2024

Xiamen Hithium Energy Storage Technology Co., Ltd.

Environmental, Social and Governance Report



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About This Report

Report Overview

This report marks the Environmental, Social, and Governance (ESG) report published by Xiamen Hithium Energy Storage Technology Co., Ltd. (hereinafter referred to as "Hithium," "the Company," or "we"). It provides a systematic overview of Hithium's philosophy, initiatives, and achievements in advancing sustainable development. By issuing this ESG report, we seek to respond to stakeholders' concerns, strengthen communication and engagement, and work collaboratively to foster sustainable environmental, social, and economic progress.

Scope of the Report

This report is an annual disclosure covering the period from 1 January 2024 to 31 December 2024 (hereinafter referred to as the "Reporting Period" or the "Year"). To enhance comparability and completeness, certain information may extend beyond the stated period.

This report encompasses Xiamen Hithium Energy Storage Technology Co., Ltd., and its subsidiaries, consistent with the scope of Hithium's consolidated financial statements. The data coverage of this report is further detailed in the "ESG Performance Data Table."

Basis of Preparation

This report has been prepared in accordance with *Appendix C2 of the Environmental, Social, and Governance Reporting Code (the "Reporting Code") under the Rules Governing the Listing of Securities* (hereinafter referred to as the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Hithium has fully complied with all mandatory disclosure requirements, as well as the "comply or explain" provisions set forth in the *Reporting Code* of the Stock Exchange of Hong Kong Limited, including adherence to the reporting principles.

This report has also been prepared in accordance with the *Sustainability Reporting Standards* (2021 Version) of the Global Reporting Initiative (GRI) and includes references to related documents, such as the *International Financial Reporting Sustainability Standards Disclosure Standard No. 2 — Climate-related Disclosures.*

Data Explanation

The information and data presented in this report are derived from internal documents, statistical data, public disclosures, as well as reports and data from third-party authoritative organisations related to Xiamen Hithium Energy Storage Technology Co., Ltd. The currency and amounts referenced in this report are denominated in RMB.

Reliability Statement

The Board of Directors of Xiamen Hithium Energy Storage Technology Co., Ltd. and all of its directors hereby confirm that the contents of this report do not contain any false statements, misleading representations, or material omissions, and they bear full responsibility for the truthfulness, accuracy, and completeness of its information.

External Verification

To ensure the authenticity and reliability of the information disclosed in this report, Hithium has engaged an accredited third-party organisation to conduct independent, objective, and impartial verification in accordance with the AA1000 Assurance Standard. The verification statement is available in the appendix of this report.

Report language

The report is available in both Chinese and English versions. In the event of any discrepancies, the Simplified Chinese version shall prevail.

Report Access

This report is available in electronic format on the Company's official website at: https://www.hithium.com/sustainability

Contact Information

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Chairman's Statement



Chairman of Hithium

Jeff Wu

In 2024, Hithium marks the important milestone of its fifth anniversary. Against the backdrop of accelerated global energy transition and the frequent introduction of sustainable development policies, we have remained committed to our corporate mission of "Let green energy benefit all and help strivers realise their dreams." Guided by the strategy of "Integration, Internationalisation, and Branding," we have focused on providing all-scenario energy storage solutions centered on storage batteries and systems. We actively promote the widespread application of renewable energy, contribute to emissions reduction and environmental improvement, accelerate the optimisation of global energy structure, and achieve energy equality. We have deeply integrated ESG principles into our strategy and operations—from green technology R&D to supply chain management, from low-carbon operations to fulfilling social responsibility—adhering to a sustainable development path that prioritises environmental protection, social contribution, and transparent governance. Every achievement along the way embodies the wisdom and efforts of all Hithium employees, and carries the trust and expectations of our partners, customers, and all sectors of society.

Driving Lasting Brand Value through Innovation

In recent years, clean energy has become an inevitable trend in global development. Renewable energy sources such as solar and wind power are injecting boundless potential into a greener future. As a provider of innovative green energy storage solutions, we are driven not only by our vision for a sustainable future but also by our unwavering responsibility to extend the reach of clean energy.

In 2024, we led industry transformation with groundbreaking achievements—the launch of the world's first sodium-ion ESS battery, ∞Cell N162Ah, marked a key step in the industrialisation of sodium-ion energy storage. Meanwhile, the release of the ∞Power 6.25MWh space-customised large-capacity energy storage system redefined the new benchmark for all-scenario energy storage solutions. We ranked third globally in terms of ESS battery shipments and these results not only reflect our transition from rapid scale-up ("Hithium speed") to excellence in quality ("Hithium quality,") but also bring us closer to our goal of becoming the "world's leading energy storage brand."

Driving the Low-Carbon Transition through Technological Innovation

As a practitioner of the green energy revolution, we uphold green innovation and always treat addressing climate change as our corporate responsibility. We actively explore innovative technologies to improve storage efficiency, advance the development of green energy, and promote the low-carbon transformation of the supply chain. Through technological breakthroughs, supply chain optimisation, and the integrated application of carbon management platforms, we continuously improve energy efficiency, introduce clean energy, and steadily reduce our operational carbon footprint, moving steadily toward the goal of carbon-neutral operations.

We continue to provide the world with high-efficiency, safe, and long-lifespan energy storage products. In major national projects such as the Terawatt-Level Clean Energy Base in Alxa League, the photovoltaic power generation project in Zhangye, Gansu, and the new energy base in the Tengger Desert, Ningxia, Hithium products have served as the core support for green electricity grid connection.

Supporting Energy Equity with Technological Strength

The promotion and application of every Hithium product signifies greater environmental and social benefits for communities, enterprises, and society at large. We bring affordable and sustainable distributed clean energy solutions—represented by the "HeroEE" series—into thousands of households, breaking through the limitations of traditional energy supply and providing more equitable and sustainable electricity to energy deficiency regions. As the pace of global energy transition accelerates, Hithium products will reach more regions and become a strong driving force for green transformation.

We firmly believe that the sustainable impact demonstrated by every individual at Hithium can catalyse synergetic cooperation across the entire value chain toward a sustainable future. Hithium actively participates in building the global energy storage industry ecosystem, promoting environmental and social impact assessments for 100% of core suppliers, and leading low-carbon transformation across the entire industry chain through responsible sourcing. In internal management, we always uphold the values of "Freedom, Innovation, Sharing, Love," fostering a fair and inclusive working environment to ensure that every employee can fully realise their self-worth.

Upholding Compliance through Transparent Governance

To ensure effective implementation of our sustainable development strategy, we have established a three-tier ESG governance structure comprising the decision-making, management, and execution levels, forming a highly collaborative management system. On this basis, we formulated the "HIMPACT 2037" sustainable development strategy, closely aligned with the United Nations Sustainable Development Goals (SDGs), and set 2037 targets around six core pillars: "Green Innovation," "Employee Empowerment," "Customer Responsiveness," "Social Welfare," "Win-Win Cooperation," and "Integrity and Compliance," continuously leading profound transformation in environmental, social, and governance (ESG) dimensions.

In corporate governance, we adhere to the principle of "compliance operations and steady development," striving to build a transparent, fair, and efficient governance system. We continuously strengthen internal controls and risk prevention mechanisms, resolutely eliminate improper business conduct, ensure transparency and timeliness of information disclosure, and lay a solid institutional foundation for sustainable development.

The wind starts at the end of a green reed; the wave builds from a ripple. In the face of the challenges of the energy transition era, we at Hithium firmly believe that though the mountain lies afar, the path begins beneath our feet. Guided by the "HIMPACT 2037" sustainable development strategy, driven by technological innovation, and grounded in responsibility, Hithium will continue forging ahead on its journey to the pinnacle of global energy storage. In the future, let us cross mountains and seas together, and pursue the light that lies ahead!



Introduction

About Hithium Energy Storage

A Global Leader in Integrated Energy Storage Solutions



Our Mission and Vision

Our Mission

Let green energy benefit all and help strivers realise their dreams.

Our Vision

Being a Respected Green Energy Company with World Leading Technology.

Who We Are

We are a leading global new energy technology company driven by innovation, dedicated to providing all-round energy storage solutions centered around energy storage batteries and systems.

Since our establishment, we have remained dedicated to the energy storage sector and steadfastly implemented a globalization strategy.

HITHIUM

In 2024, we are the world's third largest energy storage company in terms of lithium-ion ESS battery shipments according to CIC, underscoring our leader-ship in the global energy storage industry.

As the only pure-play energy storage company with a GWh-level global shipment volume of lithium-ion ESS batteries, we offer high-quality products and solutions to customers in over 20 countries and regions. We have developed strong research, production, sales and service capabilities in key global markets.

In 2024, we demonstrated robust growth:

35.1GWh
The shipment volume of our ESS batteries was

167%
Representing a rapid growth from 2022 to 2024 at a CAGR of

Strategic Focus

Only Pure-player in the World[1]

The only pure-play energy storage company with a GWh-level global shipment volume of lithium-ion ESS batteries

3rd in the World

In terms of global lithium-ion ESS battery shipments in 2024

[1]According to CIC.

Global Footprint

1st in the United States[1]

First Chinese company to set up production capacity for energy storage systems in the United States

20+ Countries and Regions

Provide energy storage products and solutions to customers in over 20 countries and regions

[1]According to CIC.

Innovation-Driven

Benchmark energy storage products

First mass-produced 314Ah ESS batteries
First to launch long-duration ESS batteries with capacities exceeding 1,000Ah
First sodium-ion utility-scale ESS battery with cycle life exceeding 20,000 cycles

3,900+
Global patents and patent applications

1,100+
Number of R&D staff

Hithium Speed

167%
CAGR of ESS battery shipment volume from 2022 to 2024

13 Months[2]
From construction to production at full capacity

[2 Our Chongqing production base (Phase I) commenced construction in November 2022 and the first two production lines reached full capacity in December 2023, taking only 13 months.]

The global energy structure is undergoing profound changes, and the energy storage industry is playing a vital role in the construction of new power systems and the development of new energy, ushering in vast market opportunities.

3 Our Three Core Strategies

- Focus on Energy Storage
- Globalization
- Technology-driven Innovation

Serve as powerful engines for sustainable development, driving us toward becoming the world's leading brand in energy storage.

Strategic Focus on Energy Storage

Since our inception, we have strategically focused on the energy storage market, aiming to become the world's leading energy storage brand. As a result, we have accumulated in-depth insights into diverse scenarios and customer needs, enabling us to introduce pioneering energy storage products and solutions. We have achieved high-quality growth at our "Hithium Speed" and have become a leading global provider of all-round solutions centered around energy storage batteries and systems.

Continual Implementation of Globalization Strategy

Guided by our globalization strategy since day one, we have become one of the few energy storage technology companies that have achieved global operations covering the entire value chain, including R&D, product development, production, supply chain, marketing, delivery, and operation and maintenance services. Going forward, we will further enhance localized operations globally, in particular in key markets like the U.S. and Europe. We will continuously strengthen our international competitiveness through regional resource integration and agile response to local customers. As a result, we offer global customers with highly adaptable, full-lifecycle energy storage solutions. In 2024, our overseas revenue has experienced tremendous growth and accounted for 28.6% of our total revenue in the same year. Overseas business has already become an important part of our business development and revenue contribution.

Innovation DNA Driving Industry Development

•Innovation is ingrained in our DNA, as evidenced by our globally leading R&D and technological capabilities. Our four research institutes and one solution center empower us to achieve in-house development and innovation across the entire value chain, from materials to batteries, energy storage systems, processes and solutions. Additionally, we have established an industry-leading product testing and verification center. As a result, we have introduced a series of pioneering products including long-duration energy storage ("LDES") batteries and solutions, as well as sodium-ion energy storage batteries. We have contributed to the development of many national and industry standards for LDES batteries and sodium-ion ESS batteries.

Our Products and Solutions

We always adhere to a customer-centric approach, providing a series of benchmark energy storage products and solutions tailored to different application scenarios, covering the entire industry chain from ESS batteries to energy storage systems and solutions.

ESS Batteries

As the core component of electrochemical energy storage systems, the performance of ESS batteries is key to operational efficiency of energy storage stations throughout their lifecycle. We focus on the innovation and development of ESS battery technology, maintaining a leading position in technology innovation and product R&D, and offering a comprehensive product matrix.

∞Cell 587Ah

Born for Large-scale Energy Storage

We were among the first in the industry to provide 280Ah ESS batteries for utility-scale energy storage projects, and among the first in the industry to provide 314Ah ESS batteries for utility-scale overseas energy storage projects. In line with the evolution of new power systems, we launched the ∞Cell 587Ah ESS battery tailored for large-capacity storage.

∞Cell 1175Ah

Born for Long-duration Energy Storage

Targeting at the broad opportunities brought by LDES scenarios, we introduced the industry's first ∞Cell 1175Ah ESS battery.

∞Cell N162Ah

Enable Free Sodium-ion Battery Selection in Extreme Environments

As a result of our technological breakthroughs, we have introduced the world's first sodium-ion utility-scale ESS battery with a cycle life exceeding 20,000 cycles, which can be applied in extreme and complex scenarios such as high temperatures, extreme cold, and high power.

Energy Storage Systems

On top of ESS batteries, we provide all-round energy storage systems with leading capabilities that can be applied in power stations, grids, data centers commercial and industrial, and residential scenarios. Our technological innovations and R&D investment focus in energy storage digital applications, synergistic software-hardware development, and integration of application scenarios. Our 5MWh liquid-cooling energy storage system, a pioneering product in overseas market, has established the current standard specifications in the energy storage industry, advancing the technical standardization process across the sector.

Global Debut

∞Power 6.25MWh

Enable Free Spatio-temporal Customization of Power Energy Storage.

Our global debut of the ∞Power 6.25MWh long-duration energy storage system is characterized by five key features: high safety, high returns, high compatibility, easy maintenance, and environment-friendly. We expect its large-scale application will further solidify our leading market position.



Energy Storage Solutions

We further extend downstream in the industry value by offering energy storage solutions. As a result of the platform-based architecture of our energy storage systems with flexible function modules, we provide customized energy storage solutions to customers, catering their diverse needs in different application scenarios. Meanwhile, we focus on every aspect across the entire solution – from system planning to operation and maintenance support – providing customers with integrated and intelligent energy storage solutions and assisting them in achieving low-carbon energy management. For example, we have launched ultra-quiet system solutions targeted at European users; for users in the Middle East, we have introduced "Desert Eagle" solutions suitable for local ecological environments.

Diverse Application Scenarios

- Power Stations
- Grids
- Data Centers,C&I and Residential Energy Storage

Define and Lead the Industry

Solutions: All-round Customized Energy Storage Solutions

Energy Storage Systems



5MWh
Liquid-cooling Energy Storage System



∞Power 6.25MWh
2h/4h Energy Storage System

ESS Batteries



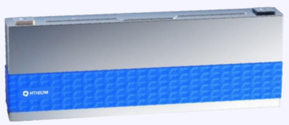
280Ah
ESS Battery



314Ah
ESS Battery



∞Cell 587Ah
ESS Battery



∞Cell 1175Ah
Long-duration ESS Battery



∞Cell N162Ah
Sodium-ion ESS Battery

Note: 280Ah ESS battery, 314Ah ESS battery and 5MWh liquid-cooling energy storage system have achieved mass production. Our ∞Cell 587Ah ESS battery, ∞Cell 1175Ah long-duration ESS battery, ∞Cell N162Ah sodium-ion ESS battery and ∞Power 6.25MWh 2h/4h energy storage system are expected to achieve mass production in the second half of 2025.

Our Technology and Production Platform

We are committed to investing in R&D for key areas such as material system, battery design, system architecture and manufacturing process. By leveraging our proprietary R&D framework and industry-leading innovation capabilities, we have achieved significant breakthroughs in safety, energy efficiency, consistency, lifetime, and cost-effectiveness. This has enabled us to develop a unique technical ecosystem and introduce industry-leading products.

Passed **20+** Safety and Reliability Tests
(including thermal runaway, nail penetration and drop tests)

High Safety

Industry-leading Energy Efficiency of **95%+** for Systems

High Energy Efficiency

High Consistency in Capacity, Voltage and Other Key Parameters

High Consistency

Long-lifetime

Long-lifetime Products with Industry-leading **20,000+** Cycle Life

Cost-effective

Effective Reduction of the Cost of Energy Storage Batteries and Systems Thoughout the Product Lifetime

To industrialize the aforementioned key technologies, we have innovated advanced manufacturing technologies in areas such as equipment efficiency, production line configuration and automation, establishing high-efficiency, high-quality, and cost-effective intelligent manufacturing capabilities. As a result, we have successfully iterated four generations of intelligent factories within three years, allowing us to achieve stable, large-scale production with efficient process and equipment, thereby improving manufacturing efficiency.

For more information about our technologies and advantages, please refer to the "2.2 R&D Innovation" section.

Our global footprint

Hithium Energy Storage is headquartered in Xiamen, Fujian Province, with application innovation capabilities in Shenzhen and the Shenzhen Control Technology Research Institute, as well as the Southwest Intelligent Manufacturing Centre and R&D Centre in Chongqing. This forms a comprehensive production, research, and recycling network across three locations in China. Additionally, operational centres and subsidiaries have been established in New York, Fremont, Munich, Singapore, and Sydney. Moving forward, Hithium will continue to expand globally, further extending its sales and service network to achieve broad coverage in the global market.

Hithium Global layout




Xiamen


Chongqing


Shenzhen

Headquarter
R&D
Production
Subsidiaries

Participation in Associations and Organisations

Association/Organisation	Role in association/organisation
Energy Storage Application Branch of China Industrial Association of Power Sources	Director unit
Zhongguancun Energy Storage Industry Technology Alliance	Director unit
Xiamen Federation of Industry and Commerce	Vice Chairman
Xiamen Federation of Trade Unions	Subordinate unit
Energy Storage Pioneer Alliance	Vice Chairman unit
China Electricity Council	Member unit
New Energy Chamber of Commerce of All-China Federation of Industry and Commerce	Member unit
Fujian Battery Technology Association	Member unit
Xiamen Technology Innovation Association	Director unit
Jiangxi Energy Association	Member unit
China New Energy Storage Industry Innovation Alliance	Member unit
United Nations Global Compact (UNGC)	Member unit
Xiamen Intelligent Manufacturing Industry Association	Member unit

Sustainable Development Achievements

Since its establishment, Hithium has remained steadfast in its commitment to exploring and implementing sustainable development. To date, the Company has achieved numerous milestones in sustainable development, further solidifying its position as an industry leader.

Ongoing Improvement of System Certifications

- **GB/T 29490** Intellectual Property Management System Certification
- **ISO 9001** Quality Management System Certification
- **ISO 14001** Environmental Management System Certification
- **ISO 45001** Occupational Health and Safety Management System Certification
- **ISO 17025** Laboratory Certification
- **ISO 14064** Xiamen Hithium Energy Storage 2022 Greenhouse Gas Inventory Report
- **PAS 2060** Xiamen Hithium Energy Storage 2022 Carbon Neutrality Certification
- **SA 8000** Social Responsibility Management System Certification
- **ISO 27001** Information Security Management System Certification
- **ISO 50001** Energy Management System Certification
- Hithium Energy Storage Carbon Digital Management Platform Product Calculation Certification
- Highest Level NECAS and CTEAS After-Sales Service System Dual Authority Certification
- **ISO 14064** Hithium Energy Storage 2023 Greenhouse Gas Inventory Report Certification
- **ISO 14067** 280Ah Lithium Iron Phosphate Battery Cell Product Carbon Footprint Certification
- **ISO 14067** 314Ah Lithium Iron Phosphate Battery Cell Product Carbon Footprint Certification

Achievements and Awards

Award Date:2024 / 01



Achievement/Award Name:

·Billion-scale Enterprise
·First Billion-scale Enterprise in Tong'an District

Issuing Organisation:

Administrative Committee of Xiamen Torch High-tech Industrial Development Zone



Achievement/Award Name:

·First Unicorn Enterprise in Xiamen

Issuing Organisation:

Xiamen Municipal Government

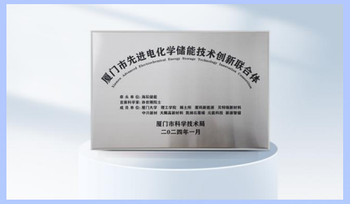


Achievement/Award Name:

·CTEAS After-Sales Service System Certification of Excellence

Issuing Organisation:

National After-Sales Service Certification Evaluation Committee, Beijing Wuzhou Tianyu Certification Centre



Achievement/Award Name:

·Advanced Chemical Energy Storage Technology Innovation Union of Xiamen

Issuing Organisation:

Xiamen Science and Technology Bureau



Achievement/Award Name:

·Postdoctoral Innovation Practice Base

Issuing Organisation:

Fujian Provincial Department of Human Resources and Social Security

Award Date:2024 / 02



Achievement/Award Name:

NECAS National After-Sales Service Compliance Certification

Issuing Organisation:

General Administration of Quality Supervision,Inspection and Quarantine of the People's Republic of China, China National Standardisation Administration, National After-Sales Service Certification Evaluation Committee, Beijing Wuzhou Tianyu Certification Centre

Award Date:2024 / 05



Achievement/Award Name:

·2024 Greenlight ESG Model Case - Top 10 for Model Responsibility and Environmental Contribution

Issuing Organisation:

China Energy News, China Institute of Energy Economics, Green Climate Academy

Award Date:2024 / 06



Achievement/Award Name:

·Most Influential Enterprise in the Energy Storage Industry in 2024

Issuing Organisation:

Organising Committee of China (Shandong) High-Quality Development Conference on Energy Storage

Award Date:2024 / 07



Achievement/Award Name:

·2024 China New Energy Storage Science and Technology Progress Award

Issuing Organisation:

China International New Energy Storage Development Summit

Award Date:2024 / 08



Achievement/Award Name:

2024 China New Energy Storage Industry New Production Power Industrial and Commercial Energy Storage Project Leadership Award and Source Network-side Energy Storage Station Project Leadership Award

Issuing Organisation:

Carbon Neutral Energy Summit Forum and the 4th China International New Energy Storage Technology and Engineering Application Conference

Award Date:2024 / 09



Achievement/Award Name:

Polar Star Cup 2024 Influential Photovoltaic Energy Storage Integration Solutions Enterprise, Polar Star Cup 2024 Influential Photovoltaic Application Case Enterprise

Issuing Organisation:

Polaris Solar Photovoltaic Network / Beijing Volcano Power Network Technology Co., Ltd.



Achievement/Award Name:

ESG Comprehensive Governance Benchmark Enterprise with Core Competence

Issuing Organisation:

Economic Observer

Award Date:2024 / 09

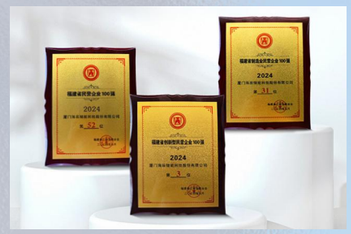


Achievement/Award Name:

Global Top 500 New Energy Enterprises List, 2024 Dual Carbon Technology Innovation Typical Case

Issuing Organisation:

2024 New Energy and Power Market Innovation Development Conference and the 14th Global New Energy Enterprises Top 500 Forum (500 Forum)



Achievement/Award Name:

Top 100 Innovative Private Enterprises in Fujian Province (Ranked 3rd), Top 100 Private Manufacturing Enterprises in Fujian Province (Ranked 31st), Top 100 Private Enterprises in Fujian Province (Ranked 52nd)

Issuing Organisation:

Fujian Federation of Industry and Commerce

Award Date:2024 / 10



Achievement/Award Name:

2024 China Photovoltaic Energy Storage Industry Collaborative Development Conference Energy Storage Innovation Achievement Gold Award

Issuing Organisation:

Energy Magazine

Award Date:2024 / 12



Achievement/Award Name:

2024 GGII Golden Globe Award "Product of the Year"/2024 GGII Golden Globe Award "Enterprise of the Year"

Issuing Organisation:

Gaogong Energy Storage and Gaogong Industry Research Institute (GGII)

Achievement time: 2025 / 03

Achievement Name:

CDP Climate Change Questionnaire Rating: B

Issuing Organisation:

·CDP

Achievement time: 2025 / 03

Achievement Name:

Approved through the SBTi Near-term Goals

Issuing Organisation:

·SBTi

Hithium Leading the Way

Being a Respected Green Energy Company with World Leading Technology

01

1.1 Sustainable Development Concept and Strategy

1.1.1 HIMPACT 2037 Sustainable Development Strategy

Hithium has Always Adhered to the Concept of Sustainable Development

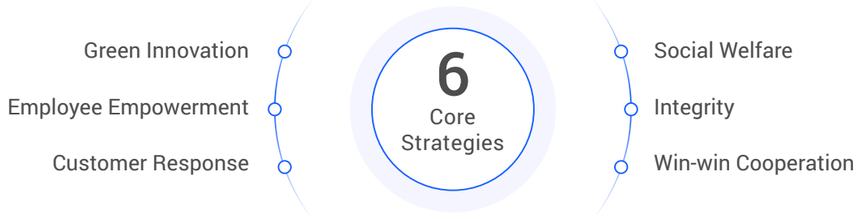
Deliver the highest quality batteries sustainably, while practicing our values

Our Mission

Let green energy benefit all and help strivers realise their dreams

Based on this foundation, Hithium continues to engage in in-depth communication with both internal and external stakeholders, integrating the United Nations Sustainable Development Goals (SDGs) deeply into the Company's strategy. It identifies the inherent value links between its business and sustainable development commitments, constructing the [HIMPACT 2037] sustainable development strategy, which leverages the Company's business advantages and industry characteristics. We set specific goals and commitments for 2025, 2028, and 2037 in our key areas and further break down the Company's .

Commitment to sustainable development into six core strategies based on key stakeholder categories:



Taking Practical Actions to Enhance Hithium's Impact in the Areas of Environment, Society, and Governance.

In August 2023, we officially joined the United Nations Global Compact (UNGC), committing to support the its Ten Principles across the areas of human rights, labour, environment, and anti-corruption[3]. We are committed to building green factories and driving the green and low-carbon transition of the industries and regions, contributing to the national green manufacturing strategy. In 2024, due to our outstanding performance in green manufacturing, we were listed on the Green Manufacturing List published by the Ministry of Industry and Information Technology and awarded the title of National Green Factory.

[3 The Ten Principles of the United Nations Global Compact (UNGC) in four areas include:
a) Human Rights: Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights. Principle 2: Businesses should make sure that they are not complicit in human rights abuses.
b) Labour: Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. Principle 4: Businesses should eliminate all forms of forced and compulsory labour. Principle 5: Businesses should effectively abolish child labour. Principle 6: Businesses should eliminate discrimination in respect of employment and occupation.
c) Environment: Principle 7: Businesses should support a precautionary approach to environmental challenges. Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.
d) Anti-Corruption: Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.]

Let Green Energy Benefit All, Help Strivers Realize Their Dreams

All for a Green Future

E

Reduce Absolute Scope 1 & 2 GHG Emissions 58.80% In 10 Years

Reduce Scope 3 GHG Emissions 63.80% Per kWh Of Battery Capacity In 10 Years

S

Reliable Quality to Set Industry Benchmarks

Compliant, Resilient, and Sustainable Supply Chain Management

Equitable, Diverse, and Inclusive Workplace

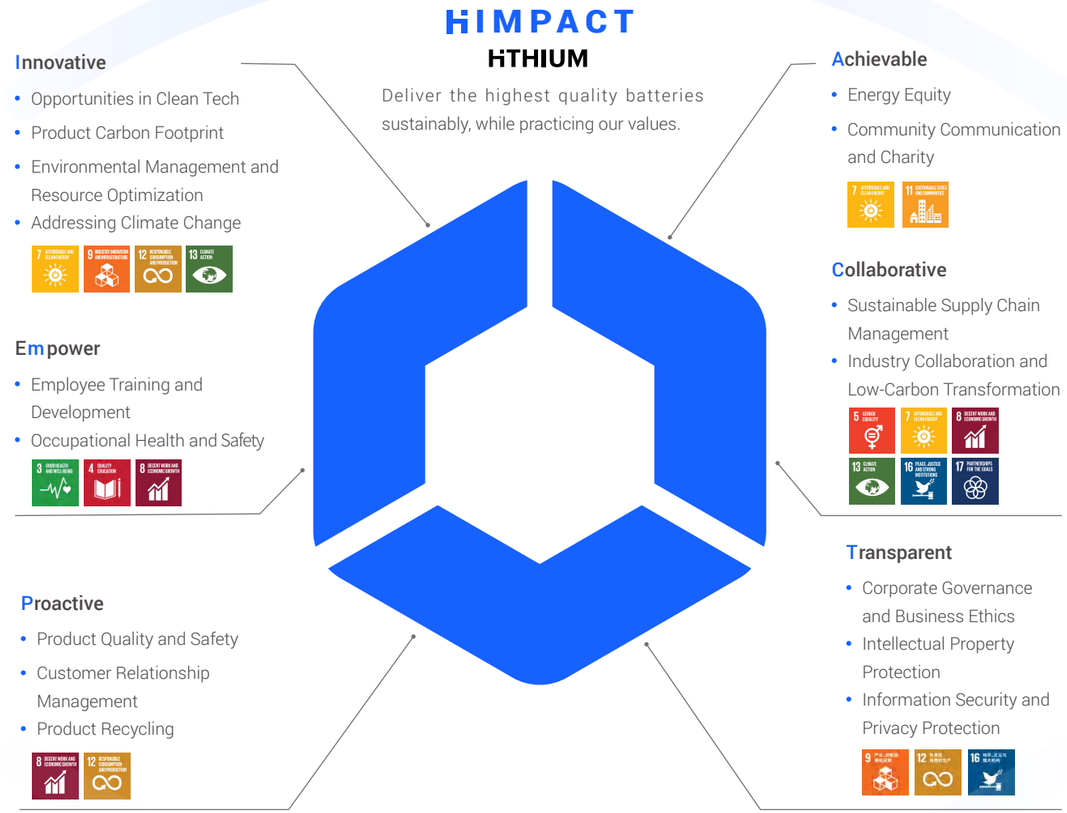
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Zero Tolerance for Bribery

Compliant Corporate Operations

Protect Intellectual Property

Uphold Information Security Bottom Line



Digital Intelligence Integration

Improve the Collection and Statistical Standards for Quantitative ESG Performance Indicators

Introduce Intelligent ESG Data Management Tools

Establish a Mechanism for Regular Assessment and Monitoring of ESG Performance and Target Progress

Value Chain Partnership

Conduct Value Chain Dialogue to Share ESG Management Experience

Establish a Supply Chain Traceability and Tracking Mechanism

Engage in Extensive Value Chain Collaboration to Promote Green Transition

Sustainable Talent Development

Establish a Top-Down ESG Management Organizational Structure

Link Performance Compensation to ESG Performance

Build an ESG Management Culture With Full Employee Training Participation

Hithium Seven Pillars of Sustainable Development



HITHIUM	Green Innovation	Employee Empowerment	Customer Response	Social Welfare	Win-win Cooperation	Integrity
	- Opportunities in Clean Technology - Product Carbon Footprint - Environmental Management and Resource Optimization - Addressing Climate Change	- Employee Training and Development - Occupational Health and Safety	- Product Quality and Safety - Customer Relationship Management - Product Recycling	- Community Engagement and Philanthropy - Energy Equality	- Sustainable Supply Chain Management - Industrial Collaboration and Low-Carbon Transition	- Corporate Governance and Business Ethics - Intellectual Property Protection - Information Security and Privacy Protection
Hithium is committed to building the world's No. 1 energy storage battery brand, promoting the green development of all industries, and fully demonstrating the company's positive impact in environmental, social, and governance aspects.	Through innovation, reduce the environmental impact throughout the entire lifecycle of product production, lower the product carbon footprint, and achieve carbon neutrality in the group's operations.	Provide training and development opportunities to improve work efficiency and happiness.	Implement rapid response mechanisms, personalized services, transparent communication, and continuous improvement to enhance customer experience and satisfaction.	Contribute to social prosperity and development through its own sustainable actions and achieve energy equality.	Build an ecological supply chain and establish long-term strategic cooperation with suppliers and industry partners.	Practice a sound and transparent business operation model, guiding commercial operations with the concept of sustainable development.

1.1.2. Key Underlying Capabilities

Hithium has identified “Digital and Intelligent Integration”, “Value Chain Cooperation”, and “Sustainable Talent Development” as the three key underlying capabilities for implementing the HIMPACT strategy, providing comprehensive empowerment for the Company’s sustainable development commitments and goals.

Through the development of these three key capabilities, the Company is committed to improving ESG management efficiency and decision-making accuracy, building a green ecosystem, driving upstream and downstream enterprises toward sustainable development, and creating intrinsic driving forces.

This ensures the effective execution and long-term advancement of the Company’s strategy. These three key underlying capabilities support and empower each other, providing a solid foundation for achieving a win-win situation of economic benefits and social value. They also offer continuous and stable driving force for the Company’s sustainable development.



01 Digital and Intelligent Integration

We adhere to our digital and intelligent strategic objectives, harnessing technologies such as artificial intelligence and big data to enhance our management efficiency and decision-making precision.

02 Value Chain Cooperation

We will enhance collaboration with upstream and downstream enterprises across the supply chain to jointly promote green technology innovation and circular economy practices. We will also ensure that the procurement of products and raw materials complies with environmental and ethical standards.

03 Sustainable Talent Development

We will continue to increase our investment in talent development by establishing a systematic ESG governance framework to enhance employees’ awareness of sustainable development. Furthermore, through training and performance-linked mechanisms, we will empower every employee to actively contribute to our sustainable development goals.

1.2 Sustainable Development Governance

1.2.1. ESG management structure

Hithium has established a solid institutional foundation for sustainable development through a sound governance structure, clear division of responsibilities and authorities, and efficient management mechanisms.The Company has established a three-tier ESG management framework consisting of the "ESG Committee—ESG Management Department—ESG Task Force", ensuring effective linkage between decision-making, management, and execution.

By integrating the Company's management team, ESG functional departments, as well as work groups from the Group and manufacturing bases into a unified ESG management system, the Company ensures that ESG strategies are strongly supported by the highest decision-making level.Through efficient execution and collaborative operations, these strategies are embedded at all levels of corporate operations.Additionally, based on the PDCA (Plan-Do-Check-Act) cycle management philosophy, the Company has established a quantitative ESG performance management mechanism, continuously optimising the processes of setting, implementing, and evaluating ESG goals.



Responsible for strategic decision-making, oversight and implementation, risk identification, ESG strategy and performance, ESG governance and improvement

As the highest governance body for sustainable development and ESG management, it is responsible for decision-making and reviewing sustainability management matters and actual outcomes, formulating the blueprint and strategic objectives for sustainable development, setting ESG performance indicators based on the sustainability plan, conducting progress monitoring and assessments, identifying sustainability risks and opportunities, and evaluating the annual ESG material issues.

Responsible for assisting in goal setting, ESG data management, identifying ESG issues and risks, and ESG rating improvement

Assist the ESG Committee in formulating and cascading sustainable development strategies and objectives, continuously improve the ESG governance system, monitor ESG data, conduct ESG performance assessments, report the progress of issue indicators semi-annually, manage ESG risks, and coordinate ESG-related disclosure work.

Responsible for strategy execution, policy implementation, and action execution

Divided into Group Workgroups and Manufacturing Base Workgroups, each responsible for managing different issues. The groups execute the ESG strategy, implement and coordinate various ESG tasks, manage and collect ESG data, and report the progress of issue indicators on a quarterly basis.

1.2.2. ESG Committee Members

To ensure accurate identification of ESG risks in major decision-making processes and the effective formulation and implementation of corresponding mitigation measures, the Company has established a professional three-tier management structure to provide organisational support. Our chairman serves as the Chair of the ESG Committee, with our senior management team serving as committee members. ESG Committee Members possess not only professional expertise in ESG-related fields but also extensive industry experience. Mr. Hu Zhijia served as Vice President of OMT and General Manager of the Supply Chain Center at Farasis Energy (Ganzhou) Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 688567) from May 2020 to January 2024. Ms. Wu Liqing served as Chairwoman of Shenzhen Taiji Digital Intelligence Technology Co., Ltd. from May 2021 to September 2023.

By integrating our management team, ESG functional departments, and working groups from both headquarter and manufacturing sites into a unified ESG management system, the Company ensures that ESG strategy is strongly driven from the highest decision-making level. Through efficient execution and collaborative operations, ESG is deeply embedded across all aspects of our business operations, reinforcing our commitment to sustainable development.

Wu Zuyu

Gender: Male

Position: Chairman

Management Role: Chairman

Industry/Professional Background: New energy, R&D

Wang Pengcheng

Gender: Male

Position: Member

Management Role: President

Industry/Professional Background: New energy, business development, investment

Hu Zhijia

Gender: Male

Position: Member

Management Role: COO

Industry/Professional Background: New energy, procurement

Wu Liqing

Gender: Female

Position: Member

Management Role: Vice President (in charge of Board Office and Audit & Supervision)

Industry/Professional Background: Finance, investment

Lan Wenzhen

Gender: Male

Position: Member

Management Role: In charge of Sustainable Development

Industry/Professional Background: Intellectual property

Zhao Jide

Gender: Male

Position: Member

Management Role: In charge of Human Resources

Industry/Professional Background: Human resources

1.3 Sustainable Development Commitments and Progress

Core Strategies	Strategic Issues	Indicators	Target			2024 Progress and Achievements
			2025	2028	2037	
Green Innovation	Clean Technology Opportunities	Cumulative number of valid clean technology patent applications (items)	Over 4,500	Over 6,000	Over 10,000	3,997 items
		Cumulative number of granted clean technology patents (items)	Over 2,000	Over 2,500	Over 6,500	1,993 items
	Climate Change Response	Greenhouse gas emissions from own operations (Scope 1 + Scope 2) (tCO2e)	Achieve a 58.80% reduction in Scope 1 and 2 operational greenhouse gas emissions from 2023 levels by 2034			10.35% reduction from 2023
		Coverage rate of emergency response plans for climate risks (%)	100%	100%	100%	100%
		Coverage rate of climate resilience assessments for site facilities (%)	/	100%	100%	100%
		Certification pass rate of zero-carbon factories at battery manufacturing base (%)	/	100% certification achieved at Xiamen and Chongqing battery manufacturing bases	100% certification achieved at all global battery manufacturing bases	50%
	Environmental management and resource optimisation	Coverage rate of ISO 14001 Environmental Management System certification at mass production manufacturing base (%)	/	100%	100%	100%
		Comprehensive energy consumption intensity (per unit of sales) (MWh/GWh)	5% reduction from 2023	10% reduction from 2023	Reach industry-leading level	7.73% reduction from 2023
		NOX emissions intensity in exhaust gas (per unit of sales) (tons/GWh)	15% reduction from 2023	20% reduction from 2023	50% reduction from 2023	45.45% reduction from 2023
		SOX emissions intensity in exhaust gas (per unit of sales)(tons/GWh)	15% reduction from 2023	20% reduction from 2023	50% reduction from 2023	54.55% reduction from 2023
		Hazardous waste emissions intensity (per unit of sales) (tons/GWh)	15% reduction from 2023	20% reduction from 2023	50% reduction from 2023	22.18% reduction from 2023
	Product carbon footprint	Carbon emissions per unit product across the value chain (Scope 3) (tCO2e/GWh)	Achieve a 63.80% reduction in Scope 3 value chain carbon emissions per unit product from 2023 levels by 2034			2.94% lower than 2023
		Product carbon footprint certification plan	100% ISO 14067 coverage for key battery cell products	Complete product carbon footprint declaration in accordance with upcoming EU Battery Regulation requirements	Maintain industry leadership	100% coverage for key cells
Employee Empower-ment	Employee training and development	Training coverage rate for full-time employees (%)	100%	100%	100%	100%
	Occupational health and safety	Coverage rate of safety-specific training for full-time employees (%)	100%	100%	100%	100%
		Coverage rate of regular health checkups for specific positions (%)	100%	100%	100%	100%
		Coverage rate of ISO 45001 Occupational Health and Safety Management System certification at mass production manufacturing base (%)	/	66%	100%	100%
		Number of mental health training sessions for all employees(sessions)	/	Prioritise employee mental health by organising at least one company-wide mental health training session each year		/
		Major incident occurrence rate (%)	0%	0%	0%	0%

Core Strategies	Strategic Issues	Indicators	Target			2024 Progress and Achievements
			2025	2028	2037	
Customer Responsiveness	Product quality and safety	Coverage rate of ISO 9001 Quality Management System certification at mass production manufacturing base (%)	/	100%	100%	100%
	Customer Relationship Management	Customer complaint closure rate (%)	Maintain ≥96%	Maintain ≥97%	Maintain ≥98%	100%
		Customer satisfaction rate (%)	≥90%	≥90%	≥90%	94.80%
	Product Recycling	Material recycling capacity enhancement plan	Possess initial process capability for lithium iron phosphate (LFP) battery material recycling	Continuously optimise recycling pathways and explore economically viable large-scale application solutions		Recycling process capability achieved
Social Welfare	Energy Equality	Number of countries/regions covered by energy equality products	Over 5	Over 10	Over 15	4
	Community engagement and philanthropic initiatives	Project-based management plan for public welfare affairs	Centralised management with initial coordination mechanism	Establish a public welfare foundation with independent planning and stable execution capabilities to enable professional operation of philanthropic projects	Build a public welfare strategic management system covering the main regions of the Company, achieve professionalisation, branding and measurable effectiveness of public welfare projects, and become an important force in the co-creation of regional social value	Centralised management preliminarily achieved
Win-win Cooperation	Sustainable supply chain management	Number of suppliers covered by ESG reviews	40	55	80	31
		Percentage of previous fiscal year's supplier spend covered by ESG reviews (%)	70%	75%	80%	More than 70%
		Training coverage for key suppliers on the Code of Conduct (number of participants)	50	80	150	40
	Industrial cooperation and low-carbon transition	Industry-academia-research collaboration and technology exchange plan	Collaboration with universities, research institutions and key customers around energy storage products and technologies	Promote the application of industry-academia-research collaboration projects and establish a joint R&D mechanism for key technologies	Establish a stable industry collaboration mechanism in key technical areas to continuously advance the implementation and promotion of core outcomes	Joint R&D mechanism formed
Integrity and Compliance	Corporate governance and business ethics	Coverage rate of integrity training for employees (%)	100%	100%	100%	100%
	Intellectual property protection	Certification status of innovation and intellectual property management capability level	Passed	Passed	Passed	Passed
	Information security and privacy protection	Number of information security and privacy breach incidents (cases)	0	0	0	0
		Coverage rate of ISO 27001 Information Security Management System certification at mass production manufacturing base (%)	/	100%	100%	50%
		Coverage rate of employee information security training (%)	100% of IT staff	100% of key departments	100% of full-time employees	100% of IT personnel

1.4 Analysis and Management of Material Issues

1.4.1. Materiality analysis process

During the Reporting Period, in accordance with the materiality analysis requirements under the *Environmental, Social and Governance Reporting Code* issued by the Hong Kong Stock Exchange, the Company conducted materiality analysis on ESG issues based on the following process, with reference to the *European Sustainability Reporting Standards* (ESRS), EFRAG IG 1: *Materiality Assessment Implementation Guidance, Global Reporting Initiative* (GRI 2021), and IFRS S1: *General Requirements for Disclosure of Sustainability-related Financial Information*.

