company follows the *Waste Management Procedures* and adheres strictly to the principle of classified collection and compliant disposal to ensure waste treatment meets national regulations. Waste management is divided into general waste and hazardous waste, and the Company uses standardized, systematic management measures to achieve efficient waste handling and resource utilization.

- For general waste, the Company employs classified collection and standardized management. Non-hazardous waste is stored in dedicated waste warehouses before being handled by qualified waste disposal companies. Recyclable waste is processed by authorized recyclers for reuse. Additionally, the Company incorporates waste classification management into employee induction training and conducts regular training to raise awareness of waste reduction and classification.

- For hazardous waste, the Company strictly follows national laws and regulations to ensure the entire process from generation to disposal is compliant and transparent. The Company implements a hazardous waste declaration management plan and links it to the environmental protection platform for full traceability. Hazardous waste is 100% entrusted to qualified disposal units for professional handling, with storage adhering to national hazardous waste lists and clear safety labels. New specialized solid waste storage areas meet environmental protection requirements such as anti-seepage, anti-rain, and anti-wind. The Company also implements emergency response plans for hazardous chemical leaks, equips emergency supplies, and conducts regular drills to ensure safe and compliant storage and disposal of hazardous waste.

In 2024, the Ganzhou New Energy Site and Guangzhou Site actively promoted the standardized construction of solid waste management. Solid and hazardous wastes are classified and labeled according to the national solid waste/hazardous waste catalog, effectively preventing pollution to the surrounding environment. At the same time, disposal agreements have been signed with professionally qualified organizations to ensure that the solid waste disposal process fully complies with legal and regulatory requirements, achieving legal, compliant, and environmentally friendly solid waste management from source to end.

Indicator	Unit	2022	2023	2024
Total general waste	Tonne	10,370.08	7,922.69	9,296.40
General waste intensity	Tonne/CNY 1 million of operating income	0.89	0.48	0.80
Total hazardous waste	Tonne	500.70	715.91	440.21
Hazardous waste intensity	Tonne/CNY 1 million of operating income	0.04	0.04	0.04

*The scope of data statistics for 2024 includes the company's three major Sites: Zhenjiang Site, Ganzhou Site, and Ganzhou New Energy Site. The statistical scope of hazardous waste is uniformly defined as the transfer volume from the three major sites.

Pollutant Emission

The Company places great emphasis on pollutant management and is committed to achieving zero emissions of pollutants. The Company has developed and implemented an emergency response plan for environmental pollution accidents and organized review meetings with external experts to ensure the operability and effectiveness of the plan. Each site conducts regular emergency drills to enhance the ability to respond to sudden environmental events, minimizing and avoiding environmental pollution risks.

In response to wastewater, waste gas, noise, and waste generated during production operations, the Company has established comprehensive management systems and conducts regular monitoring according to relevant standards and regulations to ensure that wastewater, waste gas, and noise comply with emission standards and that waste is disposed of in accordance with regulations. Additionally, the Company has implemented an environmental self-monitoring plan, commissioning qualified third-party monitoring agencies to regularly conduct wastewater, waste gas, and noise monitoring, ensuring the accuracy and reliability of monitoring data.

Wastewater Management

In the production process, the wastewater generated mainly includes domestic sewage and production wastewater. To reduce the environmental impact of wastewater, the Company has adopted a series of strict management and technical measures. By optimizing wastewater treatment processes, the Company ensures that the treated wastewater meets emission standards and complies with relevant environmental requirements such as the Pollutant Discharge Standard for Battery Industry.

Wastewater Treatment Facilities

The battery production process generates a large amount of wastewater. The Company has equipped all major sites with professional wastewater treatment facilities for the centralized treatment of production and domestic wastewater. Wastewater treatment plants operate 24/7 to ensure efficient treatment of all wastewater. By utilizing various advanced processes, the Company achieves high pollutant removal efficiency.

Wastewater Quality Assessment

The Company has established a complete wastewater quality assessment system, combining third-party and self-monitoring to regularly assess wastewater quality.

- Third-party Monitoring: Each month, a qualified third-party testing agency samples and tests wastewater discharge points for key indicators like COD and heavy metals. The Company adjusts treatment processes based on the test results to ensure stable, compliant discharge quality.

- Self-monitoring: The Company implements an Annual Self-monitoring Plan, conducting regular monitoring of rainwater and wastewater discharge points and uploading data to the national self-monitoring platform to ensure transparency and public access to the data.

Heavy Metal Removal in Water Quality

The Company uses multiple treatment methods to effectively remove heavy metals, especially cobalt and nickel from the wastewater produced during the production of ternary cathode materials.

- Gravity Sedimentation: Heavy metal particles in wastewater are naturally settled by gravity for initial separation.
- PAC and PAM Flocculation: By adding PAC and PAM, heavy metal ions in wastewater form flocs that are easier to separate and filter.

Green Practice for Wastewater Treatment at New Site

At the Ganzhou New Energy Site, a wastewater treatment station was built to centrally treat the factory's wastewater. Advanced technologies like coagulation-flocculation, Fenton oxidation, air flotation, and UASB were used for pre-treatment to efficiently degrade COD, nickel, and other pollutants. This was followed by biological treatment combined with MBR (Membrane Bioreactor) technology to further enhance wastewater treatment performance and ensure stable and reliable effluent quality that meets discharge standards.

Wastewater Categories	Unit	2022	2023	2024
Total wastewater discharge	Tonne	776,113	279,046	237,879
Wastewater discharge intensity	Tonne/CNY 1 million of operating income	66.98	16.98	20.37

*The scope of data statistics for 2024 includes the company's three major Sites: Zhenjiang Site, Ganzhou Site, and Ganzhou New Energy Site.

*The estimation method for total wastewater discharge is selected based on the actual production conditions of each site. For the Zhenjiang Site, the actual wastewater discharge volume is calculated by applying the ratio of actual production capacity to designed capacity to the water balance data in the environmental impact assessment report. The Ganzhou Site estimates industrial wastewater discharge using the industrial wastewater coefficient of 0.007 m³/kWh from the "384 Battery Manufacturing Industry Coefficient Manual," while domestic wastewater is estimated based on the per capita wastewater discharge in Jiangxi Province from the "Domestic Pollution Source Emission Coefficient Manual." As the Ganzhou New Energy facility has only been in operation for a short time, its wastewater discharge data only includes December 2024.

Waste Gas Management

The Company continues to strengthen its waste gas management measures to ensure that the waste gas produced during production is treated by high-efficiency facilities and complies with emission standards. Regular monitoring is also strictly enforced.

- For air pollution prevention, the Company uses a "condensation + three-stage water spray" recovery process for NMP (N-methyl-2-pyrrolidone) waste gas, maintaining treatment efficiency above 98%. Other waste gases are handled with workshop ventilation facilities to ensure emissions meet environmental protection standards.
- In terms of dust management, the Company primarily focuses on controlling dust generated in the mixing process area by adopting negative-pressure feeding technology and wo mize emissions. At the Zhenjiang Site, exhaust gas treatment utilizes a filter cartridge dust removal system, which ensures that dust emission concentrations meet national environmental standards through high-efficiency filtration and low-energy-consumption design.

Meanwhile, the Company conducts regular monitoring of exhaust gas emission points to ensure compliance with environmental standards, and promptly optimizes relevant control measures based on monitoring results.

Indicator	Unit	2024
Total waste gas emissions	10,000 m^3	48,311.90
Waste gas emission intensity	10,000 m^3/CNY 1 million of operating income	4.14
Volatile organic compounds (VOCs) emissions	Kilogram	6,350.40
Nitrogen oxides (NOx) emissions	Kilogram	24.60
Particulate matters (PM) emissions	Kilogram	26.20
Sulfur oxides (SOx) emissions	Kilogram	186.60

*The data statistics scope for 2024 includes the company's Zhenjiang Site and Ganzhou Site.

*The estimation method for total exhaust gas emissions is determined based on the actual production conditions of each site. For the Zhenjiang Site, emissions are calculated according to the emission rates and operational hours specified in the monitoring reports. The Ganzhou Site estimates its emissions using the flexible packaging exhaust gas coefficient of 81.7 m³/kWh from the 384 Battery Manufacturing Industry Coefficient Manual.

*In 2024, no boilers were used at the sites. Emissions of nitrogen oxides (NOx), particulate matter (PM), and sulfur oxides (SOx) were primarily generated from cell nail penetration testing at the Zhenjiang Testing Center. During testing, battery cell combustion produces characteristic combustion pollutants.

Noise Management

The Company has adopted soundproofing measures, optimized layouts, and enhanced maintenance to effectively reduce noise impact on the surrounding environment and employees.

In terms of factory layout, most of the production equipment is placed on the lower floors to minimize the impact of noise on the upper levels and surrounding environment. The equipment inside the workshop is arranged in accordance with the production process flow to ensure smooth production and is concentrated in a way that reduces the noise diffusion range. For equipment that generates higher levels of noise, the workshop adopts a separate layout strategy and implements soundproof measures such as acoustic panels and enclosures to further reduce noise transmission. Additionally, through optimizing the equipment layout, adding soundproof barriers, and enhancing equipment maintenance, comprehensive measures are taken to further reduce noise impact.

In 2024, the Company’s noise emissions complied with relevant standards.

Circular Economy and Green Products

Faresis Energy continues to make breakthroughs in resource efficiency and environmental innovation. The Company focuses on optimizing the entire value chain, from packaging to products, by deepening green practices and innovative applications. This approach balances economic growth with environmental responsibility, injecting momentum into a sustainable future.

Sustainable Packaging Materials

Each of the company's production sites has implemented a series of targeted measures tailored to its characteristics, ensuring the recyclability and circular use of packaging materials

Ganzhou Site

Prioritizes recyclable packaging solutions in material management. Steel frames are used for domestic transportation of battery packs, achieving 100% recycling. Non-express packaging of battery modules uses recyclable plastic boxes, with a 100% recycling rate. Lithium-ion battery cells are packed in recyclable blister boxes, with a 90% recycling rate. The site has established a robust monitoring mechanism to assess and track the recycling of packaging materials.

Zhenjiang Site

Implements the Finished Product Packaging Development and Change Management Regulations and the Raw Material Packaging Development and Change Management Regulations, ensuring packaging design meets environmental standards. Recyclable and biodegradable materials are prioritized. The site follows the Fixed Asset Management and Recyclable Packaging Management Process to conduct full-process recycling and monitoring of packaging materials. In 2024, a total of 200 material racks were repaired and reused.

Ganzhou New Energy Site

Establishes clear goals for the use and management of packaging materials, planning the PACK finished product packaging scheme from the early stages of the project. Priority is given to the use of reusable iron material racks for finished product shipments, and the use of general material racks is optimized based on project needs. The Site has set up dedicated recycling lines and areas to ensure efficient recycling and management of raw material packaging. Additionally, a collaborative working group has been established with customers, the supply chain logistics department, and sales personnel to ensure the timely supply and turnover of finished product racks, achieving full-process recycling of packaging materials.

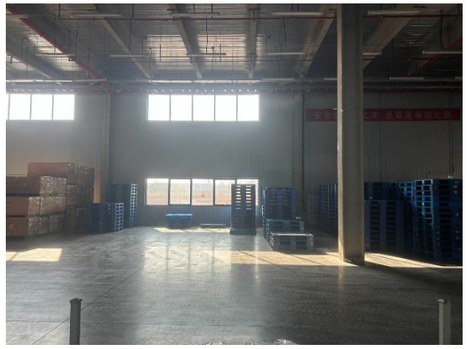
Guangzhou Site

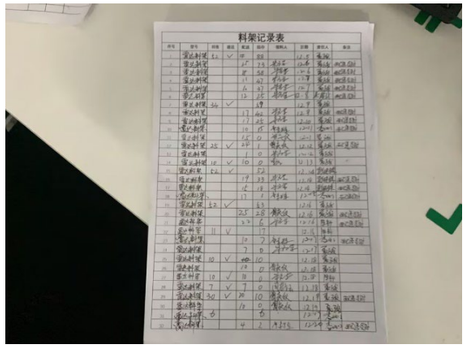
Collaborates with the procurement department to establish a management ledger for recyclable packaging materials and operational rules. Packaging wooden boxes (including box bodies, copper foil, aluminum foil, aluminum-plastic films, etc.) are included in the recycling and reuse system. The battery cell finished product packaging and PACK finished product packaging adopt environmentally friendly designs and all internal turnover containers (such as pallets, trays, and boxes) are recyclable, ensuring efficient utilization of packaging materials and resource circulation.

New Site Actively Promotes the Application and Management of Recyclable Packaging Materials

In 2024, the Ganzhou New Energy Site strictly implemented documents such as the Raw Material Logistics Packaging Standards and Specifications and the Turnover Tools Management and Regulations. The site managed and standardized the handover process of supplier recyclable packaging materials through a detailed inventory system to ensure their effective use and management.

The overall usage ratio of recyclable packaging materials from suppliers was 20%, with a usage ratio of 40% from battery cell raw material suppliers. The site used five types of recyclable packaging materials (material racks, turnover boxes, surrounding boxes, blister boxes, and plastic pallets) on the production line according to the characteristics of different materials. For the PACK finished product project, design reviews were conducted from the project stage, and iron special material racks were used for finished product shipment, realizing circular use. In packaging design, both generality and customer needs were considered. For example, the Ruilan project used Jizhi material racks, while the Jiangling GSE project used modified Jiangling B30 material racks.





Indicator	Unit	Ganzhou Site	Zhenjiang Site	Ganzhou New Energy Site
Total Packaging Usage	↑	33,808	137,697	975
Recyclable Packaging Usage	↑	13,982	26,895	972
Recyclable Packaging Usage Ratio	%	41.36	19.53	99.69

Going forward, the Company plans to optimize packaging material management, expand the use of circular packaging, and enhance the environmental properties and recycling rates of packaging design. For high-output projects, idle packaging materials from production reductions or shutdowns will be prioritized for reuse by modifying them to increase their recycling rate. The Company will also strengthen collaborations with suppliers and customers to develop more recyclable packaging solutions and optimize design to improve recycling cycles and utilization rates.

Green Product Innovation Creation

The Company is committed to advancing green product design and technological innovation to drive sustainable development. It focuses on three key areas to promote the research and application of green products, achieving significant progress in green technology innovation.

In the field of battery material recycling technology research, the Company is dedicated to developing high-efficiency battery recycling technologies aimed at achieving high material recovery rates, long cycle life, and stability. The Company has reached industry-leading levels in battery material recovery rates, material recycling lifespan, and stability. Relevant technological achievements include direct lithium battery recycling technology and several core patents, which have been authorized in both China and the United States.

In the area of hazardous substance control, the Company has established a comprehensive green product management system that strictly adheres to international environmental directives such as the *EU Battery Directive*, RoHS, REACH, and POPs. It actively practices the Extended Producer Responsibility (EPR) system and implements full life-cycle management across procurement, product design, manufacturing, and recycling to ensure products meet international environmental standards. Additionally, the Company updates and trains staff on the EU *Battery Compliance Guidelines* every six months to keep up with new regulations on restricted substances.

Ecosystem and Biodiversity Protection

Faresis Energy adheres strictly to laws and regulations such as *the Environmental Impact Assessment Law of the People's Republic of China, Opinions on Further Strengthening Biodiversity Protection, Soil Pollution Prevention and Control Law of the People's Republic of China, and Groundwater Management Regulations*. The Company ensures that its operational activities do not negatively impact the surrounding ecosystem and biodiversity, with no leased or operational sites located in protected or biodiversity-rich areas.

In 2024, the Company did not experience any significant events affecting biodiversity.

Our progress

- 135 new patents granted, with a total of 429 authorized patents.
- No product recalls occurred.
- Customer satisfaction rate reached 96.55%, with a complaint resolution rate of 90.38%.
- Successfully obtained TISAX certification and achieved National Level 3 Information Security Protection.
- 18 suppliers underwent mineral supply chain due diligence audits, with zero suppliers classified as high ESG risk.
- The company’s labor union or collective bargaining agreements cover 100% of employees.
- Safety training coverage reached 100%, including all suppliers, and 100% of workplaces underwent employee health and safety risk assessments.

03 Society

Faresis Energy upholds innovation-driven development, builds high-end R&D platforms, continuously overcomes technological bottlenecks, optimizes process flows, accelerates digital transformation, safeguards employee rights, actively gives back to society, supports rural revitalization, and promotes the sustainable development of the industry.