The 2024 Hithium Sustainable Development Agenda List

Environmental Dimension

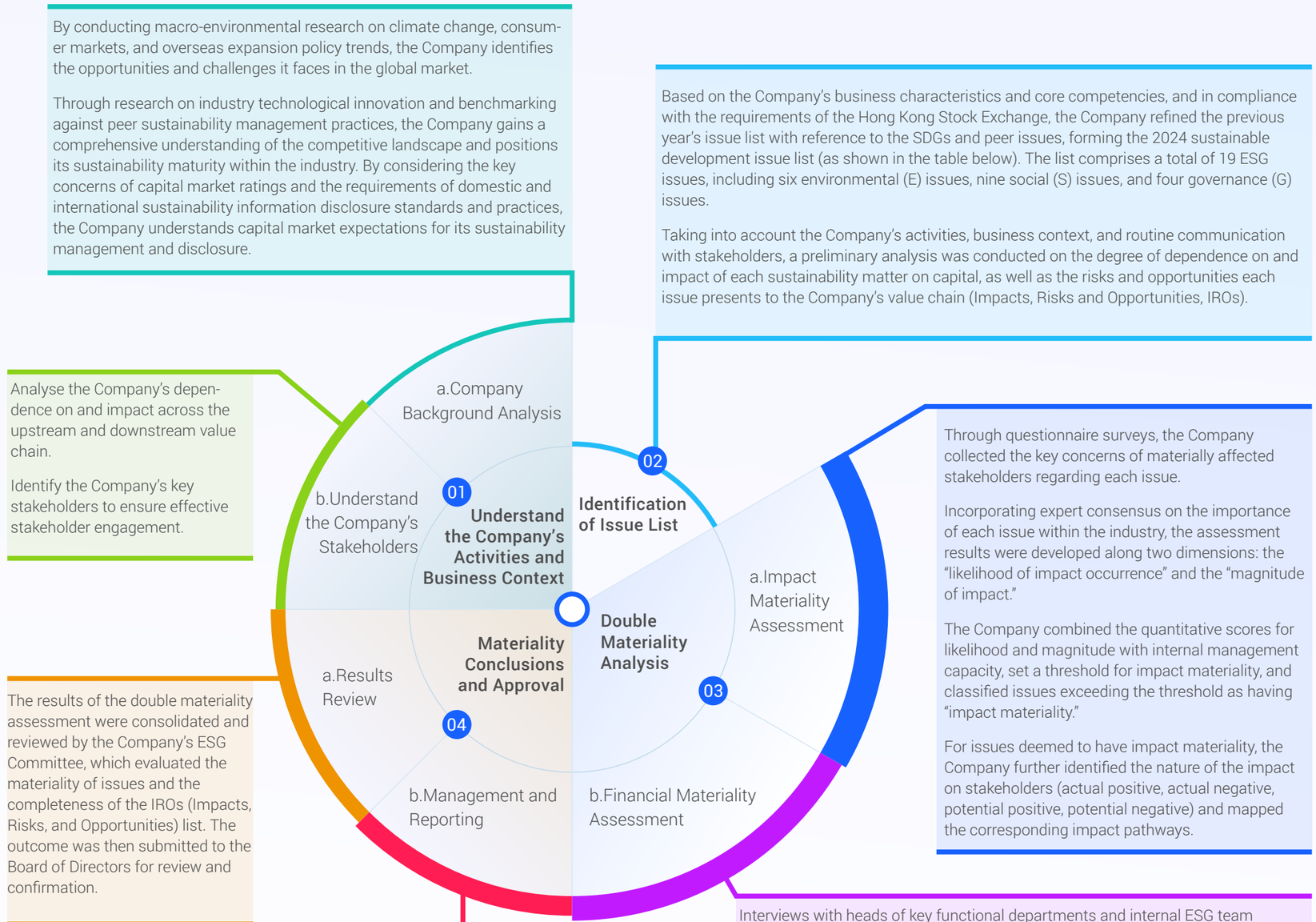
- Climate Change Response
- Product Carbon Footprint
- Clean Technology Opportunities
- R&D Innovation
- Circular Economy
- Environmental Management and Resource Optimization

Social Dimension

- Sustainable Supply Chain
- Product Quality and Safety
- Local Communities
- Public Welfare and Charity
- Equality and Diversity
- Customer Service
- Occupational Health and Safety
- Rights and Benefits of Employees
- Industrial Collaboration and Low-Carbon Investment

Governance Dimension

- Corporate Governance
- Compliance and Business Ethics
- Intellectual Property Protection
- Information Security and Privacy Protection



By conducting macro-environmental research on climate change, consumer markets, and overseas expansion policy trends, the Company identifies the opportunities and challenges it faces in the global market.

Through research on industry technological innovation and benchmarking against peer sustainability management practices, the Company gains a comprehensive understanding of the competitive landscape and positions its sustainability maturity within the industry. By considering the key concerns of capital market ratings and the requirements of domestic and international sustainability information disclosure standards and practices, the Company understands capital market expectations for its sustainability management and disclosure.

Analyse the Company's dependence on and impact across the upstream and downstream value chain.

Identify the Company's key stakeholders to ensure effective stakeholder engagement.

Based on the Company's business characteristics and core competencies, and in compliance with the requirements of the Hong Kong Stock Exchange, the Company refined the previous year's issue list with reference to the SDGs and peer issues, forming the 2024 sustainable development issue list (as shown in the table below). The list comprises a total of 19 ESG issues, including six environmental (E) issues, nine social (S) issues, and four governance (G) issues.

Taking into account the Company's activities, business context, and routine communication with stakeholders, a preliminary analysis was conducted on the degree of dependence on and impact of each sustainability matter on capital, as well as the risks and opportunities each issue presents to the Company's value chain (Impacts, Risks and Opportunities, IROs).

Through questionnaire surveys, the Company collected the key concerns of materially affected stakeholders regarding each issue.

Incorporating expert consensus on the importance of each issue within the industry, the assessment results were developed along two dimensions: the "likelihood of impact occurrence" and the "magnitude of impact."

The Company combined the quantitative scores for likelihood and magnitude with internal management capacity, set a threshold for impact materiality, and classified issues exceeding the threshold as having "impact materiality."

For issues deemed to have impact materiality, the Company further identified the nature of the impact on stakeholders (actual positive, actual negative, potential positive, potential negative) and mapped the corresponding impact pathways.

Interviews with heads of key functional departments and internal ESG team surveys were conducted to collect information on how each issue is managed within the Company.

Internal and external experts analysed the collected data to determine the "likelihood of financial impact" and "magnitude of impact" for each issue over the short, medium, and long term.

The Company integrated the short-, medium-, and long-term analysis to calculate a comprehensive financial materiality score and prioritisation for each issue.

For financially material issues, a SWOT analysis was conducted to clarify the nature of potential opportunities and risks, and their corresponding financial impact pathways for the Company.

The results of the double materiality assessment were consolidated and reviewed by the Company's ESG Committee, which evaluated the materiality of issues and the completeness of the IROs (Impacts, Risks, and Opportunities) list. The outcome was then submitted to the Board of Directors for review and confirmation.

Key matters within the identified IROs were managed with priority and fully and accurately disclosed in this report in accordance with the IFRS S1 framework.

1.4.2. Impact Materiality Analysis

The Company attaches great importance to the impact of its business activities on stakeholders and conducted questionnaire surveys to collect key concerns from value chain stakeholders and sustainability information users regarding each issue.

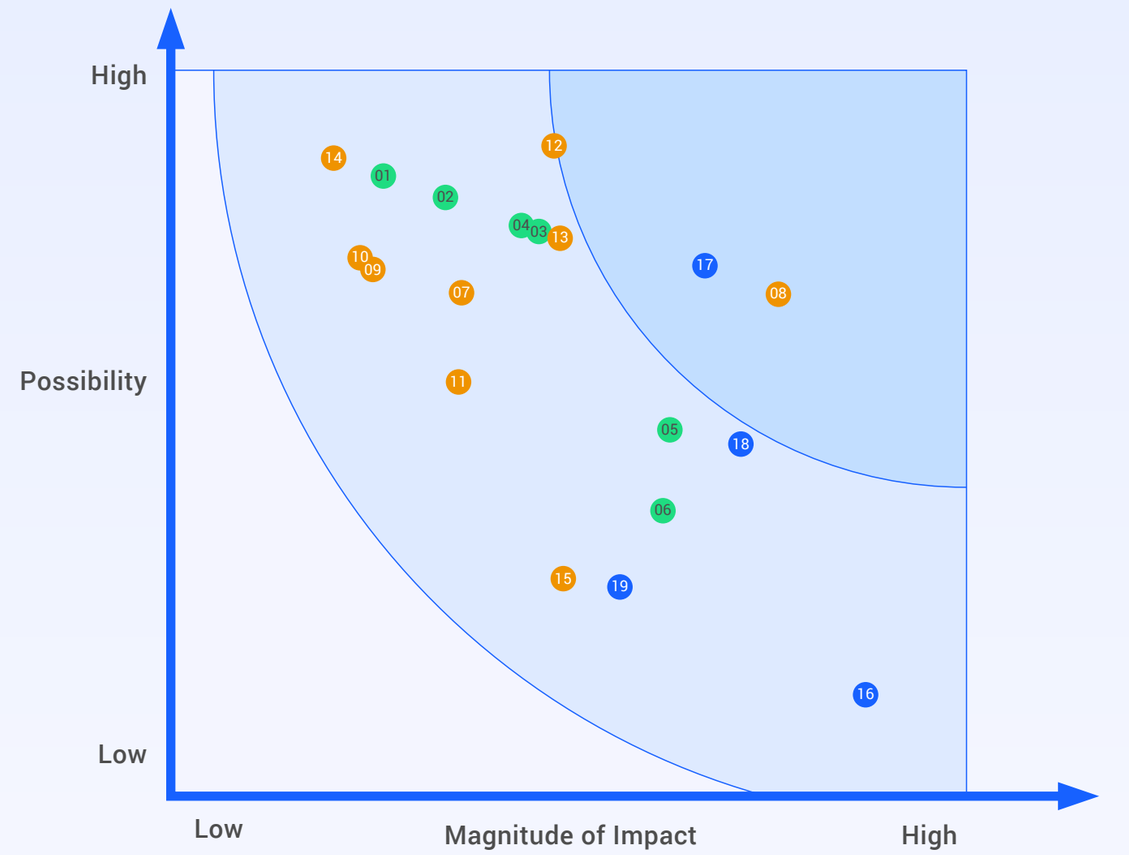


The Company assigned different weights to various stakeholder groups and synthesised their diverse perspectives to generate a scoring result for the"magnitude of impact."On this basis, external experts were invited to assess the likelihood of each sustainability matter impacting stakeholders, thereby generating a scoring result for the "likelihood of impact occurrence" dimension.The Company combined the quantitative results of the two dimensions—"likelihood of impact occurrence"and "magnitude of impact"—and, taking into account its internal management capabilities, established a threshold for impact materiality. Issues exceeding this threshold were identified as having "impact materiality."

During the Reporting Period

17 The Company identified 17 issues as having impact materiality

2024 Hithium's Impact Materiality Issue Matrix



Environmental

- 01 Climate change response
- 02 Product carbon footprint
- 03 Clean technology opportunities
- 04 R&D innovation
- 05 Circular economy
- 06 Environmental management and resources

Social

- 07 Sustainable supply chain
- 08 Product quality and safety
- 09 Local community
- 10 Public welfare and charity
- 11 Equality and diversity
- 12 Customer service
- 13 Occupational health and safety
- 14 Employee rights and welfare
- 15 Industrial cooperation and low-carbon investment

Governance

- 16 Corporate governance
- 17 Compliance and business ethics
- 18 Intellectual property protection
- 19 Information security and privacy

The Company further conducted focused and systematic analysis of issues identified as having impact materiality. In alignment with the Company's "HIMPACT 2037" strategic planning, key sustainability matters were further identified. The issues were categorised into positive or negative, and actual or potential, impacts. Impact pathways were examined in depth to ensure the development of effective mitigation measures for negative impacts. This process supports the continuous optimisation of the Company's sustainability strategy and strengthens the creation of positive value for stakeholders, thereby promoting the Company's co-development with the environment and society in a more responsible manner.

2024 Hithium's Impact Materiality Issue Impact Pathways

Issue	Attribute	Description of impact pathway
Product Quality and Safety	Potential positive	The Company has established a full-process quality management system from production preparation to delivery, enabling full monitoring and control. This supports "Made in China 2025" and reflects social responsibility, showing potential positive impact.
	Potential negative	If the Company lacks a strong quality culture, it may fail to meet targets, leading to underperformance.
Compliance and Business Ethics	Potential negative	Compliance or ethics violations could negatively impact regulators, partners, and the public.
Customer Service	Actual positive	The Company has established a complete after-sales service system. This year, it obtained the authentication certificate to provide customers with high-quality service experiences. In the future, the Company plans to continuously improve customer satisfaction.
Occupational Health and Safety	Potential negative	The Company has passed the ISO45001 certification and has been included in the list of enterprises meeting the third-level safety production standards of Xiamen Emergency Management Bureau. It has a good emergency response capability, and the possibility and irretrievability of negative events are both low.
Clean Technology Opportunities	Actual positive	The Company is leading the establishment of the "Xiamen Advanced Electrochemical Energy Storage Technology Innovation Consortium," collaborating with universities and research institutes. Centered on application needs in energy storage scenarios, the initiative focuses on enhancing product performance in areas such as high energy density, high safety, long cycle life, low cost, and intelligent features, with the goal of meeting the diverse needs of customers.
	Potential positive	Per strategic plan, the Company will continue investing in clean tech R&D in energy storage.
R&D and Innovation	Potential positive	This year, the Company signed a strategic cooperation agreement with China Electric Equipment Group Energy Storage Technology Co., Ltd. to strengthen supply chain collaboration and engage in in-depth cooperation across various areas, including electrochemical energy storage standards, technical research, national scientific and technological projects, and pilot demonstration programmes, thereby continuously enhancing its influence in the industry.
Intellectual Property Protection	Potential positive	The Company has formulated a series of intellectual property protection policies, actively enhanced its patent cultivation capabilities, and received numerous industry recognitions and honors. In the future, it will further accumulate high-value patent reserves to consolidate the Company's comprehensive strength and market competitiveness.
Product Carbon Footprint	Potential positive	This year, the Company actively established a carbon management platform and obtained the first "System Product Calculation Certification" for an energy storage technology enterprise issued by TÜV Rheinland. The certification covers carbon emission data across the entire process—from raw material acquisition and preprocessing, product transportation, production and storage, distribution, to disposal and recycling—laying a solid foundation for value chain decarbonisation and the low-carbon transition of the energy storage industry.
Circular Economy	Actual positive; potential positive	The Company focuses on full-element recovery technologies for lithium batteries and has established a battery material recycling system. During the Reporting Period, a 5,000-ton intelligent cathode material regeneration production line was completed and put into operation. With a global layout underway, the Company is committed to becoming a leading global brand in battery recycling and reducing the negative environmental impact of its products.
Climate Change Response	Actual positive	The Company actively responds to climate change by dynamically adjusting its operational mechanisms in Xiamen and Chongqing to prevent disruptions caused by typhoons affecting the Xiamen base. These measures have strengthened the Company's supply chain resilience and delivery capability, ensuring stability in collaboration with upstream and downstream partners.
	Potential positive	The Company actively promotes the transition to green energy, contributing to environmental and social sustainability.
Rights and Benefits of Employees	Actual positive	The Company values corporate culture, effectively protects employee rights, and provides diverse benefits.
	Potential positive	The Company prioritises talent development and will continue to build a comprehensive training system offering diversified and personalised career paths to maximise employee potential.
Sustainable Supply Chain	Potential positive	The Company actively conducts ESG due diligence on its supply chain and will continue to improve supply chain sustainability.
	Potential negative	The lithium battery industry value chain faces compliance risks due to overseas regulatory restrictions.
Environmental Management and Resource Optimisation	Actual positive	The Company was recognised as a national-level Green Factory, with efficient operations, optimised resource use, clean and intelligent production, and green supply, and precise monitoring. It has implemented green supply chain management, built a supplier certification system to drive the collaborated transformation of upstream and downstream enterprises.
	Potential negative	The Company has established a comprehensive environmental management system and continues to mitigate environmental impacts from operations.
Local Communities	Actual positive	The Company launched the Hero EE 16 product, adaptable to diverse and extreme scenarios, unlocking greater economic and social value for energy storage products.
Philanthropy	Actual positive	The Company actively promotes education equity and improves the well-being of disadvantaged groups through diverse public welfare initiatives, contributing to a more inclusive, equitable, and harmonious society.
Equality and Diversity	Potential positive	The Company strictly prohibits discrimination on the basis of age, disability, ethnicity, gender, marital status, nationality, political views, race, religion, sexual orientation, or union affiliation across all HR practices.
	Potential negative	The Company actively promotes communication channels and flexibly adjusts to local cultures and business contexts to avoid workplace friction arising from value or cultural differences.
Corporate Governance	Potential positive	The Company plans to further enhance its governance structure over the next two years, improving management efficiency and regulatory compliance to better respond to government and regulatory expectations.

1.4.3. Financial Materiality Analysis

Based on its strategic development plan and resource allocation roadmap, the Company defines the time horizons for issue-related impacts as follows:

Short Term	Medium Term	Long Term
1~2 years	3~5 years	6~10 years

During the Reporting Period, the Company systematically collected input from internal stakeholders regarding the short-, medium-, and long-term financial impacts of each issue. Combined with insights from internal and external experts, a financial materiality matrix was constructed based on the "likelihood of occurrence" and "financial impact magnitude."

The Company aggregated the short-, medium-, and long-term assessment results to derive a comprehensive financial materiality score and ranking for each issue. In total, 11 issues were identified as financially material during the Reporting Period. The top five issues in terms of financial materiality were: R&D innovation, customer service, clean technology opportunities, intellectual property protection, and industrial cooperation and low-carbon investment.

2024 Hithium's Financial Materiality Issue Matrix (Short–Long Term, Medium–Long Term)

To help report users intuitively access key information and support decision-making, the results of the financial materiality analysis are visualised in a matrix diagram. Two threshold curves are used in the matrix to differentiate levels of financial materiality.

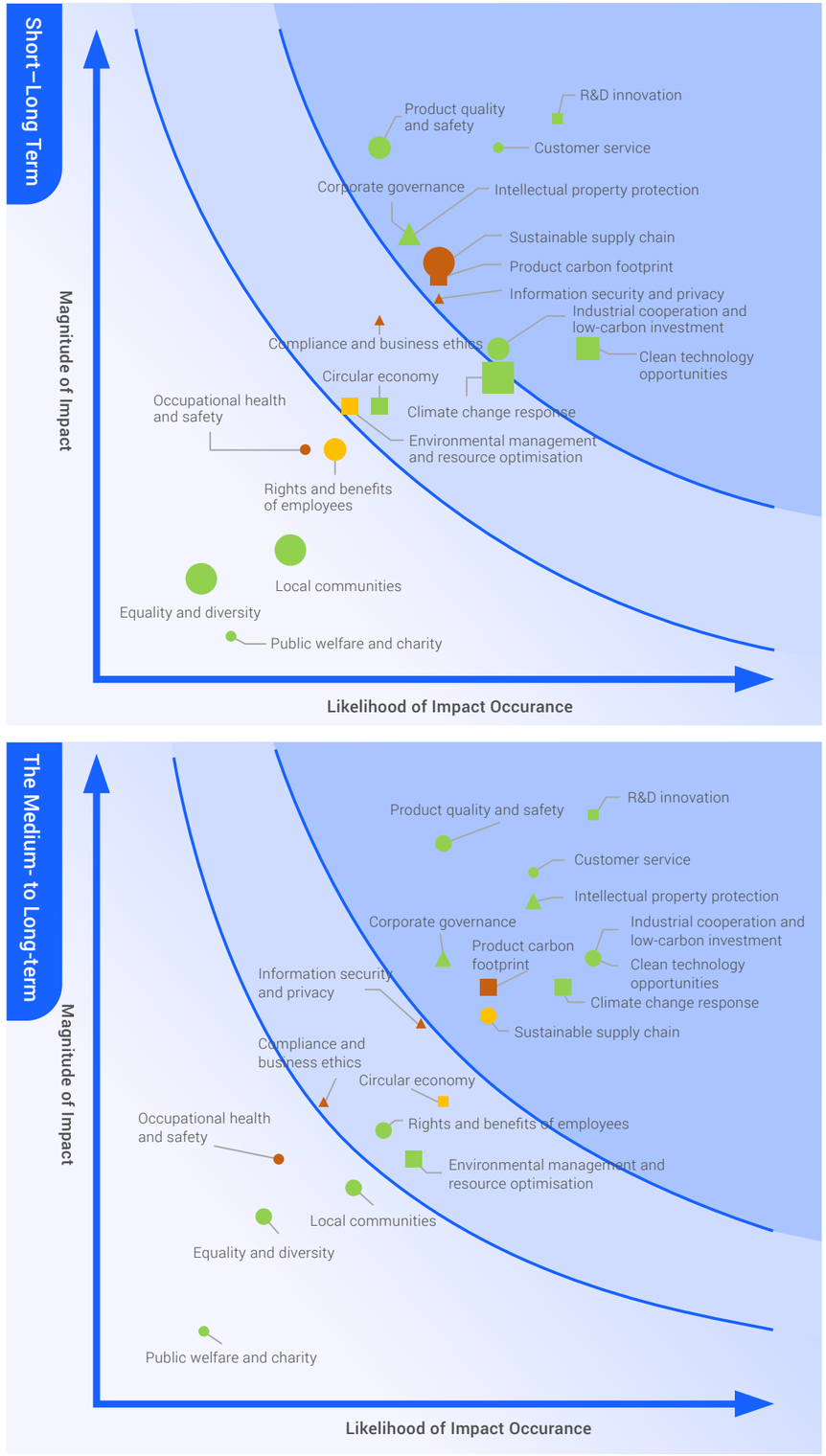
Lower Curve

The lower curve aligns with the materiality threshold for current-period financial reporting; Issues above this curve meet the financial reporting standard for short-term materiality, meaning they have a direct or measurable short-term impact on the Company's financial position, operating results, or cash flows.

Higher Curve

The higher curve reflects a comprehensive assessment of the Company's potential short-, medium-, and long-term risks and opportunities, integrated with its future sustainable development strategy, and further considers the long-term financial materiality driven by external environmental changes, regulatory trends, and market dynamics—identifying issues that may significantly impact financial performance over a longer time horizon.

Starting from both the short-term and medium-term perspectives, the Company identified the risk or opportunity attributes of each issue across different time horizons and mapped their future development trends. This approach helps the Company define management priorities more clearly, ensure the effective allocation of resources, and provide stakeholders with critical reference points—enabling them to better understand how the Company responds to sustainability-related challenges and opportunities, and thereby assess its long-term value creation potential.



Shape Distinction
- Environmental
- Social
- Governance

Color Distinction
- Risk
- Opportunity
- Risk and Opportunity Coexist

Size Distinction
- Relatively Stable
- Slight Growth
- Moderate Growth
- Significant Growth

For financially material issues, the Company conducted SWOT analyses through on-site interviews with senior executives and functional departments to gain deep insights into the current level of issue management and how future strategic planning may bring different types of risks and opportunities to the Company's value chain. These were then assessed in terms of their financial impact on the Company. Based on this understanding, the Company formulated targeted control measures, defined implementation timelines, responsible departments, and accountable personnel, and established continuous progress tracking mechanisms to ensure effective identification and mitigation of potential risks while seizing key opportunities—ultimately promoting long-term value creation through prudent operations.

2024 Hithium's Financial Materiality Issue Impact Pathways

Issue	Attribute	Description of impact pathway
R&D and innovation	Technological risk	Delays or failure in R&D may lead to wasted investment, impacting future market share and revenue expectations.
	Market opportunity	Innovation can open new markets or business areas, enhancing the Company's industry competitiveness.
Customer service	Reputational risk	Poor customer service or mishandling complaints can damage brand reputation, resulting in customer loss and reduced future revenue.
	Market opportunity	High-quality customer service enhances loyalty and satisfaction, increasing repeat purchases and driving sales growth.
Clean technology opportunities	Market risk	Market demand volatility for clean tech may affect product performance and cause revenue uncertainty.
	Product & service opportunity	Investment and R&D in clean tech can expand the Company's market share in the new energy sector.
Intellectual property protection	Liability risk	Infringement or weak intellectual property protection may result in lawsuits and compensation, directly affecting financial health.
	Market opportunity	Strong intellectual property protection builds technological barriers, enhances competitiveness, and generates long-term revenue.
Industrial cooperation and low-carbon investment	Policy risk	Policy shifts (e.g., subsidy removal, environmental regulation changes) may reduce returns on low-carbon investments.
	Product & service opportunity	Low-carbon technologies and partnerships can reduce resource use and production costs, improving profitability.
Climate change response	Market risk	Climate-driven supply chain disruptions and lower capacity may raise costs and affect profitability.
	Resource efficiency opportunity	Energy-saving and emissions reduction measures improve efficiency, reduce costs, and strengthen financial stability.
Product quality and safety	Reputational risk	Quality issues may erode customer trust, harm reputation, and reduce market share.
	Market opportunity	Improved quality and safety boost customer loyalty and drive sales.
Product carbon footprint	Market risk	Non-compliant carbon footprints may weaken product competitiveness in overseas markets.
	Market opportunity	Launching low-carbon products aligns with green consumption trends and attracts environmentally conscious buyers.
Corporate governance	Liability risk	Governance issues may cause poor decisions and increased legal/compliance risks, harming financial health.
	Market opportunity	Strong governance improves transparency, attracts investors, and enhances financial and market standing.
Sustainable supply chain	Market risk	ESG issues in the supply chain may cause disruptions and increase costs.
	Market opportunity	A more sustainable supply chain enhances brand image and draws customers and investors.
Information security and privacy protection	Liability risk	Data breaches, cyberattacks, or privacy violations can lead to lawsuits, penalties, and rising compliance and compensation costs.

1.4.4. Double Materiality Analysis Results

Based on the results of both the impact materiality analysis and the financial materiality analysis, among the 19 issues initially identified by the Company

9 Issues are of Dual Materiality

- R&D innovation
- Customer service
- Lean technology opportunities
- Intellectual property protection
- Product quality and safety
- Climate change response
- Product carbon footprint
- Sustainable supply chain
- Corporate governance

2 Issues are Only Financially Material

- Industrial cooperation and low-carbon investment
- Information security and privacy protection

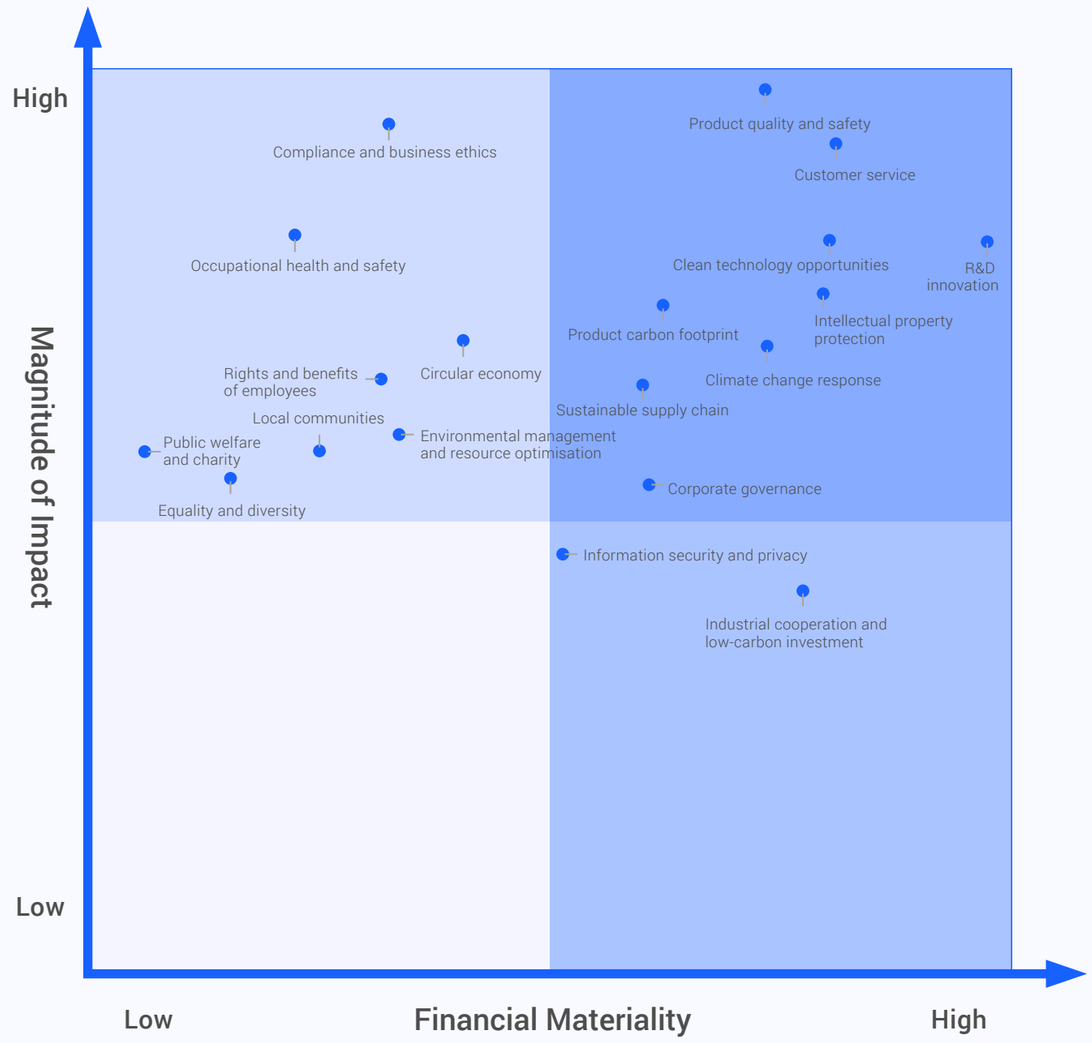
8 Issues are Only of Impact Materiality

- Compliance and business ethics
- Circular economy
- Environmental management and resource optimisation
- Occupational health and safety
- Rights and benefits of employees
- Local communities
- Public welfare and charity
- Equality and diversity

In the future, the Company will continue to enhance its ability to identify, assess, monitor, and manage impacts, risks, and opportunities, deepen the implementation of sustainable development strategic goals, optimise the measurement, management, supervision, and evaluation system, and build a sustainable performance assessment mechanism. Data-driven decision-making will be employed to improve sustainable management effectiveness.

At the same time, the Company plans to improve its due diligence system, expand the scope of stakeholder participation, introduce international due diligence tools as the basis for assessing IROs (Impacts, Risks, and Opportunities), and create a closed-loop for materiality assessments, comprehensively enhancing its sustainability capabilities to support the Company's long-term value creation.

2024 Hithium's Dual Materiality Issue Matrix



Simultaneously possessing financial materiality and impact materiality

Has financial materiality but not impact materiality

Has impact materiality but not financial materiality

Neither has financial materiality nor has impact materiality

1.5 Stakeholder Communication

With its regular communication mechanisms and periodic exchange arrangements, Hithium fully respects and safeguards the legitimate rights and interests of all stakeholders. The Company attaches great importance to their expectations and demands, establishing cooperative relationships with stakeholders based on long-term trust. This ensures comprehensive coverage and balanced consideration in managing material issues. In advancing the sustainable development management and information disclosure of material issues, Hithium flexibly utilises various communication channels, both online and offline, to actively share the latest progress with stakeholders and promptly incorporate their valuable feedback. At the same time, the Company continues to optimise communication paths and dialogue systems, ensuring that every stakeholder demand is addressed in a timely manner and receives effective feedback, thereby improving overall management levels.

Stakeholders	Investors	Employees Senior Management	Employees Non-senior Management	Customers	Government and Regulatory Agencies	Suppliers	Partners	Public and Communities
Stakeholder Representatives	Company shareholders and potential investors	General Manager, Deputy General Manager, Department Heads	Union representatives, worker representatives, and other workers serving the Company	Grid operators, independent power generation companies, renewable energy companies, and energy project developers	National/local governments in operating locations	Core raw material suppliers such as materials and equipment	Industry associations, chambers of commerce, standard working groups, and partner universities in operating locations	NGOs, charitable organisations, social organisations, and mainstream media
Key issues of concern	- Corporate governance - Economic performance - Anti-corruption - R&D innovation - Safety production - Industry cooperation and development - Climate change response	- Compliance operations - Corporate governance - Product quality and safety - Safety production - R&D innovation - Information security and privacy protection - Climate change response	- Rights and benefits of employees - Occupational health and safety - Product quality and safety - Talent development and growth - Diversity and equal opportunities - Information security and privacy protection	- Product quality and safety - Responsible supply chain - Circular economy - Responsible mining practices - Product carbon footprint - Clean technology opportunities - Climate change response	- Compliance operations - Fair competition - Anti-corruption - Product carbon footprint - Environmental management system - Climate change response	- R&D innovation - Responsible supply chain - Information security and privacy protection - Product quality and safety - Safety production - Occupational health and safety	- Industry cooperation and development - R&D innovation - Product quality and safety - Economic performance - Emissions and waste management	- R&D innovation - Product quality and safety - Economic performance - Public welfare and volunteering services - Community communication and development
Communication Methods and Channels	- Official website announcements or official public channels (e.g., WeChat Official Accounts) - Investor relations - Hithium Ecological Day - On-site surveys	- Internal management meetings and reports - Corporate governance-related training - Internal communication platforms - Internal emails - External expert closed-door meetings	- Employee activities - Employee training - Employee assessment and promotion - Union and worker representatives' meetings - Internal communication platforms - Active organisational promotion committees - Occupational health monitoring - Safety production management - Company-wide information security training and assessments - Emergency safety drills	- Customer satisfaction surveys - Green products and services for the entire lifecycle - Full lifecycle quality management - Supply chain audits - Responsible mining supply chain management	- Institutional visits - Official correspondence - Policy implementation - Information disclosure	- Supply chain audits - Supply chain quality/safety/responsible management - Supplier guidance and improvement	- Exchange visits - Standard policy-related associations, working groups - Strategic cooperation projects - Information disclosure	- Exchange visits - Media interviews - Full lifecycle quality management - Information disclosure - Social welfare projects - Community volunteer activities - Charitable funds

Green Innovation

Deliver the highest quality batteries sustainably, while practicing our values

Key Data

2,097,904.43
Tonnes of CO_2 equivalent
Total Greenhouse Gas Emissions (Scope 1, 2, and 3)[4]

62,437.63
Tonnes of CO_2 equivalent per gigawatt-hour
Greenhouse Gas Emission Intensity (Scope 1, 2, and 3)[5]

80,010.73
Tonnes of CO_2 equivalent
Scope 1 Greenhouse Gas Emissions

246,480.26
Tonnes of CO_2 equivalent
Scope 2 Greenhouse Gas Emissions

1,771,413.44
Tonnes of CO_2 equivalent
Scope 3 Greenhouse Gas Emissions

1.5
Million cubic meters
Total Water Consumption

20.9 Tonnes
NOx Emissions

1.6 Tonnes
SOx Emissions

3.07 Tonnes
Particulate Matter (PM) Emissions

968.76 GWh
Total Energy Consumption

511.7 GWh
Purchased Electricity Consumption

43.3 Million cubic meters
Total Natural Gas Consumption

459.4 GWh
Total Renewable Energy Consumption

47.42%
Percentage of Renewable Energy in Total Energy Consumption

[4. The greenhouse gas emissions inventory includes carbon dioxide, methane, nitrogen oxides, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride, and nitrogen trifluoride. The calculation scope covers greenhouse gas emissions from the activities of all business departments, including the supply chain, production, transportation, and energy consumption.]
[5. Greenhouse Gas Emission Intensity (Scope 1 + Scope 2 + Scope 3) = Total Greenhouse Gas Emissions (Scope 1 + Scope 2 + Scope 3) ÷ Sales Volume]

02



Annual Feature:

Low-Carbon Transformation and Upgrading - Building a National-Level Green Factory

Hithium adheres to the path of green development, actively responding to the national call for green and low-carbon development, focusing on building green factories, and driving the green and low-carbon transformation and upgrading of both the industry and the region, contributing to the national promotion of green manufacturing. During the Reporting Period, Hithium was included in the green manufacturing list published by the Ministry of Industry and Information Technology of China and was awarded the title of a national-level green factory.

During the evaluation process for green factories, the Company entrusted a qualified third-party organisation to conduct the evaluation according to national standards for green factory assessments. The evaluation covered six main areas: the Company's green factory infrastructure, management system, energy and resource input, products, environmental emissions, and performance. Additional points were awarded based on the Company's efforts in creating a "zero-carbon" factory. The evaluation scope included the entire production process, the full supply chain, and all elements of the Company's factory operations.



Figure: Intelligent Applications at Hithium Xiamen Production Base



Figure: Hithium Xiamen Production Base

Hithium has established comprehensive management systems and implemented them efficiently, contributing to the Company' s positive national-level green factory evaluation results. Specifically, the Company has formed a green factory leadership group and workgroup, established green factory management systems, and clarified departmental responsibilities for green factory management. At the same time, the Company has developed systems for quality management, environmental management, occupational health and safety, energy management, business continuity, greenhouse gas inventory, carbon footprint management, and more, all of which have been certified by third-party organisations. The Company prepares ecological design product self-assessment reports in accordance with GB/T 32161, with all indicators meeting the evaluation standards for green products (ecological design products).

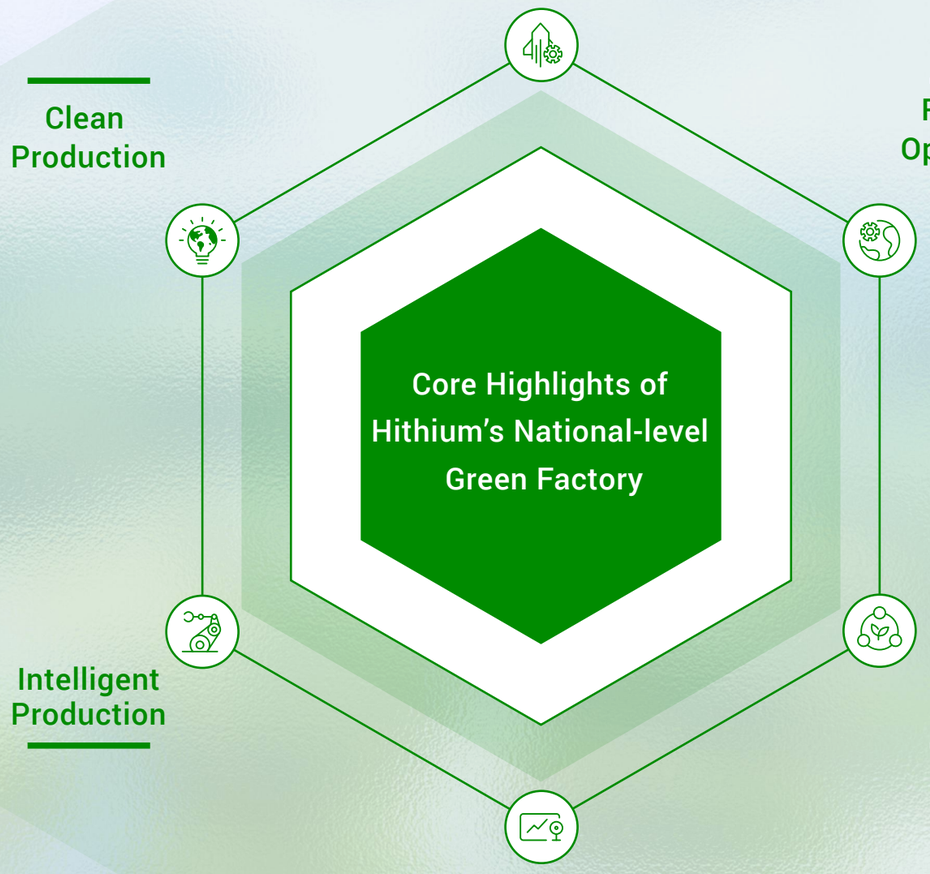
Efficient Management

Clean Production

Hithium utilises advanced technologies, processes, and equipment to implement pollution control measures and achieve clean production, while ensuring production continuity and efficiency. For example, the Company introduces cathode dispersants into the cathode slurry to reduce the use of N-Methyl-2-pyrrolidone (NMP); at the same time, through an NMP recovery system and distillation system, the volatilised NMP is recovered and reused in production, significantly reducing NMP usage and mitigating the negative environmental impacts of VOCs volatilisation.