Support SDGs

R&D and Innovation Development

Farasis Energy adheres to an innovation-driven development strategy and is committed to advancing research and innovation in cutting-edge fields. Guided by market demand, the Company continuously increases investment in R&D, deepens its technological reserves, and builds strong core competitiveness through ongoing technological innovation and product upgrades.

Innovation-Driven Development

Building a High-Level R&D System

Farasis Energy has established a comprehensive R&D system that spans from advanced technology research to product development and industrialization. This system is built through collaborative innovation among the company's Advanced Technology Research Institute, R&D Institute, and Engineering Institute.

Advanced Technology Research Institute

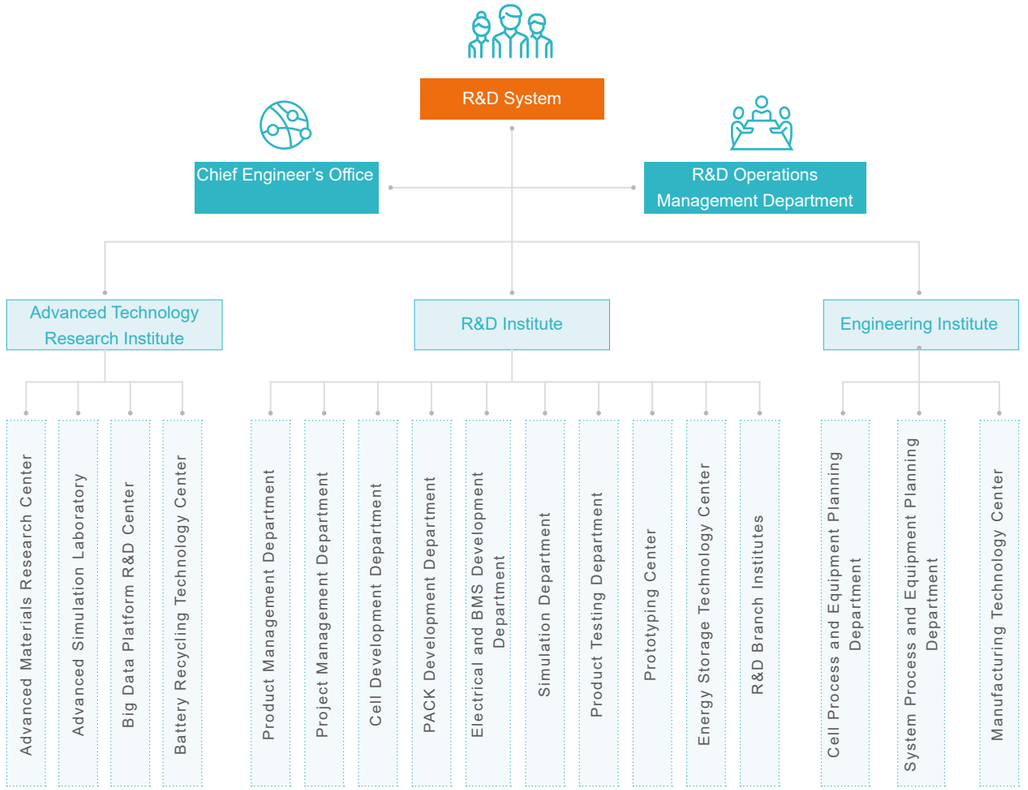
Focuses on research, innovation, and transformation in cutting-edge battery technology, striving to drive breakthrough advancements in the field. Key responsibilities include the development of new materials, battery cell systems and roadmaps, simulation and digital battery development, battery solutions based on data science and artificial intelligence, as well as battery recycling and secondary utilization technologies.

R&D Institute

Focuses on product development and innovation, ensuring the company continuously delivers competitive battery products that meet market demands. Its responsibilities include formulating and executing product development strategies, managing in-house and customer projects, designing, developing, and validating new products, providing technical support, and expanding market reach. Additionally, the R&D institute is responsible for enhancing product performance, safety, and reliability, integrating compliance requirements and lifecycle management into new product planning and development, optimizing cost-effective solutions, and driving continuous innovation and improvement through industry trend analysis and competitor research.

Engineering Institute

Focuses on the industrialization and commercialization of battery products, aiming to enhancing process technology, equipment capabilities, and manufacturing techniques. Its key responsibilities include process and equipment planning and development, pre-research and integration of advanced processes and equipment, industrial implementation of new production sites and technical team establishment, as well as evaluation and approval of process and equipment changes in mass production facilities. Additionally, the engineering institute drives the iteration and upgrade of manufacturing technologies, facilitates technology sharing and promotion across facilities, and supports the establishment of overseas production capacity, comprehensively strengthening the company's industrialization capabilities.



Faresis Energy R&D System

The Company actively integrates high-quality global resources, driving innovation and leading with technology to build a world-class global R&D team.

In 2024

The Company's R&D investment reached **5.82** billion yuan, representing **4.98%** of its operating revenue

Its R&D team comprises **1,046** employees, **21.75%** of the total headcount, including **33** PhD holders or above

Comprehensive Innovation Driving Competitive Advantage

Farasis Energy regards technological innovation as the core engine of its development. Through breakthroughs across multiple technical fields and continuous internal process innovation, the Company accelerates product upgrades and industrial transformation, laying a solid foundation for both technological leadership and market expansion.

Lifecycle Innovation Leading Industry Progress

With strong R&D capabilities and forward-looking strategies, Farasis Energy has achieved significant breakthroughs in full-lifecycle technologies, shaping new directions for the industry.

In 2024, the Company made notable progress in both technological breakthroughs and industrialization within the power battery sector. A series of innovative outcomes have enhanced product performance and expanded market applications—providing efficient, reliable, and eco-friendly energy solutions for electric vehicles, electric motorcycles, and other key sectors.

Frontier Technology Reserves

- SPS: High-Packed Lithium Iron Phosphate Battery Solution: Entered mass production and delivery; first vehicle model successfully launched. Offers high performance, low cost, and strong material compatibility. Excels in range, charging efficiency, and cost effectiveness.
- High-Energy, High-Power, Fast-Charging LFP Battery: The Company is currently developing high-performance lithium iron phosphate (LFP) battery cells with an energy density exceeding 195Wh/kg and 6C fast-charging capability, further enhancing battery energy density and charging efficiency.
- Standardized E-Motorcycle Battery: Designed for high-speed e-motorcycle market. Integrated “battery-swapping cabinet-cloud platform” solution with high energy density, high power, fast swapping, safety, and compatibility across models.

Product Manufacturing Process

Ultra-High-Speed Stacking Process Development: Successfully developed ultra-high-speed tab-forming technology. Achieves over 2× production speed and 0.1 mm thickness precision. Reduces equipment investment and energy use by more than 30%.

Industrialization & Production Capacity

New Site Deployment: SPS-related production capacity established in Guangzhou and Ganzhou. New sites enhance production process efficiency and reduce product costs, supporting the company’s high-quality development.

Internal Process Innovation Enhancing Production Efficiency and Competitiveness

Farasis Energy continuously explores advanced process technologies to enhance efficiency and product quality. Through innovations such as high-efficiency cathode slurry preparation, laser welding equipment development, optimization of end-of-line inspection, development of serial formation equipment, and reduced self-discharge standing time, the Company has significantly improved its production efficiency and product performance.

High-Efficiency Cathode Slurry & Twin-Screw Anode Slurry Preparation:

The high-speed continuous slurry process shortens traditional mixing times from 4–10 hours to just minutes—or even seconds—reducing equipment costs by over 50%, and laying a solid foundation for new plant construction and process R&D.

Laser Welding Equipment Development:

Laser welding technology addresses issues of breakage and cracking during full-width welding of large tabs. It reduces equipment cost by 88%, improves efficiency by 500%, and is compatible with all product series.

End-of-Line Optimization & Serial Formation Equipment:

Through testing process optimization, the Company achieved 5% sampling inspection in mass production while reducing process energy use by 95%. Serial formation equipment reduces equipment costs by approximately 20% and improves cell capacity consistency.

Reduction of Self-Discharge Standing Time:

By shortening standing time, the Company significantly reduced pallet and storage space requirements, thereby lowering inventory costs and capital investment in equipment.

Green Technology R&D Supporting Sustainable Development

Farasis Energy is committed to the research and application of green technologies. Through initiatives such as direct lithium battery recycling, ultra-high-speed stacking process development, and life cycle assessment (LCA) data modeling, the Company supports the industry’s transition toward low-carbon and circular development. These efforts also ensure compliance with the EU Battery Regulation (Regulation EU 2023/1542) and alignment with global sustainability goals.

Direct Lithium Battery Recycling Technology:

Farasis Energy is focused on developing efficient and environmentally friendly battery recycling solutions to achieve high material recovery rates, long recycling life, and high stability of recovered materials. The Company has reached industry-leading levels in terms of material recovery efficiency, cycling performance, and stability. Supported by a portfolio of domestic and international patents, Farasis Energy has built a solid foundation in green technology and provides strong technical support for closed-loop battery recycling systems.

Life Cycle Assessment (LCA) Data Modeling:

LCA is integrated into the early stages of product development to meet the carbon footprint disclosure requirements of the EU Battery Regulation. By simulating diverse use scenarios and analyzing key stages—such as raw material selection, manufacturing, recycling, and disposal—the Company is able to precisely identify and mitigate the potential environmental impacts of its products. This forward-looking green design approach not only reduces the environmental footprint of products but also provides robust data and insights to support the company’s long-term sustainability strategy.

Digital Transformation Empowering Business Growth

Farasis Energy is comprehensively advancing its digital transformation, driving deep reforms across nine major business areas: marketing, R&D, procurement, integrated supply, quality, human resources, finance, digitalization, and enterprise management. Through systematic planning and roadmap design, the Company is progressively building an end-to-end digital ecosystem that supports innovation, operational efficiency, and sustainable growth.

In 2024, the Company made significant strides in digital infrastructure. Core systems such as the Quality Management System (QMS), Supplier Relationship Management (SRM), Enterprise Asset Management (EAM), and an enterprise-level data lake were successfully launched, providing strong technical support for quality, supply chain, asset, and data governance. Meanwhile, systems such as the Product Management System (PMS), Product Lifecycle Management (PLM), and Enterprise Human Resources (EHR) are undergoing continuous iteration and upgrade, aiming to enable full-process integration of product lifecycle management and enhance HR efficiency and cross-functional collaboration.

At the same time, two new smart factories—located in the Ganzhou Site and the Guangzho Site—have completed full digital deployment, covering data centers, intelligent workshops, information systems, digital operations, and cybersecurity. Both sites are currently scaling up mass production, leveraging digital systems to ensure high-efficiency and stable support for operations. Through the deep integration of smart workshops and information systems, Farasis Energy has achieved real-time monitoring and optimization of its production processes, significantly improving operational efficiency and product quality.

New Production Sites Actively Building Efficient Digital Manufacturing and Management Systems

In 2024, the Ganzhou New Energy Site and the Guangzhou Site advanced their digital transformation by implementing four core systems—ERP, MES, WMS, and EAM—centered around a Manufacturing Operations Management (MOM) architecture to enhance operations, production, warehouse logistics, and equipment management.

Looking ahead, the Company will continue to focus on data governance and AI applications, further unlocking the value of data, exploring practical use cases for digitalization, and driving deeper integration between digital technologies and business needs.

Intellectual Property Protection

Farasis Energy has built a comprehensive intellectual property (IP) management system that deeply integrates technological innovation with IP protection. The Company adopts an R&D-centered organizational model, embedding patent work into the entire R&D lifecycle to ensure that IP management and innovation progress in parallel. During the research and development process, an institutionalized internal motivation mechanism encourages teams to “proactively search for patents,” enabling full-process IP protection—from concept to commercialization. To further stimulate innovation, the Company offers industry-leading patent incentives, actively encouraging R&D personnel to participate in patent applications.

To improve IP management efficiency, the Company continues to optimize the end-to-end patent management process, significantly enhancing timeliness. By introducing a professional IP talent pipeline and strengthening collaboration between IP and R&D teams, the Company ensures that patent portfolio planning is closely aligned with technological innovation. Farasis Energy also places great emphasis on digital IP tools, using digital platforms to streamline patent search, filing, and maintenance, thereby providing strong support for innovation.

In terms of IP risk prevention and control, the Company takes a multi-dimensional approach. It strengthens monitoring of market trends and competitors to stay ahead of potential risks, while also establishing robust internal supervision mechanisms to ensure legal and regulatory compliance. Through IP awareness campaigns and training, the Company enhances employees’ legal and risk awareness. Furthermore, Farasis Energy collaborates with local IP protection centers, professional institutions, and industry associations to conduct IP seminars and build a multi-stakeholder protection network. These efforts position the company as an industry leader in IP protection and inject long-term momentum into the sustainable development of the sector.

the Company filed	obtained	bringing the total to	
236	**136**	**721**	**429**
new patent applications	new patent grants	patent applications	granted patents to date

Technology Ethics

Farasis Energy regards adherence to technology ethics as a fundamental principle throughout its R&D and daily operations. The Company strictly complies with relevant laws, regulations, and industry standards to ensure that all technological activities are conducted within a sound compliance framework. With a strong sense of responsibility, the Company actively monitors potential ethical issues arising from technological advancement and strives to strike a balance between innovation and social responsibility.

In 2024, no major incidents related to technology ethics were reported.

Product and Service Assurance

Farasis Energy is committed to multi-dimensional quality management, delivering high-quality products while actively responding to diverse customer needs through excellent service. The Company aims to build long-term customer trust, drive sustainable growth, and maximize brand value.

Total Quality Management

Farasis Energy regards quality management as the lifeline of its development. By implementing strict R&D quality controls, efficient supplier management, and digital empowerment, the Company has built a comprehensive quality management system that covers the entire product lifecycle, providing strong assurance for long-term development in both domestic and international markets.

In 2024, the Company upgraded its quality management system. From a group-wide perspective, the Quality Center clarified the division of quality responsibilities between headquarters and production Sites. The headquarters is responsible for core areas such as supplier quality, project quality, quality systems, and customer quality, while quality functions related to manufacturing have been delegated to each site. These are centrally coordinated by the Quality Control Department of the Quality Center. Additionally, for the newly established Ganzhou New Energy Site and Guangzhou Site, a dedicated Quality Planning Department was created to oversee Site-specific quality development. This structural adjustment significantly reduced functional overlap and management conflicts, enhancing overall efficiency and laying a solid foundation for quality assurance in the company's group-wide operations.

Enhancing R&D Quality Management – Controlling Quality from the Source

In 2024, Farasis Energy continued to strengthen quality control during the early stages of R&D, focusing on upstream process optimization and proactive quality assurance. Key initiatives included:

Resource Optimization and Early Involvement

The focus of the R&D quality team was shifted forward—from the trial production stage to the RFQ (Request for Quotation) and RFI (Request for Information) stages—to identify potential mass production risks early. This ensured that design considerations fully accounted for manufacturing variations and end-user environments, thereby improving the industrialization and manufacturability of new products.

Quality Gate Risk Management

Six core quality gates were implemented throughout the product development process to rigorously control stage transitions. These checkpoints ensure that risks are comprehensively assessed and mitigated, preventing quality compromises due to project schedule pressures.

Experience-Based Closed-Loop Management

A closed-loop management process was established to leverage lessons learned from past projects, significantly improving new product development efficiency. Simultaneously, a structured mechanism for risk identification, assessment, and control was put in place to ensure consistent R&D quality and continuous improvement.

Pursuing Supplier Quality Excellence to Build a Collaborative and Win-Win Ecosystem

In 2024, Farasis Energy implemented systematic improvements in supplier quality management, establishing an efficient and collaborative supplier management system. Key initiatives included:

Upstream Quality Integration in Sourcing

The supplier quality team was involved early in the sourcing process, participating in the selection of critical components and setting clear entry criteria. This improved both sourcing efficiency and accuracy.

Upgraded Supplier Evaluation Standards

Supplier assessment criteria were optimized to place greater emphasis on mass production readiness and industrialization capabilities, ensuring smooth project execution in later stages.

Supplier Development and Support

For suppliers with limited capabilities, Farasis Energy deployed professional teams to provide on-site guidance, helping them establish standardized product development and quality control systems, thereby fostering coordinated growth across the value chain.

Driving Intelligent Quality Management Through Digital Empowerment

In 2024, Farasis Energy enhanced its quality control through digital systems, promoting standardized and group-wide quality management. Key initiatives included:

Group-Wide Document Standardization

Through the "Document Standardization" project, Level 3 and 4 operational documents across all production sites were unified. Generalization of documents reached 89%, significantly improving group-level quality control efficiency.

End-to-End Traceability

Leveraging the MES system, the Company achieved full-process product traceability—from raw materials to battery modules—ensuring precise tracking at every stage and greatly enhancing problem diagnosis and resolution efficiency.

Non-Conforming Product Management

By implementing risk assessments and downgrade processing, Farasis Energy optimized resource utilization and effectively prevented non-conforming products from reaching the market. The Company also strictly adhered to recall management regulations to ensure product quality and safety.

Unified Quality Target Setting to Drive Group-Wide Quality Management Enhancement

In 2024, the Quality Control Department, for the first time at the group level, established unified quality targets—breaking away from the previous model where each Site set its own independent goals.

Clear Target Planning

Through centralized planning, overarching quality objectives were clearly defined and then cascaded to each production site based on local operational conditions. A top-down, layered target system was formed. The targets focused on three key indicators: product pass rate, customer complaint rate, and the occurrence of major quality incidents. Following the principle of continuous improvement, the targets set for 2024 were more ambitious than those of the previous year.

Overall Target Achievement

In terms of product pass rate, production line adjustments enabled the company to meet its annual goal. Regarding customer complaint rate, improvements in feedback mechanisms and effective issue resolution led to the successful achievement of targets, maintaining customer satisfaction and market reputation. For major quality incidents, the Company rigorously enforced risk control measures and reported zero such incidents during the reporting period, ensuring product stability and safeguarding brand credibility.

In 2024, the Company reported **zero** product recall incidents.

Strengthening Quality System Certification to Solidify Management Foundations

Farasis Energy actively pursues internationally recognized quality certifications, demonstrating its professional capabilities in quality control.

In 2024, Ganzhou Site and Zhenjiang Site have successfully passed the IATF 16949 certification, fully standardizing the R&D, production, and sales processes for automotive products, and laying a solid foundation for deeper integration into the automotive industry value chain. Additionally, they have obtained ISO 9001 certification, enhancing quality control capabilities for portable power supplies and energy storage products, which further expanded its market share. Moreover, the P50B cell product received UL certification, strengthening its competitiveness and credibility in the global market.

Optimizing Customer Service

Farasis Energy has built a customer-centric and highly efficient service system by optimizing its organizational structure, improving service responsiveness, and refining its complaint management mechanisms. The Company is committed to delivering an outstanding customer experience, strengthening satisfaction, and fostering long-term, stable partnerships.

Organizational Optimization to Improve Service Efficiency

In 2024, the Company implemented a strategic organizational restructuring by transferring the after-sales service department from the Quality Center to the Market Operations Center under the Marketing system. This integration allows the after-sales team to better collaborate with the sales team, optimize resource allocation, and maximize both cost efficiency and service effectiveness—ultimately delivering faster and more tailored responses to customer needs.

Closed-Loop Complaint Management Driving Issue Resolution and Continuous Improvement

Under the new structure, the Quality Center focuses on strengthening customer quality management and has established an efficient closed-loop complaint management mechanism. Upon receiving quality-related customer feedback, the Company immediately initiates a rapid response process, including comprehensive analysis of returned products and root cause investigation to accurately determine accountability—whether the issue stems from supplier quality, design flaws, or manufacturing deviations.

Once the responsible party is identified, the Company launches a follow-up improvement mechanism. This includes requiring relevant departments to develop corrective actions with clear timelines and responsible personnel, while ensuring each step of the remediation process is closely monitored. Throughout this process, the Company maintains close communication with the customer, providing real-time updates to ensure full transparency on progress and solutions.

After implementation, the Company continues to track market feedback, comparing key metrics—such as product performance, reliability, and customer satisfaction—before and after the improvement to evaluate its effectiveness. Issues that remain are promptly reviewed, and lessons learned are fed back into all stages of the product lifecycle to drive continuous improvement. This commitment to excellence not only enhances product quality and service standards but also safeguards customer rights and reinforces Farasis Energy's strong market reputation.

In 2024, the Company achieved a customer satisfaction rate of

96.55%

*The scope of customer complaint and resolution rate statistics covers the Ganzhou and Zhenjiang sites, excluding domestic projects at the Zhenjiang site.

Spotlight: Lean Production,The Path to Systematic Transformation and Optimization

In 2024, the Ganzhou Site comprehensively advanced its lean production transformation by establishing a systematic institutional framework and clear strategic pathways, laying a solid foundation for lean practices.

Institutional Development and Mechanism Refinement: Strengthening the Foundation of Lean Production

The Ganzhou Site developed a systematic internal policy and regulatory framework, formulating multiple guidelines such as the *Continuous Improvement Incentive Management Regulations, Lean Talent Certification Management Regulations, QCC Activity Management Standards*, and *Quality Incentive Management Measures*. These policies, through incentive mechanisms and a talent development system, fully engaged employees at all levels in lean production, providing robust institutional support.

The site has also established improvement teams involving all employees, with clear responsibilities assigned to department heads. The implementation of projects is continuously tracked through monthly reviews, quarterly sharing sessions, and annual summaries. By organizing annual outstanding team selections, awards such as the "Efficiency Improvement Award", "Cost Reduction Pioneer Award", and "Performance Innovation Pioneer Award" have been set up to encourage employees to actively participate in lean production activities.

Monitoring, Evaluation, and Collaboration: Ensuring Effective Lean Production Implementation

The Ganzhou Site identified risks and potential opportunities through various methods. Risk identification included process analysis, data monitoring and analysis, employee feedback mechanisms, and supply chain communication. Potential opportunities were explored through technological innovation, internal process optimization, and benchmarking against industry leaders. These approaches enabled the Site to promptly address emerging issues while uncovering new growth opportunities. To measure the effectiveness of lean production, the Ganzhou Site established key performance indicators (KPIs) across efficiency, cost, and quality dimensions. Efficiency metrics included Overall Equipment Effectiveness (OEE), Units Per Person Per Hour (UPPH), and the number of improvement suggestions per employee. Cost metrics focused on unit manufacturing costs, while quality metrics tracked First-Time Compliance (FTC) rates. These KPIs provided comprehensive insights into lean production outcomes, supporting data-driven continuous improvement.

In terms of supply chain collaboration, the Ganzhou Site implemented several strategic initiatives. For upstream supplier synergy, the Site shared production plans and demand forecasts to help suppliers optimize raw material production and delivery schedules, enabling just-in-time supply and reducing inventory. Additionally, it supported suppliers in refining their production processes by introducing lean principles and tools to enhance efficiency and product quality. The Site also established internal feedback channels and actively collected external feedback. Through in-depth problem analysis and corrective action implementation, a closed-loop improvement mechanism was formed, driving ongoing optimization of lean production. For downstream supply chain coordination, the Site maintained close communication to quickly adapt to changes in customer demand and order adjustments, ensuring agile production planning. Furthermore, it collaborated with downstream partners on inventory management, optimized logistics and distribution processes, and consolidated delivery resources to improve efficiency and ensure timely product delivery.

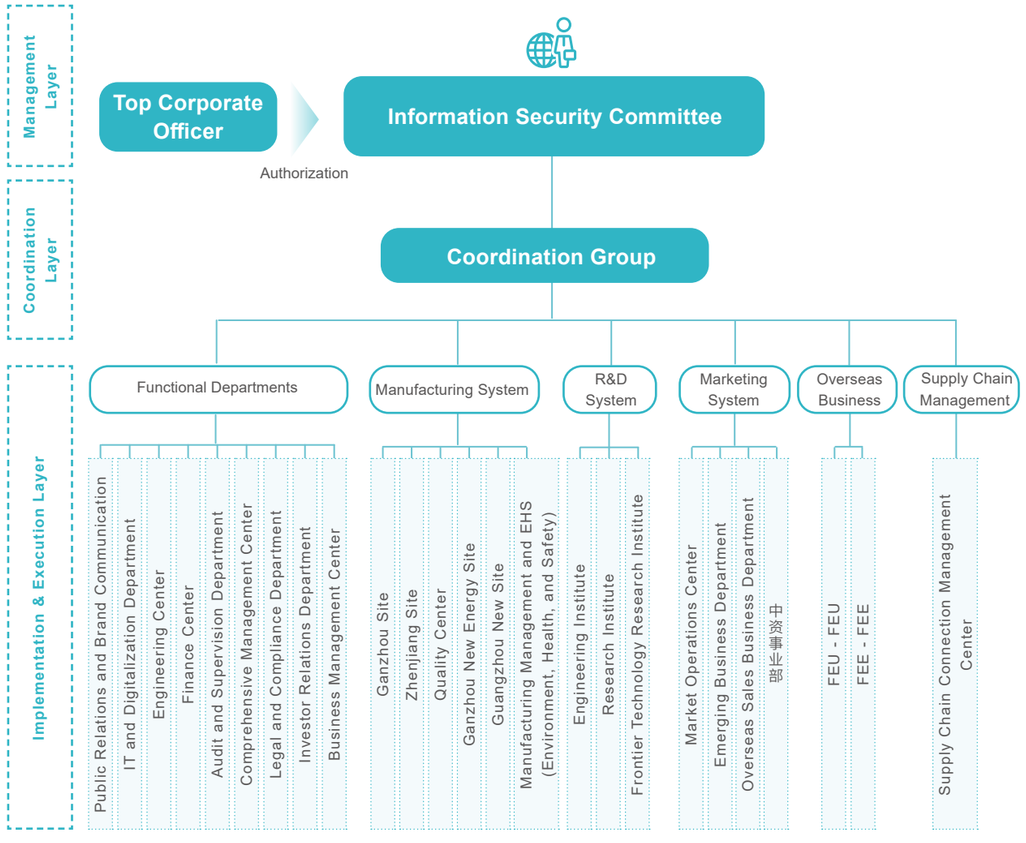
In 2024, the Ganzhou Site won the group’s Efficiency Improvement Award for its boundaryless collaboration team project, while the Lean Manufacturing Department earned the Performance Innovation Pioneer Team honor for its outstanding lean management.

Information Security and Privacy Protection

Farasis Energy places information security at a strategic level, establishing a comprehensive organizational safeguard system and management framework. Through the integration of policies, technology, and culture, the Company has built a multi-layered data security protection network. Systematic risk assessments, multi-level technical safeguards, and efficient emergency response mechanisms ensure the security and controllability of data throughout its entire lifecycle.

Governance

Farasis Energy prioritizes data security and privacy protection as the core of its information security management, implementing a robust organizational support structure. Farasis Energy has established an Information Security Committee, with the General Manager serving as the highest authority and the IT & Digitalization Department Head acting as the Management Representative for Information Security. Department leaders from relevant functions serve as committee members. The main responsibilities include: reviewing the suitability, compliance, and effectiveness of the information security management system; overseeing the implementation of the information security policy and objectives; conducting special reviews and discussions on issues identified during the operation of the system, continuously optimizing the management system standards to ensure their effective operation and ongoing improvement.



Farasis Energy Information Security Organizational Structure

Strategy

Farasis Energy has formulated and implemented the Information Security Management Manual, which serves as the guiding document for information security management. It clearly defines the information security policy, strategies, and objectives, providing top-level institutional guarantees for data security and privacy protection. The Company has established a comprehensive management process covering system construction, asset identification, risk identification, and disposal. It continuously optimizes the management system through a combination of internal and external audits. Internal audits include internal reviews, applicability assessments, and management reviews, while external audits cover document reviews and on-site audits to ensure the effectiveness and compliance of the system. For issues identified during audits, the Company promptly implements corrective measures and actively obtains relevant certifications to continuously improve data security management levels.

Risk Management

In terms of risk identification and disposal

Farasis Energy adopts a systematic approach to risk assessment from multiple dimensions, including assets, threats, and vulnerabilities. By analyzing the probability of risks occurring and their potential impacts, risks are categorized into high, medium, and low levels, with corresponding disposal measures taken. To ensure data security, the Company has established the Data Security Management System and the Personal Information Protection System, which clearly define security requirements for data encryption, processing, and deletion. These systems provide operational guidelines for the full lifecycle management of data.

To enhance equipment security

Farasis Energy has deployed multi-layered security protection devices. Firewalls ensure network boundary security, anti-virus systems effectively detect and eliminate viruses and malicious codes, Bastion hosts ensure secure server backend connections and provide audit records, Intrusion Prevention Systems (IPS) defend against network-layer attacks, and Web Application Firewalls (WAF) protect against application-layer attacks. These devices collectively form the technical defense line for the company's data security.

In terms of data security incident emergency response

Farasis Energy has established a comprehensive handling mechanism. When a data security incident occurs, the Company immediately activates the Information Security Incident Management Procedure. It first verifies the authenticity of the incident, assesses its level, and then forms a corresponding emergency response team based on the level. The emergency response process includes key steps such as incident containment, business recovery, and traceability, and preventive measures are taken after the incident is handled to continuously improve the emergency response mechanism.

Regarding security culture and training

all new employees receive information security training upon joining the company to ensure that they establish the correct data security awareness and privacy protection concepts from the outset.

Farasis Energy continuously monitors technological developments in the information security field and actively introduces advanced security technologies and solutions through industry research and organizational exchanges. The Company maintains close cooperation with professional information security vendors to ensure that the security technologies and measures adopted meet business development needs and provide strong technical support for data security and privacy protection. By integrating systems, management, and technology, Farasis Energy has built a comprehensive data security and privacy protection system, laying a solid foundation for the company's sustainable development.

Farasis Energy Information Security Reporting and Feedback Channels

Reporting Channels：https://www.farasis.com/index/privacy

Privacy Policy Contact

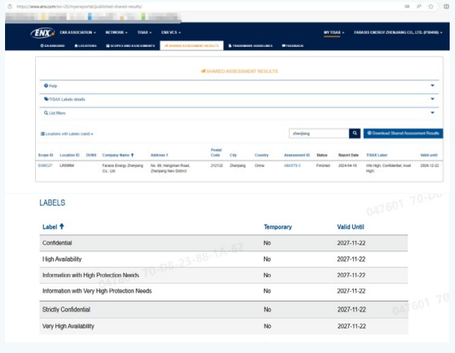
Organization：Information Security Management Representative
Email：rongyu@farasisenergy.com.cn

Information Security Interface

Organization: IT Digital Department
Email：infosec@farasisenergy.com.cn
Phone：0797-7329933

Annual Progress and Goals

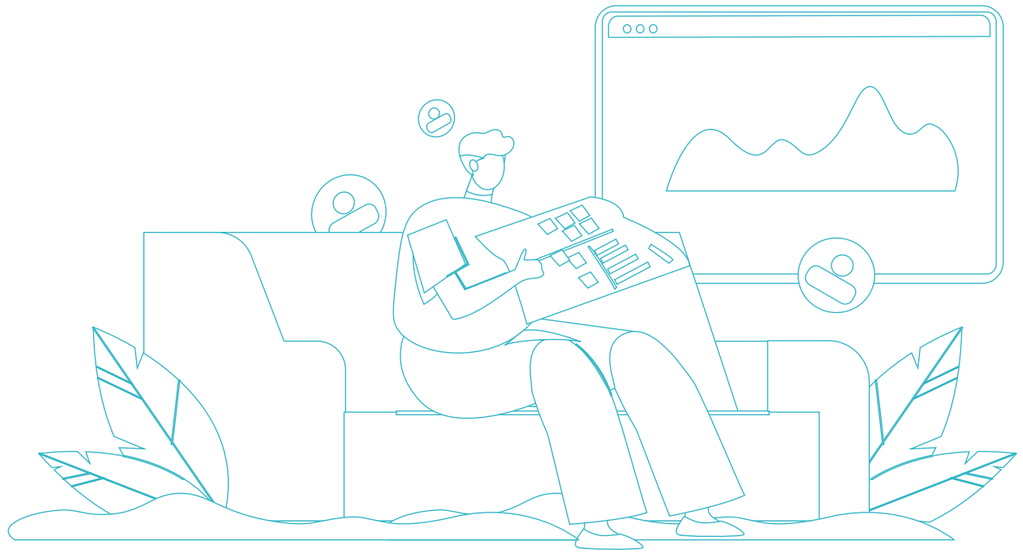
Farasis Energy has successfully obtained the TISAX (Trusted Information Security Assessment Exchange) certification. This standard, jointly developed by the European Network Exchange Association (ENX) and the German Association of the Automotive Industry (VDA), is an internationally recognized assessment system for information security in the automotive industry supply chain.



Farasis Energy has achieved several authoritative certifications and honors in the field of information security, which fully demonstrate its professional level in the construction of the information security management system.

Farasis Energy has obtained the Level III Information Security Protection Certification, which signifies that its information system security protection capabilities, management system, and technical measures meet the high standards required by the state.