Resource Optimisation

Hithium continually enhances its resource utilisation and advances technological transformations in energy conservation, emission reduction, and water conservation. The Company has implemented a series of energy-saving projects, including replacing energy-efficient cooling towers, reducing the frequency of water supply pumps, deionised (DI) water-saving transformations in cleaning rooms, energy-saving load reduction for air compressor systems, natural gas steam boilers, waste heat utilisation for air compressors, and energy-saving improvements in dehumidifier regeneration heater temperature control. Additionally, the Company has established a photovoltaic power station, part of which generates electricity for production, while some is purchased as green electricity, optimising the energy structure and promoting clean energy use. The Company has implemented multiple water resource recycling measures, reducing water consumption, with the water reuse rate reaching 90.2%.



Intelligent Production

Hithium' s green factory has established an intelligent manufacturing management framework, covering the entire intelligent manufacturing process from work order management to material management, production execution, quality management, packaging and warehousing, and production traceability, and has built a full-process digital closed-loop management system. This management framework makes full use of artificial intelligence, big data and industrial Internet of Things technologies to achieve online monitoring and control of various power pipelines, decentralised equipment and subsystems, ensuring seamless connection of equipment in each process and continuous and efficient production. At the same time, through data-driven decision optimisation and energy efficiency improvement, an integrated, efficient and low-carbon green intelligent factory solution has been constructed.

Green Supply

Hithium integrates the concept of green supply chain management into its corporate development strategy, adhering to green and low-carbon development principles in processes such as raw material procurement, implementing green supplier management, and building a supplier certification system. This has driven the transformation of upstream and downstream enterprises. For its strong performance in green supply chain management, the Company has received the national-level "Green Supply Chain Management Enterprise" title.

Precise Monitoring

Hithium has established various metering networks and systems, with an energy management center and intelligent management modules, enabling accurate measurement and real-time monitoring of material consumption, energy usage, wastewater discharge, and other energy and environmental data, achieving the construction of key green factory infrastructure.

2.1 Clean Technology Opportunities

Currently, global environmental governance faces urgent challenges, and the energy storage industry ecosystem is accelerating towards sustainable, low-carbon, and environmentally friendly development, bringing broad prospects to Hithium. The Company is deeply committed to clean technology products and services, establishing and tirelessly promoting the goal of "persistently driving green energy to benefit all of humanity," while seizing opportunities in the development of clean technologies.

In 2024, Hithium continued to increase investment in clean technologies:

53,003.80 RMB Total R&D Investment	3,997 Cumulative Number of Valid Clean Technology Patent Applications	997 Number of New Valid Clean Technology Patent Applications in the Year
1,993 Cumulative Number of Authorised Clean Technology Patents	507 Number of New Authorised Clean Technology Patents in the Year	

During the Reporting Period, all of Hithium' s revenue came from clean technologies[6] areas. The main business segments include energy storage batteries, energy storage systems, materials, and others[7], accounting for 61.6%, 36.2%, and 2.2% of revenue, respectively. The Company continues to increase investment in clean technology R&D, and as of the end of the Reporting Period, it had obtained 1,993 relevant patents. In the future, in the face of the rapidly growing global demand for clean energy, the Company will continue to focus on technological innovations in energy storage clean technologies, contributing to the transformation and upgrading of the energy industry.

[6 Clean Technology: Innovative technological solutions aimed at reducing or eliminating negative impacts on the environment, optimizing resource utilization, and enhancing the efficiency of products or services.
Its core objectives include:
(1) Reducing Environmental Burden: Minimizing energy consumption, waste generation, and pollutant emissions through process and technological optimization.
(2) Promoting Sustainable Development: Facilitating the widespread application of renewable energy by improving the recycling rate of resources.
(3) Enhancing Efficiency: Improving the overall efficiency of industries and products and reducing environmental dependence through innovative design and technological advancement.]
[7 Materials and others include sales of ESS battery-related materials.]

2.1.1. Clean Technology Innovation

Hithium focuses on the field of electrochemical energy storage, forming a mature foundation in lithium battery technology. Through continuous technological iterations and innovations, the Company has built a complete energy storage product system and is committed to becoming a leader in clean technology innovation in the industry.

The Company moves forward with determination, directly addressing the pain points of industry development, comprehensively promoting the demand for clean technologies and sustainable energy development, and continuously strengthening its technological foundation, achieving breakthroughs and innovations.

In 2024, the Company made continuous breakthroughs in four key areas: high safety, long lifespan, high energy efficiency, and extreme cost-effectiveness.



It innovatively developed sodium-ion battery products that offer both economic efficiency and durability, and launched energy storage system products that break the traditional geographic location design limitations.These innovations open up more new possibilities for the energy storage industry and pave the way toward a new world of energy freedom.

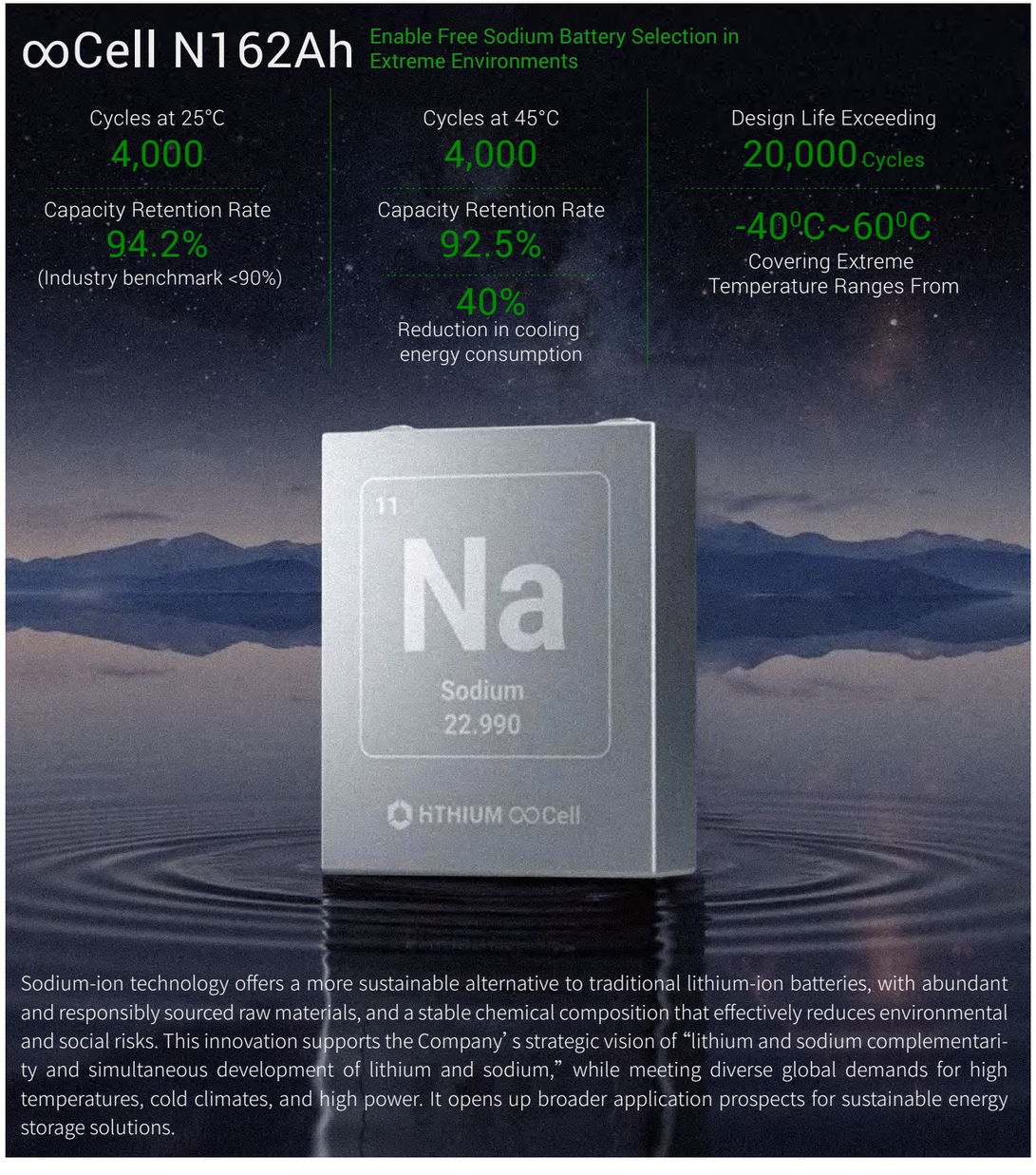
Focusing on the Present and Embracing the Future

Hithium will continue to explore clean technology innovations in energy storage, assist in achieving full-scenario customisation for energy storage applications, and empower the high-quality development of the energy storage industry.



Case | New Approaches to Addressing Climate Change — Specialised Sodium-Ion Batteries

To fulfill its commitment to environmental sustainability and clean technology innovation, Hithium held its second Ecological Day event on 12 December 2024, in Beijing, with the theme “Energy Freedom · New World.” During the event, the Company launched the industry’ s first power storage-specific sodium-ion battery, ∞Cell N162Ah, showcasing a major breakthrough in the clean technology field. This battery uses a poly-anion chemical system, achieving core breakthroughs in ultra-high environmental adaptability, including:



Sodium-ion technology offers a more sustainable alternative to traditional lithium-ion batteries, with abundant and responsibly sourced raw materials, and a stable chemical composition that effectively reduces environmental and social risks. This innovation supports the Company’ s strategic vision of “lithium and sodium complementarity and simultaneous development of lithium and sodium,” while meeting diverse global demands for high temperatures, cold climates, and high power. It opens up broader application prospects for sustainable energy storage solutions.

Case | A New Era of Full-Scenario Customised Energy Storage — Large-Capacity Energy Storage System

Hithium has broken traditional thinking and innovatively launched the ∞Power 6.25MWh 2h/4h space-customised large-capacity energy storage system. This system, based on the ∞Pack+ large-capacity energy storage platform, is adaptable to different energy storage durations and geographical climate conditions, providing efficient and flexible solutions for global energy transformation.



Through this innovative practice, the Company provides sustainable solutions for energy needs in extreme environments. The Company plans to open up full ecosystem cooperation in 2025, promoting the specialised development of energy storage technology and the efficient allocation of resources.

2.1.2. Clean Technology Benchmark Projects

Hithium continuously strengthens clean technology R&D, breaking through key technological bottlenecks in energy storage systems such as energy density and cycle life. The Company drives project construction and upgrades through innovative technologies, deeply aligning with customer demands for next-generation energy storage projects that feature high safety and long-term stable operation. The Company focuses on battery material innovation and system integration optimisation, continuously tackling common industry challenges and providing efficient and reliable project solutions for the energy storage market.

Innovative Clean Technology

Super Long Lifespan

SEI Membrane Targeted Repair of Electrolyte

Precisely repairs the micro-damage of the SEI film, reduce the consumption of electrolyte and active lithium, and extend the lifespan of the battery cell.

High Interface Stability Anode

Uses highly isotropic graphite to alleviate lithium insertion expansion stress and enhance anode interface stability.

Active Lithium Slow Release

Innovative multi-level nano-particle cathode materials enable lithium-ion “gradual” release, precisely matching lithium consumption.

Ultra High Safety

Safer Active Materials

The cathode uses multi-element doping and coating technology, and the anode uses low-surface-defect graphite to improve thermal stability and safety.

Three-dimensional Air Channels

360° gas transmission path design combined with directional valve opening technology ensures accurate and sensitive pressure relief.

Ultra High Consistency

High Capability Consistency

The world’s first KAh-level MIC battery significantly improves capacity consistency.

Lower Self-discharge

Full tab and foil laminating process reduces foreign particles, and the large-capacity design suppresses pressure differences.

Better Electrode Interface Performance

Advanced processes eliminate stress unevenness, improving electrode interface stability.

Ultra Low Cost

kAh MIC Battery and System

Battery unit Wh cost reduced by 7.5%, system non-cell components reduced by 30%, resulting in a comprehensive cost reduction of 20%.

Intelligent Manufacturing Production Line

Fourth-generation production line efficiency increased by 30%, manufacturing costs reduced by 25%.

Full industry Chain Ecological Layout

Builds industry chain clusters to reduce costs across the entire chain and creates a value chain for the full lifecycle of energy storage.

Case | Bulgaria Battery Energy Storage System Project

In July 2024, Hithium successfully deployed a 55 MWh battery energy storage system in Bulgaria. Located at a photovoltaic power plant in the Razlog region of southern Bulgaria, the project integrates photovoltaic and energy storage technologies to provide stable clean energy supply to the local area, contributing to the green energy transition. It marks an important milestone in the development of renewable energy in Eastern Europe.

In the project, the Company provided 16 sets of 3.44 MWh Hithium ∞Block liquid-cooled energy storage systems, integrated into 20-foot standard containers, offering high safety, high energy density, and excellent thermal management performance. Additionally, the Company offers customers customised services throughout the entire lifecycle, from commissioning and delivery to operation, maintenance, and recycling, ensuring safe and stable system operation. Furthermore, the Company provides efficient and reliable after-sales services by leveraging localised European resources, including logistics, spare parts centers, and professional teams, along with an integrated intelligent service system.



Figure: Hithium ∞ Block Liquid-Cooled Energy Storage System

Case | Zhoushan Yushan Island “Offshore” Petrochemical Base Project of Zhejiang Petrochemical Co., Ltd.

Hithium, with its innovative strength, provided secure support for the Zhoushan Yushan Island project of Zhejiang Petrochemical Co., Ltd., the country’s first “offshore” petrochemical base. In July 2024, the Company successfully commissioned and put into operation the Zhejiang Petrochemical Energy Storage Power Station. The project has a total capacity of 10MW/20MWh and uses string-type inverter (Power Conversion System, PCS) integrated container energy storage systems. It features high safety, long lifespan, and high consistency, helping the Company achieve peak shaving, valley filling, and reduce electricity costs. The system can also assist diesel generators in black start, improving the energy security of the plant.

The project implements a “two charges and two releases” strategy. Since commissioning, the system’s average daily charging capacity has reached 35,208 kWh, and the discharge capacity has reached 32,352 kWh, generating approximately RMB24,000 in daily economic benefits and significantly optimising energy utilisation efficiency. Through multi-level safety certifications and self-developed high-safety battery technology, the Company has comprehensively enhanced the energy security assurance for the base, improving its ability to respond to power grid emergencies and renewable energy absorption capacity. This effectively assists the petrochemical industry in exploring green transformation pathways and achieving energy structure transformation and upgrading.



Figure:
Zhoushan Base of Zhejiang Petrochemical Co., Ltd.

Case | Independent Shared Energy Storage Demonstration Project of Yunnan Province

In September 2024, Hithium, as the core supplier, helped the Yunnan Province's first independent shared energy storage demonstration project — the Yongren Zhixin 300MW/600MWh independent energy storage project — successfully connect to the grid. Located in the sun-rich Yongren County, the project was completed and put into operation in just five months, making it the largest and fastest-built energy storage station in Yunnan Province. The project is equipped with 179 sets of lithium iron phosphate (LiFePO4) battery modules, with an annual discharge capacity of 180 million kWh, and a 20-year operational life. It has become an important milestone in Yunnan's green energy transition.

In the project, the Company provided ESS battery solutions characterised by high-safety, long-lifespan, and high-efficiency, ensuring the project's efficient and reliable operation. The Company's innovative battery solution significantly improved system consistency, lifespan, and energy efficiency, supporting peak shaving, valley filling, and grid frequency regulation. While ensuring renewable energy absorption and grid stability, the solution effectively addressed the volatility issues of surrounding photovoltaic power plants, further enhancing the flexibility and stability of the power system.

Figure: Yongren Zhixin Project



Case | Three Gorges Binhai Energy Storage Project

In August 2024, Hithium provided high-safety support for the successful full-capacity grid connection and commissioning of the Three Gorges Binhai Energy Storage Project. This project is one of the first grid-side energy storage demonstration projects in Jiangsu Province. Once completed, it will independently participate in grid frequency regulation and peak shaving, offering strong support for improving the regulation capacity of Jiangsu's power system, increasing renewable energy absorption, and ensuring power supply during peak summer periods.



Based on the project requirements, the Company provided its self-developed new generation 314Ah energy storage-specific battery product solution, which uses advanced materials and manufacturing technologies, achieving a cycle life of up to 11,000 cycles. With long cycle life, intrinsic safety design, and improved energy density, this high-performance configuration enables the client's energy storage system to achieve better consistency, higher system efficiency, and lower electricity cost. Furthermore, the string-type electrochemical energy storage technology used effectively alleviates the pressure on the grid, reduces grid control difficulty, and also helps decrease coal consumption, reducing emissions of carbon monoxide, sulfur dioxide, and other gases, resulting in significant environmental and ecological benefits.



Figure: Three Gorges Binhai Energy Storage Project

2.2 R&D Innovation

We place extremely high priority on our research and development, as our R&D efforts form the basis for the innovativeness, leadership and competitiveness of our products. We have built core technological advantages and forward-looking R&D capabilities across the entire industry chain, including material design, battery design, energy storage system architecture, advanced manufacturing and recycling, creating a complete lifecycle value chain for energy storage.

We relentlessly innovate to maximize safety, improve energy efficiency, extend lifetime, improve product consistency and continually reduce costs.

As of December 31, 2024:

R&D Team

>1,100

Full time employees in our R&D team, with experience across the lithium-ion battery industry.

≈29%

Hold a master's degree or higher.

Patent Application

Our relentless R&D efforts have enabled us to build an intellectual property portfolio of

>3,900
Patent applications

1,993
Patents granted

For more details, please refer to the "7.4 Intellectual Property Protection" section.

We Have Established Four Distinct Research Institutes

Each with its own area of focus, all essential to achieving our product quality, covering new materials and technology R&D, battery product development, energy storage system control technology R&D and advanced manufacturing, respectively.

Battery Research Institute

Functions: Our Battery Research Institute mainly focuses on the R&D, testing and verification, and commercialization of lithium-ion battery materials and products.

Location: Xiamen, China

Institute of Advanced Research

Functions: Our Institute of Advanced Technology mainly focuses on the R&D of new battery materials and technologies, including sodium-ion product development and commercialization, as well as exploring the applications of solid state battery technologies in energy storage.

Location: Xiamen, China

4 Research institutes with distinct characteristics

Control Technology Research Institute

Functions: Our Control Technology Research Institute focuses on the development, testing and mass production of energy storage system platform and products.

Location: Shenzhen, China

Engineering Centre

Functions: Our Engineering Center focuses on three core capabilities of material research and development, process development, and advanced manufacturing.

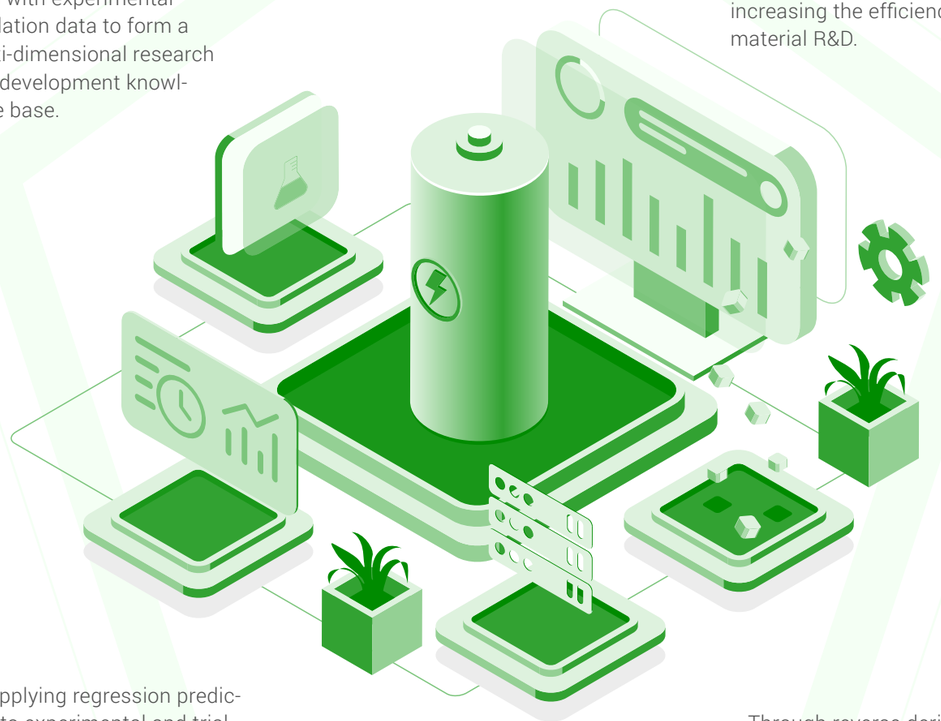
Location: Xiamen, China

We Also Leverage Intelligent Technologies in Our Research and Development Efforts

We are building a battery electrochemical mechanism database by integrating high-throughput computational simulation data with experimental validation data to form a multi-dimensional research and development knowledge base.

By employing advanced algorithms, we develop advanced Battery Management Systems (BMS) to extend the product lifetime and significantly reduce downtime, ultimately providing customers with a superior product experience.

By establishing a material genome library that includes parameters of core components like electrolytes and cathode/anode materials, such as crystal structure and thermodynamic stability, we are able to shorten the material screening cycle and increasing the efficiency of material R&D.



By applying regression prediction to experimental and trial production data, we significantly reduce the time required for experimental scheme design and formulation design.

Through reverse derivation of material design defect characteristics and improvement strategies using historical failure data, we enhance product consistency and reliability from the design phase.

2.2.1. Key Technologies

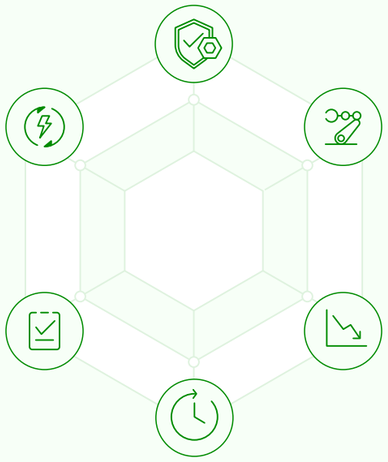
As a result of our prioritization and heavy investment in R&D, we have independently built a deep pool of innovative key technologies underpinning the cost-effectiveness, energy efficiency and safety of our products. Set forth below are our key technologies.

Safety designs are implemented at multiple levels, from materials and batteries to systems: The cathode uses multi-element doping to enhance structural stability and safety, while the anode uses surface-optimised graphite to reduce heat generation. The battery design introduces 3D air channels and directional valves to improve gas evacuation efficiency during thermal runaway. At the system level, electrical, structural, functional, informational, and electrochemical safety are covered, supported by efficient thermal management materials, flame-retardant coatings, and intelligent monitoring, enhancing fire prevention and early warning capabilities.

High Safety Technology

High Energy Efficiency Technologies

Energy conversion efficiency is improved by optimising lithium iron phosphate, electrolytes, and battery cell structures, which also extends battery life. The system adopts a three-level BMS architecture, in combination with thermal management coordinated control, to effectively reduce energy consumption and improve system efficiency. The system efficiency reaches over 95%, placing it at the forefront of the industry.



Advanced and Intelligent Manufacturing Technologies

We have built an efficient, high-quality, low-cost, automated manufacturing system. The front-end process incorporates high-precision adaptive metering, high-speed wide-format coating equipment, and automatic closed-loop regulation technology. The back-end features a visual monitoring system for real-time quality control. The fourth-generation production line upgrade has been completed, and the new fifth-generation factory is under construction, expected to significantly enhance production efficiency and automation levels.

High Consistency Technologies

Technologies such as full-tab laminating, special separator coatings, and constrained formation reduce uneven stress, minimise short-circuit risks, stabilise the solid electrolyte interface (SEI) membrane, and enhance battery consistency. Strict quality control and automated monitoring are implemented during manufacturing, while high-precision BMS and balancing strategies ensure consistency during operation.

Long Cycle Life Technologies

Technologies such as SEI membrane repair, highly stable anode materials, and active lithium slow-release reduce lithium loss and side reactions, significantly extending the cycle life of the battery. With our long cycle life technology, we are able to develop industry-leading products with over 20,000 cycles.

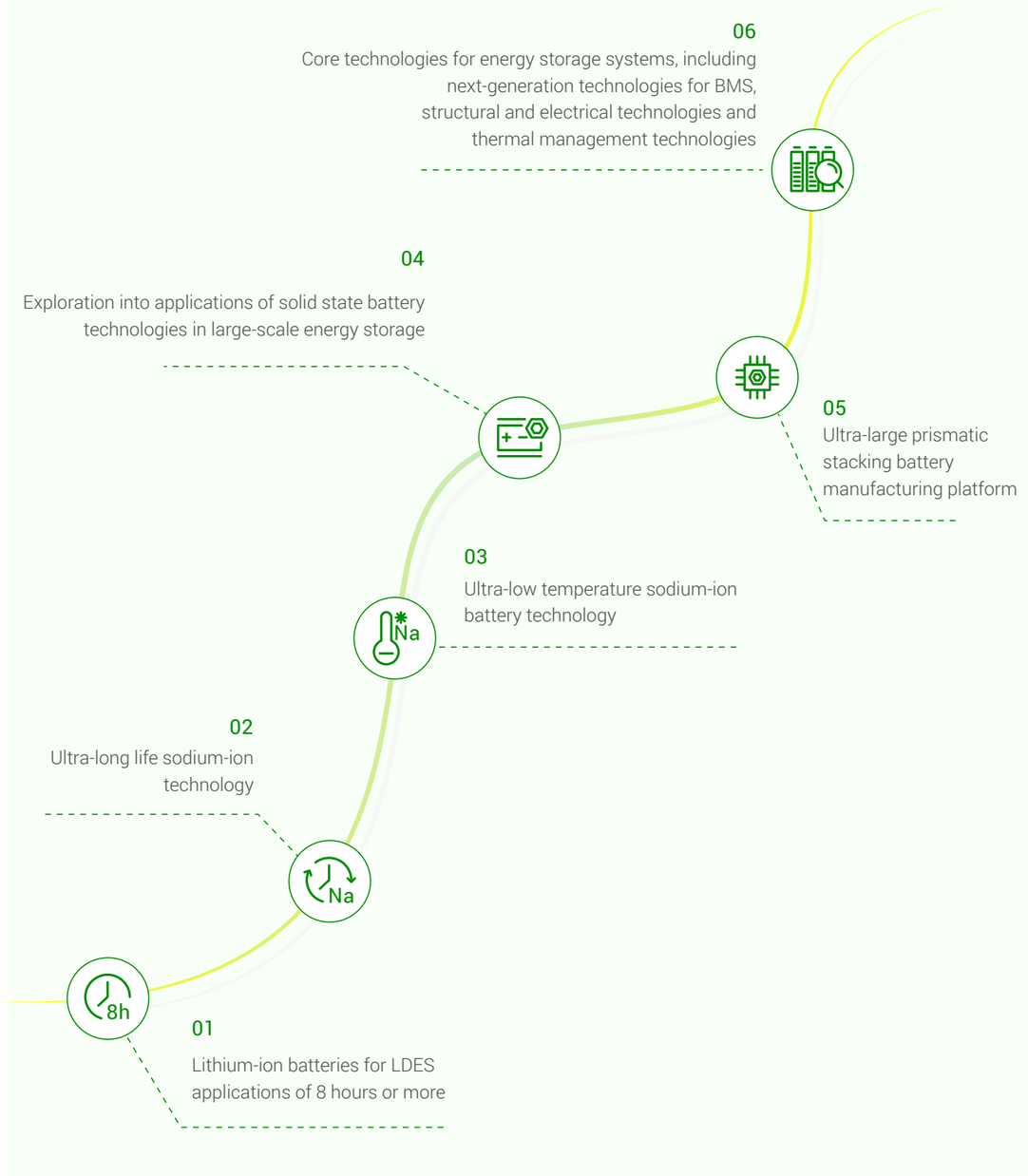
Low-Cost Technologies

Cost control is comprehensively implemented across material R&D, battery design, system integration, and manufacturing. Thick-coated electrodes, modular designs, and optimised AC/DC matching improve production efficiency and yield. Combined with lean manufacturing and highly automated processes, we continuously reduce manufacturing costs.

2.2.2 R&D Roadmap

Our R&D efforts are designed to optimize the production and quality of existing products and technologies, as well as for the R&D of the next generation of products and technologies.

Some of Our Key Areas of R&D Focus Include



2.3 Climate Change Response

Hithium actively responds to the Paris Agreement and China's "30·60" dual carbon goals, considering addressing climate change as an important responsibility of the company. We are committed to exploring innovative technologies, improving energy storage efficiency, and promoting green development. We strive to lead the entire supply chain in carbon reduction, drive comprehensive and in-depth green transformation, and fulfill our leadership role in the green energy sector.

2.3.1. Climate Governance

Hithium integrates climate issues into ESG governance, establishing a three-tier climate governance structure with "decision-making level — management level — execution level." We clearly define the responsibilities at each level and report progress and outcomes of climate change response work to the higher levels at least once every six months, ensuring that relevant work is led, decided, and implemented in a unified manner.

Hithium's Climate Governance Structure

Decision-Making Level

- Assisting the Board of Directors in decision-making and monitoring climate change-related matters.
- Developing climate change performance indicators, evaluation, and incentive mechanisms based on the Company's overall planning and climate change response strategy.
- Drafting company policies and systems related to climate change.
- Supervising the identification, assessment, and management of climate change-related impacts, risks, and opportunities.
- Overseeing the work related to carbon emission data disclosure.

Board of Directors

ESG Committee

- Deciding on the establishment and improvement of the climate governance structure.
- Deciding on the climate change strategy and goals, including related performance indicators, evaluation, and incentive mechanisms.
- Deciding on the development of company policies and systems related to climate change.
- Deciding on the disclosure of climate change-related information, including progress on goal achievement.

Management Level

ESG Management Department

- Assisting the ESG Committee in formulating and breaking down the climate change response strategy and goals.
- Implementing the development of company policies and systems related to climate change.
- Identifying, assessing and managing the impacts, risks and opportunities related to climate change.
- Conducting performance assessments related to climate change.

Monitoring carbon emission data and coordinating data disclosure-related work.

Execution Level

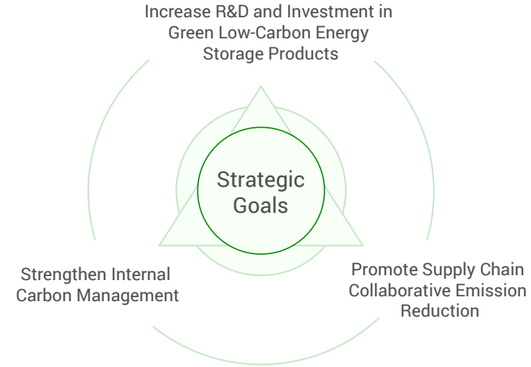
Production | R&D | Safety and Environmental Protection | Supply Chain Management | Human Resources | Legal Compliance

- Executing the Company's climate change response strategy.
- Implementing and coordinating various climate change-related tasks.
- Managing and collecting carbon emission-related data.

The Company has established a performance evaluation mechanism related to climate change, linking the performance of the board and senior management with environmental goals. The performance incentives for executives responsible for environmental affairs carries a higher weight.

2.3.2. Climate Strategy

Based on the sustainable development philosophy of "deliver the highest quality batteries sustainably, while practicing our values," Hithium has identified the reduction of greenhouse gas emissions as its primary response task and developed the "Zero- Carbon Strategy" as the main guide for addressing climate risks. The Company is committed to achieving carbon neutrality for the entire Group's core operations (Scope 1 and Scope 2) by 2025 and carbon neutrality across the entire value chain (Scope 1, Scope 2, and Scope 3) by 2037.



Hithium is deeply focusing on the energy storage ecosystem, using advanced technological means to expand R&D and investment in efficient, high-quality, green, and low-carbon energy storage products.

The Company is strengthening green and low-carbon management, increasing the use of renewable energy in daily operations, and emphasising equipment and technology upgrades.

Through intelligent manufacturing, the Company aims to reduce energy consumption and greenhouse gas emissions in the operational process, accelerating green development.

Hithium is collaborating with excellent suppliers to promote collaborative emission reduction throughout the supply chain, building a zero-carbon industrial chain.

2.3.2.1.Climate Risk and Opportunity List

Referring to frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD) and the *International Financial Reporting Sustainability Disclosure Standard No. 2 — Climate-related Disclosures* (IFRS S2), we have comprehensively identified the climate risks and opportunities relevant to our business and developed a comprehensive climate risk list.

Climate Risk Identification Process

Consider the Nature of the Business
Consider Geographical Location

Step 1

Consider whether any relevant risks impact the Company and its operations:

- **Physical risks:** Will it affect the Company's operations, labour, and supply chain?
- **Transition risks:** Will it affect the Company's compliance, operating costs, asset depreciation, or revenue?
- **Impact level:** What is the extent of the impact on the Company's operations?

Step 2

Consider potential physical risks:

Heatwaves, Water resource pressure, Sea level rise, Flooding, Frequency and severity of extreme weather

Consider potential transition risks:

Policies and regulations, Technology, Market preferences

Consider whether the risk presents relevant opportunities

Step 3

Step 4

Identify specific parameters of the relevant physical and transition risks, as well as associated opportunities

Climate Risk and Opportunity List

Risk/Opportunity type		Description	Potential Impact: Specific Impact	Risk/Opportunity level: High	Medium	low	Impact Timeline: Long-term	Mid-term	Short-Term	Value Chain Link	Financial Impact
Physical Risks	Acute Physical Risks	Increased probability of extreme weather events such as typhoons, floods, heatwaves, and wildfires.	**Asset damage and production shutdown:** Typhoons could damage plant structures (e.g., roof being blown off, equipment flooding), power system failures; floods could submerge warehouses, causing raw material and finished product spoilage; wildfires may damage plant infrastructure and cause environmental harm. Short-term repair costs are high (e.g., equipment replacement, plant repairs), and production stoppages may delay order delivery, triggering contract breach compensation.			●	○	○	○	Operations	Increased Costs, Asset Impairment
			Employee safety and operational continuity disruption: Extreme weather may disrupt employee commuting or require work stoppage for safety, directly impacting production line efficiency; heatwaves may cause heatstroke, increasing medical expenses and labor shortage risks.			●	○	○	○		Increased Costs
			Increased supply chain vulnerability: Regional disasters may disrupt local supplier production (e.g., battery component shortages) or paralyse logistics networks (e.g., port closures, road damage), forcing companies to switch to high-priced alternative suppliers, driving up procurement costs.			●	○	○	○	Outward Logistics	
	Chronic Physical Risks	The gradual impact of long-term temperature rise, humidity changes and sea level rise on production efficiency and product performance.	**Decline in product performance and market competitiveness:** High temperature and humidity environments increase product usage intensity, raising power loads, potentially increasing after-sales repair frequency and costs. If product designs are not optimised for climate adaptability (e.g., insufficient heat dissipation), products may lose competitiveness in emerging markets (e.g., Southeast Asia, Middle East).		●		○			Sales and Operations	Reduced Revenue
			Rising operating costs: Continuous high temperatures require increased cooling facilities for plants (e.g., industrial air conditioning, cooling towers), raising energy consumption costs; heat allowances, flexible work arrangements, and other human resource management measures increase labor costs. Factories in coastal areas, especially those in low-lying areas, are more vulnerable to flooding, causing damage to plant buildings and production equipment, resulting in higher repair costs.		●		○			Operations	Increased Costs
Transition risks	Policy Risks	Carbon tariffs in international trade (e.g., EU's new battery regulation, US Inflation Reduction Act) and restrictive measures on high-carbon-footprint products.	**Increased export difficulty:** If the energy storage product's lifecycle carbon intensity exceeds the threshold set by the importing country (e.g., EU battery regulations), it raises the entry barriers.	●			○	○	○	Sales and Operations	Reduced Revenue
			Increased investment costs: Products sold to the EU must meet stricter requirements regarding carbon footprint, battery passports, battery recycling, etc., particularly in relation to carbon emissions regulations, which may force export companies to undergo a zero-carbon transformation. This will push production technologies to innovate in high-efficiency, low-energy, and environmentally friendly directions, requiring companies to invest more R&D resources to develop green technologies or find more sustainable raw material supply chains.	●			○	○	○	Operations	Increased Costs
		Mandatory requirements for corporate compliance disclosures and transparency of supply chain carbon emissions under HKEX ESG disclosure rules (HKEX "Environmental, Social and Governance Reporting Code").	**Higher compliance costs:** Failure to comply with regulatory disclosure requirements will result in negative feedback from regulatory authorities.			●	○	○	○		
		Strengthened carbon management standards for the entire lifecycle of energy storage systems in various countries (e.g., China's "New Energy Storage Project Management Standards" requirements for LCA).	**High production line renovation costs:** The need to introduce low-carbon equipment (e.g., electrified boilers, wastewater recycling systems) may increase renovation costs.	●			○	○			

Risk/Opportunity type		Description	Potential Impact								
			Specific Impact	Risk/Opportunity level			Impact Timeline			Value Chain Link	Financial Impact
				High	Medium	low	Long-term	Mid-term	Short-Term		
Transition risks	Technology Risks	Competitive disadvantages due to delayed R&D or failure of low-carbon technologies; increased cost of low-carbon investments.	**Loss of market competitiveness:** Existing technological assets quickly depreciate; customers shift to competitors using new technologies; long-term involvement in price wars with low-end capacity leads to continuously declining profit margins;		■		○	○	○	Operations	Reduced revenue, Increased costs
			Increased costs: The surge in demand for new low-carbon transformation technologies significantly increases investment costs.		■		○	○	○		
	Market Risks	Slowed growth in the global energy storage market (e.g., reduction in subsidies in Europe and the US) combined with concentrated domestic capacity release, leading to a "scissors gap" and potential price competition in the industry.	**Product impairment risk:** Fixed costs of products remain unchanged, but prices decrease.	■			○	○		Sales and Operations	Reduced Revenue
			Deteriorating price competition: Price competition from second-tier manufacturers may lead to a drop in industry average prices, compressing product gross margins.	■			○	○			
	Reputational Risks	The lag in the actual progress of emission reduction will trigger a chain reaction such as the downgrade of ESG ratings and the failure of customers' green supply chain audits.	**Reputation damage:** ESG rating agencies downgrade ratings, leading to increased financing costs and damaged brand value.		■		○	○		Operations	Reduced revenue, Increased costs
Transition opportunities	Policy and legal opportunities	Support from international/national policies for the new energy sector.	International and national policies create opportunities for Hithium in four key areas: market demand guidance, technology R&D support, capacity expansion facilitation, and global cooperation, which drive technology commercialisation, cost optimisation, and market share expansion. The "dual carbon" goals and new energy storage policies drive market demand expansion: After China set the "dual carbon" goals, the National Energy Administration and local policies (e.g., Shanghai's New Energy Storage Demonstration Plan) explicitly support the development of new energy storage technologies, requiring an increase in the proportion of renewable energy generation and strengthening the role of energy storage in supporting grid stability. Sodium-ion battery commercialisation policies accelerate technology implementation: The National Development and Reform Commission's "14th Five-Year Plan for New Energy Storage Development" proposes accelerating R&D and commercialisation of sodium-ion batteries and other new technologies. Multiple local governments support the application of sodium-ion technology through funding subsidies and demonstration projects. Local government investment attraction and industry chain support: Local governments attract new energy companies through land incentives, simplified administrative approvals, and other measures. International policies expand globalisation opportunities: The European Union has increased the share of renewable energy in its overall energy mix through the issuance of the "EU Renewable Energy Directive."	■			○	○	○	Operations	Increased revenue, Increased assets
	Product and service opportunities	Increased demand for low-carbon emission products and services.	As the demand for low-carbon products increases and the share of renewable energy generation rises, the need for flexibility in power systems becomes more prominent. Our products are used to store renewable energy power, solving intermittency and fluctuation issues in power generation. As the scale of new energy installations expands, the market space for our products continues to grow.		■		○	○		Sales and operations	Increased revenue
		Protection of intellectual property.	Accumulating and protecting intellectual property is an important strategic means for companies to build technological barriers, enhance market competitiveness, and achieve sustainable profits.		■		○	○	○	R&D, production, marketing	Increased revenue, increased assets
		Industrial cooperation and low-carbon investments.	Collaboration between low-carbon technologies and industries is an important path for companies to optimise resource efficiency, reduce production costs, and enhance profitability.			■	○	○	○	Marketing, sales, R&D innovation	Increased revenue
		R&D innovation.	Through technological innovation and market expansion, companies can successfully enter emerging markets or open up new business areas, significantly enhancing their competitive advantage in the industry.		■		○	○		R&D innovation	Increased revenue

2.3.2.2. Climate Scenario Analysis

Hithium adopts a scenario analysis approach to quantitatively assess the potential impacts of climate-related risks and opportunities on business performance under different scenarios. Based on the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) climate scenario framework[8], we use three Representative Concentration Pathway (RCP 2.6, RCP 4.5, and RCP 8.5) to analyse the impacts of physical risks, such as extreme and chronic climate events, on business operations and financial performance. At the same time, using the NGFS stress test model, we analyse the financial risk transmission effects of carbon pricing system differences under four policy paths (2050 net-zero emission scenario, 2-degree scenario, reference scenario, and delayed transition scenario) between 2024 and 2050, assessing the Company's adaptation to climate transition risks. For transition opportunities, we analyse the 2050 net-zero emission scenario and established policy scenarios to systematically assess structural opportunities for the power storage business in the energy transition.