In the provincial cybersecurity attack and defense drill, Farasis Energy was awarded the title of "Outstanding Response Unit" by the Provincial Department of Industry and Information Technology, in recognition of its excellent emergency response capabilities. This further validates its security protection and emergency response capabilities in a real combat environment.



Building a Sustainable Supply Chain

Farasis Energy is committed to building a sustainable supply chain. We firmly believe that only through joint efforts with suppliers, partners, and stakeholders can we achieve the green transformation and sustainable development of the supply chain, set a benchmark of responsibility for the industry, and create long-term value for society.

Comprehensive Supplier Management

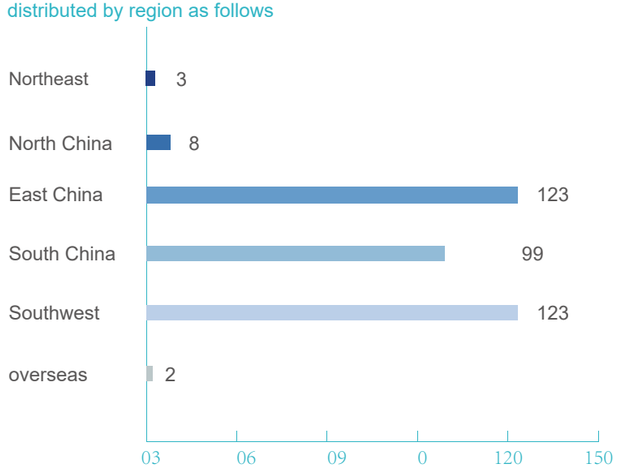
Farasis Energy has established a comprehensive management system, strict supplier evaluation mechanism, and responsible mineral sourcing policy to build a transparent, efficient, and sustainable supply chain ecosystem.In terms of supplier management, Farasis Energy categorizes its procurement activities into direct and indirect procurement based on whether the products and services are used in the final production process. The Company has formulated and implemented the Supplier Development and Management Procedure to ensure that the quality of suppliers' products and services meets the company's requirements. Before cooperating with suppliers, Farasis Energy signs confidentiality agreements, general purchase terms, supplier codes of conduct, and integrity commitment letters with them to clarify the responsibilities and obligations of both parties.

During the cooperation, Farasis Energy standardizes the supplier management process through the Supplier Performance Evaluation and Assessment procedure. It quantitatively evaluates suppliers from three dimensions: quality, price, and delivery. Based on the assessment results, suppliers are classified into first-tier suppliers and key non-first-tier suppliers, and differential management is implemented.

the Company had a total of

263 suppliers

distributed by region as follows



The total number of key suppliers

233

the total number of first-tier suppliers

234

the total number of key first-tier suppliers

233

The procurement amount from key first-tier suppliers accounted for

94.73 %

of the total procurement expenditure

Equal Treatment of SMEs

Farasis Energy strictly adheres to the contractual terms with small and medium-sized enterprises (SMEs), ensuring that all payments due under the contract are made on time. There have been no overdue payment incidents.

As of the end of 2024, the total amount of accounts payable (including notes payable) of Farasis Energy was CNY 5.702 billion, accounting for 21.4% of the total assets.

Supply Chain Security and Resilience

To address potential risks in the supply chain, Farasis Energy has established the *Emergency Preparedness and Response Management Procedure* and set up an emergency command center. The head of the center is the Safety Director, with department directors or managers as members, who are responsible for the unified command and coordination of emergency events.

The Company pays particular attention to the impact of extreme weather (such as typhoons and floods) on the supply chain. Through early warnings and emergency plans, it reduces the risks of raw material supply disruptions and increased transportation costs, ensuring the stability and resilience of the supply chain.

Supplier CSR Management

Farasis Energy integrates the concept of sustainable development throughout the entire supply chain management process, with a particular focus on dimensions such as environmental protection, labor rights, occupational health and safety, and business ethics. As a member of the Responsible Cobalt Initiative (RCI), the Company is committed to promoting transparency and standardization in the mineral supply chain, and guarding against risks such as child labor, human rights abuses, and environmental damage.

Farasis Energy has formulated and published the *Supplier Code of Conduct*, which regulates suppliers' behavior in terms of business ethics, environmental protection, labor rights, health and safety, and management systems. The code requires suppliers to comply with laws and regulations, adhere to honest business practices, and prohibit corruption and unfair competition. In terms of environmental protection, suppliers are expected to reduce resource consumption and pollution emissions, and actively address climate change. Additionally, suppliers should safeguard employees' rights, provide a safe and healthy working environment, and establish a comprehensive management system to ensure compliant operations.

The Company has also published the *Supplier Notification Letter*, which explicitly requires suppliers to provide mineral sources that are compliant, free of child labor risks, and traceable. In the *Responsible Sourcing Policy*, Farasis Energy commits to promoting compliance with international standards and best practices throughout all links of the supply chain through risk assessment, supplier audits, training, and improvement mechanisms. Meanwhile, the Company has established the *Supply Chain Management Grievance and Communication Mechanism*, emphasizing regular communication with suppliers, employees, and other stakeholders to promote transparency and timely resolution of issues. The scope, process, and handling methods for grievances are clarified, and a *Responsible Sourcing Grievance Form* is provided.

The Company conducts due diligence audits on key mineral raw materials such as cobalt, lithium, nickel, and graphite. In 2024, Farasis Energy (including its own operations) has completed audits of 18 suppliers. The Company also provided CAP (Corrective Action Plan) coaching, improvement and monitoring for 4 of these suppliers to enhance the value chain. The audit content covers due diligence management systems, internal material control system evaluations, human rights, environmental aspects and other areas to ensure supply chain transparency and compliance.

Farasis Energy also places great importance on communication and empowerment with suppliers. In March 2024, the Company launched the ISO 14064 greenhouse gas emission verification certification, conducting carbon footprint assessments for key upstream suppliers in the supply chain to understand their product carbon footprints and energy consumption. This provides data support for calculating Scope 3 carbon emissions. Additionally, the Company has strengthened energy and carbon cooperation and exchanges with suppliers, laying the foundation for carbon reduction in the supply chain.

In 2024,

The number of mineral supply chain due diligence audits conducted was **18**.
The number of suppliers classified as high ESG (Environmental, Social, and Governance) risk was **0**.
Over the past 3 years,
The total number of suppliers that have undergone ESG risk assessments was **18**.
The number of first-tier suppliers that have undergone ESG risk assessments was **3**.
The number of key non-first-tier suppliers that have undergone ESG risk assessments was **15**.

Employee Rights and Development

Farasis Energy strictly complies with national laws and regulations to effectively safeguard the legal rights and interests of employees. The Company is committed to the growth and development of its employees and provides all employees with good welfare and care. At the same time, it pays attention to the mental and physical health of employees and provides a comfortable and safe working environment.

Protection of Employee Legal Rights

Farasis Energy strictly implements national policies related to human rights, gender, age, ethnicity, and other aspects. It standardizes labor employment management. The Company proactively identifies and assesses potential human rights risks in its daily operations and has established a series of human rights management policies to prevent any adverse impacts in this area.

Equal and Open Recruitment

Farasis Energy ensures the fairness and justice of its recruitment activities through top-level institutional guarantees, transparent recruitment processes, diversified recruitment channels, and process risk management.

Institutional Guarantees

The Company has established the *Employee Recruitment Management System*, strictly adhering to the principle of equal employment opportunities. It practices equal pay for equal work and does not discriminate against job applicants based on gender, age, race, religious belief, disability, or other factors. The same recruitment process is applied to all candidates to ensure the fairness of the recruitment outcomes. The Company reviews and optimizes its recruitment system and processes annually to effectively prevent issues such as discrimination, child labor, and forced labor. The legal team supervises anti-discrimination efforts, and any discriminatory behavior identified will be promptly corrected by the company.

Process Transparency

Farasis Energy has introduced an advanced recruitment system to standardize and make the recruitment process transparent. This system covers key stages such as job posting, resume screening, interview evaluation, and hiring decisions. Each stage has detailed operational steps and a reasonable schedule to ensure an orderly, fair, and open recruitment process, thereby enhancing the overall recruitment experience for job applicants.

Diversified Channels

The Company implements a multi-channel recruitment strategy, including internal recruitment, social recruitment, and campus recruitment, to avoid the potential issues of information isolation and lack of transparency that may arise from relying on a single recruitment channel. This approach helps to ensure the fairness and integrity of the entire recruitment process.

Risk Management

Farasis Energy has established the *Background Investigation Management System* to regulate risk management in the recruitment process. The HR evaluation process is incorporated into the risk management assessment criteria. The Company uses ID recognition technology for matching and conducts strict reviews of the qualifications of third-party labor personnel.

In addition, to prevent discriminatory practices in the recruitment process, Farasis Energy regularly organizes training sessions for employees on relevant laws, regulations, and institutional processes. It also conducts interviewer training to improve interviewers' skills and evaluation capabilities, enhance their ability to identify both overt and potential discriminatory behaviors, and strengthen the enforcement of standard recruitment procedures.

The Company recruited a total of **2,343** new employees

female new employees accounting for **22.15** % of the total

including

2,236 through social recruitment

107 through campus recruitmen

Anti-Child Labor and Forced Labor

Farasis Energy strictly adheres to international labor standards and national laws and regulations. The Company has formulated and implemented a series of systems, including the *Policy and Procedures for Preventing Child Labor*, the *Management Procedures for Preventing Child Labor and Child Labor Remediation,* and the *Management Procedures for Protecting Young Workers.* These policies explicitly prohibit the use of child labor or forced labor under any circumstances and require contractors and suppliers to strictly comply with the same standards. To ensure compliance, the Company takes measures such as verifying the "three certificates" (ID card, residence permit, and health certificate) and conducting irregular workshop inspections to verify employees' ages and identities, thereby eliminating illegal employment practices.

Additionally, Farasis Energy has established the *Prohibition of Forced Labor Management Procedures*, which are committed to creating a free and dignified working environment for employees. The procedures explicitly prohibit any form of forced labor, including restricting employees' freedom of activities outside working hours, forcing overtime, and withholding deposits or ID documents. The Company also firmly refuses to cooperate with subcontractors that use prison labor, upholding ethical and legal standards to ensure the compliance and social responsibility of the supply chain.

Protection of Freedom of Association and the Right to Collective Bargaining

Farasis Energy respects employees' freedom of association and has formulated relevant union policy documents, such as the *Management Procedures for Freedom of Association and Collective Bargaining*. The Company has also signed collective contracts, including the *Jiangxi Province Wage Collective Consultation Special Collective Contract, the Special Collective Contract for the Protection of Female Employees*, and the *Labor Safety and Health Special Collective Contract*. These measures ensure that employees can freely organize and participate in union activities and enjoy the right to collective bargaining.

In 2024, the proportion of employees covered by trade union or collective bargaining agreements was **100** %

Employee Training and Development

Employee Training and Development

Farasis Energy has established a comprehensive talent development system that covers all employees, including full-time employee, part-time employees, and outsourced workers. The system comprises four major modules: management skills enhancement, professional skills enhancement, foundational skills enhancement, and learning support. Based on employees' current status and developmental needs, the Company flexibly chooses between internal and external training methods to systematically conduct management and professional skills training, providing all-around support for employees' career development.

In 2024, Farasis Energy further focused on the cultivation of high-potential talents and the enhancement of managerial capabilities:

The Company ensures the fairness and impartiality of recruitment activities through top-level institutional safeguards, transparent hiring processes, diversified recruitment channels, and procedural risk management.

High-Potential Talent Development

By organizing talent assessments, the Company accurately identified high-potential individuals and designed specialized development programs for them. This effort aims to build a robust talent pipeline and reserve core forces for the company's future growth.

Managerial Transition Training

For newly promoted managers, the Company provided a specialized curriculum covering management awareness, management tools, and business thinking. By combining knowledge acquisition with practical application, this training helps new managers achieve role transitions in three dimensions: enhancing leadership capabilities, shifting work philosophies, and optimizing time and energy allocation. Additionally, Farasis Energy established a cross-departmental learning and communication platform to unify management language, improve employees' job competencies and management efficiency, and inject continuous momentum into organizational development.

The Company conducted

1,649

training sessions

with a total training expenditure of

226.5

million yuan

The total training hours for all employees amounted to

80,257.9

hours

Employee Promotion and Development

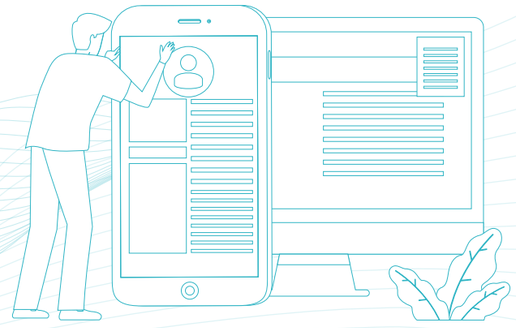
Farasis Energy is committed to creating a career development platform full of opportunities and challenges for employees. The Company innovatively launched the "Y-Channel" career development system, which establishes dual career paths for management and professional development for every type of position. This encourages employees to choose a suitable development direction based on their interests and capabilities, building core career competitiveness. Additionally, the Company offers a flexible job rotation mechanism to support employees in adjusting between different career paths at the right time, helping them maximize their personal value.

Dual-Career Y-Path

Dual career paths (Management & Professional) are established for each position category

Farasis Energy's "Y-Channel" Career Development System

In 2024, the Company continued to optimize its job grade and position system, completing the alignment of job grades and positions. Addressing historical issues and current conditions, the company comprehensively upgraded the job grade and title system, refined the grade structure for blue-collar workers, and encouraged employees to develop deeper expertise in their professional fields. Through the job grade and position alignment, the number of managerial staff decreased by 40.1% compared to pre-alignment levels, while the total number of positions was reduced by 11.2%, further enhancing organizational efficiency and the precision of employee career development..



Employee Benefits and Care

Employee Motivation and Progress

Farasis Energy always regards employee motivation and career development as important drivers for the sustainable development of the enterprise. By optimizing the performance-based pay system and implementing a diversified incentive program, the Company stimulates employees' enthusiasm and creativity, helping them grow together with the enterprise.

Scientific Assessment and Precise Incentives

With the assistance of a third-party consulting firm, the Company has conducted a comprehensive diagnosis and optimization of its performance-based pay system to ensure the scientific nature and measurability of performance targets.

•Goal Decomposition and Setting: Using reasonable tools for performance goal decomposition, the Company ensures that all employees' performance goals are highly aligned with the company's strategic objectives, providing employees with a clear direction and criteria for their work.

•Performance Evaluation and Assessment: The Company conducts semi-annual and annual evaluations as planned, objectively assessing the completion of employees' performance goals, which serves as the basis for salary adjustments and incentives.

Combining Short-Term and Long-Term Incentives to Share Achievements

To boost employees' enthusiasm and creativity, the Company has established a diversified incentive program that includes both short-term and medium-to-long-term incentives, allowing employees to share in the company's development achievements.

•Short-Term Incentives: Based on the actual situation of the year, the Company implements annual salary adjustments for core employees and commends outstanding employees and teams, awarding them bonuses to promptly recognize their contributions and efforts.

•Medium-to-Long-Term Incentives: To provide long-term incentives and retain key talents, the Company has implemented an equity grant incentive program for core personnel. Every year, the Company releases equity according to a set ratio, closely linking employees' personal interests with the company's long-term development, thereby enhancing their sense of belonging and responsibility.

Year-End Commendation Conference to Inspire All Employees

In 2024, the Company successfully held an evaluation activity for outstanding employees, teams, and projects. Through a comprehensive assessment from multiple dimensions, including performance evaluation, online review, and on-site review, the Company selected 199 outstanding individuals and 14 outstanding projects and teams. At the year-end commendation conference, senior company leaders personally awarded 213 winning employees and teams with certificates of honor and bonuses, fully recognizing their outstanding contributions and calling on all employees to take these advanced examples as role models to jointly promote the high-quality development of the enterprise.

The Company achieved a

100 %

participation rate in individual performance evaluations and full coverage of the performance-based compensation system

Employee Care and Warmth

Farasis Energy has established an Employee Care Committee and formulated the Employee Care Program that covers all employees, advancing the "We Care" initiative to continuously improve the employee welfare system and demonstrate humanistic care as an employer.

Basic Benefits:

The Company provides all employees with a comprehensive range of benefits, including five insurances and one housing fund, commercial insurance, regular free health check-ups, paid annual leave, marriage leave, maternity leave, parental leave, and breastfeeding leave.