Climate Scenario Selection

Risk/Opportunity type	Scenario Type	Scenario Description
Physical Risk	RCP 2.6	Low greenhouse gas emission scenario. By 2100, global average temperature rises less than 2°C compared to pre-industrial levels.
	RCP 4.5	Medium greenhouse gas emission scenario. By 2100, global average temperature rises about 2.4°C compared to pre-industrial levels.
	RCP 8.5	High greenhouse gas emission scenario. By 2100, global average temperature rises about 4.3°C compared to pre-industrial levels.
Transition Risks	2050 Net-zero emission scenario	Through strict climate policies and innovations, the global average temperature rise is controlled within 1.5°C compared to pre-industrial levels。
	2-degree Scenario	Gradually increase the stringency of climate policies, providing a 67% chance of limiting global warming to below 2°C.
	Reference Scenario	Assumes that only the current policies are retained, leading to high physical risks.
	Delayed Transition Scenario	This is an unordered scenario where global annual emissions will not decrease until 2030. At that point, strong policies will be required to limit the temperature rise to below 2°C.
Transition Opportunities	2050 Net-zero Emission Scenario	Through strict climate policies and innovations, the global average temperature rise is controlled within 1.5°C compared to pre-industrial levels.
	Established Policy Scenario	Traditional technological pathways still dominate, with steady growth in energy storage demand. The market focuses more on cost optimisation rather than technological innovation, and the industry's competitive landscape remains relatively stable.

[8 GFS (Central Banks and Supervisors Network for Greening the Financial System) is an international organisation composed of major central banks and financial regulatory agencies around the world. The data provided by NGFS assesses the impact of climate change on financial stability, including macro financial stability and micro-prudential regulation.]

Physical Risk Assessment

We use the NGFS climate risk assessment model, combined with data from the climate change intensification effect module[9], historical disasters module[10], asset exposure module[11], and vulnerability analysis module[12], to analyse the potential annual asset loss relative values[13] that Hithium's Xiamen base, Chongqing base, and Shenzhen Research Institute might face due to multiple disasters such as flooding, typhoons, high temperatures, sea level rise, earthquakes, and wildfires under different scenarios (based on a 2015 baseline year and a forecast year of 2060).

In the multi-disaster analysis, flood risk faces more intense changes over a longer time series. Geographically, the Shenzhen base is at greater risk due to its location and climatic conditions. For example, Shenzhen is located along the coast, has low-lying terrain, and is affected by monsoon climates, with frequent short-duration heavy rainfall, leading to high flood risks. Typhoons may cause floods and sea level rise, further exacerbating disaster losses. Additionally, high temperatures and wildfires could severely impact assets. Therefore, the Shenzhen base must pay special attention to the potential risks of multiple disasters and take appropriate adaptive measures to reduce asset risk exposure.

[9 Climate change intensification effect module: It describes the degree to which climate change exacerbates disasters under different climate scenarios, including the intensity and frequency of disasters.]
[10 Historical disasters module: It records and describes the probability and intensity of specific disasters occurring according to historical patterns.]
[11 Asset exposure module: it describes the geographical distribution of the studied assets in areas affected by disasters.]
[12 Vulnerability analysis module: It is also known as loss curves, and describes the relationship between disaster intensity and asset loss.]
[13 Annual Asset Loss Relative Value = (2060 Asset Loss Value - 2015 Asset Loss Value) / 2015 Asset Loss Value, with 2060 being a key year for China's carbon neutrality target and an important stage where the impacts of climate change gradually become evident.]

Main Factories and Operations Locations	Flooding[13]			Typhoon[14]			High Temperature[15]			Sea Level Rise[16]			Forest Fires[17]		
Indicator Notes	Estimated Annual Loss Due to Flooding (%)			Estimated Annual Loss Due to Typhoons (%)			Frequency of Heatwave Strikes (%)			Predicted Sea Level Changes for Coastal Provinces (Autonomous Regions, Municipalities) of China (meters)			Percentage of Land Affected by Wildfires Annually (%)		
Scenario Type	RCP 2.6	RCP 4.5	RCP 8.5	RCP 2.6	RCP 4.5	RCP 8.5	RCP 2.6	RCP 4.5	RCP 8.5	RCP 2.6	RCP 4.5	RCP 8.5	RCP 2.6	RCP 4.5	RCP 8.5
Chongqing Factory															
Xiamen Factory															
Shenzhen Research Institute															

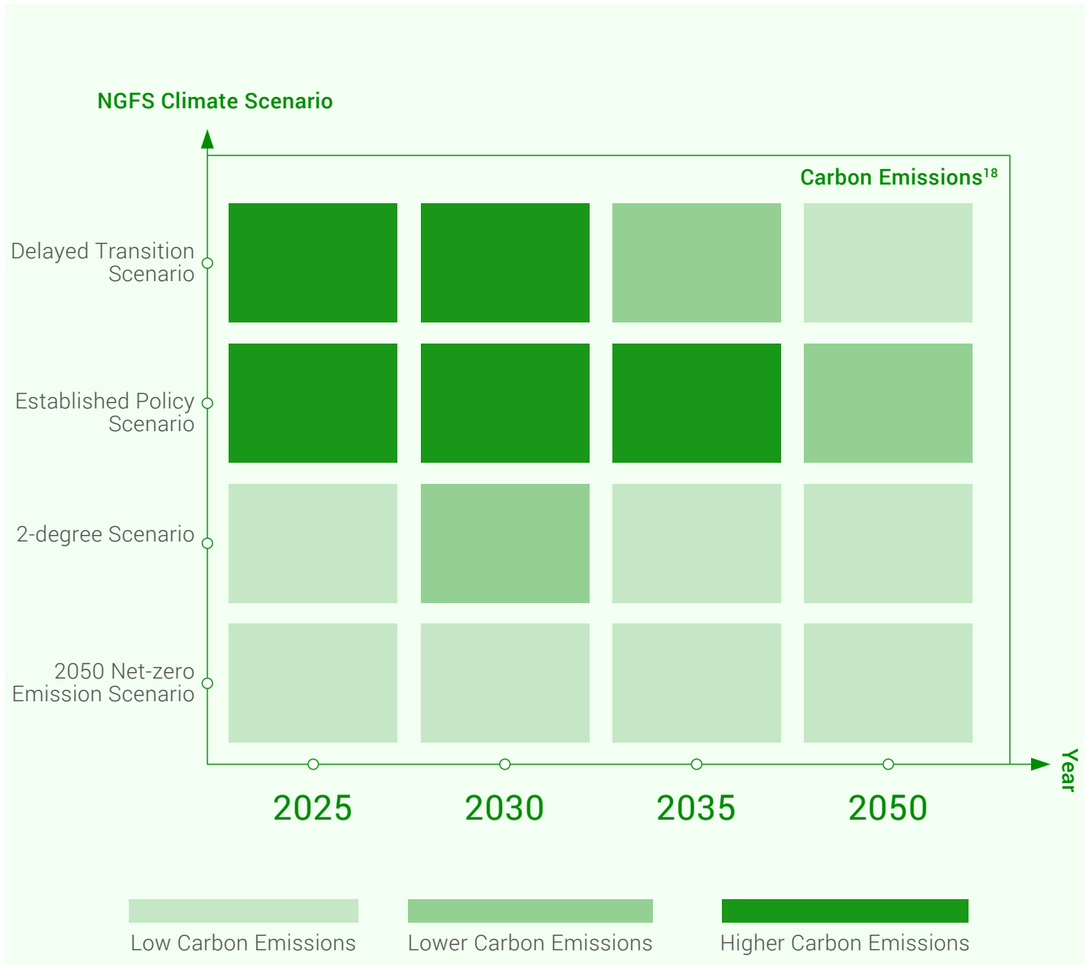
Note: The darker the color of the block, the greater the asset loss risk the Company faces under that scenario.

[13. The annual estimated loss from flooding is calculated in 2005 US dollars and is defined as the level of loss expected to occur on average each year from such events. The prediction assumes that the GDP scale and distribution in 2005 remain unchanged.]
[14. The annual estimated loss from typhoons is calculated in 2005 US dollars and is defined as the level of loss expected to occur on average each year from such events. The prediction assumes that the GDP scale and distribution in 2005 remain unchanged.]
[15. The annual estimated loss from high temperatures is an estimate, where the proportion of land exposed to heatwaves in grid cells with a resolution of 0.5° reflects the frequency with which the grid cells are affected by heatwaves. In this case, a heatwave is considered to have occurred when both relative indicators based on air temperature and absolute indicators based on air temperature and relative humidity exceed unusually high values.]
[16. The annual estimated loss from sea level rise is an estimate. The data in the table represents the predicted values for sea level changes along the coast of various provinces and municipalities (autonomous regions, directly governed cities) in China (unit: meters), with baseline data not provided. It is assumed that the relationship between temperature increase and sea level change corresponding to the year and scenario is linear, so the relative loss caused by sea level rise is also linear.]
[17. The annual estimated loss from forest fires is an estimate, where the proportion of land affected by wildfires each year is described as the proportion of land area within a 0.5° resolution grid cell that is burned by wildfires at least once a year.]

Transition Risk Assessment

Carbon Emission Forecast

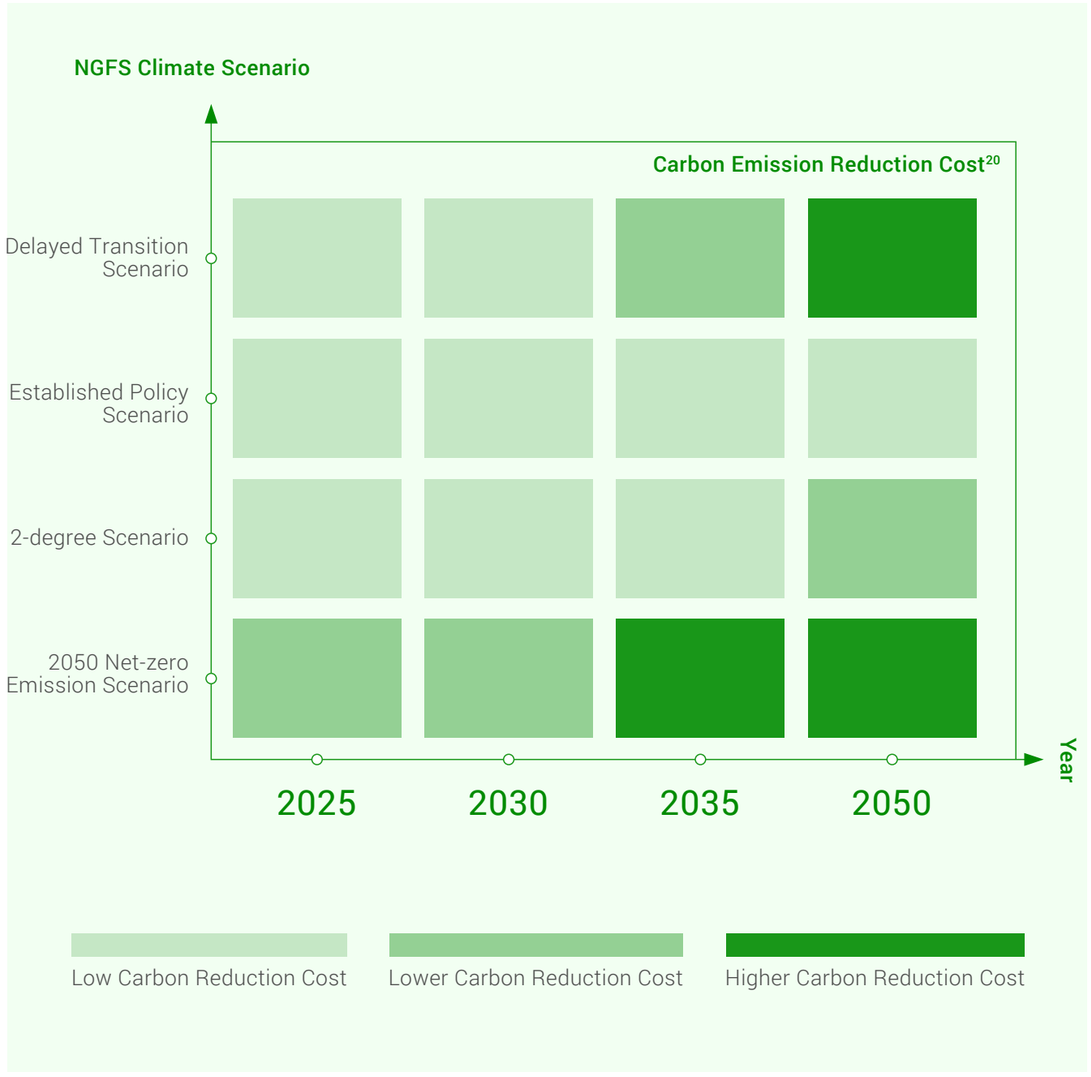
Taking into account factors such as the growth of energy storage equipment production scale, energy structure transformation, the electrification process of production processes, and operational efficiency improvements, Hithium's carbon emissions are expected to show a significant downward trend in four scenarios: the 2050 net-zero emission scenario, the 2-degree scenario, the established policy scenario, and the delayed transition scenario. In orderly scenarios, as the climate policy constraints increase (2050 net-zero emission scenario > 2-degree scenario > established policy scenario > delayed transition scenario), the Company's efforts in carbon reduction will significantly intensify, with the reduction being most significant in the 2050 net-zero emission scenario. In the disorderly transition scenario, after 2030, the Company will face more urgent carbon reduction requirements, and the intensity of emissions reduction will show a significant increase.



[18. Carbon Emission Range: Low Carbon Emissions: < 1 million tons, Lower Carbon Emissions: 1 to 2 million tons, Higher Carbon Emissions: > 2 million tons]

Carbon Emission Reduction Cost Forecast

Using a systematic approach to analyse the economic investment required to achieve emission reduction targets, it was found that carbon reduction costs under different climate policy scenarios vary significantly. In orderly scenarios, the 2050 net-zero emission scenario, due to the strictest emission reduction requirements, presents the Company with higher carbon reduction costs and greater operational pressure. In the disorderly transition scenario, the delayed transition scenario sees a significant rise in carbon reduction costs after 2030, mainly due to centralised reduction pressures and the sharp increase in carbon prices.

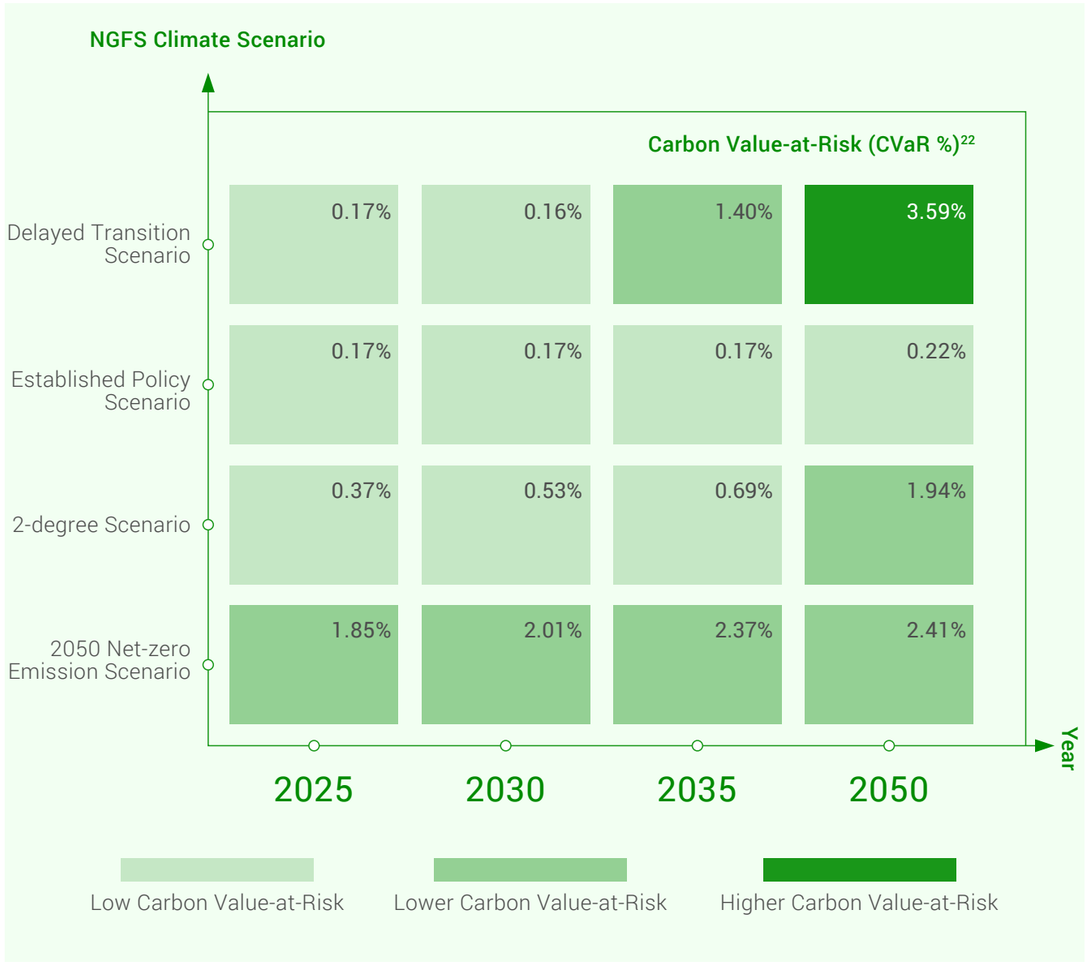


[19 公司碳减排成本 = 碳减排量 * 碳价。碳价：参考NGFS第五版数据REMIND模型。]

[20 碳减排成本区间：低碳减排成本<50000万元、较低碳减排成本50000-100000万元、较高碳减排成本>100000万元。]

Carbon Value-at-Risk (CVaR)[21] Forecast

As climate policies become more stringent, the carbon cost risks faced by companies significantly increase. For example, under the 2050 net-zero emission scenario in an orderly scenario, the Company's CVaR in 2050 will reach 2.41%. Despite the increased risk, it remains within a manageable range. In the disorderly transition scenario, due to the delayed adoption of climate actions, the Company's CVaR will show a significant upward trend after 2030: from 0.16% in 2030, it will sharply rise to 3.59% in 2050. Overall, the risk remains manageable. Even in the most stringent climate policy environment, the Company demonstrates excellent financial resilience and risk resistance, highlighting its outstanding potential to adapt to high-intensity climate policy constraints.



[21. Carbon Value-at-Risk (CVaR) is a systematic assessment of the financial risks faced by a company under different carbon emission scenarios, quantifying the potential losses or gains resulting from carbon price fluctuations, policy changes, or the market transition to a low-carbon economy. CVaR helps companies identify and manage carbon-related financial risks, providing data support for the development of scientifically sound low-carbon transition strategies, while also helping companies achieve sustainable development goals in the context of a low-carbon economy.
-Enterprise value = (Total assets + Liabilities) - Cash and cash equivalents.]
[22. Carbon Value-at-Risk Range: Low Carbon Value-at-Risk: < 1%, Lower Carbon Value-at-Risk: 1% - 2%, Higher Carbon Value-at-Risk: > 2%]

Transition Opportunities

In the context of the global energy system's accelerated transformation, Hithium, based on the NGFS climate scenario framework, uses the 2050 net-zero emission scenario and the reference scenario to conduct an analysis and systematically assess the structural opportunities for the power storage business in the energy transition.

Under the 2050 net-zero emission scenario

70%
The global electrification rate rapidly increases to

60%
The share of wind and solar power surpasses

The demand for flexibility resources from the grid shows an exponential rise.It is expected that the global energy storage installation capacity will exceed 2500 GWh, with innovative technologies such as long-duration storage and flow batteries gaining significant market premiums due to their performance advantages.

In this scenario, policy drivers and technological innovations form a virtuous cycle, accelerating the commercialisation of new energy storage solutions. In contrast, under the reference scenario, the development of the energy storage market shows more gradual characteristics.Limited by the slow pace of energy transition, the electrification rate increases only to about 30%, and the growth in energy storage demand is relatively steady.Traditional technological pathways still dominate, with mature solutions like pumped storage maintaining a large market share. The market focuses more on cost optimisation rather than technological innovation, and the industry's competitive landscape remains relatively stable.

10%
The analysis results show that under the 2050 net-zero emission scenario, Hithium's energy storage business is expected to achieve a compound annual growth rate (CAGR) of over 10%.

In contrast, in the reference scenario, business growth relies more on economies of scale and cost control, with overall profitability being relatively limited. This structural difference highlights the transition trend in the power storage industry from "scale expansion" to "technology-driven" under deep decarbonisation pathways, providing key decision-making support for the Company's technological roadmap and capacity layout.

Financial Indicators	Scenario	2025	2030	2035	2040	2045	2050
Operating Revenue	2050 Net-zero scenario						
	Established policy scenario						
Total Assets	2050 Net-zero emission scenario						
	Established policy scenario						

Note: The darker the color of the block, the larger the Company's operating revenue and total assets in that scenario.

2.3.3. Climate Risk and Opportunity Management

In response to identified climate risks and opportunities, Hithium continues to strengthen the management of climate-related risks and opportunities and has taken a series of countermeasures.

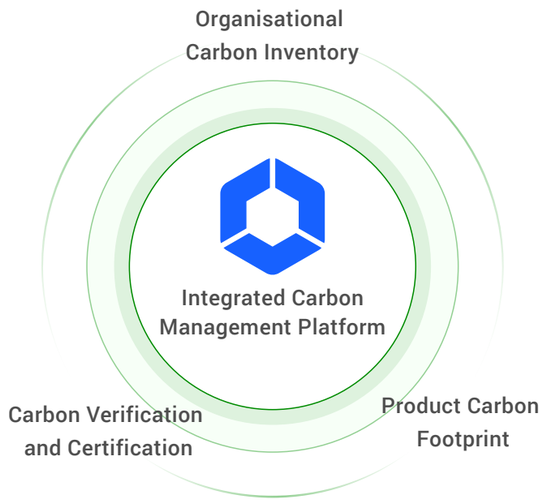
2.3.3.1. Carbon Data Management

The Company is committed to building a comprehensive carbon emission management system, regularly and systematically assessing the greenhouse gas emission data from each manufacturing site every year, and commissioning independent third-party organisations to audit the carbon emissions from operations and value chain segments. While strengthening internal carbon management capabilities, the Company actively promotes carbon reduction within the value chain.

In line with the requirements of the GHG Protocol and ISO 14064-1:2018, the Company completed the greenhouse gas emission inventory for 2024 to fully understand the internal and external impacts of its production operations. During the Reporting Period, based on the achievements of the previous year, the Company further deepened its carbon management practices, improved the inventory and optimisation of Scope 3 carbon emissions, and deeply integrated the low-carbon concept into all links of the value chain.

2.3.3.2. Carbon Management Platform Construction

In the context of China's "Pollution and Carbon Reduction Synergy Implementation Plan" and the promulgation of the EU's new battery law, the scientific and "digitalised" management of carbon data has become a key path to achieving product carbon neutrality. Hithium has independently developed the industry's first integrated carbon management platform, which includes organisational carbon inventory, product carbon footprint, and carbon verification and certification. The platform summarises and calculates carbon emissions data for each stage of the product lifecycle in real-time, enabling the process and normalisation of carbon footprint calculation.



The platform is built according to domestic and international standards such as ISO 14067:2018, ISO 14040/14044, PAS 2050:2008, and the GHG Protocol, establishing a carbon data collection and accounting system. It covers the entire lifecycle from raw material acquisition and pre-treatment, product transportation, production and storage, distribution to disposal and recycling. The platform embeds an authoritative emission factor database and introduces certification capabilities, relying on both online and offline methods to achieve efficient management of organisational carbon inventory, product carbon footprint, and verification and certification.

Hithium's carbon management platform is designed around the Company's actual business needs. Through a flexible functional design framework, it establishes a system accounting system that adapts to different business scenarios, ensuring high efficiency and high quality in carbon data management. This not only provides strong support for the Company's own carbon neutrality goals but also lays a solid foundation for carbon reduction across the entire supply chain and the low-carbon transition of the energy storage industry.

Core Functions of the Carbon Management Platform

Seamless Integration of Enterprise Information Systems

Goal: Break down data silos and build a full lifecycle management system.

Integrated Systems: MES/Energy Management System/ Environmental Monitoring/PLM/Purchasing System

Data Integration and Integration

Intelligent Analysis

Data Statistics and Transformation

- Carbon emission reports
- Trend analysis charts
- Emission reduction suggestion list
- Emission source classification statistics

Supply Chain Collaboration

Multi-level Supply Chain Management

- Unified data format standards
- Hierarchical permission management
- Automated data collection
- Simplified certification process



Full Lifecycle Data Management

Multi-link coverage

- Raw material acquisition → Production → Disposal and recycling
- Real-time summary of carbon emissions data
- Dynamic carbon footprint monitoring

Quality Assurance

Dual Verification Mechanism

- Internal data review process
- Third-party organisation verification

Accounting and Reporting

Organisational-level Carbon Accounting

- Data quality inspection
- Automatic generation of inventory reports

Product Carbon Footprint Reports

- Customisable accounting boundaries
- Selection of emission factor database
- Automatic generation of visual reports

Hithium's carbon management platform has innovatively developed the "one-click forwarding and submission" feature, significantly improving the quality and efficiency of internal data management. Suppliers can directly log into the system to fill in standardised data using a verification code. The system real-time aggregates and analyses the data, simplifying the carbon footprint data collection process, reducing manual data entry workload, and accelerating the carbon verification and certification process, providing efficient support for product carbon footprint certification.

Automated Data Collection and Accounting

Automate the collection and accounting of organisational carbon emissions data, covering emissions data for Scope 1, Scope 2, and Scope 3.

Integrated Management System

Build an integrated management system for data collection, carbon accounting, verification and certification, and data analysis and evaluation, ensuring the integrity and accuracy of the data flow.

Comprehensive Data Coverage

Organisational Level: Supports real-time monitoring and dynamic analysis of carbon emissions data, helping companies comprehensively understand their organisational carbon emissions status.

Product Level: Accurately quantifies the carbon footprint data for the entire product lifecycle, providing data support for a deeper understanding of product carbon emissions.

Data-driven Decision Support

Based on accurate data collection and analysis, identify internal carbon reduction opportunities and support the formulation of emission reduction plans, providing data-driven decision-making support for the company's carbon management.

Management Quality

Data

Management Efficiency

Improved Cross-department Collaboration Efficiency

Enhance the internal cross-department communication and collaboration efficiency through the integrated management system. The cross-departmental data collaboration time has been shortened from several weeks to a few days, significantly improving collaboration efficiency.

Real-time Monitoring and Dynamic Analysis

At the organisational level, the platform supports real-time monitoring and dynamic analysis of carbon emissions data, enabling timely responses to changes in carbon emissions.

Accurate Quantification of Product Carbon Footprint

Accurately quantify the carbon footprint data for the entire product lifecycle, providing quick access to product carbon emissions information.

Dual Improvement in Internal Data Management Quality and Efficiency



Supplier Login

Verification Code Login

Suppliers can quickly log in to the carbon management platform using a verification code, simplifying the login process and making operations more convenient.



Data Reporting

Standardised Data Reporting

Suppliers fill in standardised carbon footprint data in the system to ensure uniform and standardised data formats. This improves data quality and facilitates system analysis.



System Processing

Real-time summary and analysis

The carbon management platform summarises and analyses the carbon footprint data submitted by suppliers in real-time, providing data support for carbon verification and certification.



Process Optimisation

Simplified Data Collection

The "one-click forwarding and submission" feature effectively simplifies the data collection process for product carbon footprint certification, reducing manual statistical workload and communication costs.



Efficiency Improvement

Accelerating Certification Progress

Simplified processes and real-time analysis provide efficient support for the Company to quickly carry out product carbon footprint certification.

On 24 May 2024, the Company's carbon management platform was awarded the first "System Product Calculation Certification" by TÜV Rheinland for energy storage technology enterprises. This recognition signifies that the Company's carbon management platform has received international certification for the accuracy, transparency, and reliability of its carbon data, further showcasing the Company's outstanding digital capabilities in carbon emission accounting and management.


Verification Statement

TÜVRheinland

Figure: System Product Calculation Certification

2.3.3.3. Physical Risk Emergency Management

We closely monitor extreme weather conditions in all operating locations and have developed emergency response plans for typhoons, heavy rain, earthquakes, and high temperatures. These plans include measures such as daily inspections, weather warnings, emergency on-duty shifts, and rescue patrols. The plans clearly define the procedures for handling risks before, during, and after their occurrence, as well as the specific responsibilities of each department in emergency management. This ensures that when a disaster strikes, we can quickly, orderly, and efficiently carry out rescue and recovery work, safeguarding both personnel safety and business continuity.

Typhoon and Flood Emergency Management Regulations

Preparation: Through internal emails, the Company promptly issues typhoon and heavy rain warning information, quickly organises a flood control special meeting, and sets up a dedicated command centre. Meanwhile, it distributes various emergency equipment as planned, conducts hazard inspections and rectifications for flood control, and ensures that all protective measures are properly implemented.

Response: During the typhoon and heavy rain, the Company urgently convenes the engineering emergency duty team, fully activates emergency repair procedures, and carries out on-site disposal of damaged facilities and equipment, ensuring that emergency measures are swiftly implemented to reduce the impact of the disaster.

Recovery: After the disaster, the Company organises comprehensive post-disaster recovery work, records the existing problems in detail, develops and implements improvement measures, tracks and follows up on corrective actions, and effectively enhances future prevention capabilities.

Earthquake Disaster Emergency Plan

Preparation: The Company ensures sufficient material reserves in advance and strengthen hazard inspections for all facilities within the plant. Additionally, it regularly organises emergency rescue team training to enhance the ability of all employees to respond to sudden earthquakes.

Response: After the earthquake, the Company immediately establishes an emergency command center. The safety management department quickly activates the plant's alarm system, guides and organises personnel in the buildings to evacuate quickly and orderly to predetermined safe zones, ensuring the safety of employees' lives.

Recovery: After the earthquake, it organises professionals to conduct a comprehensive survey of the Company's infrastructure, confirms the affected areas and facilities post-earthquake. According to the emergency plan, it promptly restores key services such as water and electricity, ensuring that the Company's production and operations resume normal functions as soon as possible.

High Temperature Heatstroke Accident On-site Disposal Plan

Preparation: Before high temperatures arrive, the Company issues warning information through multiple channels and makes preparations for heat prevention and cooling in advance, ensuring that relevant protective equipment and first aid resources are on standby.

Response: In the event of a heatstroke incident, on-site emergency personnel will immediately implement cooling and heatstroke treatment for the affected employees, quickly transferring them to a ventilated and cool area. At the same time, the incident will be reported immediately, and based on the severity of the injuries, an emergency call will be made or nearby medical facilities will be contacted, ensuring the incident is handled quickly and effectively.

Recovery: After a heatstroke incident, an on-site assessment will be conducted immediately, and control measures will be improved. Follow-up care will be provided to employees to ensure that work order is restored promptly.

2.3.4. Climate Indicators and Goals

In response to climate change, the Company has set key targets and indicators related to climate change actions and greenhouse gas emissions.

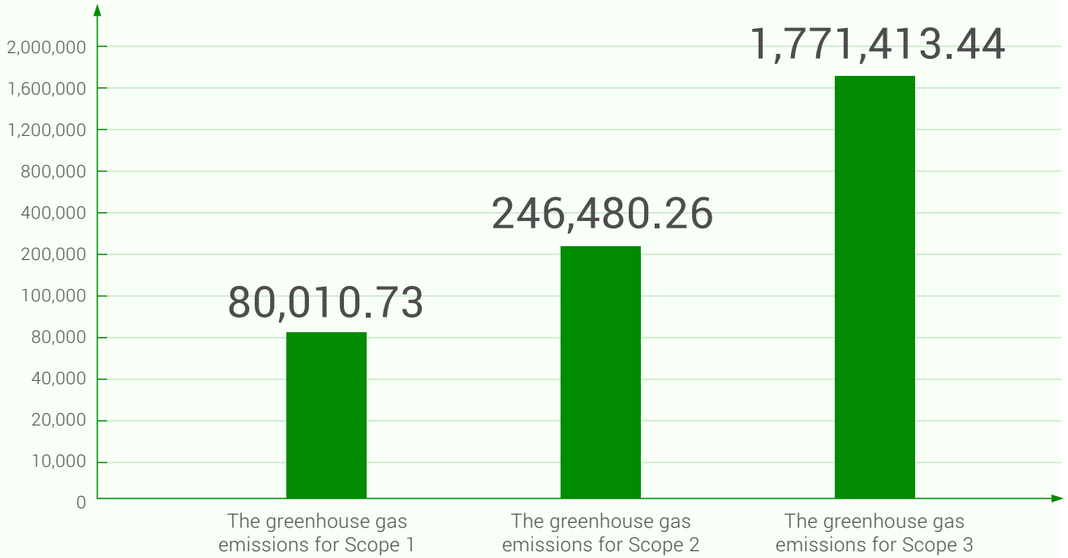
We Plan to..

58.80%
Reduce Scope 1 and 2 absolute emissions by 58.80% within ten years

63.8%
Reduce Scope 3 greenhouse gas emissions per unit of product by 63.8% within ten years

In 2024

tons of CO_2 equivalent



Compared to 2023

↓ 10.35%
The intensity of greenhouse gas emissions from our own operations decreased by

↓ 2.94%
The intensity of Scope 3 greenhouse gas emissions per unit decreased by

2.4 Product Carbon Footprint

2.4.1. Greenhouse Gas Emissions at the Product Level

To provide customers with safe, efficient, clean, and sustainable green energy solutions and products, the Company calculates its product carbon footprint based on a life cycle assessment approach, referencing ISO 14067:2018 Greenhouse Gases – Product Carbon Footprint – Quantification Requirements and Guidelines, ISO 14040:2006 Environmental Management – Life Cycle Assessment – Principles and Framework, and ISO 14044:2006 Environmental Management – Life Cycle Assessment – Requirements and Guidelines.

During the Reporting Period, the Company researched and calculated the carbon footprint emissions for its 314Ah ESS battery. In the calculation, the system boundary was defined as "cradle to grave," covering the production process of upstream raw materials, on-site product manufacturing, transportation during the distribution stage, electricity consumption during the use phase, and recycling and landfilling during the disposal phase.

Based on the analysis, the carbon footprint value of the Company's 314Ah lithium iron phosphate ($LiFePO_4$) ion cell (energy storage type) product during the Reporting Period was

399.52 kg CO_2 eq

Carbon Verification and Product Carbon Footprint Certification



Figure: ISO 14064-1:2018 Hithium (Xiamen) 2023 Annual Greenhouse Gas Inventory Report Certification



Figure: ISO 14067:2018 280Ah Lithium Iron Phosphate Battery Cell Product Carbon Footprint Certification

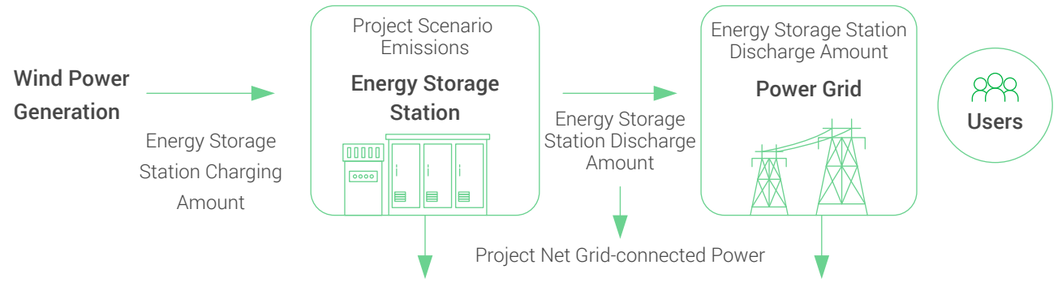


Figure: ISO 14067:2018 314Ah Lithium Iron Phosphate Battery Cell Product Carbon Footprint Certification

Case | Hami Jingxia West Wind Farm Project II

[Project Emission Reduction Benefit Calculation]

Wind power generation - energy storage project emission reduction benefits



Energy storage station operation and maintenance power consumption

=(1 - Charging Efficiency) * Annual Charging Amount
= (1-93%) * 32932.05MWh
= 2305.2435 MWh

Project net grid-connected power

= Annual energy storage station discharge amount
= 30759.49 MWh

Energy storage station operation and maintenance greenhouse gas emissions

= Energy storage station power consumption * renewable energy emission factor
=2305.2435 MWh *0
= 0 tCO_2e

Energy storage station discharge amount

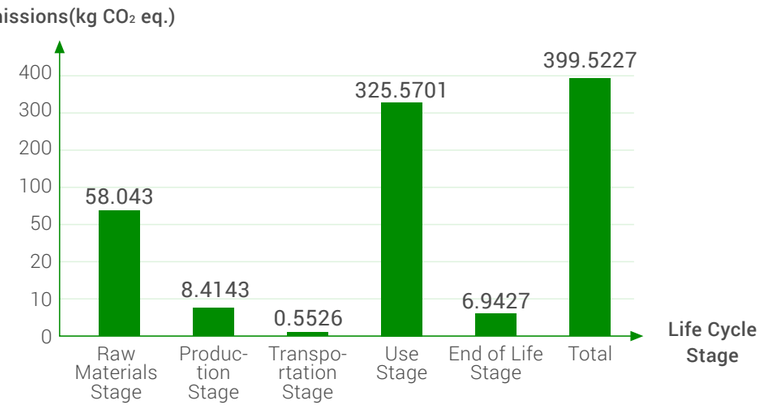
= Annual energy storage station discharge amount * northwest region grid marginal mix emission factor
=30759.49MWh*0.9014tCO_2e/MWh
=27726.60 tCO_2e

Wind power generation station - energy storage project emission reduction benefits=
Baseline scenario emissions - project scenario emissions=27726.60tCO_2e-0=27726.60tCO_2e

[Project Battery Carbon Footprint]

314Ah Lithium Iron Phosphate Lithium-Ion Battery Cell (Energy Storage Type) Greenhouse Gas Emissions at Each Life Cycle Stage:





- 1MWh Battery Cell Full Life Cycle Carbon Footprint = 399.5227kgCO_2e / (314Ah * 3.2V) * 1000 = 397.61tCO_2 / MWh
- 100MW / 200MWh Battery Pack Full Life Cycle Carbon Footprint = 200MWh * 397.61tCO_2 / MWh = 79,522tCO_2e

2.4.2. Full Life Cycle Green Management

Hithium has established a green management mechanism that covers the entire life cycle, including green design, green procurement, green production, green recycling, and green information disclosure. The Company integrates green management concepts throughout the entire product life cycle by establishing measurable management standards, promotes green collaboration across the upstream and downstream supply chain, and actively advances the achievement of low-carbon goals.

Green Design

The concept of ecological design is introduced in product design, following the 3R (Reduce, Reuse, Recycle) principles. The aim is to reduce energy consumption during the product design phase, achieve regeneration or reuse of products and components, and minimise negative environmental impacts.

Green Procurement

Hithium has established comprehensive green procurement standards, requiring purchased products to comply with environmental protection laws and regulations and to be free of banned harmful substances. At the same time, the Company implements green logistics and green packaging measures to reduce additional resource consumption during transportation. To further promote the green and sustainable development of suppliers, Hithium requires all suppliers to sign the “Supplier Management Agreement” and comply with the ESG-related requirements in the agreement regarding environmental protection, corporate social responsibility (CSR), and management of harmful substances.



Green Recycling

Gradually improving the utilisation rate of raw materials, the Company enhances recycling and reuse of products, scraps, and packaging from the aspects of limiting the use of harmful substances, waste resource utilisation, and harmless treatment of raw materials.

85%
The recyclability rate of battery products is

100%
The recyclability rate of packaging materials has reached

Green Production

During the production phase, the Company improves the utilisation of energy and water resources, reduces carbon emissions and wastewater discharge per unit product, and optimises resource consumption. Hithium has implemented several energy-saving projects, including replacing energy-efficient cooling towers, running water supply pumps at reduced frequencies, water-saving modifications to the DI water cleaning rooms, energy-saving reductions in compressed air systems, and temperature control improvements for dehumidifier regenerators, among others, to reduce energy consumption and optimise the energy usage structure.

Green Information Disclosure

The Company continuously improves its green information disclosure mechanism, integrating it with existing information platforms such as the Supplier Relationship Management (SRM) system, Customer Relationship Management (CRM) system, Human Resource Management (HRM) system, Enterprise Resource Planning (ERP) system, Product Lifecycle Management (PLM) system, Manufacturing Execution System (MES), Office Administration (OA) system, After-sales Service (AS) system, and Energy Management Centre system. These systems enable the collection, processing, analysis, sharing, and disclosure of relevant green information related to product design, procurement, production, distribution, and recycling. This ensures full life cycle green information management for procurement, design, production, transportation, and downstream use of products.

2.5 Environmental Management and Resource Optimisation

Hithium deeply understands the importance of corporate environmental management and incorporates environmental governance into its strategic system to ensure the compliance of its entire business chain operations. During the Reporting Period, the Company established an environmental control mechanism covering the full life cycle, developed measurable green operation standards, and systematically promoted energy-saving and consumption-reducing initiatives. Through regular ecological training and innovation incentive mechanisms, we continuously deepen all employees' awareness and practice of resource-intensive management, injecting green momentum into the global carbon neutrality process.

2.5.1. Environmental Management System

Hithium follows the relevant requirements of ISO 14001:2015 and, based on its actual situation, has developed management systems covering environmental control factors such as wastewater, waste, exhaust gas, and noise. These systems include the *Exhaust Gas Management Regulations, Wastewater Discharge Management Regulations, Volatile Organic Compound Management Regulations, Solid Waste Management Regulations,* and *Noise Management Regulations,* ensuring effective monitoring and management of environmental risks.

100% The design and manufacturing scope of the Company's lithium-ion rechargeable battery cells, battery modules, battery clusters, and electrochemical energy storage systems have all been 100% audited for compliance with ISO 14001:2015 requirements and have received the corresponding certification.

During the Reporting Period, the Company strictly carried out environmental impact assessments for construction projects in accordance with the Law of the *People's Republic of China on Environmental Impact Assessment* and other laws and regulations, regularly conducting environmental risk assessments for wastewater, exhaust gas, waste, noise, etc., in the workplace and construction projects. Tests by qualified inspection and testing agencies have confirmed that the Company's workplaces and construction projects comply with environmental impact assessment systems and environmental protection administrative licensing requirements.

Emergency Plan for Environmental Accidents

Prevention first, Self-rescue first, Unified command, and Division of responsibility

The Company has an *Emergency Plan for Environmental Accidents*, which, based on the principles of "prevention first, self-rescue first, unified command, and division of responsibility," guides the Company to implement different levels of response procedures based on the actual environmental hazards and the severity of potential environmental incidents.

Defines:
The plan defines key elements and steps such as the emergency command structure and responsibilities, prevention and early warning mechanisms, emergency response, emergency termination, and emergency support

Improve:
Improving the scientific, effective, and operable nature of the emergency system and enhancing the ability to handle and respond to emergencies

Hithium regularly conducts environmental compliance-themed training,

Such as standardised management of hazardous waste and compliance management of exhaust gas facilities, to improve employees' environmental compliance management capabilities and environmental awareness



Figure: Environmental Compliance-Themed Training

The Company has set key goals and indicators for environmental management and resource optimisation. During the Reporting Period, the Company's progress is shown in the table below. In addition, no violations or non-compliance events occurred in the Company's environmental management.

Environmental Management and Resource Optimisation Goals and Indicators

		Environmental Management	Three Wastes Emissions	Resource Management
Goals and Indicators	2025	Achieve 100% coverage of environmental risk assessments for operational sites 100%	Reduce nitrogen oxides (NOx)/sulfur oxides (SOx) or harmful waste per unit of output by at least 15% from 2022 levels 15% ↓	Achieve a 5% reduction in comprehensive energy consumption per unit of output from 2023 levels 5% ↓
	2028	Achieve 76% coverage of environmental management, energy management, and ecological management system certifications (such as ISO 14001, ISO 50001) for operational sites 76% ↑	Reduce NOx/SOx and harmful waste per unit of output by 20% from 2022 levels and achieve a 50% wastewater recycling rate ↓ 20% 50% wastewater recycling rate	Achieve a 10% reduction in comprehensive energy consumption per unit of output from 2023 levels 10% ↓
	2037		Reduce NOx/SOx and harmful waste per unit of output by 50% from 2022 levels ↓ 50%	Achieve industry-leading levels of comprehensive energy consumption per unit of output
Progress During the Reporting Period		100% ISO 14001 certification coverage: 50% ISO 50001 certification coverage:	0.6 tons/GWh NOx per unit of output emission: 0.05 tons/GWh SOx per unit of output emission: 114.4 tons/GWh Harmful waste per unit of output:	511.7GWh Purchased electricity: 43.3 Million Cubic Meters Gas consumption 1.5 Million Cubic Meters Water consumption

2.5.2. Emissions and Waste Management

Company strictly follows national environmental laws and regulations, including the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution,* as well as industry standards such as the *Standard for Pollution Control on the Non-hazardous Industrial Solid Waste Storage and Landfill (GB 18599-2020),* the *Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008)*, and the *Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2023)*, to manage and control the discharge of wastewater, exhaust gas, solid waste, and noise generated by its operations.

In accordance with the *Measures of National Key Monitoring Enterprises for Self-monitoring and Information Disclosure (Trial),* and considering its own circumstances, the Company has formulated the *Self-Inspection Programme,* which has been filed with the environmental protection departments at both the county (district) and municipal levels after review. The Company conducts regular self-monitoring of wastewater, exhaust gas, waste, and noise, entrusting testing work to monitoring units certified by provincial-level or higher laboratories, with monitoring results meeting relevant requirements.

"Three Wastes" Management Requirements and Handling Methods

	Exhaust Gas	Wastewater		Waste		
Management System	*Exhaust Gas Management Regulations*	*Wastewater Discharge Management Regulations*		*Solid Waste Management Regulations*		
Category		Production Wastewater	Domestic Wastewater	Hazardous Waste	Non-hazardous Industrial Solid Waste	Domestic Waste
Pollution Factors	Non-methane total hydrocarbons, particulate matter Particulate matter (boilers), sulfur dioxide, nitrogen oxides, cooking fumes, non-methane total hydrocarbons (canteen), smoke opacity, hydrogen sulfide, ammonia, odor concentration	Chemical oxygen demand (COD), ammonia nitrogen, total nitrogen, total phosphorus, suspended solids, etc.	Chemical oxygen demand(COD), five-day biochemical oxygen demand (BOD_5), suspended solids, ammonia nitrogen, etc.	Waste packaging drums, NMP distillation waste liquid (HW11), waste electrolyte, experimental waste liquid, waste rags, gloves, waste activated carbon, waste molecular sieves (HW49), waste activated carbon (HW18), wastewater treatment sludge, waste engine oil (HW08), etc.	Recyclable solid waste includes, but is not limited to: recyclable plastics, paper, wood, metals, production scraps, waste lithium batteries, scrap raw materials; as well as non-recyclable solid waste	Household waste from public areas, canteens, etc., including kitchen waste, waste oils, etc.
Pollution Monitoring/ Prevention and Control Facilities	Continuous emission monitoring equipment for fixed pollution source exhaust gases, continuous monitoring systems for industrial boiler fixed pollution source exhaust gases (SO_2, NOx, particulate matter), continuous monitoring systems for non-methane total hydrocarbons from fixed pollution source exhaust gases; electrostatic oil remover, activated carbon adsorption box.	Tertiary sedimentation tanks, wastewater treatment stations	Tertiary sedimentation tanks, wastewater treatment stations	Hazardous waste storage warehouse meeting pollution control requirements	Non-hazardous industrial solid waste warehouse meeting corrosion and leakage prevention requirements	Household waste collection station
Treatment Methods	Alkaline washing + electrostatic oil removal + activated carbon adsorption for VOCs; for NOx and SOx, low-nitrogen environmentally-friendly boilers are used to reduce nitrogen oxide and sulfur oxide emissions.	Tertiary sedimentation + multi-stage A/O water treatment process, after reaching standard, discharged into the municipal sewage system via the factory's wastewater discharge outlet	Septic tank + A^2/O water treatment process, grease trap + A^2/O water treatment process (canteen wastewater), after reaching standard, discharged into the municipal sewage system via the factory's wastewater discharge outlet	Scrapped hazardous waste is temporarily stored and then disposed of harmlessly by a qualified hazardous waste disposal unit	Scrapped non-hazardous industrial solid waste is temporarily stored and then recycled and treated by a qualified unit	Household waste is temporarily stored and then disposed of harmlessly by municipal sanitation units

The Company has established risk management and emergency response mechanisms for waste gas, wastewater, and waste.

In the event of a liquid waste spill, the responsible department must immediately prevent the spread and handle the situation promptly, following the Company's *Emergency Response Management Procedures,* conducting an incident investigation, and proposing corrective measures. The EHS department shall supervise solid waste warehouse managers to conduct at least one emergency drill per year. In the event of abnormal air pollution prevention and control facilities, the incident shall be reported to EHS immediately, and the emergency plan for environmental accidents shall be activated. In the case of a gas pipeline leak, measures should be taken promptly to prevent continuous leakage and repair the issue. In the case of a volatile chemical or hazardous waste leak, it shall be reported immediately, personal protective equipment must be used, the leakage source shall be cut off, the leak shall be contained to prevent further spread, personnel shall be evacuated and a warning set, and after containment and absorption, it shall be disposed of as hazardous waste. In cases of gas pipeline leaks, volatile chemical leaks, hazardous waste leaks, or abnormal air pollution control facilities, investigations shall be carried out in accordance with the Company's *Accident Investigation and Management Regulations,* and preventive improvement measures shall be formulated and implemented.

In 2024, the Company effectively reduced the emission intensity of wastewater, exhaust gas, and waste by optimising production processes, increasing investment in environmental protection facilities, and implementing strict emission control measures.

37.76%
Wastewater emission intensity decreased compared to 2023;

32.60%
Non-hazardous waste emission intensity was reduced

27.23%
Hazardous waste emissions decreased

70.99%
Emissions of sulfur oxides decreased

45.22%
Nitrogen oxides significantly decreased

68.22% / 18.03%
Emissions of particulate matter and VOCs increased, rising by 68.22% and 18.03%, respectively, compared to the previous year

The Company attaches great importance to this issue and plans to reduce particulate matter and VOC emissions by upgrading pollution treatment equipment, optimizing process flows, and strengthening emission monitoring, continuing to improve environmental performance and fulfilling its corporate environmental responsibility.

2.5.3. Energy Management

Hithium's research and development, production, office, and other operational activities mainly use purchased electricity and natural gas as energy sources. The Company adheres to the energy policy of "energy conservation, consumption reduction, and green manufacturing," committed to scientific and orderly corporate management to enhance energy performance and reduce energy consumption.

Energy Management Manual

In accordance with the requirements of the ISO 50001:2018 energy management system, relevant national laws, regulations, and policies, as well as the actual conditions of each department, the Company has developed the *Energy Management Manual* to manage energy-related activities involving the production systems of lithium-ion rechargeable battery cells, battery modules, battery clusters, and electrochemical energy storage systems within the scope of the Company's operations,as well as auxiliary production systems such as central air conditioning systems, compressed air systems, and boiler systems, and energy management activities for subsidiary production systems such as offices, canteens, and dormitories.

Supporting procedures such as the *Energy Design Management Procedure, Energy Review Management Procedure, Energy Laws, Regulations, and Other Requirements Identification Management Procedure, Energy Objectives, Indicators, and Measures Planning Management Procedure, and Monitoring, Measurement, Analysis, and Energy Performance Evaluation Procedure* have been developed to fully standardise and promote energy management.

The Company has established an energy management system in accordance with the Energy Management Systems - Requirements with Guidance for Use (GB/T 23331-2020/ISO 50001:2018), adopting the "P (Plan) — D (Do) — C (Check) — A (Act)" model for energy management. The management process ensures that each step is monitored, measured, and controlled. The management team ensures continuous improvement of these processes and related factors through planning, internal/external audits, and management reviews within the energy management system, ensuring the effectiveness of the system's operation.

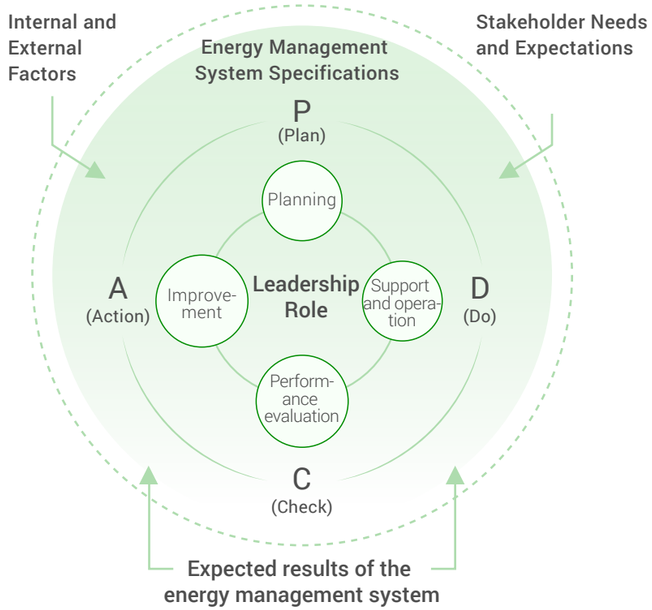


Figure: Company Energy Management System Model

Company Energy Management Structure and Responsibility Allocation

Quality Management Centre
Lead the Construction of the Energy Management System

Xiamen Manufacturing Base
a)EHS: Supervision of Energy Safety Usage
b)Production Department: Energy Users are also Executors of Energy Conservation and Consumption Reduction
c)Equipment Maintenance Department: Equipment Maintenance
d)Plant Engineering Department: Energy Management and Statistics, Legal and Regulatory Identification
e)Industrial Engineering Department: Energy Conservation and Consumption Reduction Supervision

Human Resources Centre
Employee Capability Awareness, Training, etc.

Manufacturing Process Centre
Mass Production Process (Energy Consumption Control)

Procurement Centre
Energy Procurement

CEO Office
Administrative Energy Management and Plant Design and Planning

Planning Centre
Plant Design (Energy Design)

Engineering Centre
Equipment Development Department: Equipment Development
Process Development Department: Product Process Development

Delivery and Operations Centre
Warehouse Energy Users are also Executors of Energy Conservation and Consumption Reduction

Finance Centre
Energy Cost Accounting

Energy Management Position
Responsible for comprehensive energy management and reporting energy consumption data to superiors and relevant departments

Case: Adjusting the Stirring Method of the Industrial Wastewater Station

The Company's Plant Engineering Department observed the anode and cathode coagulation tank process at the industrial wastewater station and found that the previously used blower air stirring method easily generated large amounts of bubble overflow. This not only posed an environmental pollution risk but also led to the excessive use of defoamers (with a significant annual consumption).

In response, the staff compared the advantages and disadvantages of various wastewater treatment stirring methods and optimised the process by switching to mechanical stirring.This improvement effectively controlled the bubble overflow phenomenon, significantly reduced the consumption of defoamers



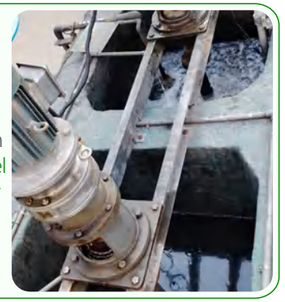
Before Optimization

The consumption rate is 1 barrel per month

After optimization, material savings are achieved, and the environmental risks caused by bubble overflow are eliminated.

After optimization

The consumption rate is 1 barrel per half year



Case: Optimising the Usage Frequency and Density of the High-Voltage Starting Cabinet

Production equipment standby is one of the major sources of energy consumption waste, especially for equipment with fluctuating usage frequencies. The Company's Plant Engineering Department observed the usage frequency of the high-voltage starting cabinet in the refrigeration room during different time periods and flexibly adjusted the number of operating units according to the season and time period.

During the Reporting Period, from April to October

1
Voltage starting cabinet was deactivated

255KWh
Saving an average of per day

Effectively reducing standby energy consumption

Case: Compressed Air Condensate Drainage Optimisation Project

Hithium innovatively applied the inverted bottle technology in the B1 office building to accurately separate condensate water, reducing compressed air loss. The mechanical drainage valve was upgraded to operate on-demand, eliminating leaks. A precision filtration device was added to improve water quality and promote condensate water recovery. After the renovation, condensate water is discharged using the inverted barrel-style mechanical drainage valve combined with the precision filter.

91,700 RMB
The annual savings benefit reached



Figure: Compressed Air Condensate Drainage Optimisation Before (Left) and After (Right) the Renovation

During the Reporting Period:

2% The Company achieved a 2% reduction in energy consumption per unit of production capacity.

At the same time, the Company's energy management system received the ISO 50001:2018 certification, covering the management of energy procurement, reception, storage, processing, conversion, distribution, use, and waste heat and energy recovery, as well as the application of energy-saving technologies in the design and manufacturing processes of lithium-ion rechargeable battery cells, battery modules, battery clusters, and electrochemical energy storage systems.

In addition, the Company actively conducted energy management training, energy-saving promotion, and other activities to cultivate the knowledge and practical skills of all employees in areas such as energy management, energy reviews, relevant laws and regulations, energy objectives, and action plans, effectively promoting the Company's energy-saving and consumption reduction efforts.

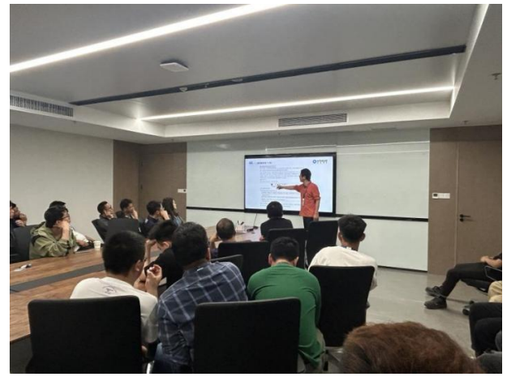


Figure: Energy Management Training

2.5.4. Water Resource Management

Water resource management is an important part of Hithium's commitment to environmental protection. The Company adheres to relevant national laws, regulations, and local policies, strictly implements discharge standards, reduces water consumption density, and improves water recycling rates. Through real-time monitoring of water quality data and wastewater reuse rates, water-saving corrective measures, and technological improvement projects, the Company has introduced an intelligent plant water resource management system to monitor water quality data and wastewater reuse rates in real time, strengthening water resource management.

The Company uses municipal tap water as the only water source for production, daily use, and landscaping. Separate discharge outlets are provided for production wastewater and domestic sewage, and the local discharge standards are strictly followed. After being treated by wastewater treatment facilities, production wastewater is discharged into the local municipal sewage system, where it is further treated by municipal wastewater treatment plants before being released into the natural environment.

No violations or non-compliance events regarding water extraction, consumption, discharge, or storage occurred during the reporting period.

The Company places great importance on the efficient use and management of water resources, actively implementing various water-saving renovation and optimisation projects, including water resource recovery and reuse during production, optimisation of water resource allocation, and the cultivation of employees' water-saving awareness. The Company has reduced water usage through corrective measures such as the reuse of concentrate water from the plant's pure water equipment and the reuse of reclaimed water. Technological improvements such as the use of water-saving fixtures in bathrooms, water-saving irrigation for landscaping, the establishment of an intelligent remote monitoring platform for water meters, boiler condensate water recovery, and the reuse of primary RO water from the power station's pure water equipment have also contributed to water conservation results.

Case: Reuse of Concentrate Water from the Plant's Pure Water Equipment

Based on the existing setup, the concentrate water tank was modified, and additional piping was installed to reuse the first-stage RO concentrate water produced by the plant's pure water equipment for the backwashing of pre-treatment sand and carbon filters. Excess concentrate water is discharged through overflow. Alternatively, the collected concentrate water is further filtered and reused in the cooling tower, reducing the consumption of tap water and also lowering the water treatment costs of the wastewater treatment station.

2.6 Circular Economy

2.6.1. Technological Innovation and Recycling System Construction

Hithium focuses on lithium battery element recycling technology, innovatively developing multi-stage targeted purification and directional repair processes, overcoming key technologies for efficient separation of metal components and material performance reconstruction. The Company has established an Advanced Research Institute dedicated to tackling the battery material recycling system, constructing an industrial closed loop from "battery production – secondary use – resource regeneration," and promoting the green and sustainable development of the lithium battery industry chain. At the same time, the Company has independently developed "non-destructive" repair technology, breaking through the limitations of traditional recycling processes. Through liquid-phase separation and low-temperature repair technology, it achieves a more environmentally friendly, low-cost, and high-efficiency battery material recycling model.

As of the End of the Reporting Period

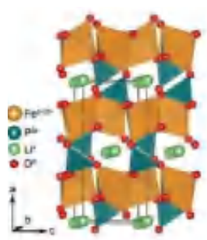
The Company has completed the construction and operation of the first phase of a 5,000-ton intelligent cathode material repair production line	Has built a recycling plant in Chongqing	It is expanding globally, with layouts in the United States, India, Germany, and other countries, aiming to build a leading global battery recycling brand

Case | Lithium Iron Phosphate Repair Technology

The Company has innovatively adopted a

liquid-phase Separation + Low-temperature Repair Technology Route

By recycling unused scrap lithium iron phosphate ($LiFePO_4$) cells, wasted cells, and cathode slices, and combining the self-developed process for repair and restoration, the Company has achieved the efficient recovery of lithium iron phosphate cathode material with a near-A-grade quality. Compared to traditional hydrometallurgical and physical recycling + chemical repair processes, Hithium's innovative technology demonstrates significant advantages across multiple dimensions, including recycling efficiency, energy consumption, cost savings, environmental friendliness, and product quality.



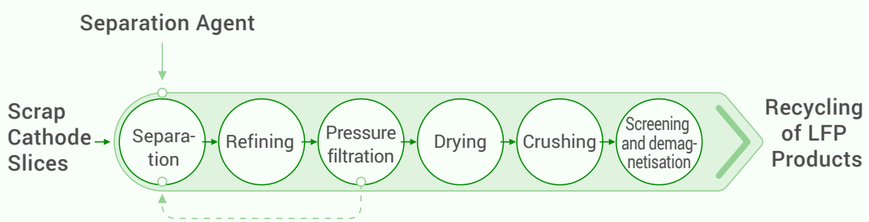


Figure: Lithium Iron Phosphate Repair Technology

Case | Complete Battery Cell Recycling Technology

≥93%
Through the innovative wet separation technology, a lithium recovery rate of ≥93% has been achieved.

Hithium has independently developed an innovative wet recycling technology for complete battery cells. A pilot line with a monthly processing capacity of three tons has been established.

The purity and physicochemical indicators of key materials, such as lithium carbonate and lithium iron phosphate, after separation and purification, meet the battery-grade standards and can be directly used in the battery material manufacturing process. This significantly enhances the economic and environmental benefits of product recycling.

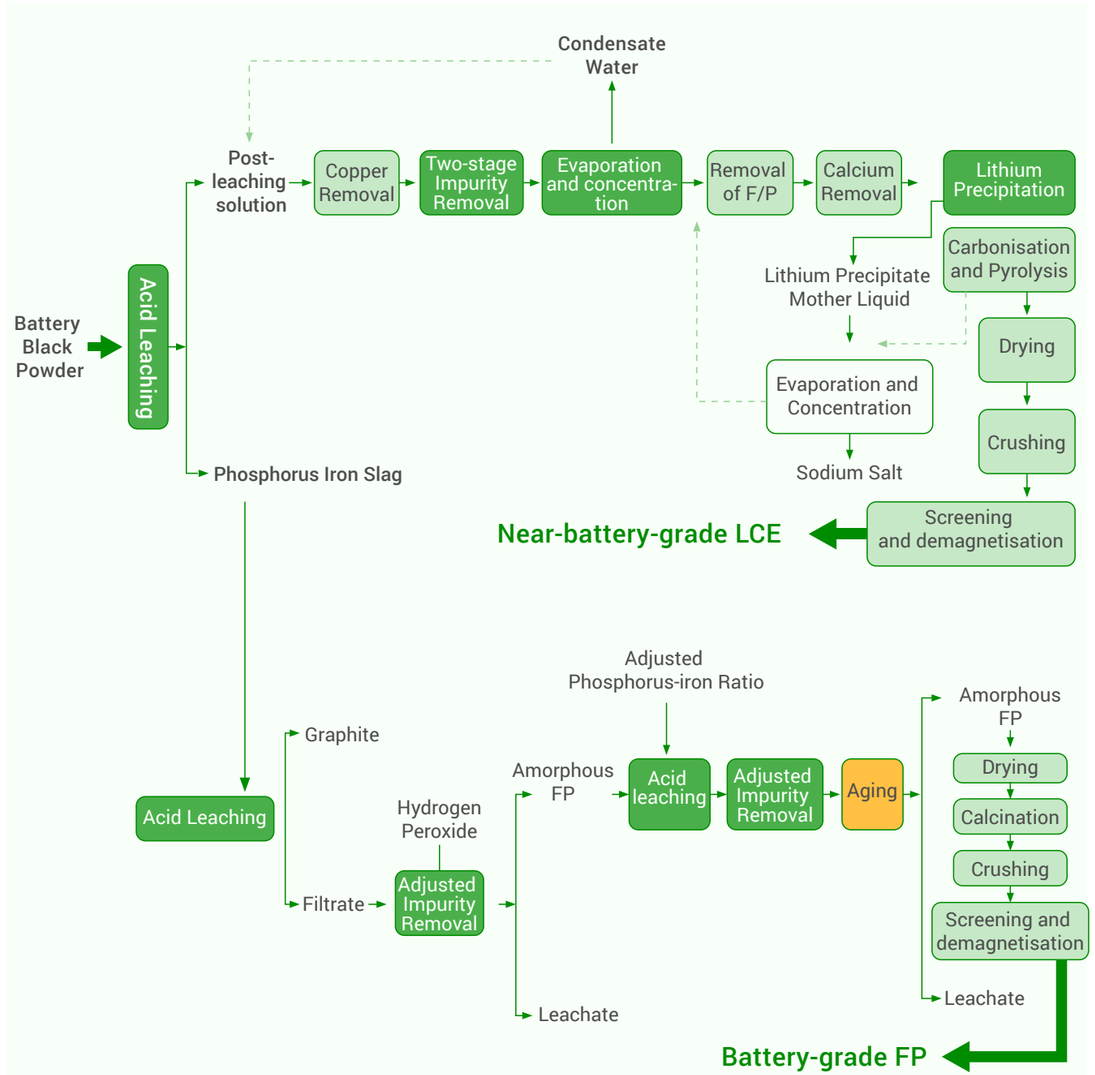


Figure: Complete Battery Cell Recycling Technology

2.6.2. Supporting System and Intelligent Construction

Hithium is simultaneously improving its circular economy supporting system by integrating core functional modules such as material property analysis, battery performance evaluation, and retired battery testing. Combined with 39,000 test channels, this system enables full traceability of key indicators such as electrolyte composition and electrode degradation.

The Company's production line is equipped with a precise real-time online monitoring system, strictly enforcing the control standard of >20μm copper particle content ≤10 per KG. The technical team continuously refines process parameters and dynamically calibrates equipment operating conditions using machine learning algorithms, ensuring that the purity of recycled materials meets the requirements for high-end regenerative products.

The Company has independently developed, constructed, and put into production a new generation of fully automated battery disassembly lines, integrating high-precision visual recognition, robotic arm collaborative control, and adaptive disassembly algorithms.

<1
Minutes Per Cell
Monolithic battery disassembly efficiency

44.5
Thousands of battery packs
Annual disassembly scale reaches

The production line uses multi-sensor fusion technology to provide real-time feedback on the disassembly status, dynamically optimising electrode separation accuracy and metal recovery rates, overcoming the challenges of non-destructive disassembly of complex battery structures.

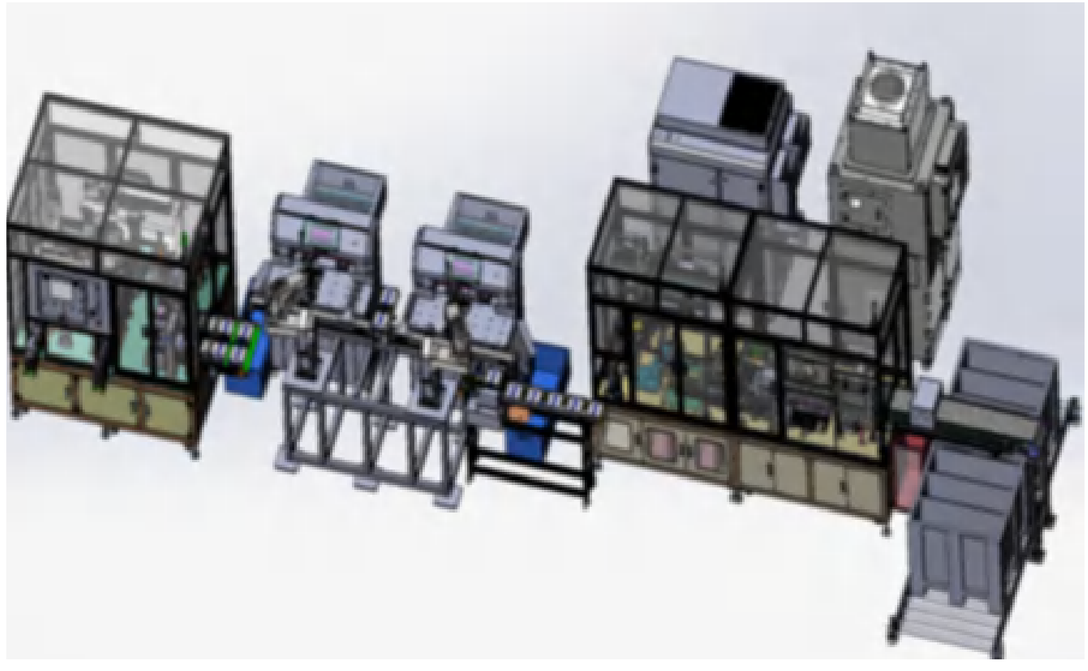


Figure: Fully Automated Battery Disassembly Line

2.6.3. Material recycling and industry-academia-research collaboration

Hithium has formed a material recycling technology team of over 20 people

Covering mechanical automation, materials engineering, and artificial intelligence fields. The team has the capability to independently design and develop core equipment and intelligent control systems for the fully automated disassembly line, providing solid support for material recycling.

The Company actively engages in industry-academia-research collaborations

Working closely with top domestic universities and research institutes, such as Tsinghua University, the Chinese Academy of Sciences, and Xiamen University. These deep partnerships continue to drive breakthroughs in electrochemical energy storage technology innovation, providing technical support for the circular economy system.

Key Indicators for Material Recycling



Phosphorus and Iron Recovery Rate
≥95%

Overall Lithium Recovery Rate
≥93%

Purity of Lithium Carbonate Products

Meets battery grade standards
Synthetic LFP performance meets the requirements of Grade A LFP

Purity of Phosphorus Iron Products

Meets battery grade standards
Synthetic LFP performance meets the requirements of Grade A LFP
Low impurity content

Win-win Cooperation

Building an Energy Community

We uphold the corporate values of "freedom, innovation, sharing, and love," and fully recognise that the transformation of the energy structure requires joint efforts across the entire industry chain. We integrate the full chain with green concepts, promote ecological co-construction through low-carbon investment, and empower efficient collaboration through digitalisation, working with upstream and downstream partners to build a value co-creation network. Bearing the mission of supporting the nation in achieving the "30·60" carbon peaking and carbon neutrality goals, we are committed to delivering a highly responsible corporate impact and jointly building a sustainable energy landscape community.

Key Data

1,893
Total Number of Suppliers

1,787
Total Number of Suppliers in Mainland China

106
Total number of Suppliers in Overseas Regions and Hong Kong, Macau, and Taiwan

100%
Percentage of New Suppliers Selected Using Sustainable Environmental Standards

40
Number of Suppliers Receiving ESG Training



03

Annual Feature:

Hithium Builds a National-Level “Green Supply Chain Management Enterprise”



In December 2024

Following its recognition as a "**National Demonstration Enterprise for Supply Chain Innovation and Application**" and a "**Xiamen Pilot Enterprise for Supply Chain Innovation and Application**" Hithium was listed by the Ministry of Industry and Information Technology as a "**Green Supply Chain Management Enterprise**" under the annual Green Manufacturing programme, underscoring the Company's achievements in supporting China's dual carbon goals and advancing its green manufacturing strategy.

Green Supply Chain

A green supply chain is built upon traditional supply chain practices, integrating green manufacturing, full product lifecycle management, and the extended producer responsibility concept into corporate operations to harmonise economic benefits with resource conservation, environmental protection, and human health and safety[23]. Developing a green supply chain is not only an effective approach for enterprises to establish differentiated competitiveness and ensure business continuity, but also an essential path for promoting sustainability across the entire value chain. Focusing on the energy storage sector, Hithium actively advances its own green supply chain management and innovation, leveraging its strengths in industry integration and coordination to deliver safe, efficient, clean, and sustainable green energy solutions and high-quality services to global clients, thereby contributing to the high-quality development of the energy storage industry.

[23 Source: Green manufacturing—Green supply chain management in manufacturing enterprises-Guideline]

As a core long-term objective of its supply chain development, green supply chain practices have been incorporated into Hithium's medium- and long-term development strategy. The Company has formulated the Green Supply Chain Medium- and Long-Term Plan (2024–2033), enhancing supplier management and green supply chain systems. The plan embeds the concept of sustainable development throughout the entire product lifecycle, with clearly defined objectives, strategies, and measures for green design, production, information platforms, recycling, and information disclosure, driving green development across the full value chain.

Hithium's Sustainable Supply Chain Value System

Supportive

- Green Concept Full-Chain Integration
- Low-Carbon Investment and Ecological Co-construction
- Digital Empowerment for Efficient Collaboration

Foundational

- Supply Chain Quality Management
- Enhancement of Supply Chain Resilience
- Supply Chain Due Diligence
- Responsible Mineral Management

Perfect Green Supply Chain Management System

Hithium is committed to integrating green management concepts into every link of the supply chain.

Establish a Clear and Quantifiable Working Mechanism

- Green Design
- Green Procurement
- Green Production
- Green Recycling
- Green Information Disclosure

The Company has taken the lead in incorporating green management throughout the entire product lifecycle, including raw material sourcing, design, production, transportation, usage, recycling, and final disposal. This approach promotes green management collaboration across the upstream and downstream of the supply chain.

>>> This Year

In this year, the Company has further improved the supplier development process, clarified and optimised the supplier performance evaluation system, and comprehensively enhanced the scientific and transparent nature of supplier selection, evaluation, and management. At the same time, the Company has actively implemented a series of supplier empowerment initiatives, including providing training, technical support, and collaborative innovation, to help suppliers improve production efficiency and quality control. The Company is driving continuous optimisation of the supply chain, further enhancing the efficiency and flexibility of business operations.

>>> In the Future

The Company will gradually improve the supply chain due diligence system, deploy a digital due diligence platform, enhance the traceability level of the supply chain, and strengthen the supply chain's resilience and risk prevention capabilities, providing solid support and security for the Company in a complex and ever-changing market environment.

Digital Empowerment for Efficient Collaborative Operations in the Supply Chain

Based on production and operation data, Hithium constructs end-to-end digital processes through systems such as CRM, SRM, LIMS, PLM, SAP, and FMCS, achieving online and collaborative operation across the entire supply chain. The Company adopts a "horizontal linkage + vertical integration" model, driving upstream and downstream enterprises to undergo digital transformation and promoting the full lifecycle management from research and development to recycling. At the same time, Hithium utilises big data to extract industry data value, applying it to talent development, corporate services, and green manufacturing, improving the efficiency of industrial chain resource allocation. In the future, the Company will focus on intelligence-driven innovation, creating a green supply chain information platform to support the sustainable development of the supply chain ecosystem.

Case | Hithium Partners with Wanhua Chemical Group to Integrate Digital Systems and Achieve Battery Recycling Cooperation

Waste batteries are industrial products with high levels of heavy metals and fluorine content. If harmless treatment can be carried out, it would not only improve resource utilisation but also reduce the negative environmental impact caused by the disposal of waste batteries.



Achieving data sharing and connectivity between the supply chain data system and the lithium iron phosphate ($LiFePO_4$) plant's MES system.



Through the shared data system, both parties have carried out comprehensive cooperation in battery and battery material recycling and reuse, aiming to achieve the recyclable use of materials.

Leveraging their respective technological advantages and upstream and downstream resource endowments, Hithium has utilised digital transformation to build a collaborative and mutually beneficial green supply chain information platform.

Figure: Hithium-WANHUA Chemical Group Strategic Cooperation Signing Ceremony

Promoting Sustainable Development across the Entire Value Chain





The Company actively establishes long-term strategic partnerships with upstream and downstream suppliers, offering green technology guidance and financial support to supply chain enterprises, ensuring that green supply chain development is effectively implemented.

This initiative not only enhances the stability and risk-resilience of the supply chain but also helps upstream and downstream enterprises achieve economic, social, and environmental benefits. Additionally, the Company empowers upstream suppliers with sustainable development capabilities, provides technical guidance to downstream customers to ensure their health and safety, avoid economic losses, and offers guidance or advice on product disassembly and recycling to help customers properly handle retired products, thus improving the sustainable development capabilities across the entire value chain.

Future...

Hithium will continue to collaborate with upstream and downstream partners in the industry chain, promoting the construction of the green supply chain, achieving green ecological cooperation, and creating shared value.

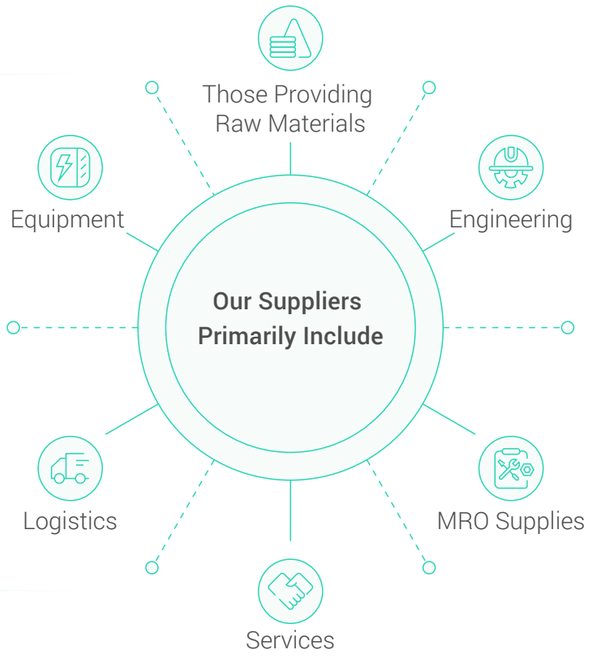


3.1 Sustainable Supply Chain

Against the backdrop of increasing global sustainability demands, sustainable supply chain management has become one of the key tasks for enterprises to enhance core competitiveness and fulfil social responsibility. Since its establishment, Hithium has quickly adapted to changes in the external environment to avoid compliance risks, maintain market competitiveness, and continuously expand the Company's brand influence and reputation. Through the construction of a sustainable supply chain, Hithium is committed to conveying the concept of sustainable development to upstream and downstream supply chain enterprises, actively empowering suppliers and partners, and collaborating with suppliers to build a harmonious, win-win, green, and low-carbon sustainable supply chain.

3.1.1 Supplier Selection and Management

The reliability and quality of suppliers are the foundation for enhancing the resilience of our supply chain. Through comprehensive control over the entire supplier management process, including potential assessments, access reviews, supplier management, material verification, and performance management, we are able to reduce supply chain risks and ensure the reliability of products throughout their entire lifecycle.



Our procurement centre is responsible for managing the entire supplier management process, strictly adhering to the *Civil Code of the People's Republic of China* and other laws and regulations. The Company has developed management regulations such as the *Supplier Management Procedure and the Supplier Performance Assessment Management Regulations* to standardise the potential evaluation, access review, supplier management, material verification, and performance management of suppliers, and has established management measures for different types of suppliers.

HITHIUM Supplier Management Process

Potential Assessment

Screen information: Investigate the supplier's qualifications, finance, reputation, etc., and identify delivery, quality, and ESG risks.

Establish archives: Collect supplier information (qualifications, technical documents, etc.) to establish supplier archives.

Admission Review

Strict review: Suppliers conduct self-assessment first, and cross-departmental teams go to the suppliers' sites for review.

Key review items: quality control, delivery capacity, R&D capacity, environmental compliance, business ethics, restriction or non-use of harmful substances, environmental protection, etc. After meeting the standards, a Supplier Management Agreement will be signed and the supplier will be included in the list of qualified suppliers of Hithium

Supplier Management

Daily communication: Establish a regular communication mechanism to promptly convey information such as demand changes and industry trends.

Data monitoring: Real-time monitoring of suppliers' delivery progress, quality data, etc.

Relationship maintenance: Organise supplier exchange activities, enhance mutual trust and cooperation, and coordinate to solve problems arising in cooperation.

Material Verification

Test samples: Review the production feasibility and physical quality of key component samples.

Mass production: After the production parts pass the PPAP certification (Mass Production Capability Verification), mass production is permitted.

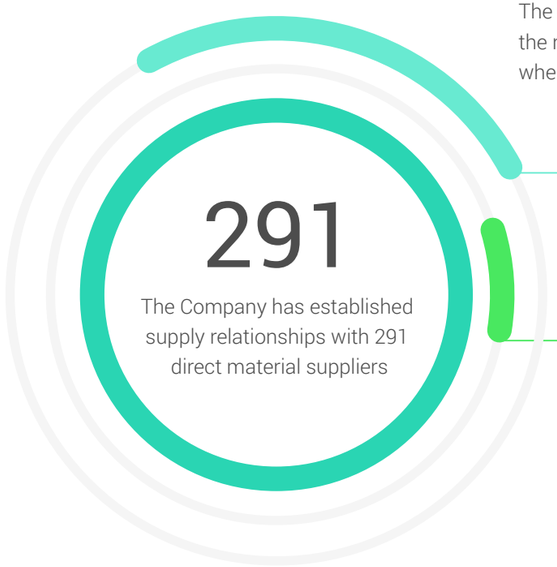
Performance Management

Regular assessment: Score and grade based on dimensions such as quality, delivery, cost, and sustainable development.