Lifestyle Benefits

Farasis Energy offers a wide range of lifestyle conveniences for employees, such as dormitories, cafeterias, and scheduled shuttle services. Additionally, for employees in non-production operation positions, the Company implements a flexible non-fixed working hours system, allowing employees to arrange their work and rest times according to their personal needs and work efficiency, thereby better balancing their personal lives and career development.

Activity Benefits

The Company organizes various employee activities, such as birthday parties, retirement ceremonies, sports meets, team-building events, fun sports competitions, and family days.

"Sending Warmth for the New Spring Festival, Care Warms Hearts" — Farasis Energy Union Conducts Spring Festival Consolation Activities

As the Spring Festival approached, Wu Xiaomei, the chairperson of the Ganzhou Economic Development Zone Trade Union, and her team visited Farasis Energy to conduct a Spring Festival warmth-sending and consolation activity. They delivered New Year greetings and consolation money to the employees, conveying the care from the Party, the government, and the trade union. This activity was the result of the company's union conducting in-depth surveys of employees' living conditions, formulating assistance measures, and actively connecting with the higher-level trade union. It reflects the company and the union's emphasis on and care for employees in difficulty.

Group Birthday Parties, Warmth Gathers Hearts

The Company carefully organizes birthday parties for employees with birthdays each quarter, presenting them with customized gifts and sincere blessings. This further enhances employees' sense of belonging and happiness. In 2024, a total of 14 birthday parties were held, with 1,151 employees participating. This warm initiative not only demonstrates the company's care and attention to employees but also creates a harmonious and friendly corporate culture atmosphere, injecting warmth into the team's cohesion and centripetal force.

Diverse Sports Activities, Releasing Passion and Vitality

In 2024, the Company successfully held 11 colorful sports events, including employee sports meets, fitness boot camps, badminton competitions, three-point shooting contests, and mini-marathons. These diverse activities attracted a total of 1,240 employees to actively participate. The events not only provided a platform for employees to showcase their sports talents but also further promoted team collaboration and communication, enhancing employees' cohesion and sense of belonging, and injecting vitality and passion into corporate culture construction.

Traditional Festival Activities, Conveying Cultural Values

In 2024, the Company meticulously planned and successfully held 7 traditional festival activities, including Women's Day, Lantern Festival, and Mid-Autumn Festival. The activities were diverse in form and rich in content, attracting the enthusiastic participation of 1,598 employees. These events not only created a strong festive atmosphere but also allowed employees to feel the company's care and warmth in joy, further enhancing their sense of belonging and team cohesion, and adding a warm hue to corporate culture construction.

Sending Warmth in Winter, Gan Oranges Sweeten Hearts

In January 2024, the company's Party Committee and Trade Union jointly launched the "Sending Warmth in Winter, Gan Oranges Sweeten Hearts" campaign, presenting Gan oranges, which symbolize warmth and hope, to frontline employees, conveying the company's deep care and support. This activity not only brought warmth and joy to employees in the cold winter but also created a harmonious and warm working atmosphere, further enhancing team cohesion.

The Company has continuously implemented a series of support measures for employees in difficulty, including regularly conducting assistance projects for employees in difficulty and the "Fu Kids' Education Journey" activities. The Company has established a Love Rescue Fund, which aims to provide support for employees facing sudden situations, medical assistance, or family difficulties. So far, the fund has distributed nearly 350,000 yuan in relief funds to more than 41 families. Additionally, the Company has set up a "Support Workshop," providing 12 job positions for 12 impoverished families.

Employee Communication and Feedback

Farasis Energy has established an efficient and transparent employee feedback system through a comprehensive information reporting mechanism and diversified communication channels, laying a solid foundation for mitigating human rights risks and enhancing employee satisfaction.

Comprehensive Information Reporting Mechanism

The Company has established a multi-level information reporting mechanism through the President's Office meetings, business analysis sessions, and remuneration management reports, ensuring that the management can promptly understand the company's operational status and employee needs.

Diversified Communication Mechanism

Farasis Energy provides convenient communication and feedback channels for employees through various means and formats:

Complaint Channels	Employees can lodge complaints regarding disciplinary actions or other misconduct in writing or verbally. The Company commits to investigating and providing feedback within three working days. If employees are dissatisfied with the handling results, they can further file complaints with the labor inspection department.
Feedback Channels	Various channels such as trade union email, human resources center email, corporate WeChat, and employee suggestion boxes are available to provide employees with diverse feedback options.
"Farasis Wonderful Night" Event	Held quarterly, this event directly conveys employee feedback to senior managers and promotes relevant system improvements, ensuring that employee voices are fully valued.

Efficient Feedback and Improvement

In 2024, the Company conducted six on-site inspections in collaboration with the audit department and received over 80 suggestions and comments through both offline and online channels, covering multiple areas such as canteen catering, administrative management, workshop operations, and human resources management. The Company achieved a 100% response rate to all feedback, earning unanimous recognition from employees, and the trade union has become a trusted organization for the workforce.

Additionally, the Company regularly conducts internal surveys, with some suggestions being adopted and transformed into practical work measures. Based on the survey results in 2024, the Company proposed corresponding solutions, officially approved the Trade Union Management System, and further improved the Management Procedures for the Protection of Female Employees' Labor Rights, fully implementing rights protections such as prenatal check-up leave, pregnancy leave, maternity leave, abortion leave, and flexible working hours for breastfeeding mothers (lactation leave). Measures to help female employees balance work and family responsibilities were also incorporated into the Collective Contract and the Special Collective Contract for the Protection of Female Employees' Rights and Interests.

The survey results show that the company's overall engagement score reached 78.2 points in 2024.

Employee Communication Seminar

In 2024, the Company successfully held eight seminars with a total of 252 employees participating, covering topics such as company development, employee growth, and team collaboration. These seminars provided a platform for employees to exchange ideas, share experiences, and offer suggestions, promoting communication and cooperation among employees. The "Executive Meet and Greet" series invited the company's president and core team members to delve into the origins, backgrounds, and key plans of the business strategy, giving employees a clearer understanding of the company's strategic direction.

Occupational Health and Safety

Farasis Energy has established a comprehensive EHS (Environment, Health, and Safety) assurance system through a robust organizational structure, institutional framework, risk management, and training mechanisms. The Company is committed to creating a safe and healthy working environment for employees while promoting green development and compliant operations.

Governance Structure and Institutional Development

The Company has established a two-tier EHS committee at the group and Site levels, with the overall person in charge at each level serving as the director, fully responsible for EHS management. The EHS management department houses the EHS committee office, which is responsible for monitoring EHS indicators, formulating annual work plans, supervising the implementation of significant matters, and conducting accident investigations. In 2024, the Ganzhou New Energy Site and Guangzhou Site established safety committees. Through organizational structure support, they signed safety responsibility agreements with the responsible persons of each department, clarifying the scope of responsibilities to ensure that safety responsibilities are assigned to specific positions and individuals.

In terms of performance assessment, the Company has linked the EHS performance of the CEO and executive management to their performance evaluations, setting negative points for major safety and environmental accidents. Additionally, the Company has established group-level and Site-level Key Performance Indicators (KPIs) covering workplace safety, accident rates, hazard rectification, compliance with waste discharge standards, proper disposal of hazardous waste, and energy resource consumption to effectively measure the effectiveness of EHS management.

Strategic Mechanisms and Risk Management

The Company has established 26 procedural management documents and 149 management systems, comprehensively covering multiple occupational health and safety areas. For instance, the Hazard Identification and Risk Assessment Procedure standardizes employee health and safety management from an operational process perspective. Additionally, documents such as the Safety Management Regulations for Production Facilities and Equipment ensure that special operations management complies with relevant standard requirements.

The Company has established a dual-prevention mechanism, including hazard identification and rectification, as well as graded control of safety risks. Through regular inspections, including daily patrols, monthly checks, and special inspections, the Company identifies hazards and evaluates the risks associated with identified hazards to formulate corresponding corrective and preventive measures.

New Site Enhances Hazard Control and Inspection to Fortify Safety Defenses

In 2024, the Ganzhou New Energy Site organized hazard identification and evaluation across departments, formulated and supervised the implementation of improvement plans for identified risk points, achieving a 99% completion rate for hazard improvement measures. Moreover, the Site conducted routine, special, and comprehensive hazard inspections, established a leadership-led inspection mechanism, and supervised the responsible persons to rectify and eliminate identified hazards, with a hazard rectification rate exceeding 95%.

The Guangzhou Site established an EHS management system in accordance with ISO 45001 and ISO 14000 standards, combined with local regulations, completing 34 system documents and 53 record forms covering key areas such as occupational health, environmental protection, safety risk, hazard inspection, and fire management. The Site implemented production safety, environmental protection, occupational health, and fire tasks according to the annual plan, regularly inspected hazards, and managed risks.

The Company has developed emergency response plans and on-site emergency disposal plans, established a four-level emergency response mechanism, and regularly organized emergency drills to ensure effective response in emergency situations.

New Site Builds Emergency Response Capability, Incentivizes ERT Team Building

In 2024, the Ganzhou New Energy Site established a professional Emergency Response Team (ERT) and formulated detailed emergency disposal plans in line with actual conditions. The ERT team regularly conducted assessments and training to ensure members' capability for rapid response and efficient handling of emergencies. To motivate ERT members, the Company provided monthly subsidies, further enhancing the team's enthusiasm and stability.

The Company places great emphasis on employee safety education, regularly organizing comprehensive safety training activities annually, including new employee three-level education, ongoing training for current employees, and specialized safety training. In 2024, the Zhenjiang Site organized 314 sessions of new employee company-level safety training, with 5,480 participants; the Ganzhou Site held 107149 training sessions, with 3,682 participants, covering fire safety basics, emergency handling and rescue skills, occupational health, and environmental sustainability. The Ganzhou New Energy Site conducted a total of 134 safety training sessions, with 2,653 participants. The Guangzhou Site conducted a total of 56 training sessions, with 1,360 participants.

Additionally, the Company offers external certification training, such as for special operations and electrician licenses, to ensure employees are certified for their positions. By combining internal and external training, the Company continuously enhances employees' safety awareness and emergency response capabilities, ensuring the safety and health of the workplace.

Occupational Health and Safety Training at Zhenjiang Site

Occupational Health and Safety Training at Ganzhou Site

Annual Progress and Goals

The Company has established clear long-term strategic goals for EHS management: In terms of environment, it adheres to the principle of "implementing scientific management, providing green energy, protecting the earth's environment, and creating a better life together," strictly implementing pollution prevention and emission reduction measures. In terms of occupational health and safety, it follows the policy of "compliance with regulations, health protection, safety assurance, full participation, prevention first, and continuous improvement," regularly assessing and optimizing goals and indicators.

In 2024, the Company achieved significant results in EHS management. The annual EHS work objectives of the Zhenjiang Site and Ganzhou Site were met, including zero major accidents, zero occupational disease incidence, and a 100% hazard rectification rate. The Company was also honored as a "Healthy Enterprise in Ganzhou City," and several employees received honors for outstanding contributions to production safety.

Currently, the Company's two established sites in Ganzhou and Zhenjiang have successfully implemented and obtained ISO 45001 international standard certification, while also completing work safety standardization certification with Level III accreditation. The newly established Ganzhou New Energy and Guangzhou sites have already developed implementation and certification plans for the ISO 45001 system, with the entire implementation and certification process expected to be completed by November 2025

the Company achieved a

100 %

coverage rate for safety training, including all suppliers

100 %

proportion of sites assessed for employee health and safety risks

*The safety training coverage statistics primarily include on-site suppliers.

Social Contribution and Rural Revitalization

Farasis Energy has always adhered to its corporate citizenship responsibilities and actively fulfilled its social responsibilities through multifaceted initiatives such as charitable donations, volunteer services, and rural revitalization, contributing to social harmony and common prosperity.

Spreading Warmth and Building Harmony Together

Through charitable donations and volunteer services, the Company has extended care and support to vulnerable groups, demonstrating its social commitment.

Charitable Donations

In 2024, the company's trade union organized several charity activities, including holiday visits to nursing homes and children's welfare institutions, a care program for left-behind children, and celebrations for International Children's Day on June 1st. The Company also made donations to the Blue Sky Rescue Team. The total value of donations and supplies throughout the year was approximately 1.6011 million yuan, benefiting numerous groups in need.

Volunteer Services

The Company launched the "Volunteer in Heart, Act with Will" volunteer service activities. Volunteer teams from Ganzhou and Zhenjiang visited nursing centers and "Childhood Harbors" respectively, bringing warmth and gifts to the elderly and children. Volunteers engaged in friendly conversations with the elderly residents and interacted with the children, conveying social care. Specifically, in the "Childhood Harbor" program, the Company collaborated with the district people's court to establish a minor guardianship station to assist in the cultivation of legal awareness and healthy growth among young people.

the Company organized a total of **12** volunteer activities

volunteer participant **89**

a total of **45** hours of volunteer service contributed by employee volunteers

Empowering Development through Agricultural Assistance and Education

The Company has supported rural revitalization and promoted common prosperity through multifaceted initiatives in agricultural assistance, cultural tourism, and education.

管理方式	管理行动
Agricultural Empowerment	In 2024, the Company supported local farmers by purchasing agricultural products such as navel oranges, salted chickens, salted ducks, and sausages, with a total assistance amount of approximately 140,000 yuan. This directly contributed to increasing farmers' income and rural economic development.
Cultural Tourism Empowerment	The Company organized cultural and tourism activities such as "Red Journey, Happy Tour at Fantawild" and "Nature Journey, Island Spring Tour," with a total assistance amount of approximately 40,000 yuan. These activities aimed to boost the development of rural cultural tourism.
Educational Empowerment	For three consecutive years, the Company has provided educational support to Sanjiang Township, with a cumulative donation amount of 117,400 yuan. This support has provided educational opportunities for students in need and contributed to the development of rural education.

the Company invested a total of **1.29** million yuan in rural revitalization efforts

ESG Performance Table

Governance and Economic Performance

Business performance

Indicator	Unit	2022	2023	2024
Social contribution per share1	CNY/share	0.34	-0.19	0.97
Operating income	CNY 100 million	115.88	164.36	116.80
Annual tax	CNY 100 million	0.69	0.71	1.55
Total operating cost	CNY 100 million	40	153.11	116.80
Total assets	CNY 100 million	107.18	301.47	266.27
Membership Fees for Industry Associations	CNY	189,000.00	454,000.00	794,860.40

Party Building

Indicator	Unit	2022	2023	2024
Number of general Party branch(es)	No.	1	1	1
Number of Party branches	No.	2	4	4
Number of Party members of the year	Person	99	99	107
Number of new members of the year	Person	40	30	25
Number of Party member activities	Time	20	23	26
Number of people covered by Party member activities	Person times	86	93	107

Litigation and violations

Indicator	Unit	2022	2023	2024
Number of corruption lawsuits initiated and concluded against the company	No.	0	0	0
Number of corruption lawsuits initiated and concluded against the employees	No.	0	0	0
Number of reports generated by anti-corruption reporting procedures	No.	0	1	0
Number of internally recognized corruptions	No.	0	1	1
Cases related to antitrust/anti-competition	No.	0	0	0
Cases related to discrimination or harassment	No.	0	0	0
Cases related to insider trading	No.	0	0	0
Cases related to conflicts of interest	No.	0	0	0

[1]Social contribution per share =earnings per share + (total tax + employee expenses + interest expenditure + public welfare input - social cost) ÷ Total capital stock at the end of the period

Board of Directors

Indicator	Unit	2022	2023	2024
Number of Board of Directors held	Time	20	17	10
Number of shareholders' meetings held	Time	5	3	2
Number of Board of Supervisors held	Time	17	12	5
Number of directors	Person	11	11	11
By independence				
Number of independent directors	Person	4	4	4
Number of non-independent directors	Person	7	7	7
By gender				
Number of male directors	Person	11	11	11
Number of female directors	Person	0	0	0
By professional background				
Number of independent directors with an industry background	Person	1	2	2
Number of independent directors with a professional background in risk management	Person	3	3	3
Number of independent directors with a background in accounting or finance	Person	2	2	2
Average annual tenure for members of Board of Directors	Year	3	3	3
Average attendance of the board meetings	%	100	100	100
Proportion of the minimum number of meetings required to be attended by members of the Board of Directors of the number of meetings held during the year	%	100	100	100
Restrictions on the number of independent/ non-executive directors holding concurrent positions in domestic listed companies	No.	5	3	3

Environmental Performance[1]