Problem closed-loop: Require suppliers to formulate rectification plans for their shortcomings and track the optimisation effects.

Hithium is committed to establishing and maintaining equal, mutually beneficial, and long-term close cooperative relationships with suppliers.

As of the end of this Reporting Period



The Company actively contributes to the economic development of the regions in which it operates, practicing localised procurement whenever possible.

26%

Suppliers from Fujian Province accounted for approximately 26% of the total number of suppliers

7.2%

While suppliers from Chongqing accounted for approximately 7.2%

3.1.2. Supplier Quality Control

To ensure product performance stability and long-term reliability, we have established the Supplier PPAP[24] Management Regulations and the Supplier Second-Party Audit Management Regulations, among other management systems. These regulations encourage suppliers to continuously improve their product and service quality levels to meet our quality audit requirements.

[24 PPAP (Production Part Approval Process) is a complete process that suppliers must follow when providing products to customers. It requires suppliers to provide product design, technical specifications, materials, and physical samples to the customer before mass production. The products undergo a series of reviews and approval steps to ultimately ensure that the products meet the customer's expectations and requirements.]

HITHIUM Supplier Quality Audit

PPAP Audit

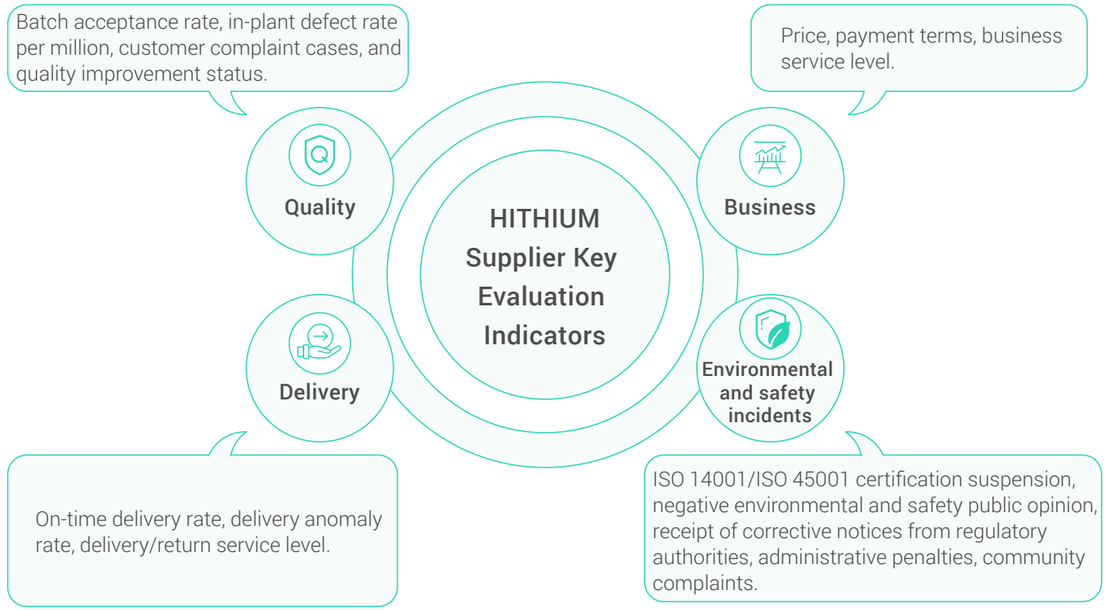
The Company has established a PPAP audit procedure for mass production approval management of different critical-level materials. When all processes, test results, and related documents for products or materials meet the required standards, mass production can proceed. Production batches that do not meet the requirements must undergo corrective actions before mass production to satisfy customer requirements and obtain Company approval.



Second-Party Audit

For high-risk domestic raw material suppliers, outsourced service providers, and foreign raw material suppliers, the Company has implemented a systematic second-party audit procedure. This includes on-site audits for potential suppliers, annual quality audits, and special audits, among other methods. These audits effectively identify and mitigate risks such as new technologies, new materials, new processes, long development cycles, large capacity bottlenecks, and poor supply performance, ensuring that suppliers' quality management complies with the Company's standards, thus safeguarding the stability of the supply chain and product quality.

Referring to the results of quality audits, the Company regularly conducts comprehensive performance evaluations for qualified suppliers with mass production. These evaluations focus on four dimensions: "Quality, Delivery, Business, Environment, and Safety Incidents."



The Company has established a reward and penalty mechanism based on performance evaluation results. For underperforming suppliers, the Company implements performance improvement measures, including but not limited to dispatching engineers for on-site support, coordinating human, material, and financial resources, and arranging second-party audits or third-party consulting interventions.

HITHIUM Supplier Annual Performance Reward and Penalty Mechanism

Grade A	Grade B	Grade C	Grade D
Increase in supply volume; priority access to new product development information, priority use and adoption of applicable products in new product development; Public recognition at supplier conferences.	Eligibility to participate in the selection of new products for use.	Required to improve as per requirements; Failure to improve after significant issues will result in downgrade to Grade D.	Suspend the supply qualification and the supplier shall rectify within three months. During this period, the supply volume will be rewarded to the supplier with the highest performance in the same products.

3.1.3. Supply Chain ESG Management

In 2024, in Terms of Sustainable Supply Chains

The Company actively responded to global sustainable development trends and policy regulatory requirements.The Company conducted in-depth research on industry development trends and learned from best practices, systematically analysing stakeholder expectations for the Company's supply chain ESG management. The Company fully identified pain points and shortcomings in its own supply chain ESG management, built a supply chain ESG management framework, and developed targeted improvement plans.

Hithium's Annual Sustainable Supply Chain Management Strategy for 2024



We sign the Supplier *Management Agreement* with our suppliers. According to the agreement, suppliers agree to comply with ESG management requirements and standards, including quality assurance, confidentiality, intellectual property, supplier integrity, export controls and sanctions compliance, safety standards, supplier social responsibility, and environmental and health management. Our Supplier Management Agreement also requires suppliers to ensure that their secondary suppliers adhere to our agreement's requirements. We reserve the right to conduct regular audits, compliance checks, and annual supplier ESG due diligence to ensure supplier adherence to our Supplier Management Agreement. In the event of significant environmental incidents, information security breaches, sourcing of conflict minerals, or non-compliance with RoHS/REACH regulations, a veto will be implemented in the annual performance evaluation.

The Company has established a comprehensive due diligence management system with a clear management structure. Based on the ESG governance framework, a supply chain due diligence working group is formed, consisting of relevant departments such as the procurement centre and logistics, which reports regularly to the ESG Committee.



Hithium' s Supply Chain Due Diligence Management Structure

The Company has developed the *Supply Chain ESG Due Diligence Working Group*, which is aimed at conducting due diligence on all raw material suppliers, both direct and indirect, that provide various materials required for the final products of Hithium and its wholly-owned, majority-owned, or joint-venture companies.

HITHIUM's Supply Chain ESG Due Diligence Process

01 Development of Audit Checklist

- In line with Hithium's own supply chain ESG management tendencies, as well as domestic and international ESG standards, industry characteristics, and relevant regulatory requirements, develop and update the ESG due diligence audit checklist.
- For conflict minerals and responsible minerals, additional audit checklists for conflict minerals and responsible minerals are developed.

02 Information Collection

- Collect ESG information forms and cooperation status forms from suppliers.

03 Supplier Screening

- Based on the ESG information forms, ESG risks of suppliers are identified, assessed, and prioritised.
- Using the supplier cooperation status forms, suppliers that require ESG due diligence audits are selected.
- For suppliers involved in conflict minerals and responsible minerals, in addition to the ESG due diligence audit, a specific audit for conflict minerals and responsible minerals shall also be conducted.

04 Audit

- Before the audit, organise training for the audited suppliers to help them understand the audit scope and prepare for the audit.
- The ESG audit team conducts the review of suppliers.

05 Corrective Actions and Follow-up

- Based on the audit results, organise corrective action training, assist and guide suppliers in developing corrective action plans (CAP), and drive suppliers to complete the corrective actions.

06 Report Preparation

- Prepare and release the annual supplier ESG due diligence report based on the audit and corrective action results.

The Company's due diligence follows domestic and international laws and regulations, industry standards, ESG guidelines, and references industry best practices. It covers 19 topics across three dimensions: environmental protection, social responsibility, and business ethics. This multi-dimensional and multi-level approach comprehensively evaluates the sustainability performance of suppliers.

Covered Content of ESG Due Diligence:

1) General Environmental Management Requirements
2) Air Emissions Management
3) Wastewater Management
4) Waste Management
5) Noise and Vibration Control
6) Energy Management
7) Climate Change Mitigation Measures
8) Water Resource Management
9) Soil and Biodiversity Protection
10) Occupational Health Management General Requirements
11) Fire Safety Management
12) Chemical Management
13) Occupational Health and Safety
14) Social Responsibility Fulfilment
15) Conflict Minerals Management
16) Maintenance of Community Living Environment
17) Business Ethics Standards
19) Information Security Management
18) Intellectual Property Protection

Hithium's 2024 Supplier ESG Due Diligence Results

15 Suppliers **1,292** Findings

The Company uses due diligence to accurately identify and monitor supplier ESG risks. Based on suppliers' ESG performance, suppliers are classified into high, medium, and low-risk categories, allowing the Company to take targeted actions, optimise resource allocation, and continuously improve supplier ESG performance. For high-risk suppliers, the Company invites third parties to conduct on-site audits, requires submission of improvement plans, and updates improvement measures every six months. Suppliers are required to complete corrective actions within 60 days and provide complete corrective tracking documentation.

During the Reporting Period, the Company implemented key targeted improvement plans for four key areas needing enhancement: social responsibility, water resource management, conflict minerals management, and climate change mitigation. For issues such as occupational health management and energy management, the Company conducted time-limited corrective actions and continuous follow-up. In the future, the Company will continue to improve segmented management measures before and after procurement, focusing on "identifying risks, mitigating risks, and solving risks," ensuring the resilience and sustainable development of the supply chain.

The Company insists on collaborating with supply chain partners to reduce ESG risks and enhance sustainable management levels.

In 2024, the Company continued to strengthen the ESG management capabilities of its internal procurement team, partnering with external experts to conduct special ESG training for suppliers,

4 Hours
With a cumulative training time of

40 People
Coverage of

Furthermore, the Company not only collaborates with suppliers to discuss innovative measures to improve sustainable management, but also further develops training plans for capability improvement. The Company works to raise suppliers' awareness of sustainable management by promoting green environmental concepts and the Company's sustainable development plans. Additionally, the Company provides guidance on responsible sourcing, environmental cooperation requirements, and manufacturing-related technical support to empower suppliers' internal ESG management, driving the industry toward sustainability.

Case: United for Better Performance, Grateful for the Effort– Hithium's 10 Billion Value Appreciation Event

Hithium's international strategy sets higher requirements for product quality, performance, and management systems, while also presenting unprecedented opportunities for suppliers. On 17 January 2024, Hithium held an appreciation event for reaching a 10 billion value milestone, where several suppliers discussed solutions for material quality and delivery requirements. The Company also recognised outstanding suppliers in 2023 in categories such as battery materials and system materials.

Hithium's development would not be possible without the support of its suppliers. To achieve high-quality development, Hithium collaborates with outstanding suppliers to jointly drive the enhancement of quality standards and is committed to building a zero-carbon industrial chain. As the era of comprehensive energy storage approaches, Hithium hopes to continue working with partners to empower the industry ecosystem, assist customers' success, promote global energy inclusivity, and create a mutually beneficial future.



3.1.4. Responsible Mineral Management

Responsible mineral management is another important practice for Hithium in the field of sustainable development. The Company has established the *Responsible Mineral Supply Chain Due Diligence Management Policy*. For mineral resources potentially involved in production and operations, including tin, tungsten, tantalum, gold, lithium, copper, aluminium, mica, graphite, and others, the Company commits to complying with regulations such as the *Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains* issued by the China Chamber of Commerce for Metals, Minerals & Chemicals Importers & Exporters, and the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (hereinafter referred to as the "*OECD Guidelines*"). The Company does not use minerals from conflict areas and explicitly requires suppliers to avoid using minerals sourced from conflict regions. The Company also commits to adhering to the International Labour Organisation (ILO) Conventions, preventing human rights violations associated with mineral procurement in high-risk areas, and supporting local sustainable development.

To more effectively implement responsible mineral management in the supply chain, during this reporting period, the Company referenced the five-step framework of the OECD Guidelines and established a comprehensive responsible mineral due diligence management system. This system clarifies the process for identifying and assessing risks related to conflict minerals in the supply chain. The Company adjusts the risk level of suppliers based on signals such as the source and transport route of raw materials, supplier relationships with sensitive regions, anomalies in supplier information collection, or the inability to determine the country of origin or transit of minerals. This ensures the transparency and accountability of the supply chain.

Do not use mineral resources from conflict areas

Suppliers are also explicitly required not to use mineral resources from conflict areas



Supply Chain Risk Assessment

Map the supply chain and utilise intelligent management tools to conduct a comprehensive risk assessment from aspects such as armed conflict, human rights, and government governance.



Establishing a Sound Governance Structure

Continuously revise and improve internal management systems, standardise internal and external complaint channels, and ensure that the entire industry chain attaches high importance to this work.



Risk Response and Mitigation

For identified risks, develop specific mitigation measures for upstream suppliers based on risk levels, and prepare the corresponding "Risk Mitigation Plan" to ensure the stability and reliability of the supply chain.

Hithium's Responsible Mineral Management System



Third-party Review

Actively participate in third-party independent assessments designated by customers and proactively encourage medium- and high-risk suppliers to participate in third-party evaluations.

Public Reporting



Published the annual Responsible Mineral Supply Chain Due Diligence Report of Hithium on the official website.

3.2 Industry Cooperation and Low-carbon Transformation

At a critical time for energy transformation and green development, Hithium has strategically positioned itself to closely follow the rapid growth of the renewable energy market. The Company is committed to solving the challenge of new energy integration through ground-breaking energy storage technology innovations. Hithium has deeply embedded itself in the industry chain, creating a comprehensive ecosystem that spans from energy storage technology research and development to green energy applications, thus ushering in a new era of global low-carbon development.

3.2.1. Low-carbon Investment

In the field of new energy development, Hithium focuses on the development and operation of integrated wind, solar, and energy storage power stations. By closely cooperating with local governments and state-owned enterprises, the Company efficiently advances the implementation of green energy projects. Through innovative business models and flexible project development mechanisms, Hithium effectively ensures the sustainable development of new energy projects. At the same time, the Company actively participates in regional energy development planning, promotes industry collaboration, assists in the green transformation of local economies, and injects new momentum into regional sustainable development.

Diverse Energy Storage Layout



Wind Power Stations:

a) Centralised Wind Power
b) Distributed Wind Power



Energy Storage Stations:

a) Power Side
b) Grid Side & Independent Energy Storage



Photovoltaic Power Stations:

a) Centralised Photovoltaic
b) Distributed Photovoltaic

Hithium has Established a Standardised and Advanced Project Management System

The Company has developed clear processes for new energy project development, EPC project management, and investment and financing development, ensuring the efficient operation of projects throughout their entire lifecycle, from opportunity identification to asset exit.

Hithium integrates innovative methods such as agile management and one-page project management, combining standardised processes in schedule management, quality management, and risk management to achieve high-quality project delivery.



The Company has innovatively applied tools such as multidimensional table plan management, agile templates, and project review committees to create a fully digital and transparent management system for the entire project lifecycle.

The Company has established a robust performance evaluation, capability assessment, and incentive system to continuously nurture an efficient and professional project management team.

As of the end of the Reporting Period, the Company has achieved significant results in low-carbon investment.

1.25 GW
The total winning bid for wind power projects has exceeded

1 GWh
The capacity for independent energy storage projects has reached

With strong technical accumulation and an innovative business model, Hithium is actively reshaping the energy production and consumption landscape.Leveraging the collaborative advantages of new energy development and ecological construction, Hithium is driving the rapid development of the green energy industry and ushering in a cleaner, smarter energy era.

Case: 0.45GW Centralised Energy Storage Project in Cao County, Shandong

The second batch of centralised onshore wind power projects in Shandong Province for the "14th Five-Year Plan" has been awarded. Hithium has authorised its wholly-owned subsidiary, Heze Green Energy, to jointly develop and win the bid for two sections of the Cao County project, with a total capacity of 0.45 GW (450,000 kW). The overall development scale in Shandong is expected to exceed 3 GW. An agreement has been signed, with plans to begin construction by the end of 2025 and connect to the grid by the end of 2027.



Case: Shandong Heze Hithium 24/7 CFE Integrated Zero-Carbon Park Project

Hithium will invest RMB7.26 billion in Heze, Shandong, to build the world's first long-duration energy storage integrated zero-carbon park, with a planned capacity of 20 GWh for battery cells and supporting production lines. The project integrates international standards such as ISO 14068-1 with domestic zero-carbon factory regulations, achieving full-cycle green electricity coverage through an integrated wind-solar-storage model. The project innovatively adopts a mechanism linking Power Purchase Agreements (PPA) with the spot market, combined with Virtual Power Purchase Agreements (VPPA) and green certificate trading, ensuring a 24-hour supply of pure green electricity and mitigating price fluctuation risks. Calculations show that the project will significantly support the local energy intensity reduction targets, with annual emissions reductions reaching 1.6 times the incremental energy consumption control target for the "14th Five-Year Plan." By adopting a market-oriented green electricity procurement model, the project enhances ESG performance and provides a Chinese solution for global zero-carbon transformation.



Figure: Long-Duration Energy Storage Integrated Zero-Carbon Industrial Park

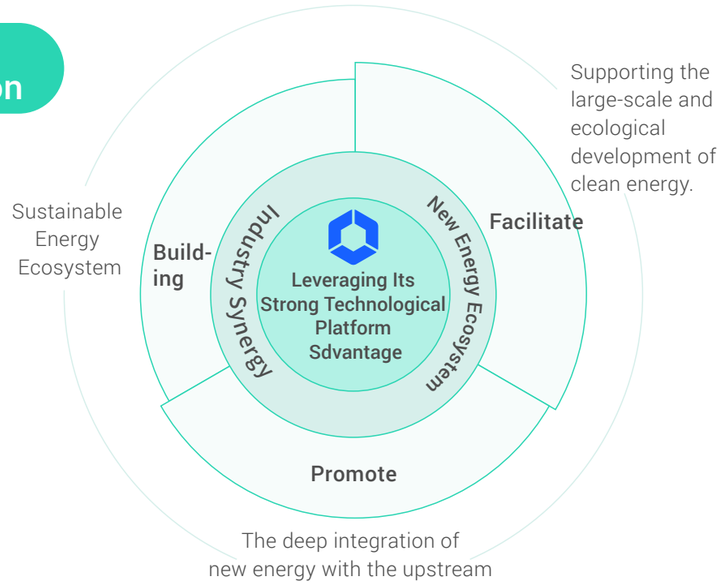


Figure: Speech by Wang Pengcheng, Co-Founder and President of Hithium

3.2.2. Ecological Co-construction

Hithium continues to promote an eco-friendly philosophy, with its business deeply focused on new energy development and ecological construction.

Adhering to the principle of adapting to local conditions, the Company is committed to creating eco-friendly energy projects through the development of integrated wind-solar-storage power stations, promoting the harmonious coexistence of green energy and the natural environment.



The Company is committed to building a smart grid ecosystem and a new model of urban-rural integration. Through the intelligent upgrade of power facilities, the Company enhances the stability and reliability of the grid, ensuring the efficient transmission and integration of clean energy.

In Terms of Urban-rural Coordinated Development

The Company actively invests in and constructs distributed energy projects, helping optimise the energy structure and improve the quality of life for residents. Additionally, Hithium promotes the collaborative development of upstream and downstream enterprises by constructing a complete green energy industrial chain, forming a virtuous cycle of the industry ecosystem, and providing solid support for the widespread adoption and sustainable development of green energy.

Case: 0.79GW Distributed Energy Storage Project in Heze, Shandong

In 2024, Shandong Province's first batch of distributed wind power projects in Heze totals 793.75 MW, with multiple enterprises securing development rights. As the main player in the Heze energy storage industry chain and a significant local industrial project, Hithium leverages the region's renewable energy resources and has established eco-friendly partnerships with several major and smaller new energy enterprises. These strategic collaborations focus on both the upstream and downstream ecosystems in the new energy and energy storage sectors.



Figure: 0.79GW Decentralized Energy Storage Project in Heze, Shandong

3.2.3. Industry Ecosystem Cooperation News

A Glimpse of a Changing Hithium Through a High-Quality Supply Chain

In 2024, Hithium successfully ranked among the top five global ESS battery suppliers and became the first company in Fujian Province to be recognised as a National Demonstration Enterprise for Supply Chain Innovation and Application. Through deepening industry ecosystem cooperation, the Company has engaged in extensive collaboration with upstream and downstream enterprises in areas such as battery recycling, material reuse, and joint R&D centres. This has accelerated the layout of the green circular economy, actively promoted the localisation of overseas supply chains, and enhanced global delivery capabilities. With its outstanding practices in the ESG field, Hithium was honoured with two accolades from the Green Light ESG Rankings: "Top 10 Exemplary Responsibility Contribution" and "Top 10 Exemplary Environmental Contribution," leading the energy storage industry toward a new direction for sustainable development.



Figure: Hithium Dedicated Battery Family

Building a Chain of Enterprises to Rise as a New Hub for the Western Energy Storage Industry

Hithium has invested RMB13 billion to build a manufacturing base in Tongliang, Chongqing, with an annual production capacity of 28 GWh upon full capacity. This is the first energy storage project in Chongqing with an investment exceeding RMB10 billion. As the lead enterprise, Hithium has driven the rapid rise of the new energy storage industry cluster in Tongliang, gathering 13 large-scale enterprises, with a local supply rate of 60%, forming a one-hour lithium battery supply chain circle. Tongliang has already built 25 energy storage application scenarios, covering fields such as new energy, and is dedicated to creating a new hub for the energy storage industry in the western region. The goal is to achieve an industrial cluster output value exceeding RMB100 billion in 3-5 years, expand the influence to Chongqing, forming a scale of RMB200 billion, and accelerate the green transformation of the regional economy.



Figure: Hithium's Chongqing Manufacturing Base in Tongliang District, Chongqing, with staff operating equipment on the production line

Looking at Integration Through "Fission"

Within four years, Hithium achieved a breakthrough of RMB10 billion in output value. Through the deep integration of the "Talent Chain - Innovation Chain - Industry Chain - Capital Chain," the Company has built an industrial ecosystem. By collaborating with upstream and downstream enterprises to establish a cooperative innovation mechanism, and leveraging an agile organisation to increase the speed of technological iteration by 40%, Hithium drives cost reduction and efficiency improvement across the entire lifecycle of energy storage products. Its "fission-like development" model has led 12 ecosystem partners to complete intelligent upgrades, creating a new paradigm for cultivating new productivity in the new energy sector.



Image: Fujian Daily – Looking at the "Fission" of the Energy Storage Industry from a Single "Battery Cell"

Employee Empowerment

Uniting for a Brighter Future

Key Data

7,650 People
Total number of full-time employees

25.06%
Proportion of female employees

58.32%
Proportion of employees aged under 30

41.03%
Proportion of employees aged 30 to 50

0.65%
Proportion of employees aged over 50

98.90%
Proportion of full-time employees in mainland china and Hong Kong, Macau, and Taiwan areas

100%
Proportion of executives hired locally at key operations sites

100%
Percentage of employees trained in diversity, equality, and inclusion

100%
Employee training coverage rate

30,372.59 Hours
Total training hours for employees

04

3 良好健康与福祉
4 优质教育
8 体面工作和经济增长

Annual Feature:

Inheriting the “Wheat Spirit” – Pragmatic, Dedicated to Green Energy, and Committed to Excellence

Hithium is committed to the mission of “letting green energy benefit all and help those who strive realise their dreams.” Upholding the core values of freedom, innovation, sharing, and love, the Company advocates the Wheat Spirit, which is rooted in the philosophy of “Take root downward, bear fruit upward.” It also promotes an engineer culture of “Strive for breakthrough and perfection,” continuously motivating Hithium’s people to accept challenges and rise to difficulties.

Breaking the Status Quo, Overcoming Challenges

In the green energy sector, technological innovation is the core driving force for the development of enterprises and a key factor in industry competition. Hithium's Battery Cell Structural Innovation Team is a vivid practitioner of this concept.

In the Industry

the injection-molded top cover structure generally faces the problem of high-temperature pole sinking, which affects product supply.

Hithium Outcome of Settlement

Hithium's Battery Cell Structural Innovation Team spent five months overcoming the technical challenge of the 314 sandwich top cover structure and won Hithium's "Technology Innovation President's Award" in 2024.

In the early development phase, the team designed six types of top cover structures, which not only successfully solved the problem of high-temperature pole sinking but also achieved breakthroughs in cost. However, the team did not stop there. They adhered to a rigorous and pragmatic approach, further optimising the design and developing an exclusive top cover structure that is more cost-efficient and suitable for high-efficiency processes.



Daring to Think and Act, Bearing Fruit Upwards

In today's fiercely competitive market, a company's core competitiveness lies not only in technological innovation but also in the cohesion and execution power of its team.A standardised, scalable, and efficient production line not only helps ensure stable supply but also improves lean production management, reducing resource waste.

3 Centers

Engineering Centre | Chongqing Manufacturing Base | Quality Management Centre

Jointly Formed

"Chongqing Manufacturing Base Fourth-Generation 280 Manufacturing Platform Construction Project" team

Dedicated to creating an advanced manufacturing production line.
In November 2023, the team successfully completed the construction of the "Fourth-Generation High-Efficiency Intelligent Manufacturing Production Line."

As a result of this achievement, the team won Hithium' s **"Engineering Innovation President' s Award"** in 2024.

During the project's advancement, the team faced challenges such as uncertainties in technical trials and delays in energy supply. In the face of these difficulties, the team embraced innovation and achieved breakthroughs in key areas such as high-precision electrode manufacturing technology and capacity water-cooling technology. They also demonstrated flexibility in responding to unforeseen circumstances, quickly adjusting plans, resolving project bottlenecks, and ensuring the production line was launched on time. It is the spirit of Hithium's people—daring to break and establish, daring to think and act, and not fearing difficulties—that drove the successful implementation of the project and supported the upgrade of manufacturing.

Sharpening Internal Skills, Reaching New Heights

Down-to-Earth and Daring to Scale New Heights

The cohesion and spirit of striving within the team are vital forces that drive the continuous progress of the company. Hithium has always focused on cultivating employees' resilience and spirit of teamwork. In March 2024, Hithium organised a hiking event with the theme "Sharpening Internal Skills, Reaching New Heights".

130+ People
Employee Participation

42 Hours
Challenge Duration

20 Kilograms
Marching Backpack Load per Person

60 Kilometers
Crossing Complex Terrains

1,200 M
Cumulative Climbing Height Achieved



Faced with severe natural challenges such as dense forests, torrents, dangerous peaks, and ravines, the participants relied solely on basic survival supplies like compasses, maps, dry rations, and drinking water, demonstrating exceptional adaptability and teamwork. Throughout the journey, team members took turns carrying the military backpacks, overcoming difficulties together. This reflected Hithium's spirit of being down-to-earth, unyielding, and daring to scale new heights. This fighting spirit is not only a valuable asset to the Company but also the driving force behind its continuous advancement and ongoing success.



In the future, Hithium will continue to uphold the spirit of seeking truth and pragmatism, and daring to break through, steadfastly driving innovation and progress. The Company encourages each employee to unleash their creativity and initiative, internalising the corporate culture into their hearts and externalising it through their actions. Together, they will face challenges, overcome difficulties, and jointly create excellent product quality and service standards. With the unity and relentless effort of Hithium's people, the Company will help achieve its mission of "letting green energy benefit all humanity."



4.1 Rights and Benefits of Employees

4.1.1. Protection of Employee Rights

Hithium strictly adheres to laws and regulations such as the

International Labour Convention, the Company Law of the People's Republic of China, and the Labour Law of the People's Republic of China,

Established a sound employment management system to ensure the effective protection of employees' rights.

Explicitly prohibit the employment of child labor

The Company firmly ensures legal employment and, in accordance with the requirements of SA 8000:2014, has developed the Social Responsibility System and Human Rights Protection Management Procedures and other related management procedure lists, clearly prohibiting the employment of child labour. The Company rigorously follows the recruitment process, strengthening the identity verification mechanism to eliminate the risk of employing child labour at its source. In the event of a potential accidental recruitment of child labour, the Company has formulated detailed emergency response plans to ensure timely corrective measures are taken, protecting the legitimate rights and interests of the affected individuals.

The Company uses a scientific employee performance evaluation system to assess employees' performance periodically, aiding in talent development and growth.

The Company adheres to the principle of equal pay for equal work, legally compensating employees and providing reasonable remuneration for additional labour, while also paying the required social insurance.

The Company issued the updated Compensation Management Regulations during the Reporting Period to improve the compensation incentive mechanism and boost the attraction and retention of outstanding talent.

The Company developed a scientific employee performance evaluation system, periodically assess employee performance, and assist in talent cultivation and development;

The Company has established a comprehensive H1-H5 Promotion Management Measures, H6 and Above Promotion Management Regulations, Rank and Position System and Promotion Management Rules, Rules for Cadre Management and School Enrolment Management Measures, outlining employees' responsibilities at each stage and their growth pathways.

Dual career development pathways, the Professional Pathway and Management Pathway, are provided to support employees in choosing a suitable direction based on personal expertise and career interests, achieving mutual growth for the individual and the Company.

A tiered promotion system is implemented with clear promotion standards and processes, establishing a fair, just, and transparent competition mechanism to encourage employees to continuously improve.

Providing Compensation and Promotion Pathways



Prohibition of Forced Labour

The Company strictly prohibits any form of forced labour and maintains a zero-tolerance attitude. To ensure that forced labour does not occur within the Company, regular investigations are conducted at all manufacturing sites to identify and resolve potential issues in a timely manner, preventing any actual or suspected forced labour incidents.

Standardising Human Resource Management

During the Reporting Period, the Company issued updated versions of the *Recruitment Management Measures and the Personnel Change Management Measures*, which clarified the recruitment process and talent selection mechanism, standardised employee movement management (such as onboarding, probation, transfers, and departures), and safeguarded employees' labour rights.

Equal Pay for Equal Work

The Company legally pays employees' salaries and benefits, provides reasonable compensation for overtime work, and contributes to employees' social insurance in accordance with the law. During the Reporting Period, the Company released an updated version of the Compensation Management Regulations, further improving the salary incentive mechanism and enhancing the attractiveness and retention of top talent.

Working Hours and Leave

The Company establishes reasonable production shifts, regularly manages working hours, and does not use working hours or overtime as performance evaluation criteria, ensuring a balance between work and life for employees.

The Company provides various types of leave systems, including statutory holidays, annual leave, marriage leave, maternity leave, breastfeeding leave, and parental leave.

Case: Campus Recruitment New Employee Integration Training Hiking and Team Building Activity with the theme of "Seeking Truth and Pragmatism, Embarking on a New Journey with Innovation"

"Seeking Truth and Pragmatism, Embarking on a New Journey with Innovation"

In July 2024, Hithium organised the "Seeking Truth and Pragmatism, Embarking on a New Journey with Innovation" themed hiking and team-building activity for newly recruited employees. The event aimed to deepen team collaboration and promote the concept of sustainable development. The location was chosen in an ecological mountain area, where the entire event adhered to a low-carbon principle. Through activities such as orientation tasks and obstacle cooperation, new employees strengthened their sense of responsibility and innovative thinking in practice. At the end of the event, all participants engaged in a mountain waste-cleaning activity to fulfil their environmental responsibilities through concrete actions. This training integrated ESG (Environmental, Social, and Governance) concepts into the talent development system, highlighting the Company's deep commitment to sustainable development and humanistic care.





Case: "Stabilising Momentum and Leaping to the Core Strength" New Year Group Meeting

"Stabilising Momentum and Leaping to the Core Strength"

On 3 February 2024, Hithium held its New Year Group Meeting with the theme of "Stabilising Momentum and Leaping to the Core Strength" bringing together the full team to embark on a new chapter of development. The event closely aligned with the core values of Hithium, featuring cultural performances, strategic communication, and team interactions, which deepened the Hithium brand spirit and green mission. The on-site design incorporated low-carbon principles, with digital processes used to reduce paper consumption, aligning with ESG sustainability goals. The management team recognised the contributions of key teams and launched a talent empowerment plan, demonstrating both humanistic care and innovation-driven initiatives. The event conveyed the corporate power of unity and progress in the "core" era, injecting momentum for high-quality development in 2024.





4.1.1. Employee Care and Well-being

We believe that providing employees with attractive compensation and a dynamic work environment can motivate them to grow rapidly and create value. We offer competitive salaries and benefits, including monthly wages, performance bonuses, various allowances and benefits, as well as opportunities for employee learning and development.

In terms of benefits, Hithium updated and revised the Benefits Management Measures this year, further standardizing the Company's welfare policies. We provide employees with a wide range of benefits, including holiday benefits, holiday celebrations, commercial insurance, annual health checkups, meal subsidies, housing allowances, and transportation allowances. We also offer various quality-of-life subsidies, such as marriage and maternity subsidies, to effectively enhance employees' work experience and quality of life.

Employee Benefits Summary

Five Insurances and One Fund

- The Company legally contributes to social insurance (pension, unemployment, basic medical, work injury, and maternity), commercial insurance, and the housing provident fund.

Living subsidies / Convenience services

- Provide employees with various forms of discounted housing.

Provide free shuttle bus service from dormitories to the Company for commuting.

- Confirm meal subsidy standards based on the employee's work city and provide meal subsidies.
- Organise annual health checkups for employees who have been with the Company for more than one year.

Assist employees with residence permits and help employees apply for their children's schooling in Xiamen.

- Provide employees with transportation subsidies for safe return to Xiamen.

Cultural and Sports Activities

- Provide an indoor gym with complete activity equipment
- Establish four interest clubs: badminton, basketball, football, and outdoor sports, and organise a variety of physical exercise activities
- Organise cultural activities such as food festivals, Dragon Boat Festival, and Mid-Autumn Festival

Employee Welfare and Care

- Provide welfare gift boxes for heatstroke prevention, dengue fever prevention, etc.
- Hold family reception day events, youth fellowship activities, and mental health seminars.
- Select outstanding employees of the year.
- Organise employee health and relaxation activities.

Holiday Benefits

- Provide holiday benefits for festivals such as Dragon Boat Festival, Mid-Autumn Festival, and Spring Festival.

Case: International Women's Day Event

"Goddess of Variety, Shining at Hithium". In March 2024, Hithium held a celebration for International Women's Day. The Company's Chongqing Manufacturing Base carefully prepared holiday gifts for all female employees, expressing gratitude for their hard work and dedication. Additionally, to enrich the cultural lives of female employees, the Company organised handcraft activities such as flower arrangement and aroma-making, encouraging them to bloom in their personal lives while focusing on career development and showcasing their unique charm.



Goddess of Variety, Shining at Hithium





Case: "Dad's Strength, Brilliant Family Day"

"Dad's Strength, Brilliant Family Day". In June 2024, on the occasion of Father's Day, Hithium organised a Family Open Day with the theme "Dad's Strength, Brilliant Family Day," focusing on the deep connection between family responsibility and ecological care. The event featured activities such as a "Smart Classroom" and "Waterless Platform Science Popularisation." Through water-saving knowledge practices and family environmental protection challenges, the event encouraged employees and their families to adopt a low-carbon lifestyle. Parent-child collaboration was also fostered in creating "Family Albums" and other fun activities, strengthening emotional connections and demonstrating the Company's humanistic care.



The event utilised a digital interactive process to reduce resource consumption and enhanced participation convenience through the Company's internal online platform, "Xinguang Platform." By combining entertainment with education, the event integrated environmental awareness into family settings, deepened employees' sense of belonging, and actively promoted sustainable concepts in social responsibility and employee well-being.







"Dad' s Strength, Brilliant Family Day"

Case: Teacher's Day Event with the Theme of "Peach and Plum Fragrance, Original Intention Unchanged"

On September 10, 2024, Hithium's Chongqing Manufacturing Base organised a special Teacher's Day event for all certified instructors. The event combined cultural heritage and technological innovation, with the theme "Peach and Plum Fragrance, Original Intention Unchanged." It included a "Keynote Speaker Share" to discuss the latest trends in the energy storage sector, and a "One Book, One Gift" segment that honoured instructors' contributions to education with customised books and eco-friendly gift boxes. Additionally, the event innovatively introduced a "Fashion Show" to showcase professional demeanour and convey the Company's perspective on talent. The Company also launched an internal instructor empowerment programme, further strengthening the knowledge-sharing system.

"Peach and Plum Fragrance, Original Intention Unchanged."





Case: Quarterly Employee Recognition and Award Ceremony

On 15 October 2024, Hithium's Chongqing Base held the third-quarter employee recognition and award ceremony. The event recognised employees who demonstrated outstanding performance in production, research and development, and management positions. This initiative aimed to inspire all staff to actively engage in their work, create an atmosphere of innovation and excellence, and enhance team cohesion and competitiveness, thereby laying a solid foundation for the high-quality development of the energy storage business.





Employee Welfare Activities

Sports Activities





Holiday Benefits and Care





Other Team Building Activities









The Company pays close attention to employees' mental health and has established the *EAP Employee Care Plan Management Regulations*. Through scientifically effective measures such as training, guidance, and counselling services, the Company helps employees cope with psychological, behavioural, and emotional challenges in both work and life. A dedicated psychological hotline has been set up, and a "Mind Station" has been established to offer professional psychological counselling and crisis intervention support, assisting employees in maintaining a good mental state and a positive work attitude.

Additionally, the Company's union actively promotes support for employees in need, strictly adhering to the employee subsidy and condolence system. The Company provides assistance to employees facing difficulties in life, major illnesses, and educational support for their children, effectively addressing employees' real-life challenges. During the Reporting Period, the Company provided subsidies to 194 employees in need, totalling RMB223,000, fully reflecting the Company's humanistic care and sense of responsibility.

4.1.3. Employee Training and Development

Hithium has established a comprehensive training and development system, formulating supporting policies such as the Training Management Regulations, Internal Trainer Management Regulations, Course Development Management Regulations, External Training Management Regulations, and Position Qualification Certification Management Regulations to ensure the systematic and standardised nature of training efforts.

In 2024, the Company provided several online skills training sessions to employees at each manufacturing base through Hithium Academy. Additionally, the Company regularly organises internal instructor courses and external training activities to drive the continuous improvement of employee skills.

30,372.59 hours
Total accumulated learning time of approximately

4.2 Equality and Diversity

The Company is committed to providing an equal, diverse, and inclusive workplace. Upholding the principles of "fairness, justice, openness, and merit-based recruitment," the Company ensures that no discrimination is made based on age, disability status, ethnic background, gender, marital status, nationality, political orientation, racial differences, religious beliefs, sexual orientation, or any other factors throughout the human resource management process, including recruitment, compensation systems, career training, and promotion channels.

4.2.1. Anti-discrimination and Harassment

We strictly implement our anti-discrimination and anti-harassment commitments and have established the *Anti-Harassment Management Regulations*, which prohibit any form of harassment or abuse, including verbal abuse, psychological harassment, mental and physical oppression, and sexual harassment.

During the Reporting Period, Hithium's Xiamen base successfully passed the SA 8000:2014 Social Responsibility Management System certification. No incidents of child labour, forced labour, discrimination, or harassment were reported by the Company.

4.2.2. Creating a Female-friendly Workplace

We are dedicated to creating an equal and inclusive female-friendly workplace, fully supporting the career development and rights protection of female employees.

During the Reporting Period

25.06%
The proportion of female employees was

30%
The proportion of female members in the governance body reached

We provide multi-dimensional care and support for female employees in the workplace. For example, we regularly organise International Women's Day activities to foster a culture that respects the value of women. We have established dedicated spaces for pregnant women in shuttle buses, dormitories, and cafeterias, set up standardised breastfeeding rooms in the factory, and promoted prenatal health knowledge through health seminars. We also offer flexible work support for working mothers and have established special communication channels to respond to their needs in a timely manner.

In the future, we will continue to optimise workplace equality mechanisms, deepen the support network for women's career development, and promote the creation of a more inclusive and growth-oriented work environment.

4.2.3. Establishing Employee Communication Channels

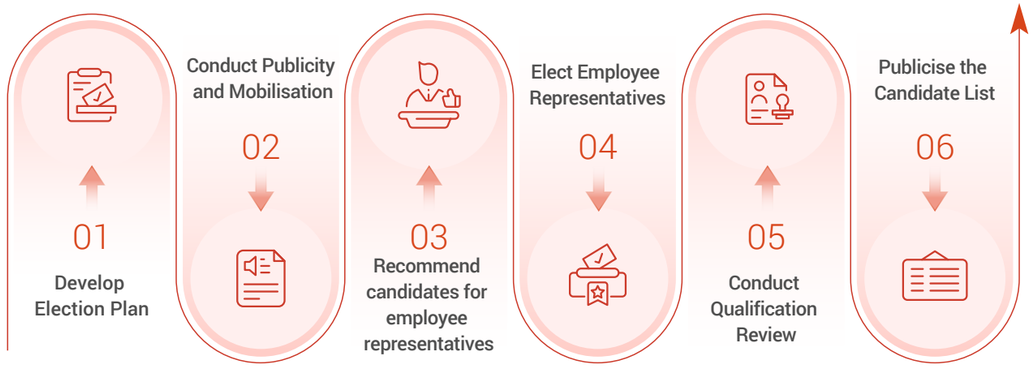
The company legally guarantees employees' rights to participate in democratic management and supervision and highly values protecting the legitimate rights and interests of all parties involved. In accordance with relevant regulations such as the *Constitution of the People's Republic of China,* the *Trade Union Law of the People's Republic of China*, and the *Implementation Measures of the Trade Union Law of Fujian Province*, the Company ensures that employees' rights to exercise their rights and protect their legitimate interests are fully safeguarded.





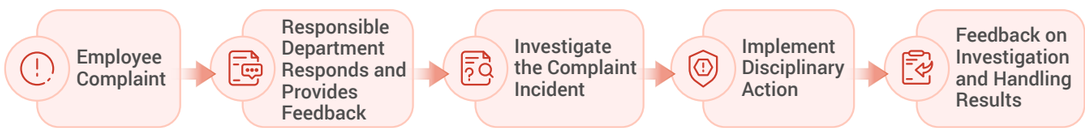
The Company has formulated the *Employee Representative Election Control Procedure Management Regulations* to ensure the transparency and openness of employee representative elections, protecting employees' rights to be informed, participate, express opinions, and supervise. The Company holds an annual employee representative meeting to widely gather feedback and suggestions from employee representatives regarding company management and drives the implementation of relevant optimisation measures.

Employee Representative Election Process Flowchart



The Company places high importance on building an employee communication mechanism and is committed to creating an open and transparent work environment to ensure that employees' opinions and demands are addressed promptly. The Company has established the Employee Complaint Management Regulations, providing employees with smooth feedback channels. Whether it concerns the work environment, compensation and benefits, career development, management improvements, or issues such as discrimination or harassment, employees can submit feedback or complaints in writing or verbally. The Company has set up a dedicated handling mechanism to ensure complaints are processed in a timely manner, with investigations conducted by designated personnel. Feedback is provided either verbally or in writing within two days.

Employee Complaint Handling Process Flowchart



The Company conducts annual employee satisfaction surveys to systematically collect employee feedback and develop corrective plans for areas that need improvement. This ongoing effort aims to continuously optimise management and the work environment, enhancing employee satisfaction and strengthening corporate cohesion.

4.3 Occupational Health and Safety

4.3.1. Safety Production

Hithium adheres to the safety policy of

"people-oriented, safety first, prevention as the main focus, and addressing problems at an early stage."

The Company strictly complies with

laws and regulations such as the *Law of the People's Republic of China on Work Safety and the Report on Production Safety Accident and Regulations of Investigation and Treatment.*

It has developed several management systems, including the

Environmental and Occupational Health and Safety Management Manual, Public Health Emergency Response Plan, EHS Incident Reporting, Investigation, and Handling Management Regulations, Labour Protection Equipment Management Regulations, and Emergency Response Management Procedures

Which fully standardise the safety production process to minimise the risk of various safety accidents.

Safety Production Goals

0	0	0	100%
Zero major injuries and fatalities throughout the year	Zero fatalities throughout the year	Zero major smoking and fire incidents	Implementation rate of emergency drills

The Company has further strengthened its safety production responsibility system. In accordance with the *General Office of the State Administration of Work Safety [2015] No. 27* "Five Implementations and Five In-Place Requirements for the Enterprise Safety Production Responsibility System," the Company has developed the *Safety Committee Organisation Management Regulations* and the *Environmental and Safety Officer Management Regulations.* Additionally, the Company has established a Safety Production Committee/Safety Management Department, forming a clear management structure to ensure that safety production responsibilities are implemented at every level and that management requirements are effectively executed.

Group	Main Responsibilities
Standards & Professional Group	- Oversee specialised business management, develop management requirements, process standards, and data analysis plans. - Supervise EHS engineers in each region and drive feedback and improvement.
Safety Supervision Group	- Supervise the Company's EHS operations, conduct assessments and inspections. - Manage the construction of safety production standardisation systems, ISO 45001, and ISO 14001. - Responsible for building safety production processes, systems, and platforms, as well as safety culture promotion and training. - Organise special meetings to monitor business implementation.
Fire Safety Management Group	- Responsible for the maintenance of building fire safety systems and dispatch of the fire control centre. - Organise fire safety reviews for new, modified, and expanded projects.
Environmental Management Group	- Manage environmental compliance for new, modified, and expanded projects. Establish environmental management systems, conduct special hazard investigations and rectifications. Oversee the operation of environmental protection services at existing bases.
Xiamen On-Site Safety Group	- Responsible for the localisation supervision and implementation of EHS at the Xiamen base, including safety inspections, construction supervision, emergency drills, safety training, hazard tracking, and external interface coordination.
Chongqing On-Site Safety Group	- Responsible for the localisation supervision and implementation of EHS at the Chongqing base, including system certification management, inspections, construction supervision, emergency drills, safety training, hazard tracking, and external interface coordination.

At the same time, the Company continuously deepens safety management practices by strengthening risk control and hazard identification, optimising the work environment, and enhancing safety awareness among employees and relevant stakeholders. These measures help to continuously improve safety production levels, reinforce safety defences, and ensure the stable and healthy development of production operations.



Hithium continuously promotes the improvement of employee safety awareness and the development of security quality.

The Company has built a multi-level safety education system, with courses that include

- Safety education for new employees
- Factory-level workshop ERT, and employee fire safety training
- Emergency drills
- Specialised training for gate service personnel

To ensure that training results are effectively implemented, the Company adopts a blended teaching approach that combines online and offline methods, achieving full coverage for all personnel. This includes formal employees, contract employees, dispatched personnel, and security teams.

By the end of the Reporting Period

34
Specialised training sessions organised by the Companys

100%
With a participation rate of

Further effectively enhancing the overall safety management level of the Company. Production equipment management

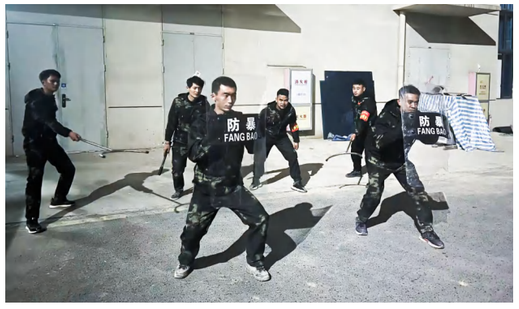


Figure: Security Team Physical Training


Figure: ERT Training (ERT: Emergency Response Team)


Figure: Course Training -1


Figure: Course Training -2

Case: Factory Employee Emergency Evacuation Drill

In November 2024, the Safety Management Department organised an emergency evacuation drill for factory personnel. The planned number of participants for the drill was 2,451, and the actual number of participants was 2,434, with a participation rate of 99.3%. All participant roll calls were completed within 5 minutes, meeting the evacuation drill requirements.

When disaster occurs, emergency response is activated.





Alarms are triggered, personnel are evacuated.





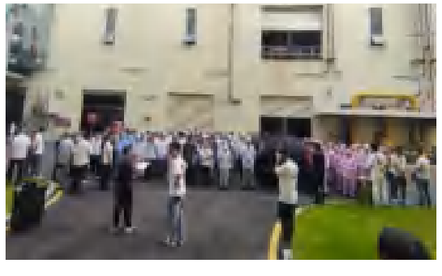
Evacuate to outdoor assembly areas, guided to muster points.





Conduct roll call at assembly, conclude drill summary.





Case: Occupational Health and Safety Training Implementation



Figure: Hazard Identification and Assessment Training



Figure: Fire Safety Equipment Usage Training

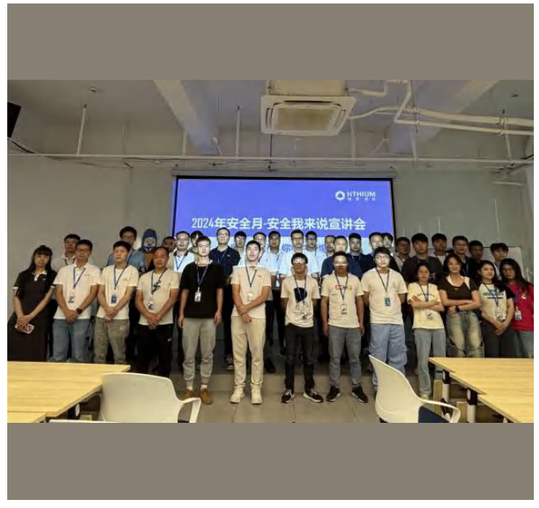


Figure: Accident Briefing Training



Figure: Training on Environmental Factor Identification and Evaluation

During the Reporting Period, the Company successfully passed the ISO 45001:2018 Occupational Health and Safety Management System certification and was included in the list of enterprises that meet the Level 3 safety production standards by the Xiamen Emergency Management Bureau. Over the past three years, the Company has not experienced any major safety production accidents, and all safety production goals have been fully achieved, further solidifying the Company's strong foundation in safety production.

4.3.2. Occupational Health

Hithium places great importance on employees' occupational health and safety, strictly complying with relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Regulations on Occupational Health Supervision and Administration in Workplaces*. The Company has developed several management systems, including the *Environmental and Occupational Health and Safety Management Manual, Management Regulations for "Three Simultaneous" Occupational Disease Prevention Facilities in New, Modified, and Expanded Projects, Management Regulations for Reporting Occupational Disease Hazardous Projects, Occupational Disease Hazard Monitoring and Evaluation Management Regulations, and Regulations on Occupational Health Surveillance and Archive Management for Workers*. Annual occupational health goals have been established to ensure the effective implementation of occupational health management measures.

Occupational Health Goals			
	100% Coverage rate for occupational health checkups	0 Cases of occupational diseases	100% Compliance rate for workplace occupational hazard factor testing

In 2024, the Company commissioned a professional occupational health technical service organisation to conduct occupational disease hazard factor testing. The testing identified that the Company's main occupational disease risk positions involve production operators in certain processes of the battery cell & system manufacturing, electrolyte warehouse managers, wastewater treatment plant operators, and 56 other job types. The primary occupational disease hazard factors include noise, ionizing radiation, laser radiation, fluorine and its compounds, and graphite dust. Based on the test results, the Company has implemented corresponding protective measures to ensure the occupational health and safety of employees during their work.

Occupational Disease Hazard Factor Management Measures

Occupational Disease Hazard Factors	Management measures
Noise	Low-noise and low-vibration equipment is selected for the workshop, with mixers arranged centrally and sound-damping devices installed. Pneumatic pumps have silencers, and roller presses are equipped with vibration-damping devices. The power station is independently arranged, with boilers, air compressors, and ice machines located in separate rooms with vibration-damping devices, and air compressors equipped with silencers. The duty room is separated from noisy areas with double-layer soundproof doors, and employees wear noise-cancelling earplugs.
Ionizing Radiation	The radioactive sources are sealed within measurement and control devices with secure and reliable installation. The workshop is equipped with a video surveillance system to monitor site changes in real-time. Each sealed source thickness gauge has an ionizing radiation warning sign.
Laser Radiation	Laser sources are located inside the equipment, directed vertically downward. The laser has strong directionality and is less likely to scatter, with shielded glass on the observation windows and anti-laser glasses available on-site.
Fluorine and Its Compounds	The liquid filling machine operates in a closed system, with an exhaust and detoxification system above the equipment. An explosion-proof centrifugal fan is used, and employees wear masks with an activated carbon filtering layer.
Graphite Dust	Mobile dust collectors are used, with dust collection ports located at the dust-emitting points during material feeding. Employees are provided with gas masks, poison filters, dust masks, and protective goggles.

The Company strictly implements pre-employment, in-service, and exit health check-up systems for employees in occupational hazard positions, providing occupational health check-ups in accordance with the law. It also establishes occupational health monitoring records for these employees. Additionally, the Company has established a work injury medical cooperation relationship with a local hospital in Xiamen, offering a green channel to ensure that employees injured at work receive priority treatment, with services such as exemption from registration, priority diagnosis, and quick examination and treatment. Over the past three years, the Group has organised occupational health check-ups for all employees in positions involving occupational hazard factors, and no cases of occupational diseases have been identified.

Case: Hithium Health Enterprise Establishment

The Company actively participates in the creation of a "Healthy Enterprise" to achieve the "Healthy China 2030" goal. It has made efforts in areas such as company management systems, healthy environments, health management and services, and health culture. These efforts have passed the final review by the district and municipal health commissions, and the Company has received excellent ratings from both the district and municipal health commissions.






Case: Police-Enterprise Collaboration, Building a Safe Home Together

Hithium continues to promote innovative governance models and deepen police-enterprise cooperation. In May 2024, the Company partnered with the Hongtang Police Station to establish the Hithium Police Service Office, implementing three major mechanisms to innovate the Company's safety management model.

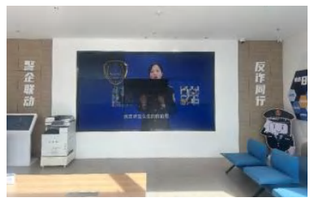
Establish a joint safety risk prevention and control mechanism
With stationed police officers and the Company's security team implementing joint inspection systems, improving the timeliness of risk alert responses.

Build a safety training matrix system,
Conducting safety awareness training on topics such as fraud prevention, covering employees' safety knowledge gaps.

Create a closed-loop emergency management system
Relying on a 24-hour rapid police response mechanism to significantly shorten the safety hazard resolution cycle.

The park has set up multiple smart convenience service windows, and through the unique "police-enterprise cooperation + park co-construction" model, it has developed a deeply integrated police-enterprise collaboration approach. This transformation has shifted the Company's safety management mechanism from passive defence to proactive governance, creating a replicable new paradigm for safety management in industrial parks.







Customer Response

Customer-Centric Approach

Key Data

94.8%

Percentage of products sold or shipped that were recalled due to safety and health reasons

0%

Percentage of products sold or shipped that were recalled due to safety and health reasons

0 Case

Number of major complaints received regarding products and services



Annual Feature:

Hithium Earns Dual Certifications - NECAS and CTEAS

In today's highly competitive business environment, a company's success is determined not only by the quality and performance of its products but also by the excellence of its after-sales service. With growing customer expectations and intensified market competition, establishing an efficient and professional after-sales service system has become one of the key factors for achieving long-term success. As a well-known enterprise in the industry, Hithium has consistently dedicated itself to delivering an exceptional after-sales service experience and continuously striving for excellence in this field.

In February 2024

Hithium received further authoritative recognition for its after-sales service system, successfully obtaining the NECAS National After-Sales Service Compliance Certification (hereinafter referred to as "NECAS") and the CTEAS After-Sales Service System Maturity Certification (hereinafter referred to as "CTEAS"), earning the industry-recognised "Twelve-Star After-Sales Service Certification."

NECAS Certification

The NECAS certification is based on the Ministry of Commerce's Commodity After-Sales Service Evaluation System (GB/T 27922-2011) and is promoted and implemented by the Certification and Accreditation Administration of China. This certification rigorously assesses three key dimensions: after-sales service systems, product services, and customer services, with a five-star rating being the highest level.

CTEAS Certification

The CTEAS certification, on the other hand, is based on the Evaluation Criteria for After-Sales Service System Maturity Certification (CTEAS1001-2017), which builds upon the original Commodity After-Sales Service Evaluation System and sets higher standards for the integrity and standardisation of a company' s after-sales service system.

The successful attainment of these dual certifications highlights Hithium' s outstanding capabilities in after-sales service system development, service standard implementation, and service quality management. This achievement not only provides customers with more professional, efficient, and standardised after-sales service guarantees but also helps the Company gain greater trust and recognition in a highly competitive market.

NECAS National After-Sales Service Compliance Certification Certificate



CTEAS After-Sales Service System Maturity Certification Certificate



5.1 Product quality and safety

Hithium has been deeply engaged in key energy storage technologies and product application innovations, providing lithium battery products and solutions for over 200 projects worldwide. The outstanding quality of our products and widespread customer recognition exemplify the essence of "Hithium Quality." We adhere to the ISO 9001:2015 quality management system standard and has developed regulatory documents such as the *Quality Management Manual*, the *Product Monitoring and Measurement Management Procedure* and the *Non-Conformance Management Procedure* to ensure systematic and standardised quality management.

Guided by the quality policy of "Customer First, Service with Dedication, Continuous Improvement, and Pursuit of Excellence," we address the three major challenges in the energy storage sector—safety, cost-effectiveness, and standardisation. Aligning with our internal requirements, we uphold a "Zero Defects" quality vision and have established four key quality objectives.

2024 Quality Objectives

0	0	≤100ppm	≥90
Major quality incidents(cases)	Major product safety incidents(cases)	Battery product customer return PPM	Customer satisfaction (points)

5.1.1. Quality management mechanism

We take product quality as the key driving force of our core competitiveness and have established a robust quality control mechanism covering critical processes such as product development, raw material procurement, production and manufacturing, quality inspection, shipment, and after-sales service. This ensures comprehensive quality monitoring throughout the product lifecycle, maintaining product stability and reliability as a foundation for the Company's long-term and steady growth.

To enhance execution, we have set up a Quality Management Centre, where the head of the centre oversees overall quality management, and manufacturing site leaders coordinate implementation. By reinforcing end-to-end quality control, we continuously improve product stability and reliability, strengthening market trust.

R&D Quality Control

We have established a new product development management process, in which cross-departmental experts review the development progress of each key development stage to ensure design rationality and manufacturability. We also conduct trial production of new products to identify and address potential design issues before mass production, ensuring that the final product design can achieve our key value proposition and meet market demand.

Raw Material Quality Control

We implement strict access and review mechanisms for raw material suppliers to ensure that they have stable quality assurance capabilities. We have established a dedicated material testing laboratory equipped with advanced testing instruments, which can cover comprehensive testing and analysis of various material properties, including the chemical material composition of cathode materials, anode materials, electrolytes, particle size distribution, inductively coupled plasma (ICP) element content, magnetic impurities and other physical property characterisation and physicochemical analysis detection, to ensure that our products are strictly produced with high-quality materials.

Production Process Quality Control

We adopt advanced automated production lines throughout our manufacturing plant and combine them with advanced manufacturing execution systems (MES) and quality management systems (QMS) to conduct comprehensive real-time monitoring of the production process, ensuring that quality issues are identified and resolved in a timely manner.

- Environmental control: Our production line is equipped with a digital environmental monitoring system to monitor temperature, humidity and cleanliness in real time.

- Process control: Our production processes are strictly carried out in accordance with the established production process specifications. Key production process parameters are verified by MES to ensure accuracy.

- Production line inspection: We have also introduced digital visual inspection equipment in key production processes such as coating, die-cutting, winding, and welding to monitor the appearance and performance of the products in real time. Our statistical process control system monitors any quality fluctuations throughout the entire manufacturing process, promptly detecting and correcting anomalies.

Shipment Quality Management

Conduct final product inspections before shipment to ensure model, packaging, and labelling meet customer requirements.

Issue inspection reports based on results, implementing non-conformance management procedures if necessary.

Non-Conforming Product Management

- Label and segregate suspected/non-conforming products in designated areas.

Confirm, control, and review non-conforming products following the Early Warning and Production Halt Mechanism Management Regulations, Abnormal Shipment Termination Management Regulations, and Process Abnormality Handling Regulations.

- Process non-conforming products via rework, scrapping, or deviation release.

- After the disposal is completed, the disposal department will provide the relevant red sheets for non-conforming products to the Quality Management Centre for recovery and record them in the ledger.

- The responsible department shall implement corrective and preventive measures and output a report on corrective and preventive measures.

After-sales Quality Management

We have established an efficient after-sales service system, responding promptly to quality issues reported by customers and providing technical support and solutions.

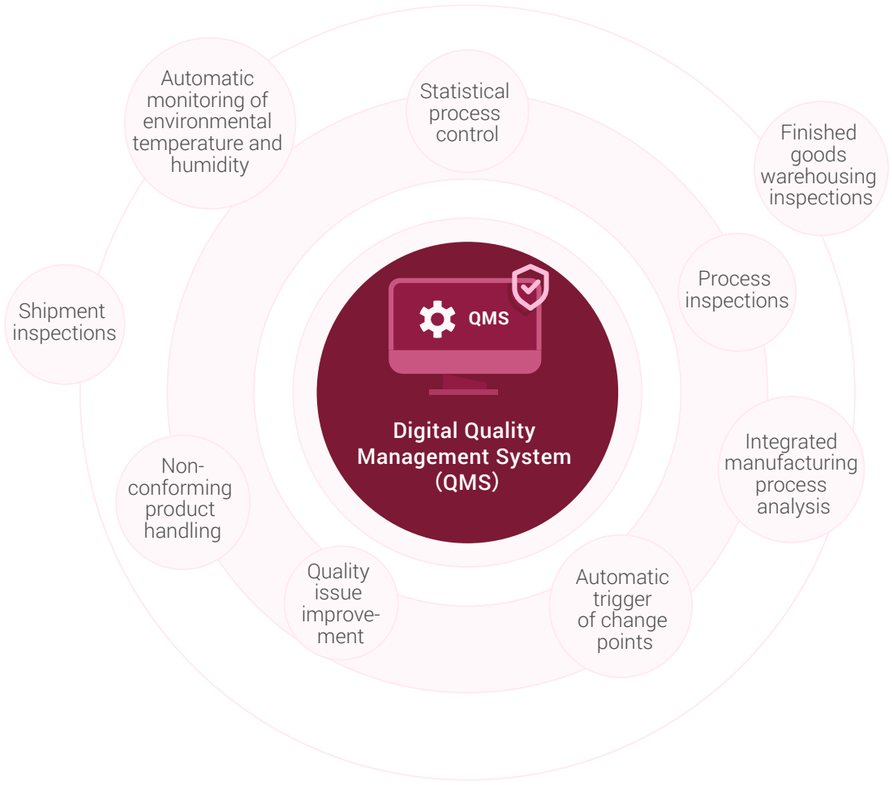
Hithium formulates and implements system internal audit and management review plans every year

Assess the effectiveness,suitability, and sufficiency of the quality management system.

We have organised and completed the internal quality audit and management review activities. The review results confirmed that our quality management system meets the requirements of ISO 9001:2015, and the quality policy and objectives are reasonable and feasible. For identified non-conformities and improvement suggestions during the internal audit, responsible departments were required to conduct root cause analyses and develop corrective and preventive measures, specifying responsible persons and deadlines to ensure the continuous improvement of the quality system.

5.1.2. Digital Empowerment in Quality Management

To further optimise quality management, Hithium has developed and implemented a digital Quality Management System (QMS),It fully covers multiple key links to achieve full-process quality control from raw material procurement to finished product delivery.



This system enables full-process quality control from raw material procurement to final product shipment.The implementation of the QMS leverages data-driven process optimisation to improve production efficiency. This drives continuous quality improvement and technological innovation, enhancing the performance, safety, and lifespan of energy storage batteries to provide customers with higher-quality and more stable products.

Connects production, quality inspection, and R&D departments through an information platform, enabling relevant personnel to share data and information in real time, collaborate on quality issues, and prevent communication delays or errors.

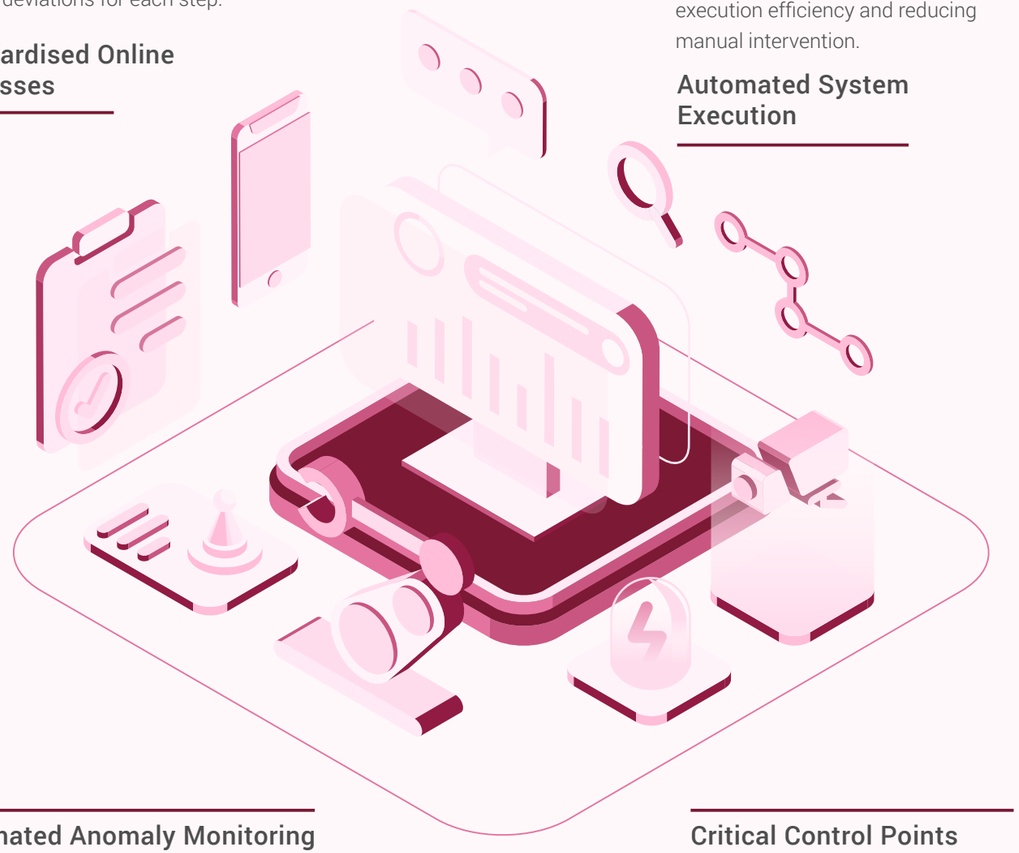
Online Role-based Collaboration

Standardises workflows for inspection task generation, execution, report review, and anomaly management to ensure consistent implementation, minimising human errors and process deviations for each step.

Standardised Online Processes

Utilises systematic tools to automate document-type scenario recognition, business rule execution, inspection record-keeping, simple decision-making business rules, and manual task generation, improving execution efficiency and reducing manual intervention.

Automated System Execution



Automated Anomaly Monitoring

Automatically triggers synchronised anomaly monitoring and optimisation processes, enabling real-time monitoring of critical production parameters. The system issues alerts and activates response mechanisms when deviations or anomalies occur.

Critical Control Points Management

Controls key inspection activities, production operations, and process parameters to ensure timely detection and resolution of issues at critical control points.

5.2 Customer Service

Hithium is committed to implementing the customer-first principle by providing services that exceed expectations. We uphold the after-sales service philosophy of "Respect Customers, Serve with Sincerity, Collaborate as a Team, and Ensure Customer Satisfaction." Through timely customer responses, proactive support, and continuous optimisation of the after-sales service management system, we encourage employees to propose constructive service improvements, enhancing after-sales service quality and customer satisfaction.

Customer Response
24h Hotline service

On-Site Support
48h
Arrival at customer site within

Hithium After-Sales Service Commitment

Problem Resolution
4h Solution provided within

Spare Parts Management
72h
Spare parts delivered to site within

Annual system inspections on energy storage systems twice during the warranty period

Lifetime maintenance within warranty period

Hithium has established a comprehensive closed-loop management process and introduced regulatory documents

Product Delivery Management Procedure, Product Safety Incident Handling Regulations, Customer Service Management Regulations, Service Provider Management Regulations, Customer Complaint Handling Regulations, After-Sales Spare Parts Delivery Management Regulations, and Return and Exchange Management Regulations

Additionally, we implement the *Customer Satisfaction Management Procedure* to regularly collect after-sales feedback, ensuring a timely response mechanism. This feedback is integrated into daily service improvements and management policy enhancements.

5.2.1. Customer Service Management Organisation

Hithium has established an after-sales service department at the Global Solutions Centre, serving as the core functional unit for after-sales services. A designated After-Sales Service Manager and Customer Service Representative oversee the construction of the after-sales service system and customer service management. To enhance service professionalism and expand coverage, the department is further subdivided into six specialised service teams based on service types and market regions.

Hithium After-sales Service Organizational Guarantee

After-sales Service Department (71 Employees)

Service Operations Department	After-sales Technical Support Team	China Region	Americas	Europe	APMEA (Asia Pacific, Middle East, and Africa)
Service Management	Project Technology	East Region	Service Marketing	Service Marketing	Service Marketing
Training Management	Commissioning Technology	West Region	Service Management	Service Management	Service Management
Spare Parts & Warehousing	O&M Technology	South Region	On Site Service	On Site Service	On Site Service
		North Region	Technical Support	Technical Support	Technical Support
		Technical Support			

5.2.2. Customer Service Management Process

Hithium has established a product delivery management process that clearly defines responsibilities, key control points, and the end-to-end management of orders—from receipt and production to logistics and shipment. For product safety incidents, we classify safety accident levels based on different scenarios involving customers, end-users, and warehouse logistics. A Product Safety Incident Emergency Response Team is deployed to coordinate resources via a structured incident response and resolution mechanism, ensuring timely and effective issue handling. In 2024, the Company did not receive any major customer complaints.

For customer product return and exchange requests, the Company has implemented a product return and exchange management process that requires all relevant departments to conduct demand assessments and root cause analyses before executing necessary actions in compliance with management procedures.

Receiving Customer Requests
01

- Customers can submit service requests via email, phone, WeChat mini-programmes, or other channels.
- Document detailed request information and confirm accuracy with customers to ensure mutual understanding.

Requirement Analysis and Output
02

- Assess root causes and severity of issues, determine priority and response time, and decide whether remote support or on-site service is required.
- Conduct a comprehensive technical, cost, and risk evaluation to develop a detailed service plan and communicate it to the customer.

Service Execution
03

- Implement the service plan while considering on-site conditions, quickly identify anomalies, allocate resources effectively, and provide progress updates. Escalate issues to the technical team if necessary and maintain full documentation of the process.
- Monitor trial operations and equipment performance, ensuring full functionality restoration and maintaining communication with the customer for timely issue resolution.

Requirement Resolution
04

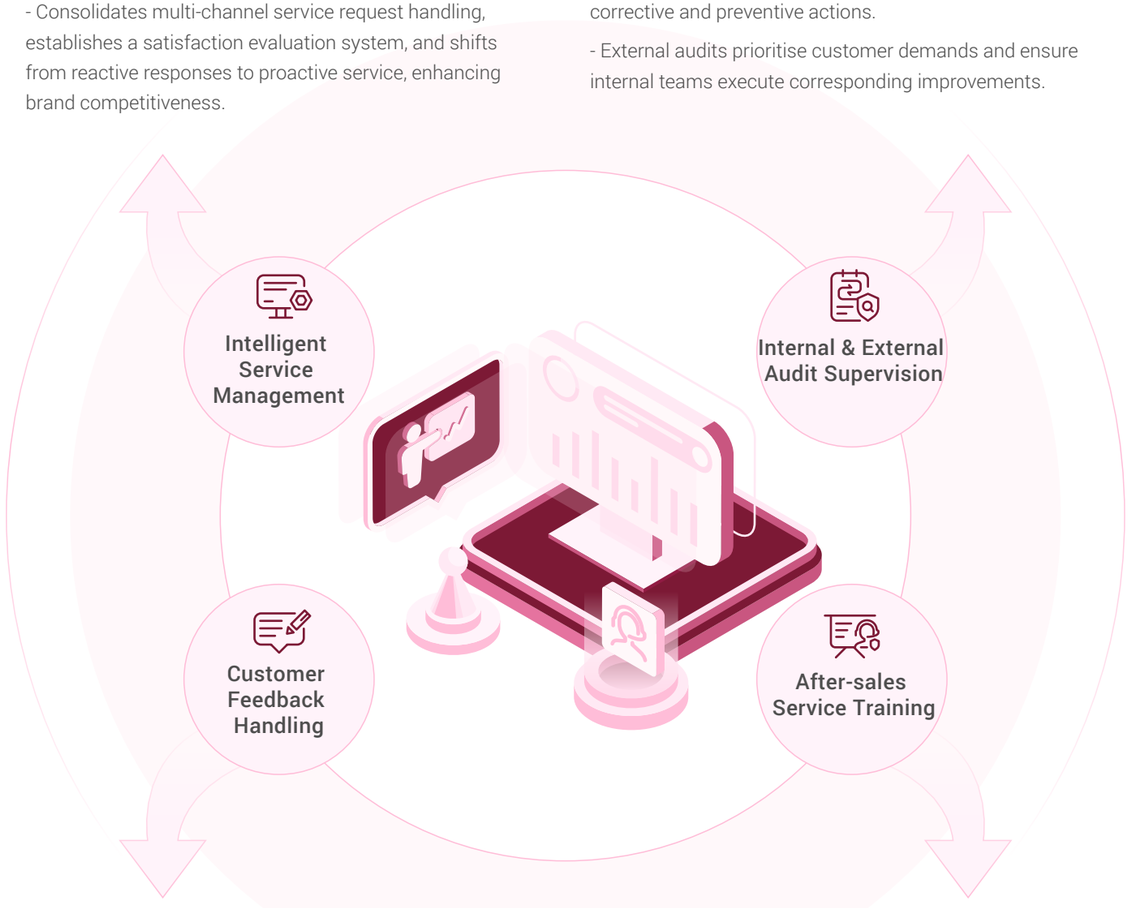
- Confirm issue resolution with the customer, if new problems arise during trial operations, reinitiate the service process.
- Prepare a resolution report covering issue description, solutions, outcomes, and improvement recommendations.
- Conduct customer satisfaction surveys and follow-up visits to gather feedback on services, products, or solutions, identify areas for improvement, and establish a follow-up plan for continuous service enhancement.

5.2.3. Customer Service Management Measures

Hithium continuously optimises its after-sales service system through intelligent platform integration, internal and external audits, complaint classification management, and customer satisfaction surveys. By precisely identifying issues, improving response efficiency, and strengthening customer feedback management, we enhance service quality and customer satisfaction.

- Utilises the ITR CRM intelligent platform with a SaaS+PaaS architecture, integrating SAP, WMS, and other core systems to achieve end-to-end digitalised closed-loop management;
- Consolidates multi-channel service request handling, establishes a satisfaction evaluation system, and shifts from reactive responses to proactive service, enhancing brand competitiveness.

- Establishes and continuously improves an “Internal + External Audit” after-sales service supervision mechanism.
- Internal audits focus on identifying non-compliance issues within after-sales service operations and implementing corrective and preventive actions.
- External audits prioritise customer demands and ensure internal teams execute corresponding improvements.



- Implements a graded customer complaint management process to improve response and resolution efficiency.
- Conducts regular satisfaction surveys through on-site assessments, online questionnaires, and phone interviews to collect customer feedback, continuously refining product and service quality.

- Conducts theoretical and hands-on training for internal and external after-sales service personnel to enhance execution of service standards and customer satisfaction.

Case | Hithium Battery Recycling Service

Hithium has established a full-lifecycle battery recycling system, implementing a standardised "Four-Step Method" to enable precise management and provide customers with a convenient and compliant one-stop recycling service.

- ⇧ 95% — The Company employs a low-environmental-impact hydrometallurgical process, achieving a material recovery rate of over
- Leverages a global recycling network to ensure efficient response to regional demands
- Recycling services comply with EU Regulation 2023/1542
- Supporting multi-format battery recycling with full-process traceability
- ≥3 Year — Disposal records are retained for at least
- Ensuring transparency, safety, and regulatory compliance throughout the recycling process



Image: Hithium Decommissioned Battery Recycling Program

Case | The Dedication and Service of Hithium Employees

Time holds countless inspiring stories of Hithium employees' dedication. Driven by a commitment to customer satisfaction, our employees strive to earn trust by delivering service beyond expectations. Every member of Hithium embodies the customer-centric service philosophy through their daily actions—whether in routine maintenance or emergency response, from bustling cities to remote frontiers.

The Hithium service team consistently upholds the values of **professionalism, responsibility, and efficiency**, actively raising industry service standards and empowering long-term business value.

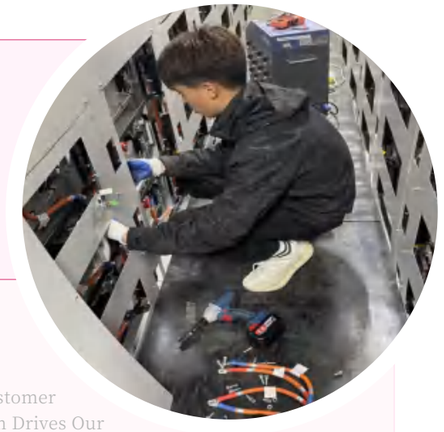


Figure: Customer Satisfaction Drives Our Business Growth



Figure: Rapid Compensation Exceeding Customer Expectations



Figure: Giving All We Have, Lighting Up the Night



Figure: Dedication in Action



Figure: Every minute on post requires full vigilance; Neglect no moment, Respect every procedure

Social Responsibility

Let Green Energy Benefit All

Hithium is committed to the mission of making energy accessible to all, integrating corporate social responsibility (CSR) into its core strategy. Through technological innovation, the Company strives to shape a sustainable future. From developing and advancing energy equality solutions, to supporting power supply and social development in underserved regions, and investing in public welfare and charity initiatives in areas such as education, healthcare, and support for vulnerable groups, Hithium demonstrates its strong sense of responsibility through concrete actions.

Hithium has launched the “HeroEE” (Energy Equality Hero) initiative, providing safe, affordable, and eco-friendly energy solutions to millions of households worldwide. The Company has also led the China-Africa Renewable Energy Entrepreneurship Programme, equipping local youth with the knowledge and technology to foster self-reliance and brighter futures. Additionally, Hithium contributes to blood donation drives, elder care initiatives, and other charitable programmes, extending its support to every corner in need.

The Company firmly believes that social welfare is not just a responsibility, but a means of giving back to the world. Hithium remains dedicated to its commitment of “Changing the World with Energy Storage,” continuously driving positive energy for a greener future and social progress.

06





Annual Feature:

Advancing Energy Equity – Enabling Millions of Families to Achieve Energy Freedom





6.85 Million People

Worldwide still lacked access to electricity in 2022

According to the 2024 edition of the Tracking SDG 7: The Energy Progress Report, jointly released by the International Energy Agency (IEA) and other international organisations

The absence of reliable, affordable electricity can hinder social activities, disrupt daily operations, and ultimately constrain sustainable development.



For Households

Prolonged power outages prevent access to modern conveniences such as lighting, fans, refrigerators, and televisions, as well as modern communication technologies.



For Students

The lack of lighting, communication tools, and internet access limits study hours and access to educational resources, hindering their growth and development.



For Patients

Inadequate electricity for essential medical devices can pose serious threats to health and safety.

Distributed renewable energy plays a critical role in accelerating electrification and achieving SDG 7.1: Ensuring universal access to affordable, reliable, and modern energy services by 2030. Only by integrating grid deployment, microgrids, and standalone off-grid solutions—and leveraging rapidly deployable distributed renewable energy—can we meet current energy demands and achieve the SDG 7.1 target before 2030.

Hero Energy Equity (Hero EE)

Help achieve the United Nations Sustainable Development Goal (SDG) 7: Ensure universal access to affordable, reliable and modern energy services.

In this context, Hithium introduced the innovative "**HeroEE**" Energy Equality Product in 2023 and continued to upgrade and expand the product line throughout 2024. The Company has launched energy equality initiatives in Southeast Asia, Africa, and other regions with underdeveloped electricity infrastructure, providing reliable power solutions to local communities and empowering regional development. During the Reporting Period, Hithium received multiple external honours for its outstanding contributions to energy equality.

Launch of HeroEE Series Products

During the Reporting Period, Hithium launched the HeroEE 2 home energy solution, accelerating the accessibility of green energy and advancing energy equality.

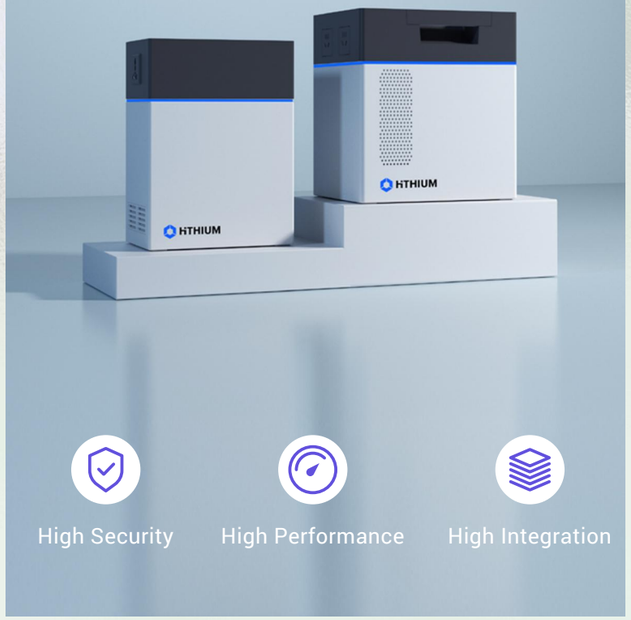
HeroEE 2

This solution features a built-in 2 kWh energy capacity, utilising proprietary high-safety, high-performance, and highly integrated industrial-grade batteries with a cycle life of up to 10,000 cycles. With a 1,000 W power output, it supports high-power solar charging, providing sufficient electricity for typical household needs and redefining the energy standard for home power solutions.

Built-in energy (2 kWh)
2,009.6Wh

Cycle life / times
10,000

Power reaches
1,000W



High Security High Performance High Integration

Supporting Electrification & Social Development in Underserved Regions

Hithium leverages the HeroEE product series to focus on Belt and Road Initiative (BRI) countries and regions, conducting on-site research and technology promotion to support electrification and social development in impoverished and energy-deficient areas.