Environmental indicators

Indicator	Unit	2022	2023	2024
Taxes and fees related to environmental protection[2]	CNY	86,440.98	92,858.24	27,849
Environmental pollution incidents	No.	0	0	0
Environmental investment[3]	CNY 10,000	374.09	382.73	263.70
Investment in energy-saving renovation projects[4]	CNY 10,000	801.6	451.07	634.59

Greenhouse Gas Emissions[5]

Indicator	Unit	2022	2023	2024
Total emissions of greenhouse gas (Scopes 1 and 2)	tCO2e	424,786.38	371,657.34	289,082.48
Total emissions of Scope 1 greenhouse gas	tCO2e	6,280.48	4,328.28	3,679.09
Total emissions of Scope 2 greenhouse gas (location-based)	tCO2e	418,505.90	367,329.06	285,403.39
Total emissions of Scope 3 greenhouse gas	tCO2e	874,815.60	987,510.47	841,536.69
Greenhouse gas emission intensity	tCO2e/CNY 1 million of operating income	36.66	22.61	24.75
Direct reduction of Scope 1 greenhouse gas emissions	tCO2e	21,962.02	1,952.20	649.19
Direct reduction of Scope 2 greenhouse gas emissions	tCO2e	-190456.23	51,176.84	81,925.67

[1]Except as otherwise stated, the scope of environmental performance data for 2022 and 2023 is the same as that in the ESG Performance Table of the 2023 Environmental, Social and Governance (ESG) Report. The scope of environmental performance data for 2024 covers the company's four major Sites in Ganzhou, Zhenjiang, Ganzhou New Energy, and Guangzhou.
[2]The scope of data statistics for 2022 was the Zhenjiang Site of the company. The scope for 2023 included the Ganzhou and Zhenjiang Sites. The scope for 2024 covered the Ganzhou, Zhenjiang, Ganzhou New Energy, and Guangzhou Sites. During the reporting period, the company conducted a retrospective review and verification of the data from previous years and corrected the data on “environmental protection-related taxes and fees” disclosed in the 2023 Environmental, Social and Governance (ESG) Report for the years 2022 and 2023 (the original figures were CNY 86,400.00 and CNY 92,910.00, respectively).In 2024, the environmental protection-related taxes and fees decreased compared to previous years, primarily because the construction of the Zhenjiang SIte within the city had been completed, eliminating the need to pay the relevant environmental protection taxes.In 2024, environmental investment costs decreased compared to previous years, primarily because several major technical renovation projects at the sites were completed in 2023.
[3]The scope of data statistics for 2024 includes the company's three major Sites: Zhenjiang Site, Ganzhou Site, and Ganzhou New Energy Site.
[4]The scope of data statistics for 2024 includes the company's two major Sites: Zhenjiang Site and Ganzhou Site.
[5]The scope of data statistics for 2022 and 2023 was the company's two major Sites in Ganzhou and Zhenjiang.

Emissions and waste

Indicator	Unit	2022	2023	2024
Waste				
Total general waste[1]	Tonne	10,370.08	7,922.69	9,296.40
General waste intensity	Tonne/CNY 1 million of operating income	0.89	0.48	0.80
Total hazardous waste[2]	Tonne	500.70	715.91	440.21
Waste electrolyte	Tonne	32.98	35.95	31.80
Waste engine oil	Tonne	2.00	9.33	1.89
Refrigerating fluid	Tonne	0.51	0.08	2.16
Discarded package	Tonne	194.67	186.87	120.01
Waste curing agent	Tonne	0.16	5.51	0
Residual slurries	Tonne	255.60	210.93	79.86
Waste alcohol	Tonne	13.30	6.45	2.13
Spent activated carbon	Tonne	0.32	2.23	5.36
Waste filters	Tonne	0.40	0.40	1.77
Wastewater treatment sludge	Tonne	0.00	106.50	72.27
Waste glues	Tonne	0.68	151.58	107.68
Waste organic solvent	Tonne	0.09	0.07	1.84
Waste rags[3]	Tonne	-	-	0.01
Waste liquid from online detection and laboratory testing	Tonne	-	-	0.02
Waste cutting fluid[4]	Tonne	-	-	3.85
Waste filter cores from cathode coating stirring	Tonne	-	-	5.66
Test waste residue	Tonne	-	-	3.68
Laboratory waste	Tonne	-	-	0.24
Hazardous waste intensity	Tonne/CNY 1 million of operating income	0.04	0.04	0.04

[1]The scope of data statistics for 2022 and 2023 was the company's two major Sites in Ganzhou and Zhenjiang.
[2]The scope of data statistics for 2024 includes the company's three major Sites: Zhenjiang Site, Ganzhou Site, and Ganzhou New Energy Site.
[3]During the reporting period, the data statistics for waste rags and waste liquid from online detection and laboratory testing were sourced from the Ganzhou New Energy Site.
[4]During the reporting period, the data statistics for waste cutting fluid, waste filter cores from cathode coating stirring, test waste residue, and laboratory waste were sourced from the Zhenjiang Site.

Emissions and waste

Indicator	Unit	2022	2023	2024
Wastewater				
Total wastewater discharge[1]	Tonne	776,113.00	279,046.00	237,879.00
Wastewater discharge intensity	Tonne/CNY 1 million of operating income	66.98	16.98	20.37
Percentage of wastewater discharge treated by municipal sewage treatment plants	%	100	100	100
Waste gas				
Total waste gas emissions[2]	10,000 m^3	73,709.92	85,717.35	48,311.90
Volatile organic compounds (VOCs) emissions	Kilogram	927.60	1,342.60	6,350.40
Nitrogen oxides (NOx) emissions[3]	Kilogram	0	104.60	24.60
Particulate matters (PM) emissions	Kilogram	0	104.00	26.20
Sulfur oxides (SOx) emissions	Kilogram	0	793.10	186.60
Waste gas emission intensity	10,000 m^3/CNY 1 million of operating income	6.36	5.22	4.14

Energy Management

Indicator	Unit	2022	2023	2024
Total energy consumption	tce	102,882	93,987	82,222.28[4]
Total electricity consumption	kWh	529,057,399	457,102,902.40	409,656,250.40
PV power generation	kWh	21,040,600	37,129,897.40	37,035,604.40
Purchased electricity	kWh	508,016,799	419,973,005	372,620,646
Steam consumption	Tonne	415,420.60	445,204.2	350,596.71
Natural gas consumption	m^3	668,408	69,560	2,685,293
Energy consumption intensity	tce/CNY 1 million of operating income	8.88	5.72	7.04
Proportion of renewable energy	%	27	58	57

[1]The scope of data statistics for 2024 includes the company's three major Sites: Zhenjiang Site, Ganzhou Site, and Ganzhou New Energy Site.The estimation method for total wastewater discharge is selected based on the actual production conditions of each site. For the Zhenjiang Site, the actual wastewater discharge volume is calculated by applying the ratio of actual production capacity to designed capacity to the water balance data in the environmental impact assessment report. The Ganzhou Site estimates industrial wastewater discharge using the industrial wastewater coefficient of 0.007 m^3/kWh from the "384 Battery Manufacturing Industry Coefficient Manual," while domestic wastewater is estimated based on the per capita wastewater discharge in Jiangxi Province from the "Domestic Pollution Source Emission Coefficient Manual." As the Ganzhou New Energy facility has only been in operation for a short time, its wastewater discharge data only includes December 2024.

[2]The scope of data statistics for 2024 includes the company's two major Sites: Zhenjiang Site and Ganzhou Site. The estimation method for total exhaust gas emissions is determined based on the actual production conditions of each site. For the Zhenjiang Site, emissions are calculated according to the emission rates and operational hours specified in the monitoring reports. The Ganzhou Site estimates its emissions using the flexible packaging exhaust gas coefficient of 81.7 m^3/kWh from the 384 Battery Manufacturing Industry Coefficient Manual.

[3]In 2024, no boilers were used at the sites. Emissions of nitrogen oxides (NOx), particulate matter (PM), and sulfur oxides (SOx) were primarily generated from cell nail penetration testing at the Zhenjiang Testing Center. During testing, battery cell combustion produces characteristic combustion pollutants.

[4]According to the General Rules for the Calculation of Comprehensive Energy Consumption (GB/T 2589-2020), the standard coal conversion coefficient for electricity is 0.1229 kgce/kWh, for steam is 0.0946 tce/ton, and for natural gas is 1.2143 kgce/m^3.

Water Resources Management

Indicator	Unit	2022	2023	2024
Water consumption	Tonne	2,388,865.80	2,032,662.75	1,647,060
Water consumption intensity	Tonne/CNY 1 million of operating income	206.15	123.67	141.01
Total consumption of recycled water	Tonne	737,501.80	611,234.60	4,841,138

Packaging materials

Indicator	Unit	2022	2023	2024
Ganzhou Site				
Total packaging used	No.	112,320	99,374	33,808
Recyclable packaging used	No.	53,709	56,408	13,982
Proportion of recyclable packaging used[1]	%	47.82	56.76	41.36
Zhenjiang Site				
Total packaging used	No.	96,434	115,134	137,697
Recyclable packaging used	No.	33,821	14,471	26,895
Proportion of recyclable packaging used[2]	%	25.97	11.17	19.53
Ganzhou New Energy Site				
Total packaging used	No.	-	-	975
Recyclable packaging used	No.	-	-	972
Proportion of recyclable packaging used[3]	%	-	-	99.69

[1]Rate of recyclable packaging consumed at Ganzhou Site = recyclable packaging consumed ÷ (consumption of recyclable packaging + paper box consumed)

[2]Rate of recyclable packaging consumed at Zhenjiang Site = recyclable packaging consumed ÷ (paper box consumed + wooden boxes consumed + consumption of recyclable packaging). During the reporting period, the Company conducted a retrospective review and verification of past data and corrected the data on the "Proportion of recyclable packaging used at Zhenjiang Site" disclosed in the 2023 Environmental, Social and Governance (ESG) Report for 2022 and 2023 (the original figures were 35.07% and 2.30%, respectively) .

[3]Rate of recyclable packaging consumed at Ganzhou New Energy Site = recyclable packaging consumed ÷ consumption of recyclable packaging

Social Performance

Employee Portrait

Indicator	Unit	2022	2023	2024
Total number of employees[1]	Person	7,113	6,554	6,463
By gender				
Male	Person	5,016	4,762	4,742
Female	Person	2,097	1,792	1,721
By region				
Chinese mainland	Person	6,943	6,376	6,313
Hong Kong, Macao and Taiwan	Person	2	1	0
Overseas	Person	168	177	150
By level				
Management[2]	Person	433	641	652
Non-management	Person	6,680	5,913	5,811
By age				
≤30	Person	3,230	2,889	2,621
31-40	Person	3,200	3,003	3,113
41-50	Person	599	590	654
>50	Person	84	72	75
By academic qualifications				
Doctoral and above	Person	41	38	38
Master	Person	315	293	283
Bachelor	Person	1,451	1,539	1,517
Others	Person	5,306	4,684	4,625
By post				
Management[3]	Person	617	312	309
R&D	Person	1,433	1,483	1,406
Production	Person	4,882	4,332	4,424
Sales	Person	181	139	109
Others	Person	-	288	215

[1]The total number of employees includes full-time equivalents within and outside of China.
[2]The "management" in the ESG Performance Table refers to employees who are deputy managers and above (9-level and above).
[3]A manager is an employee in the "managerial queue". During the reporting period, the Company conducted a retrospective review and verification of past data and corrected the data on "management personnel by post" for 2023 disclosed in the 2023 Environmental, Social and Governance (ESG) Report (the original figure was 600).

Diversity and Inclusion

Indicator	Unit	2022	2023	2024
Proportion of females in management positions (Deputy managers and above)	%	13.69	13.26	10.63
Proportion of females in junior management positions (Supervisory level and above)	%	19.21	17.48	16.23
Proportion of Women in Revenue-Generating Roles	%	-	30	31.31
Proportion of females in R&D positions	%	16.84	15.49	16
Proportion of employees from ethnic minorities or disadvantaged groups	%	3.56	3.05	3.41
Number of employees with disabilities	Person	66	50	50

Occupational health and safety

Indicator	Unit	2022	2023	2024
Health and Safety				
Lost-time injury rate[1]	-	0.91	0.88	0.56
Number of work-related accidents	No.	15	13	6
Number of recordable work-related injuries	Person	15	13	6
Number of work-related deaths	Person	0	0	0
Total number of hours lost due to work-related injuries	Hour	7,342.50	1,507.50	1,288
Safety drills	Time	46	42	105
Number of safety training sessions	Time	483	631	653
Number of employees participating in safety training	Person	17,690	11,474	13,175
Coverage of safety training	%	100	100	100
Proportion of premises assessed for employee health and safety risks	%	100	100	100
Proportion of employees represented on formal joint business management and labor health and safety committees[2]	%	100	100	100
Third-party Health and safety				
Lost-time injury rate	-	0	0	0
Total number of lost-time accidents	No.	0	0	0
Number of recordable work-related injuries	Person	0	0	0
Number of work-related deaths	Person	0	0	0

[1]Lost-time accident rate = lost-time injuries ÷ total hours worked x 1,000,000
[2]The proportion of employees represented by a formally established Health and Safety Committee jointly governed by enterprise management and labor unions = Total number of employees at sites with established safety committees / Total company workforce.

Occupational health and safety

Indicator	Unit	2022	2023	2024
Coverage of supplier safety training[1]	Person	1,404	1,762	3,822
Coverage of supplier safety training[2]	%	100	100	100

Employee Recruitment

Indicator	Unit	2022	2023	2024
Annual new recruits	Person	5,413	5,724	2,343
By gender				
Number of new male employees	Person	3,848	4,306	1,824
Number of new female employees	Person	1,565	1,418	519
By age				
Number of new employees aged ≤30	Person	3,552	3,728	1,387
Number of new employees aged 31-40	Person	1,733	1,824	843
Number of new employees aged 41-50	Person	121	142	107
Number of new employees aged>50	Person	7	30	6
By type				
Social recruitment	Person	5,272	5,599	2,236
Campus recruitment	Person	141	125	107
By level				
White collar	Person	181	176	479
General employees	Person	1,445	3,002	1,864
Number of internal referrals[3]	Person	1,626	466	74
Cost of hiring new employees	CNY	1,465,796.72	1,550,013.01	4.009,055.05
Average recruitment cost[4]	CNY	1,174.52	1,052.37	1,563.32

[1]The scope of data statistics for 2021 was the Ganzhou Site. The scope for 2022 and 2023 included the Ganzhou and ZhenjiangSites. The scope for 2024 covers the four major Sites in Ganzhou, Zhenjiang, Ganzhou New Energy, and Guangzhou.
[2]The scope of data statistics for 2021 was the Ganzhou Site. The scope for 2022 and 2023 included the Ganzhou and Zhenjiang Sites. The scope for 2024 includes the Ganzhou, Zhenjiang, Ganzhou New Energy, and Guangzhou Sites.The safety training coverage statistics primarily include on-site suppliers.
[3]A decrease in the number of blue-collar internal referrals at Zhenjiang site leads to a decrease in total data for 2023.
[4]Average recruitment cost = Total annual recruitment expenses ÷ Total number of recruits for the year.

Vocational or skill-related training

Indicator	Unit	2022	2023	2024
Total training hours of all employees[1]	Hour	61,503	73,999	80,257.9
Average training hours[2]	Hour	7.12	11.29	12. 71
By gender				
Average training hours for male employees	Hour	7.37	11.94	13.50
Average training hours for female employees	Hour	6.50	9.57	10.55
By level				
Average training hours for management	Hour	6.88	10.96	22.65
Average training hours for general employees	Hour	7.15	11.33	12.20
Annual employee training coverage	%	89.41	53.27	100
By gender				
Coverage of male employees	%	89.72	54.20	74.2
Coverage of female employees	%	88.67	50.78	65.6
By level				
Coverage of management	%	98.12	68.49	92.6
Coverage of general employees	%	88.33	51.62	70.1
Average amount spent on training and development of full-time employees	CNY	138.15	193.82	346.40

Protection of Employees' Rights and Interests

Indicator	Unit	2022	2023	2024
Employee satisfaction/ engagement survey results[3]	Points	77.40	77.20	78.20
Employee satisfaction/ engagement survey coverage	%	100	100	100
Signing rate of labor contracts	%	100	100	100
Coverage of social insurance	%	100	100	100
Coverage rate of occupational health check-up	%	100	100	100
Number of labor disputes	No.	4	5	10

[1]Average training hours for employees = total training hours + total number of employees; average training hours for employees by type = total training hours for employees in that type + total number of employees in that type.
[2]Annual employee training coverage = number of employees who participated in training and were on duty during the year + total number of employees; Annual employee training coverage by type = number of employees in that type who participated in training and were on duty during the year ÷ total number of employees in that type.
[3]During the reporting period, the company conducted retrospective verification of historical data and revised the 2023 "employee satisfaction/ engagement survey results" originally disclosed in the 2023 Environmental, Social and Governance (ESG) Report (original data: 81.80).

Labor Union Management

Indicator	Unit	2022	2023	2024
Proportion of employees covered by formal collective agreements on working conditions	%	100	100	100
Proportion of employees covered by duly elected employee representatives	%	100	100	100
Proportion of employees covered by Labor Union or collective bargaining agreements	%	100	100	100

Supplier Management

Indicator	Unit	2022	2023	2024
Number of suppliers[1]	No.	244	282	263
By region				
Northeast China	No.	3	4	3
North China	No.	8	10	8
East China	No.	124	143	123
South China	No.	90	103	99
Southwest China	No.	4	5	11
Central China	No.	13	15	16
Northwest China	No.	0	0	1
Hong Kong, Macao, and Taiwan	No.	0	0	0
Overseas[2]	No.	2	2	2
Proportion of targeted suppliers signing Supplier Code of Conduct	%	-	100	100
Proportion of target suppliers assessed for corporate social responsibility	%	100	100	100
Proportion of purchasers trained in sustainable procurement	%	100	100	100
Proportion of audited/assessed suppliers involved in improvement actions or capacity development	%	100	100	100
Number of due diligence audits for mineral supply chain	No.	10	19	18
Total number of key suppliers	No.	213	226	233
Total number of Tier 1 suppliers	No.	217	245	234
Total number of key Tier 1 suppliers	No.	213	226	233
Proportion of key Tier 1 supplier purchases to total procurement expenditure[1]	%	98.40	84.05	94.73

[1] 供应商的范围主要是材料供应商和采购金额大于 1000 万的供应商。
[2]Overseas suppliers are not included in the statistics of Voron Technology's overseas entities, such as FEE, FEU and SIRO.

Supplier Management

Indicator	Unit	2022	2023	2024
number of suppliers that have undergone an ESG risk assessment in the past 3 years	No.	10	26	18
Number of Tier 1 suppliers that have undergone an ESG risk assessment in the past 3 years	No.	4	9	3
Number of key non-Tier 1 suppliers that have undergone an ESG risk assessment in the past 3 years	No.	6	17	15
Number of suppliers classified as high ESG risk	No.	0	0	0

科研与专业能力

Indicator	Unit	2022	2023	2024
Cumulative granted patents	No.	213	304	429
Cumulative patent applications	No.	330	503	721
Annual granted patents	No.	56	91	136
Annual patents applications	No.	81	152	236
R&D investment	CNY 100 million	5.98	7.49	5.82
Increase in R&D expenses	%	10.51	25.25	-22.34
R&D expenses of total operating revenue	%	5.51	4.56	4.98
Number of core technician	Person	11	11	11
Average number of years for launching all new products[2]	Year	0.83	1.33	0.84
Process innovation to reduce costs[3]	CNY	5,972,760	127,718,000	83,321,000

[1]Proportion of purchases from key Tier 1 suppliers in total procurement expenditure = annual purchases from key Tier 1 suppliers for material procurement ÷ total annual purchases within the scope of supplier data statistics.
[2]The Company counts the projects N that are closed each year, and calculates the time T1,T2...SOP for each project, and the average value is (T1+T2+...). ...TN, the average value is (T1+T2+... +TN)/N.
[3]The scope of data statistics for cost reduction through process innovation covers the costs reduced by innovations in module and cell processes.

Customer Site Size and Service[1]

Indicator	Unit	2022	2023	2024
Total customer complaints[2]	No.	747	987	686
Number of complaints closed	No.	736	946	620
Closure rate of customer complaints[3]	%	98.53	95.85	90.38

Information Security

Indicator	Unit	2022	2023	2024
Information security incidents occurred	No.	24	4	0
Number of customer information leakage incidents	No.	0	0	0
Loss caused by violation of relevant laws and regulations	CNY 10,000	0	0	0
Obtained information security certifications	/	TISAX AL2	TISAX AL2 TISAX AL3 Industrial Security Protection Level Three	TISAX AL2 TISAX AL3 Level Three of Information Security Protection Industrial Security Protection Level Four

Rural Revitalization

Indicator	Unit	2022	2023	2024
Funds	CNY 10,000	128	109	129
Non-monetary (goods or materials)	CNY 10,000	41.9	35.33	41.05
No. of employee assisted through Employment Assistant program	Person	14	12	12

Community Welfare

Indicator	Unit	2022	2023	2024
External donation	CNY 10,000	16.22	2	3
Non-monetary (goods or materials)	CNY 10,000	12	13.15	31.11
Number of employee volunteers	Person	-	15	25
Volunteer activities	Session	8	9	12
Number of volunteers participating in the activities	Person-time	59	72	89
Employee volunteer service hours	Hour	25	28	45

[1]The scope of data statistics includes the two major Sites in Ganzhou and Zhenjiang.
[2]The statistics of total customer complaints come from the number of projects initiated by customer complaints.
[3]Customer complaints closure rate = number of closures for the vear + total number of complaints. Unclosed complaints from the U.S. and European customers concern the cycle of returning defective products to the selling country, which affects the progress of problem analysis.

Appendix

Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial) Index

Terms and Disclosure Contents			Issues	Location
Chapter 1 General Provisions				
Chapter 2 Framework for Sustainable Development Information Disclosure				
	Article 11	The Four Pillars of Sustainable Development Information Disclosure		
	Article 12 (1)	Sustainable Development Governance Structure		
	Article 12 (2)	Diversity and Skills of Sustainable Development Governance		
	Article 12 (3)	Information Reporting Mechanism		
	Article 12 (4)	Supervision and Management Mechanism for Sustainable Development		
	Article 12 (5)	Integration of Sustainable Development into Corporate Governance and Decision-Making		
	Article 13	Formulation and Implementation of Sustainable Development Strategy		
	Article 14 (1)	Identification of Sustainable Development Risks and Opportunities		
	Article 14 (2)	Definition and Matching of Timeframes		
	Article 15 (1)	Methods for Strategic Formulation		
	Article 15 (2)	Strategic Objectives and Implementation		ESG Management
	Article 15 (3)	Evaluation, Judgment, and Management of Identified Risks and Opportunities		
	Article 16 (1)	Trends in Financial Conditions		
	Article 16 (2)	Short, Medium, and Long-Term Trends in Business Results and Cash Flows		
	Article 17	Adaptability of Strategy and Business Model to Sustainable Development-Related Risks		
	Article 18 (1)	Methods for Identifying Risks and Opportunities for Sustainable Development		
	Article 18 (2)	Prioritization and Prioritization Criteria of Identified Risks and Opportunities		
	Article 18 (3)	Supervision Process and Mechanism for Identifying Risks and Opportunities		
	Article 18 (4)	Integration of Sustainable Development Risk and Opportunity Management into Internal Management (if any)		
	Article 19	Setting and Implementation Progress of Sustainable Development Goals		
Chapter 3 Environmental Information Disclosure				
Section 1 Tackle Climate Change	Article 20	Actively implement green and low-carbon development by improving processes, upgrading production equipment, optimizing energy structures, improving production efficiency, researching and developing green products and services, and improving and strengthening management, to support the construction of a beautiful China.		Environment: Response to Climate Change; Circular Economy and Green Products

Terms and Disclosure Contents			Issues	Location
Section 1 Tackle Climate Change	Article 21	Information Disclosure on Addressing Climate Change	Tackling Climate Change	Environment: Response to Climate Change
	Article 22 (1)	Assessment of the Impact of Climate Change on the Company's Strategy and Business Model		
	Article 22 (2)	Uncertainty Factors in Climate Change Adaptation Assessment		
	Article 22 (3)	Ability to Adjust to Climate Change Adaptation		
	Article 23 (1)	Climate-Adaptive Adjustments to Strategy, Business Model, and Resource Allocation		
	Article 23 (2)	Process Improvement and Equipment Update Measures to Address Climate Risks		
	Article 23 (3)	Transformation Plan and Assumptions for Climate-Related Risks and Opportunities		
	Article 23 (4)	Resource Support for Transformation Plans		
	Article 23 (5)	Implementation Progress of Transformation Plans		
	Article 24	Requirements for accounting and disclosure of greenhouse gas emissions		
		Carbon credit line and carbon emission trading		
		Third-party verification or authentication		
	Article 25 (1)	Greenhouse Gas Emissions by Business Unit or Facility		ESG Performance Table
	Article 25 (2)	Greenhouse Gas Emissions by Country or Region		
	Article 25 (3)	Greenhouse Gas Emissions by Source Type		
	Article 26	Greenhouse Gas Emission Accounting Standards and Methods		
	Article 27	Greenhouse Gas Emission Reduction Practices and Achievements		Environment: Response to Climate Change
		Greenhouse gas emissions directly reduced by emission reduction measures		
		Participation and transaction of greenhouse gas emission reduction projects (if any)		
	Article 28	Progress in Research and Development of Carbon Emission Reduction Technologies and Products		Environment: Response to Climate Change
Section 2 Pollution Prevention and Ecosystem Protection	Article 29	Integrate the construction of a beautiful China and ecological environment protection into the company's development strategy and corporate governance process. Based on the actual situation of the company's production and operation characteristics, ecological environment management requirements, the impact on the environment, and the consistent demands of the affected public, implement relevant environmental management systems, take effective measures to fulfill ecological environment protection responsibilities, prevent and control environmental pollution, and protect biodiversity.		Environment: Environmental Compliance Management; Efficient Resource Utilization; Ecosystem and Biodiversity Protection
	Article 30 (1)	Pollution Discharge Information	Pollutant Emissions	Environment: Efficient Resource Utilization
	Article 30 (2)	Operation of Pollution Treatment Technology and Facilities		
	Article 30 (3)	Pollution Reduction Goals and Measures		
	Article 30 (4)	Impact of Pollution Emissions on Stakeholders		
	Article 30 (5)	Major Pollution Emission Incidents		
	Article 31 (1)	Total Amount and Density of Waste	Waste Management	Environment: Efficient Resource Utilization
	Article 31 (2)	Waste Treatment Methods and Disposal		
	Article 31 (3)	Waste Reduction Goals and Specific Measures		

Terms and Disclosure Contents			Issues	Location
Section 2 Pollution Prevention and Ecosystem Protection	Article 32 (1)	Withdrawal and Disposal Activities within the Ecological Conservation Red Line	Ecosystem and Biodiversity Conservation	Environment: Ecosystem and Biodiversity Protection
	Article 32 (2)	Protection and Restoration Measures for Ecological Function Areas		
	Article 32 (3)	Measures for the Protection of Wild Animals and Plants and Their Natural Habitats		
	Article 32 (4)	Measures for the Protection and Management of Biodiversity Resources		
	Article 32 (5)	Actions and Effects of Reducing the Impact of Products on Ecosystems		
	Article 33 (1)	Environmental Risk Assessment and Emergency Management Measures	Environmental Compliance Management	Environment: Environmental Compliance Management
	Article 33 (2)	Details and Impact of Major Environmental Incidents During the Reporting Period		
	Article 33 (3)	Administrative Penalties and Criminal Liability for Environmental Incidents		
Section 3 Resource Utilization and Circular Economy	Article 34	Intensive and efficient utilization of energy, water, raw materials, and other resources, strengthening resource saving management during the resource use process, and promoting the reduction, reuse, and recycling of production and circulation processes.		Environment: Efficient Resource Utilization; Circular Economy and Green Products
	Article 35 (1)	Basic Information on Energy Use	Energy Utilization	Environment: Response to Climate Change
	Article 35 (2)	Use of Clean Energy		
	Article 35 (3)	Energy Saving Goals and Specific Measures		
	Article 36 (1)	Water Resource Use	Water Resource Utilization	Environment: Efficient Resource Utilization
	Article 36 (2)	Water Resource Saving Goals and Specific Measures		
	Article 37 (1)	Goals and Plans for Circular Economy	Circular Economy	Environment: Circular Economy and Green Products
	Article 37 (2)	Specific Measures for Circular Economy		
	Article 37 (3)	Progress and Achievements of Circular Economy		
Chapter 4 Social Information Disclosure				
Section 1 Rural Revitalization and Social Contributions	Article 38	Combine the company's main business with the implementation of rural revitalization and social public welfare, while ensuring the healthy development of the company and sustainable returns to investors, promote the sustainable development of the economy and society.		Society: Social Contribution and Rural Revitalization
	Article 39 (1)	Integration of Rural Revitalization and Poverty Alleviation Strategies into the Company's Strategy	Rural Revitalization	Society: Social Contribution and Rural Revitalization
	Article 39 (2)	Rural Revitalization Support Measures		
	Article 39 (3)	Achievements of Rural Revitalization Work		
	Article 40	Public and Social Contributions	Social Contribution	Society: Social Contribution and Rural Revitalization
Section 2 Innovation-Driven and Scientific Ethics	Article 41	Actively implement the innovation-driven development strategy, continuously enhance innovation capabilities and competitiveness, comply with scientific ethics norms in innovation decision-making and practice, respect the spirit of science, and give full play to the positive effects of science and technology.		Society: R&D and Innovation Development

Terms and Disclosure Contents			Issues	Location
Section 2 Innovation-Driven and Scientific Ethics	Article 42 (1)	Strategy and Goals for Technology Innovation	Innovation-Driven	Society: R&D and Innovation Development
	Article 42 (2)	Specific Situations of Technology Innovation		
	Article 42 (3)	Research and Development Progress and Achievements of Technology Innovation		
	Article 43 (1)	Scientific Ethics Norms	Technology Ethics	Society: R&D and Innovation Development
	Article 43 (2)	System, Governance Structure, and Operation of Scientific Ethics		
	Article 43 (3)	Behaviors Violating Scientific Ethics (if any)		
	Article 43 (4)	Internal and External Training and Science Popularization of Scientific Ethics		
Section 3 Suppliers and Customers	Article 44	While pursuing economic benefits and protecting the interests of shareholders, protect the interests of creditors, treat suppliers, customers, and consumers with integrity.		Society: Building a Sustainable Supply Chain; Product and Service Assurance
	Article 45 (1)	Supply Chain Risk Management	Supply Chain Security	Society: Building a Sustainable Supply Chain
	Article 45 (2)	Measures to Ensure Supply Chain Security		
	Article 46	Amount of overdue payment and its solution	Fair Treatment of SMEs	Society: Building a Sustainable Supply Chain
		Disclosure requirements and solutions of overdue payment for small and medium-sized enterprises		
	Article 47 (1)	Construction and Implementation of Product and Service Quality Management System	Product and Service Safety and Quality	Society: Product and Service Assurance
	Article 47 (2)	Quality Management and Product and Service Quality Certification		
	Article 47 (3)	Handling and Impact of Product and Service Quality Incidents During the Reporting Period		
	Article 47 (4)	Implementation of After-Sales Service and Product Recall System, and Customer Complaint Handling		
	Article 48 (1)	Data Security Management and Certification (if any)	Data Security and Privacy Protection	Society: Information Security and Privacy Protection
	Article 48 (2)	Handling of Data Security Incidents (if any)		
	Article 48 (3)	Customer Privacy Protection System		
	Article 48 (4)	Handling of Customer Privacy Leakage Incidents (if any)		
Section 4 Employees	Article 49	Legally protect the legitimate rights and interests of employees, provide employees with healthy and safe working conditions, pay employee salaries and social security on time, strengthen employee training, and establish a reasonable and effective employee grievance system.		Society: Employee Rights and Developmen
	Article 50 (1)	Policies and Implementation in Employee Employment, Treatment, and Other Aspects	Employees	Society: Employee Rights and Developmen
	Article 50 (2)	Basic Situation of Occupational Health and Safety		
	Article 50 (3)	Basic Situation of Employee Career Development and Training		
Chapter 5 Information Disclosure Related to Sustainable Development Governance				
Section 1 Sustainable Development Governance Mechanisms	Article 51	Actively integrate the concept of sustainable development into the company's governance systems and processes in combination with the company's actual situation and the requirements of this Guideline, further improve and perfect the company's governance mechanisms, and promote the company's sustainable development.		ESG Management
Section 1 Sustainable Development Governance Mechanisms	Article 52	Due Diligence on Identification and Response to Sustainable Development Risks	Due Diligence	Society: Building a Sustainable Supply Chain
	Article 53 (1)	Construction and Implementation of Stakeholder Communication System	Stakeholder Communication and Engagement	ESG Management: Stakeholder Communication
	Article 53 (2)	Channels and Implementation of Feedback from Stakeholders		
Section 2 Business Conduct	Article 54	In business activities, it shall follow the principles of voluntariness, fairness, equality, and mutual benefit, observe social ethics and business ethics, shall not seek illegal interests through bribery and other illegal activities, shall not infringe upon others' trademarks, patents, and copyrights and other intellectual property rights, and shall not engage in unfair competition.		Corporate Governance: Upholding Business Ethics
	Article 55 (1)	Anti-Bribery and Anti-Corruption Management System	Anti-Bribery and Anti-Corruption	Corporate Governance: Upholding Business Ethics
	Article 55 (2)	Anti-Bribery and Anti-Corruption Risk Assessment		
	Article 55 (3)	Number of Employees Trained in Anti-Bribery and Anti-Corruption		
	Article 55 (4)	Handling of Bribery and Corruption Incidents (if any)		
	Article 56 (1)	Anti-Unfair Competition System and Construction	Anti-Unfair Competition	Corporate Governance: Upholding Business Ethics
	Article 56 (2)	Litigation (if caused by unfair competition)		
Chapter 6 Supplementary Provisions and Interpretations				
	Article 57	Index table		Appendix
	Article 58	Report Attestation or Audit		Third Party Assurance Report

GRI Index

Statement of use	Faresis Energy has reported the information cited in this GRI content index for the period January 1, 2024 through December 31, 2024 with reference to the GRI Standards.
GRI used	GRI 1: Foundation 2021

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
GRI 2: General Disclosures 2021	2-1	Organizational details	About Farasis Energy			
	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	ESG Performance Table			
	2-5	External assurance	Third Party Assurance Report			
	2-6	Activities, value chain and other business relationships	About Farasis Energy			
	2-7	Employees	Employee Rights and Development			
	2-8	Workers who are not employees	Employee Rights and Development			
	2-9	Governance structure and composition	Scientific and Standardized Governance			
	2-10	Nomination and selection of the highest governance body	Scientific and Standardized Governance			
	2-11	Chair of the highest governance body	Scientific and Standardized Governance			
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainable Governance Structure			
	2-13	Delegation of responsibility for managing impacts	Sustainable Governance Structure			
	2-14	Role of the highest governance body in sustainability reporting	Sustainable Governance Structure			
	2-15	Conflicts of interest	Scientific and Standardized Governance			
	2-16	Communication of critical concerns	Scientific and Standardized Governance			
	2-17	Collective knowledge of the highest governance body	Sustainable Governance Structure			
	2-18	Evaluation of the performance of the highest governance body	Omitted	2-18-a 2-18-b 2-18-c	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
	2-19	Remuneration policies	Omitted	2-19-a 2-19-b	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
	2-20	Process to determine remuneration	Omitted	2-20-a 2-20-b	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
	2-21	Annual total compensation ratio	Omitted	2-21-a 2-21-b 2-21-c	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
	2-22	Statement on sustainable development strategy	Sustainable Development Framework			
	2-23	Policy commitments	Upholding Business Ethics; Building a Sustainable Supply Chain			
	2-24	Embedding policy commitments	Upholding Business Ethics; Building a Sustainable Supply Chain			
	2-25	Processes to remediate negative impacts	Upholding Business Ethics			
	2-26	Mechanisms for seeking advice and raising concerns	Upholding Business Ethics			
	2-27	Compliance with laws and regulations	Upholding Business Ethics			
	2-28	Membership associations	Awards and Honors			
	2-29	Approach to stakeholder engagement	Stakeholder Communication			
	2-30	Collective bargaining agreements	Omitted	2-30-a 2-30-b	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Analysis			
	3-2	List of material topics	Materiality Analysis			
	3-3	Management of material topics	Sustainable Risk Management			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	*Faresis Energy 2024 Annual Report*			
	201-2	Financial implications and other risks and opportunities due to climate change	Response to Climate Change			
	201-3	Defined benefit plan obligations and other retirement plans	Employee Rights and Development			
	201-4	Financial assistance received from government	Omitted	201-4-a 201-4-b 201-4-c	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Omitted	202-1-a 202-1-b 202-1-c 202-1-d	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
	202-2	Proportion of senior management hired from the local community	Omitted	202-2-a 202-2-b 202-2-c 202-2-d	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Social Contribution and Rural Revitalization			
	203-2	Significant indirect economic impacts	Sustainable Risk Management			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Omitted	204-1-a 204-1-b 204-1-c	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Upholding Business Ethics			
	205-2	Communication and training about anti-corruption policies and procedures	Upholding Business Ethics			
	205-3	Confirmed incidents of corruption and actions taken	Upholding Business Ethics			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Upholding Business Ethics			
GRI 207: Tax 2019	207-1	Approach to tax	Scientific and Standardized Governance			
	207-2	Tax governance, control, and risk management	Scientific and Standardized Governance			
	207-3	Stakeholder engagement and management of concerns related to tax	Sustainable Risk Management			
	207-4	Country-by-country reporting	Omitted	207-4-a 207-4-b	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Circular Economy and Green Products			
	301-2	Recycled input materials used	Circular Economy and Green Products			
	301-3	Reclaimed products and their packaging materials	Circular Economy and Green Products			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	ESG Performance Table			
	302-2	Energy consumption outside of the organization	ESG Performance Table			
	302-3	Energy intensity	ESG Performance Table			
	302-4	Reduction of energy consumption	ESG Performance Table			
	302-5	Reductions in energy requirements of products and services	Omitted	302-5-a 302-5-b	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Efficient Resource Utilization			
	303-2	Management of water discharge-related impacts	Efficient Resource Utilization			
	303-3	Water withdrawal	Omitted	303-3-a 303-3-b 303-3-c 303-3-d	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full
	303-4	Water discharge	Omitted	303-4-a 303-4-b 303-4-c 303-4-d	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full
	303-5	Water consumption	ESG Performance Table			
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	Omitted	304-1	Not Applicable	During the reporting period, the Company did not have any operating sites located in or near biodiversity-rich areas
	304-2	Significant impacts of activities, products and services on biodiversity	Omitted	304-2-a 304-2-b	Not Applicable	During the reporting period, the Company did not have any operating sites located in or near biodiversity-rich areas
	304-3	Habitats protected or restored	Omitted	304-3-a 304-3-b 304-3-c 304-3-d	Not Applicable	During the reporting period, the Company did not have any operating sites located in or near biodiversity-rich areas
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Omitted	304-4	Not Applicable	During the reporting period, the Company did not have any operating sites located in or near biodiversity-rich areas
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	ESG Performance Table			
	305-2	305-2 Energy indirect (Scope 2) GHG emissions	ESG Performance Table			
	305-3	305-3 Other indirect (Scope 3) GHG emissions	ESG Performance Table			
	305-4	GHG emissions intensity	ESG Performance Table			
	305-5	Reduction of GHG emissions	ESG Performance Table			
	305-6	Emissions of ozone-depleting substances (ODS)	Omitted	305-6-a 305-6-b 305-6-c 305-6-d	Not Applicable	During the reporting period, we did not have significant emissions of relevant refrigerants or other ozone-depleting substances (ODS), and therefore did not quantify them
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	ESG Performance Table			

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Efficient Resource Utilization			
	306-2	Management of significant waste-related impacts	Efficient Resource Utilization			
	306-3	Waste generated	Efficient Resource Utilization			
	306-4	Waste diverted from disposal	Efficient Resource Utilization			
	306-5	Waste directed to disposal	Omitted	306-5-a 306-5-b 306-5-c 306-5-d 306-5-e	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full
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	ESG Performance Table			
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights and Development			
	401-3	Parental leave	Employee Rights and Development			
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Omitted	402-1-a 402-1-b	Not Applicable	No operational changes occurred during the reporting period
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Employee Rights and Development			
	403-2	Hazard identification, risk assessment, and incident investigation	Employee Rights and Development			
	403-3	Occupational health services	Employee Rights and Development			
	403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Rights and Development			
	403-5	Worker training on occupational health and safety	Employee Rights and Development			
	403-6	Promotion of worker health	Employee Rights and Development			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Rights and Development			
	403-8	Workers covered by an occupational health and safety management system	Employee Rights and Development			
	403-9	Work-related injuries	ESG Performance Table			
	403-10	Work-related ill health	Employee Rights and Development			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Employee Rights and Development			
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Rights and Development			
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Rights and Development			

GRI Standards/ Other Resources	Serial Number	Disclosure Item	Location	Omission Requirements	Reasons for Omission	Explanation
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Employee Rights and Development			
	405-2	Ratio of basic salary and remuneration of women to men	Omitted	405-2-a 405-2-b	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Employee Rights and Development			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Omitted	407-1-a 407-1-b	Confidentiality Restrictions	Due to confidentiality requirements, the information is temporarily not disclosed
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Building a Sustainable Supply Chain			
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Building a Sustainable Supply Chain			
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	Omitted	410-1-a 410-1-b	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	Omitted	411-1-a 411-1-b	Incomplete/ Lacking Information	The information has not been compiled yet and cannot be disclosed in full
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Social Contribution and Rural Revitalization			
	413-2	Operations with significant actual and potential negative impacts on local communities	Social Contribution and Rural Revitalization			
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			
	415-1	Political contributions	Omitted	415-1-a 415-1-b	Not Applicable	During the reporting period, the company did not engage in any political donations
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Product and Service Assurance			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product and Service Assurance			
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Product and Service Assurance			
	417-2	Incidents of non-compliance concerning product and service information and labeling	Product and Service Assurance			
	417-3	Incidents of non-compliance concerning marketing communications	Product and Service Assurance			
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Privacy Protection			

Third Party Assurance Report

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Independent Assurance Statement

Introduction

TÜV Rheinland (Shanghai) Co., Ltd., a member of TÜV Rheinland Group (hereinafter "TÜV Rheinland" or "We"), was entrusted by Farasis Energy (Ganzhou) Co., Ltd. (hereinafter "Farasis" or "the Company") to conduct an independent third-party assurance of 2024 Environmental, Social and Corporate Governance Report of Farasis (hereinafter, "ESG Report"). The report disclosed sustainability information for the fiscal year 2024 (January 1, 2024 to December 31, 2024) of Farasis.

Responsibilities

Farasis is not only responsible for the preparation of ESG report and the collection and submission of sustainability information in accordance with applicable reporting standards, but also has the obligation to implement and maintain effective internal control of information and data to support the report compilation process.TÜV Rheinland is a global service provider that provides CSR and sustainability services in more than 65 countries, with experienced and technical expertise in the areas of environment, CSR, sustainability and stakeholder engagement. TÜV Rheinland Assurance team follows the TÜV Rheinland Global Business Ethics Compliance Policy and Procedures, covering the principles of integrity compliance and conflict of interest. Therefore, our assurance services are based on the principles of independence and impartiality, and we do not participate in the writing and preparation of the report of Farasis. It is the duty of TÜV Rheinland to carry out independent assurance in accordance with the assurance agreement and the agreed scope of assurance work, and to make independent and impartial judgments on ESG reporting.

Assurance Standard

TÜV Rheinland undertook assurance work for the sustainability information disclosed in ESG report of Farasis inaccordance with the AccountAbility AA1000 Assurance Standard v3 (AA1000AS v3), Type 1 and Moderate level.

Assurance Objectives

The purpose of the assurance was to provide management of Farasis and stakeholders concerned with the company's sustainability information and performance to provide an independent view of the assurance, including assessment of whether the content of the report adhered to the AA1000AP (2018) Assurance Principles (including inclusivity, materiality, responsiveness and impact), and verification of sustainability information disclosure.

Assurance Criteria

The following assessment criteria were used in undertaking the work:
• Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 14 – Sustainability Report (Trial)
• Shanghai Stock Exchange, Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 4 - Preparation of Sustainability Reports
• Sustainability Reporting Standards (GRI Standards) of Global Sustainability Standards Board (GSSB)
• The United Nations Sustainable Development Goals (UN SDGs)
• Adherence to the AA1000 AP AccountAbility Principles, i.e., *Inclusivity, Materiality, Responsiveness, and Impact*

Methodology

Our assurance activities and procedures include:
• Inquiring management and those personnel responsible for collecting and aggregating sustainability performance information to understand the management processes, systems, and controls for sustainability performance information.
• Reviewing and assessing the availability, adequacy, and relevance of performance information based on sampling principles.
• Applying analysis program to assess the accuracy of the information available for performance data.
• Collecting and examining the supporting evidence of available performance information to assess the extent to which the relevant evidence and information related to the scope of the assurance in the sustainability report supports and adheres to the AA1000AP AccountAbility Principles.
• Reporting assurance observations or recommendations to give the company's management an opportunity to correct errors before the assurance process is completed.

Limitations

Based on the above assurance procedures and methodology performed and the evidence obtained, we conclude that there are no instances or information that would be contrary to the following statements:
• 2024 ESG Report of Farasis and its contents are in adherence to the AA1000AP AccountAbility Principlesand align with the information disclosure requirements of GRI Standards.
• Farasis has implemented processes to collect and aggregate performance information and data related to materiality issues within the reporting boundary, and the company's management practices have also shown that the company conducted materiality analysis and evaluation of issues.
• The sustainability-related information and performance disclosed in the report have been assessed and supported by documentary evidence.
TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision on Farasis based on this Assurance Statement.

Adherence to the AA1000AP AccountAbility Principles

Inclusivity The key stakeholders identified by Farasis included shareholders and investors, government and regulators, management and employees, customers, partners (suppliers, contractors), and community partners (media, industry organizations, social organizations). Evidence showed that in 2024, the company conducted a questionnaire survey of internal and external stakeholders, covering topics such as pollutant emissions, water resource utilization, response to climate change, and supply chain security. The results of the survey and analysis could provide a reference for the evaluation of materiality issues.
Materiality Evidence indicated that in 2024, Farasis has carried out a materiality issue assessment process. Based on the analysis of regulatory policies, industry best practices, annual development plans, corporate strategies, etc., combined with stakeholder questionnaire survey and analysis, new guidelines of the exchange, and expert evaluation opinions, the company identified sustainability issues, and evaluated and prioritized the importance of these issues from two dimensions: importance to stakeholders and importance to the company. The materiality issues matrix chart showed the key issues for the year (e.g., innovation-driven, product and service safety and quality, employee compensation and benefits, data security and customer privacy protection, environmental compliance management, employee health and safety, energy use, etc.). The company's senior management reviewed and approved the results of the assessment of the materiality issues. We recommend that Farasis conduct a financial materiality assessment of identified ESG issues.
Responsiveness The communication channels between Farasis and its major stakeholders were diversified, including but not limited to investor service hotlines, government meetings, employee training, employee grievances and suggestion boxes, customer visits and customer service, supplier audit and training, whistleblowing mechanism, social welfare, etc. Evidence indicated that in 2024, the company has systematically built a framework strategy based on the concept of "EMPOWER Empowerment" and a sustainable development action matrix in ten key areas.The report disclosed data on key performance indicators (such as greenhouse gas emissions (including Scope 1, 2, and 3 emissions), emissions and waste, energy consumption, water resources, employee employment and diversity, occupational health and safety, suppliers, etc.) to respond to significant concerns of its stakeholders, and these performance figures were historically comparable.
Impact Evidence indicated that in 2024, Farasis established an ESG strategy and management committee. The companyconducted compliance evaluation and risk management focusing on environment and safety, labour and employment, information security, intellectual property protection, energy management and product compliance, and combinedoperation management and internal control systems to control the risks in its own operations and the upstream and downstream of the value chain and implemented a closed loop of rectification. Evidence showed that in 2024, the company issued global product compliance guidelines to drive restricted substances and conformity assessments. The company conducted due diligence on the conflict mineral in supply chain.
The report disclosed the analysis of the impacts, risks and opportunities of material issues, including climate risks (physical and transitional), the scope and nature of impacts, and response to the United Nations Sustainable Development Goals (SDGs). Evidence indicated that in 2024, Farasis has taken relevant measures to reduce the impact on the company's operations and the upstream and downstream of the value chain.

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Daniel Pan
Technical Manager of Corporate Sustainability Services
TÜV Rheinland (Shanghai) Co., Ltd
Shanghai, China, April 15, 2025

Farasis Energy (Gan Zhou) Co., Ltd.

Address: west of Caidie Road, north of Jinling West Road, Ganzhou Economic and Technological Development Zone, Jiangxi Province
Postal code: 341000
Company switchboard: 0797-7329999
Investor Tel: 0797-7329849
Email: farasisIR@farasisenergy.com.cn.
sustainability@farasisenergy.com.cn