In May 2024

HITHIUM was invited to participate in the launch event of the "China-Africa Community Sustainable Development Action Network," organised by the United Nations Global Compact (UNGC) at the UN building in Beijing.

The event brought together UN agencies, African diplomats, business leaders, academic institutions, and media representatives to discuss how businesses can address sustainability challenges in Africa.During the event, Hithium formed partnerships with participating organisations to support African communities in achieving the Sustainable Development Goals (SDGs), contributing to regional economic and social growth.



图:"中非社区可持续发展行动网络"启动仪式

The company joins hands with partners to launch a public welfare project plan in Nigeria

The Company and its partners announced a charitable initiative in Nigeria aimed at promoting renewable energy development and local community sustainability.

Over the next three years

Hithium will launch a renewable energy entrepreneurship programme for young people in Nigeria, training a new generation of local entrepreneurs with the skills to build, maintain, and manage off-grid energy infrastructure for family communities. As part of Hithium's long-term commitment to sustainable development, this initiative reflects the Company's dedication to supporting Africa's sustainable growth and its ongoing contribution to global energy equality.



External Recognition and Honours

During the Reporting Period, Hithium received multiple external honours in recognition of its outstanding achievements in energy equality. These accolades not only acknowledge the impact of the HeroEE off-grid energy solution but also inspire the Company to continue upholding its mission: "Let green energy benefit all and help strivers realise their dreams." Hithium remains dedicated to technological innovation, building a core value system, actively fulfilling social responsibility, and continuously optimising green energy solutions to contribute to sustainable economic and social development, as well as the shared future of humankind.

Recognition & Honours in Energy Equality



The case study "Equity is Extraordinary – Energy Heroes Guarding the Light of Hope" was selected for the "2024 Green Light ESG Awards – Top 100 Exemplary Cases" and the "Top 10 Environmental Cases."

The "HeroEE Off-Grid Energy Solution" won the Excellence Award at the 2024 (5th) Green Industry Innovation and Entrepreneurship Competition – Shenzhen Regional Semifinals & Green Silk Road Competition, organised by the Belt and Road Environmental Technology Exchange and Transfer Centre (Shenzhen).





Hithium was included in the "2024 Toward the Light Award | Responsible Business Directory," curated by the China Social Enterprise and Impact Investment Forum.

6.1 Local Communities

The core value proposition of Hithium's products is to reduce the cost of energy storage systems, enabling users to access high-efficiency energy storage solutions at lower costs through technological innovation.

Hithium supports users in green transitions by providing cooling and ice-making solutions in hot climates, cold chain and emergency power support in agriculture and aquaculture, and exploring new business applications to create economic value.

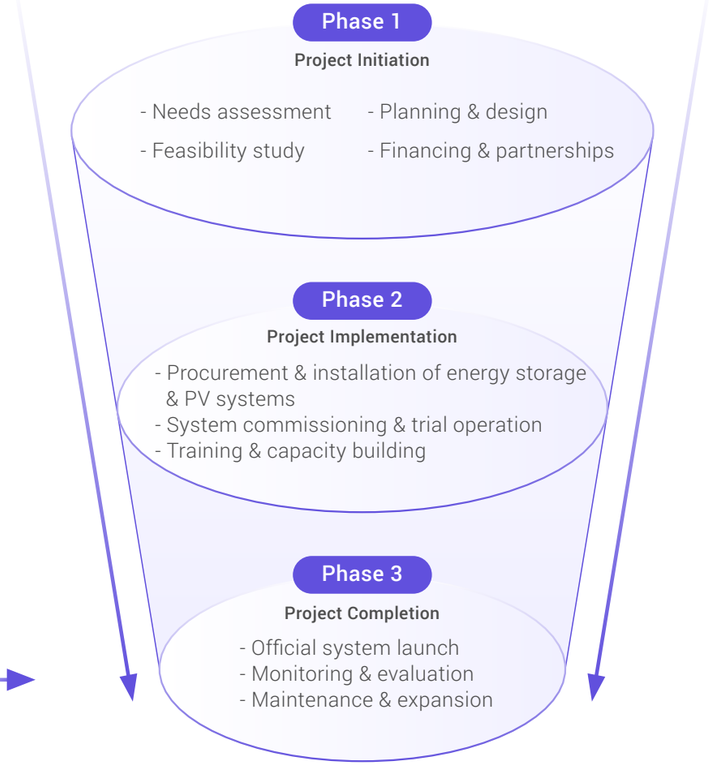
Additionally, the Company is committed to promoting energy equality and energy independence in Belt and Road Initiative (BRI) countries and regions by collaborating with local communities on sustainable energy equality projects, improving electricity accessibility, and supporting the achievement of the Sustainable Development Goals (SDGs).



6.1.1 Energy Equality Projects Empowering Community Development

Hithium continues to explore innovative models for energy equality project development, establishing a structured project process while delivering customised solutions tailored to the unique needs of each project. During the Reporting Period, HITHIUM implemented energy equality projects in Cambodia, Kenya, and Zimbabwe, supporting education, cultural tourism, residential communities, and local economies.

Standardised Process for Energy Equality Projects



Case | Cambodia School Clean Energy Project – Supporting Local Education

Case Background:

In Samrong Community, Kset Borey Village, Pursat Province, Cambodia, economic underdevelopment and high electricity costs have resulted in weak power infrastructure. Schools in this region rely entirely on daylight for teaching, which significantly limits classroom hours. Additionally, the lack of modern teaching equipment, such as multimedia devices, restricts students' access to education, diminishing their opportunities to break the cycle of poverty and realise their full potential.

Solution:

From October to November 2024

Hithium partnered with the Aide Foundation to conduct on-site research and implement a clean energy awareness programme at three local schools. Through the construction of power supply infrastructure and the promotion of scientific knowledge, the project addressed the schools' long-standing power shortages, providing a brighter and more conducive learning environment for the children.



The project donated and installed 18 HeroEE solar energy storage systems. The Company managed the procurement, transportation, installation, and extensive testing of the off-grid energy equipment to ensure smooth operation. Additionally, the project included "green energy" themed activities for teachers and students, such as science lectures and interactive games, helping them better understand sustainable development concepts and encouraging families to focus on ecological protection and embrace a green, low-carbon lifestyle.



Figure: "Green Energy" Theme Event

Case: Clean Energy Project Supporting the Development of Cambodia's Tourism and Cultural Industry

Case Background:

A tourist area near Kirirom National Park in Cambodia, renowned for its natural environment and temples, attracts thousands of religious pilgrims and tourists each year. However, the temple, located far from the power grid, faces significant challenges related to electricity scarcity and usage difficulties, negatively impacting the experience of visitors and worshippers.

Solution:

Hithium partnered with the Provinc Preah Puthisat Wat Kirirom Committee to implement a HeroEE solution to address the temple's power issues.

The initiative not only provided lighting and cooling for the temple but also supported local residents in engaging in small-scale economic activities, such as selling cold drinks and breakfast items. This helped promote local tourism and cultural development, while stimulating the regional economy.

30
Provide HeroEE products

30
Provide solar panels (unit)

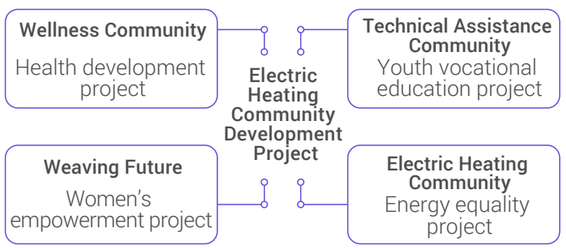
Enabling the temple to install photovoltaic panels, storage devices, and load equipment (such as fans and light bulbs), along with training on their use and maintenance.



Case: Zimbabwe Electric Heating and Community Development Project Promoting Local Sustainable Development

In July 2024, Hithium partnered with Huayou Cobalt to launch an electric heating community development project in Goromonzi, Zimbabwe. The initiative aims to support sustainable development through a series of sub-projects focused on community health, youth development, women's empowerment, and energy equality.

The project comprises four sub-projects





As part of the energy equality component, the Company provided solar photovoltaic and storage equipment for local primary schools and small businesses, offering a one-stop off-grid energy solution. This initiative enabled the communities to access continuous, stable, and affordable electricity, promoting educational and commercial equality. Additionally, training on energy storage and entrepreneurship was provided to local youth, helping them start businesses and increase their incomes.

Case: Clean Energy Project in Kenya Enhances Local Livelihoods, Economies, and Education

Case Background:

Located near the famous Maasai Mara National Reserve, the town of Ngoswani in Narok County, Kenya, is connected to the national electricity grid. However, high electricity costs and instability make it difficult to meet the daily electricity demands of residents, small businesses, and schools.

Solution:

Focusing on the urgent needs of the local communities, Hithium provided a stable backup power supply through the HeroEE solution. This project enabled a higher proportion of daily power usage, supporting activities such as television watching, mobile phone charging, and small business operations, including beauty services and retail shops. The project also provided stable lighting and equipment charging capabilities for school classrooms and offices, creating new opportunities for economic activities in the local communities.

In addition to Ngoswani, the Company also provided off-grid solutions to families, churches, and schools in the Kakuma Refugee Camp 3, ensuring a reliable, affordable, and sustainable power supply, benefiting over a thousand people.





6.2 Public Welfare and Charity

Hithium upholds its corporate values of “Freedom, Innovation, Sharing, and Love” and organises a range of public welfare activities and charitable initiatives in areas such as education, healthcare, and support for vulnerable groups. The Company is committed to promoting educational equality, alleviating pressures on the social blood supply, and improving the quality of life for disadvantaged groups, contributing to the creation of a more harmonious, equal, and joyful society.

Case: Supporting Left-behind and Disadvantaged Children through Educational Charity Activities

Hithium is dedicated to addressing the growth needs of left-behind and disadvantaged children in rural areas and actively participates in educational charity activities to support educational development. In May 2024, the Company participated in a major charity event organised by the Red Cross Society of Chongqing Tongliang District, titled “Love from Chongqing - Red Cross Spark Scholarship, Promoting Rural Revitalisation.” The Company donated RMB50,000 to the Chongqing Red Cross Foundation to purchase educational and living supplies for left-behind and disadvantaged children. The Company has also jointly launched the "Sea of Stars · Caring Together" themed campaign with the Chongqing Tongliang Branch of Bank of China. Every quarter, it provides financial assistance to 140 impoverished primary and secondary school students. During the Reporting Period, a total of RMB310,000 in assistance funds have been distributed.



Case: Voluntary Blood Donation to Fulfil Social Responsibility

Hithium integrates compassion and responsibility into its corporate culture, actively responding to the social demand for blood resources. Every year on September 20, the Company organises volunteer blood donation campaigns. During the Reporting Period, all employees at the Xiamen and Chongqing bases participated in these recruitment activities, helping alleviate local blood supply pressures and supporting the development of the medical sector.





Case: Volunteering for Elderly Care and Visits

Hithium is committed to the well-being of vulnerable groups, including rural elderly individuals under the “Five Guarantees” programme, and takes tangible actions to support them, fulfilling its corporate social responsibility. During the Reporting Period, the Company visited and provided supplies to 10 elderly individuals in the local area under the “Five Guarantees” programme, offering essential items such as rice, oil, flour, milk, and blankets to improve their quality of life.





Note: According to the Regulations for Rural Five-Guarantee Work issued by the State Council of the People’s Republic of China, elderly individuals, disabled persons, or minors under 16 years old who are unable to work, lack a source of livelihood, and have no legal guardianship or support—or whose guardians are unable to provide support—are entitled to receive Five Guarantees assistance. This includes support for food, clothing, housing, medical care, and burial.

Steady Operations

Integrity, Accountability, and Excellence

Key Data

4 Times
Number of shareholder meetings held

10 Times
Number of meetings the board of directors held

1 Times
Number of meetings of the board of supervisors held

14.29%
Proportion of female members on the board of directors

100%
Proportion of employees participating in anti-corruption training

100%
Proportion of operational sites that have conducted corruption risk assessments

100%
Percentage of high-risk trading partners covered by the due diligence process for corruption and information security

07

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

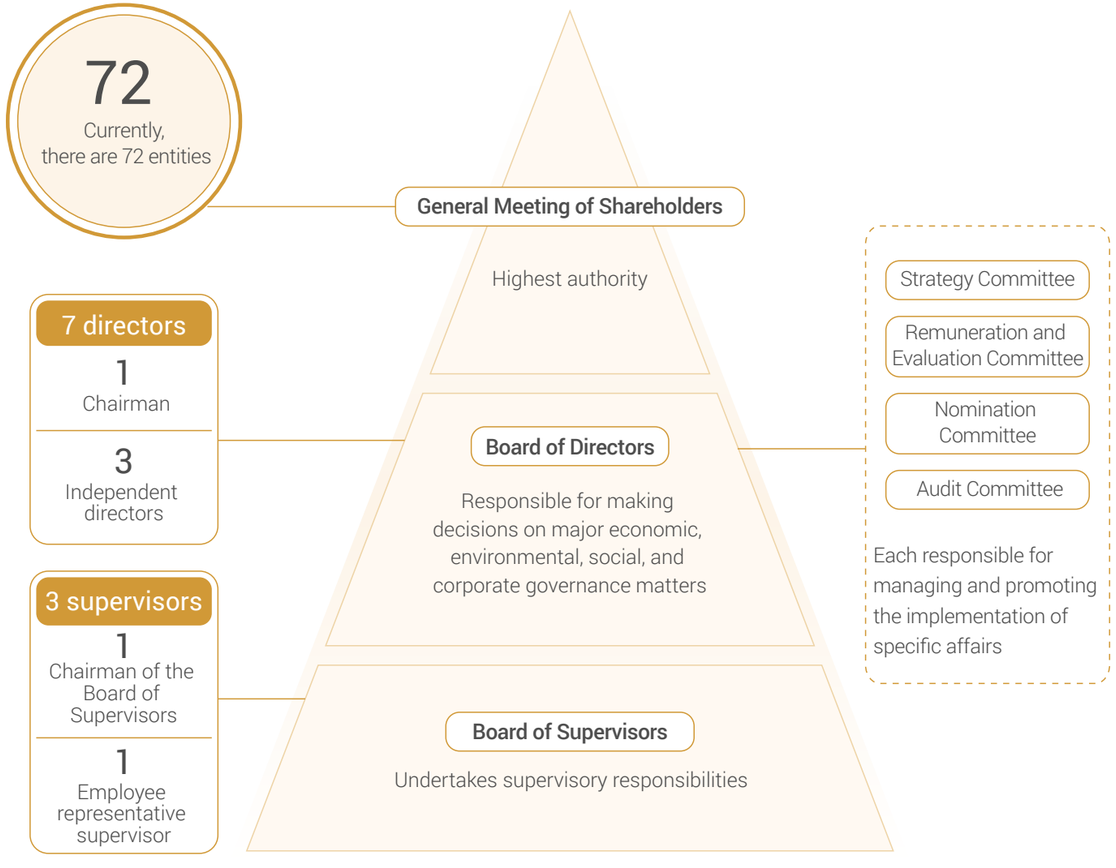
7.1 Corporate Governance

Hithium has established a standardised corporate governance system and scientific meeting procedures in accordance with the Company Law of the People's Republic of China, as well as other relevant laws, administrative regulations, and departmental rules. This ensures a clear division of functions between decision-making, execution, and supervision, with a balanced and efficient operation.

The Company continuously optimises its rules and regulations to meet its evolving development needs, promotes the construction of the board of directors, and enhances its independence, professionalism, and diversity, thereby facilitating the Company's standard operations and sustainable development. Additionally, the Company regularly organises various shareholder communication and participation activities to effectively protect shareholder interests.

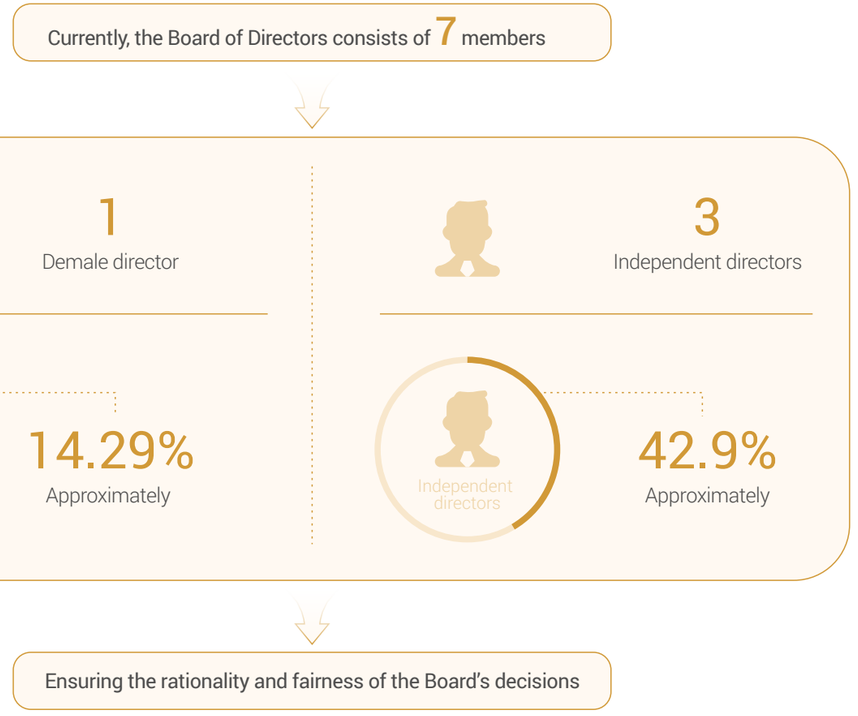
7.1.1. Corporate Governance Structure

The Company has established a sound and efficient corporate governance structure, comprising the General Meeting of Shareholders, the Board of Supervisors, the Board of Directors, and four sub-committees under the Board.



Since the completion of the Company's shareholding reform on 8 August 2022, the Company has communicated key concerns through the Board of Directors and the Board of Supervisors. These issues primarily involve the Company's operational policies, core business, internal management, and legal compliance. Directors are elected or replaced by the General Meeting of Shareholders, with a term of three years. Upon expiration of the term, they may be re-elected and reappointed.

The Company strictly adheres to the A*rticles of Association, the Board of Directors' Rules of Procedure, the Related Party Transaction Management System,* and other relevant regulations to ensure the independence of the Board and prevent conflicts of interest. The Chairman of the Board serves as the head of the Company's highest governance body. The *Articles of Association* clearly outline directors' duties of loyalty and diligence, voting abstention, and shareholder rights, and establish a mechanism for avoiding conflicts of interest to prevent abuse of power or dereliction of duties, safeguarding the interests of the Company, its shareholders, and investors.



The Company provides support for independent directors to carry out their supervisory and inspection functions. Independent directors do not hold any shares in the Company in any form. The current Board members possess professional expertise in fields such as industry, finance, business administration, law, and human resource management, all with extensive industry experience. This enables the Company to assess issues from diverse perspectives and promotes informed, professional decision-making.

Our Board of Directors is firmly committed to ensuring that the Company adheres strictly to the highest standards of corporate governance principles, and comprehensively oversees all ESG-related matters.

The Board has clearly defined its responsibilities in the ESG domain

- Regularly reviewing and approving the Company's ESG strategic plans
- To ensure their alignment with our long-term development strategy
- To promote sustainable operations

At the same time, the Board periodically reviews and updates policies and action plans related to key issues such as climate change, resource management, and labour rights to ensure that these policies remain closely aligned with the Company's overall strategic objectives.

Mr. Lin Weijie

Director Member

Possesses extensive industry experience in the field of sustainable development.

He served as President of MIOTECH from 2022 to 2024, and as a member of the Global Executive Committee and Managing Director at MSCI from 2018 to 2021.

His professional capabilities and industry expertise enable our Board to effectively oversee the identification and management of ESG risks, make forward-looking decisions on ESG strategic planning, and ensure that the Company's ESG governance system and strategic direction are aligned with international standards, thereby contributing to continuous improvement in ESG performance.

In supervising major transactions and decision-making processes, the Board fully considers ESG-related risks and opportunities.

For instance, in mergers and acquisitions, market entry, or other strategic decisions, the Board conducts a comprehensive assessment of the potential impact of such transactions on the environment, society, and employee welfare. This ensures that all decisions align with the Company's commitment to sustainable development and lays a solid foundation for long-term value creation.

Positions	Name	Gender	Concurrent positions in management	Committee appointments			Remuneration and Evaluation Committee	Duties
				Audit Committee	Strategy Committee	Nomination Committee		
Chairman of the Board	Wu Zuyu	Male	Chairman of the Board and Executive Director	/	Chairman	Chairman	/	Responsible for the overall strategic planning and business decisions of the Company
Director	Wang Pengcheng	Male	President	/	Member	/	Member	Fully responsible for the daily management of the Company
Director	Yi Ziqi	Male	Vice President	/	Member	/	/	Responsible for the Company's technical management
Director	Pang Wenjie	Male	Vice President	/	/	/	/	Responsible for the Company's market strategy management
Independent Director	Huang Yunhui	Male	/	Member	Member	Member	/	Responsible for providing independent opinions and judgments to the Board of Directors
Independent Director	Lin Weijie	Male	/	Member	Member	/	Chairman	Responsible for providing independent opinions and judgments to the Board of Directors
Independent Director	Wu Wei	Female	/	Chairman	/	Member	Chairman	Responsible for providing independent opinions and judgments to the Board of Directors

The Company places great importance on the knowledge, capabilities, and experience of the Board of Directors in corporate governance. Through multiple online and offline training sessions, the Company enhances the understanding of legal obligations and responsibilities among directors, supervisors, and senior management. During the Reporting Period, the Company held several board training sessions covering topics such as corporate governance, the operations of the three meetings, and the responsibilities and obligations of directors, supervisors, and senior management. The training incorporated legal case studies and practical experience, strengthening compliance awareness and management capabilities, and promoting the Company's standard governance and sustainable development.

7.2 Compliance and Business ethics

Integrity, Accountability, and Excellence

7.2.1 Compliance Management

Hithium considers compliance management a fundamental pillar for the Company's sustainable development. The *Company strictly adheres to laws and regulations such as the Company Law of the People's Republic of China* and the Anti-Unfair Competition Law of the People's Republic of China, while embracing the compliance development philosophy of "Integrity, Accountability, and Excellence."

7.2.1.1. Compliance Management System

Hithium is committed to establishing a comprehensive compliance management system, optimising compliance risk management mechanisms, and fostering a compliance culture across the organisation. This ensures that the Company's operations and employee conduct align with laws, regulations, industry standards, and business ethics.

The Company follows the principle of "business management must also manage compliance," assigning compliance management responsibilities across various business and functional departments, the Compliance Department, the Compliance Officer, ESG Committee Members, and others, ensuring strict accountability for employee compliance.

Consistency of Rights and Responsibilities



Business Collaboration

The Company integrates compliance management into its internal regulations, work standards, and business processes, ensuring that compliance is embedded throughout the entire lifecycle of decision-making, execution, and supervision in daily operations. This approach covers all areas of business management and is implemented across all departments, business lines, and employees.

Key Risk Prevention and Control

In line with its corporate development and business needs, the Company emphasises compliance control in key areas and critical processes, ensuring steady business growth and effectively mitigating operational and management risks.

Hithium continuously enhances its compliance management system. The Company establishes and maintains a compliance obligation checklist by identifying the compliance requirements essential for its business management activities.

In terms of risk management,the Company has developed a scientific risk identification and assessment mechanism, thoroughly evaluating both internal and external compliance risks, and defining the scope of the compliance management system.

The Company has identified 11 key compliance areas and, in alignment with its strategic goals, developed corresponding compliance risk response plans and multiple regulatory documents.

Key compliance specialties (11 compliance areas)

- Overseas investment and factory construction
- Import and export control
- Labour, personnel, and employment
- Anti-bribery and anti-corruption
- Intellectual property and trade secret protection
- Environmental, health, and safety (EHS)
- Anti-trust and anti-unfair competition
- Data security and personal information protection
- Procurement and supply chain management
- Sales management
- Financial and tax management

The Company has established a comprehensive compliance management framework, covering key areas such as compliance risk identification, consultation and review, violation reporting and investigation, accountability, and risk response. This ensures the effective operation of the compliance management system.

Establish a compliance risk identification process that outlines the compliance requirements to be followed in the Company's business activities, and maintain a compliance obligation checklist.

Compliance Risk Identification and Assessment

Develop the Compliance Management Handbook, which outlines appropriate control and mitigation measures for identified compliance risks, ensuring that risks remain within acceptable limits.

Compliance Risk Response

Establish a compliance consultation and review process, with the Compliance Department leading compliance consultations and reviews for the Company's operations.

Compliance Consultation and Review



Violation Accountability and Handling

Establish and improve a violation accountability and handling process, clearly defining the scope of responsibility for violations, setting penalty standards, and holding those responsible accountable.

Violation Reporting and Investigation

Implement a compliance reporting policy and reporting channels, enabling all employees, customers, suppliers, and third parties to report violations or provide information on potential issues.

Additionally, the Company regularly conducts compliance audits, analysing any non-compliance issues identified during business process reviews. Corrective and preventive measures are proposed, and rectification plans are implemented to ensure the effective operation of the compliance management system.

7.2.1.2. Compliance Culture Development

Hithium places great importance on the development of its compliance management system. Through the creation of the Compliance Management Handbook and other internal management systems, the Company continuously strengthens its compliance culture development, embedding the concept of compliance throughout the organisation, and enhancing employees' awareness of the rule of law and compliance in business operations. The Company fully leverages the role of internal lawyers, strengthening legal supervision and management, providing high-level legal support to various departments, assisting in compliance operations and risk prevention, and further enhancing the Company's influence in the legal field and its capabilities for sustainable development.

In 2024, Hithium was approved as the only pilot unit for corporate lawyers among private enterprises in Fujian Province by Xiamen City, receiving high recognition from provincial and municipal judicial departments for its performance in legal affairs and compliance.

To promote a compliance culture, the Company develops detailed training plans annually, integrating compliance education into mandatory courses for senior management, key risk positions, and new employees, ensuring the compliance concept is deeply ingrained. At the same time, the Company actively participates in industry compliance exchange activities, sharing compliance requirements and experiences with stakeholders, thereby building its compliance brand image. Additionally, the Company regularly prepares compliance development reports and discloses them to the public when necessary to enhance transparency.

During the Reporting Period, the Company organised several compliance empowerments training sessions, covering topics such as information security, corporate compliance governance, anti-fraud measures, and insider trading legal risks. Furthermore, the Company periodically shares compliance news and warning cases through official internal platforms, such as emails or corporate WeChat, continuously promoting the compliance concept, providing reminders and warnings to employees, and fostering a greater understanding of compliance while improving employee awareness and participation.



Figure: Information Security Laws and Regulations Training



Figure: Insider Trading Training



Figure: Anti-fraud Criminal Compliance Training



Figure: New Company Law: Corporate Compliance Governance Training

7.2.2. Anti-corruption and Integrity Building

Trust stimulates potential, Respect shapes character, and integrity achieves dreams

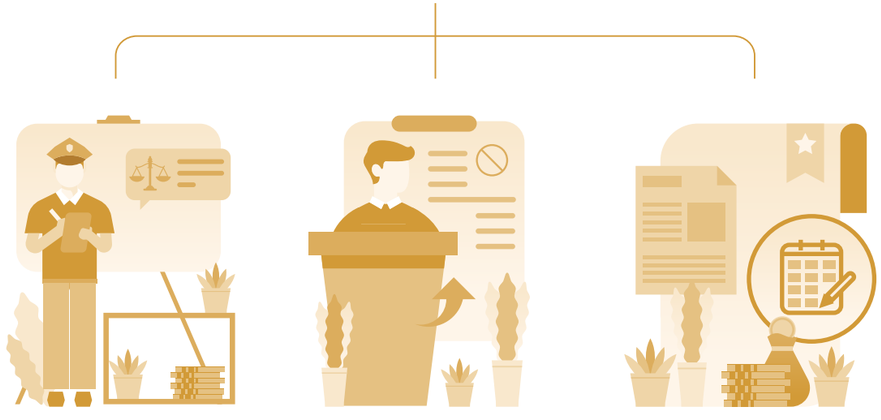
Hithium upholds the philosophy of "Trust stimulates potential, respect shapes character, and integrity achieves dreams," with integrity serving as the foundation for innovation. The Company continues to foster clean governance and a culture of integrity.

7.2.2.1. Supervisory System Building

Management Measures for Supervisory Auxiliary Staff

In August 2024, the Company officially released the *Management Measures for Supervisory Auxiliary Staff*, integrating the structure of supervisory auxiliary personnel into the existing departmental framework.

Based on this, the Company clarified the responsibilities of supervisory auxiliary personnel



- Organising integrity training
- Reporting improper conduct within the organisation
- Developing annual self-discipline plans

To encourage active participation from supervisory auxiliary personnel, the Company has established reward mechanisms, including recognition and tip-off bonuses, to enhance their on-the-job performance.

7.2.2.2. Conflict of Interest and Misconduct Management

Declaration Management Measures for Conflict of Interest

To effectively identify and manage conflicts of interest, the Company has established the *Declaration Management Measures for Conflict of Interest*, which define conflicts of interest, the declaration process, and handling mechanisms. Through standardised management, the Company aims to prevent potential unfair competition and protect its interests and reputation.

Anti-fraud Management Measures

Additionally, the Company has released the *Anti-fraud Management Measures*, designating the Supervision Department under the Audit Supervision Centre as the core department for anti-fraud management. The Company has further clarified the responsibilities of each functional department and established a clear reporting and handling process. Through standardised management, these measures continuously prevent and address fraudulent activities, safeguarding the Company's interests and reputation.



7.2.2.3. Cultural Construction and Reporting Mechanism

Hithium places great emphasis on promoting an integrity culture and building compliance capabilities, committed to fostering a culture of honesty and transparency.

In June 2024, the Company joined the national 5A-level social organisation, the Guangdong Enterprise Internal Control Association (GEIIC)

Aligning with the association's core values of "building integrity, strengthening internal controls, and combating fraud." The Company promotes innovative collaboration and shared governance.

Organize and carry out multiple anti - corruption related training sessions

The Company conducts several anti-corruption training sessions for internal and external stakeholders, including directors, senior management, employees, and suppliers, focusing on anti-corruption, anti-fraud, and anti-negligence policies.

Provide customized special clean and honest professional training

Customised integrity training is provided for business departments to enhance awareness and communication of policies on preventing embezzlement, bribery, and other misconduct.

The Company encourages employees to actively participate in internal governance, motivating both employees and external stakeholders to engage in anti-fraud and anti-corruption efforts through reporting and incentive mechanisms. The Company has established clear rewards for whistleblowers and a whistleblower protection mechanism, ensuring the strict confidentiality of the whistleblower's identity and reported content, while prohibiting retaliation. These measures aim to create a culture of honesty and transparency, improving employee compliance awareness and participation.

The reporting channels are as follows:

Reporting email: hcjb@hithium.cn
Postal Code: 361199

Mailing Address for Reporting Letters: Audit Supervision Centre - Supervision Department (Attention), Hithium Energy Storage Technology Co., Ltd. Hithium Industrial Park, Tongxiang High-tech City, Torch High-tech Zone, Xiamen

Case: Integrity Culture Promotion

To strengthen the Company's integrity culture, Hithium planned and filmed an integrity promotional video in 2024. The aim of the video is to vividly present and promote the integrity culture, raising awareness among all employees and senior management.

Titled "Integrity at Hithium, Together We Move Forward," the video features several compelling integrity slogans and demonstrates Hithium's deep understanding of integrity culture. It emphasises the Company's commitment to upholding integrity while pursuing innovative development. In the video, members of the Board of Directors and senior management appear together, solemnly reading Hithium's integrity mission and slogans, conveying the Company's strong commitment to clean and ethical business practices.



Figure: Hithium' s Integrity Culture Promotion Video

7.2.2.4. Supplier Integrity Management

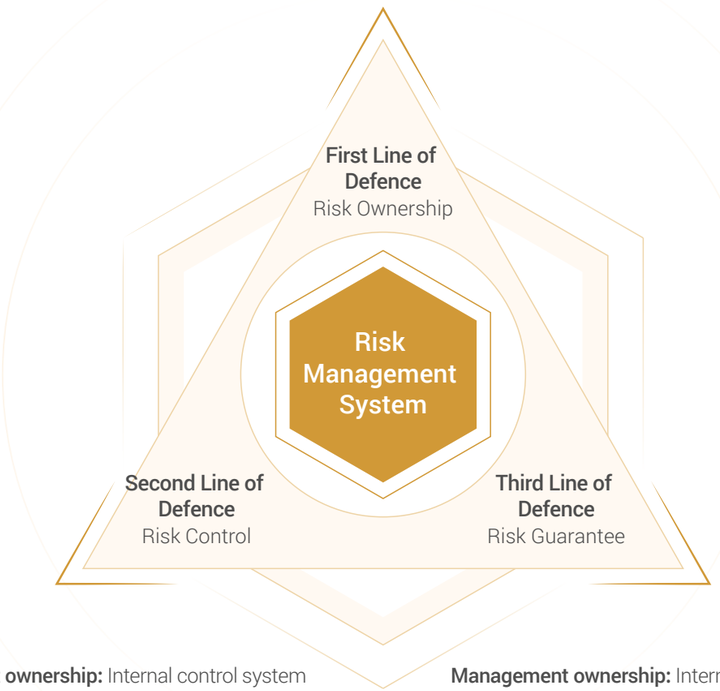
Hithium collaborates with suppliers to establish an integrity-based and trustworthy partnership through the Integrity Commitment - Supplier Management Agreement. The agreement requires suppliers and their staff to strictly adhere to relevant laws and regulations, eliminate business bribery and unfair competition, and explicitly prohibits offering improper benefits such as cash gifts, presents, or business hospitality to Hithium employees and their affiliates. This ensures that all business transactions are conducted in an open, fair, and transparent manner.

7.3 Risk Management

Hithium continuously enhances and builds a systematic risk management system. The Company has established a comprehensive risk assessment mechanism to thoroughly identify and evaluate potential risks in its business processes. It also regularly reviews its risk management strategies and internal control systems to ensure they can promptly adapt to changes in the market environment and business operations.

7.3.1. Risk Management System

Hithium places high importance on risk control and has established an internal control risk management system based on a three-line defence model, with full participation from all employees.



Management ownership: Internal control system
Responsibilities: Promote the overall construction of the Company's internal control system; supervise and evaluate internal control activities across all business areas.

Management ownership: Internal audit and correction system
Responsibilities: Assess the effectiveness of the design and implementation of the internal control system.

The Company continuously reviews and benchmarks its existing internal control system, developing targeted corrective plans for identified deficiencies to achieve optimisation and improvement. Simultaneously, the Company's internal audit department regularly conducts both routine and special inspections, providing comprehensive oversight of the implementation of risk management policies, thereby effectively ensuring the Company's sound operations.

7.4 Intellectual Property Protection

Hithium places great importance on intellectual property protection, strictly adhering to the *Intellectual Property Law of the People's Republic of China, the Requirements for Enterprise Intellectual Property Compliance Management Systems*, and other relevant laws and regulations. The Company not only strives to protect its own intellectual property rights but also takes resolute measures to prevent the infringement of others' intellectual property rights.

To ensure the standardisation and effectiveness of intellectual property management, the Company has developed a series of management systems, including the

Intellectual Property Compliance Management Handbook, Patent Management Regulations, Copyright Management Regulations, Trademark Management Regulations, Trade Secret Management Regulations, High-Value Patent Proposal Review Management Regulations, Intellectual Property Reward Management Measures, and Domestic Intellectual Property Agency Management Regulations.

These systems cover the entire intellectual property management process—encompassing patents, copyrights, and trademarks—ranging from application and maintenance to protection, forming a complete and robust management framework.

During the Reporting Period, the Company earned the GB/T 29490-2023 and ISO 56005:2020 Intellectual Property Management System certifications for its outstanding performance in intellectual property management. This recognition marks that Hithium's intellectual property management has reached international standards, providing strong support for the Company's innovation capabilities and sustainable development.



Figure(L): GB/T 29490-2023 Intellectual Property Management System Certification

Figure(R): ISO 56005:2020 Innovation and Intellectual Property Management

Hithium actively strengthens its patent development capabilities, focusing on building a portfolio of high-value patents to enhance the Company's overall strength and market competitiveness. In 2024, the Company made significant progress in intellectual property,:

997 Piece
Filing new patent applications

507 Piece
Receiving new patents

3,109 Piece
Published patent applications

Cumulative Patent Applications and Grants in 2024

	Patents(Piece)					Software Copyrights	Trademark Applications
	Invention Patents	Utility Model Patents	Design Patents	PCT Patents	Total		
Cumulative Patent Applications	2,134	1,344	193	326	3,997	50	579
Cumulative Patents Granted	694	1,164	135	/	1,993	48	377

Hithium has received numerous industry recognitions and honours.

2024.01

The Administrative Committee of Xiamen Torch High-tech Industrial Development Zone launched the 2024 High-Value Patent Portfolio Cultivation Plan, and Hithium's independently innovated "Large Capacity Energy Storage Cell and System Platform Technology Project" was successfully selected.

2024.09

The All-China Federation of Industry and Commerce announced the rankings for the 2024 National Private Enterprise Science and Technology Innovation and Standard Innovation Conference, and Hithium was included in the "Top 500 Private Enterprises with Invention Patents in 2024," ranking 86th.

7.5 Information Security and Privacy Protection



Hithium places high importance on information security and privacy protection, adhering to the management philosophy of "prevention first, combined with proactive control," and continuously improving its relevant management systems. The Company conducts regular training for all employees, aiming to effectively safeguard the enterprise's information security and customer privacy through comprehensive management measures.

7.5.1. Information Security

Hithium strictly complies with national and regional laws and regulations such as the *Cybersecurity Law of the People's Republic of China, Data Security Law of the People's Republic of China, and Regulations on the Security Protection of Computer Information Systems*, to build a comprehensive information security management system.

The Company has developed internal policies such as the

Information Security Management Handbook, Information Security Risk Assessment Management Procedure, Information System Security Management Procedure, Information Security Incident Management Procedure, and Information Asset Security Management Procedure

Providing a solid institutional foundation for information security management

To further enhance its information security management, the Company has issued specialised management regulations, including the

Account Permission Management Regulations, Vulnerability and Hazard Management Regulations, Cybersecurity Management Regulations, Fixed Asset Management Regulations, and Information Security Reward and Punishment Management Measures

Continuously refining the information security system to ensure comprehensive coverage across all operational areas of the Company

During the Reporting Period, the Company successfully obtained the ISO/IEC 27001:2022 Information Security Management System Certification, signifying that its information security management system meets international standards. Additionally, the proportion of the Company's business activities that have undergone information or privacy security management certification reached 100%, underscoring its expertise in information security and providing strong security assurance to customers and partners.

100%
Business activities that have undergone information or privacy security management certification reached

7.5.1.1 Information Security Governance Structure

Hithium has designated the President as the primary responsible person for information security, overseeing the formulation and implementation of the information security strategy.The Company has established a three-tier information security management structure, spanning the "decision-making level," "management level," and "execution level," ensuring the effective operation of the information security management system.

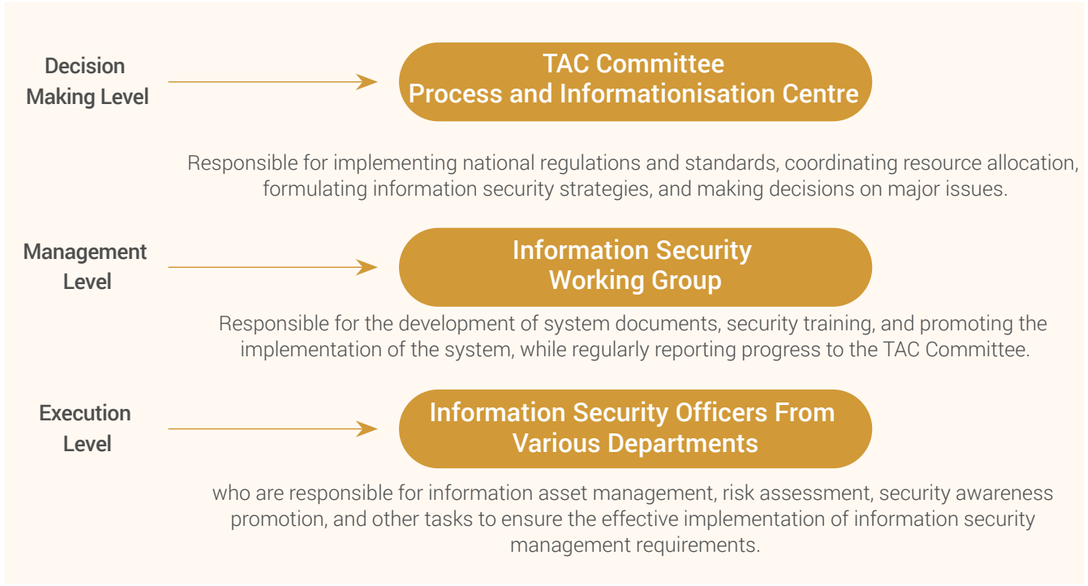


Figure: Organisational Structure of Information Security

7.5.1.2 Information Security Management Measures

To build a comprehensive cybersecurity defence system, Hithium has deployed robust security strategies from both hardware and software perspectives.



In terms of infrastructure protection

the Company has implemented an intelligent physical security control platform, incorporating multiple protective measures to ensure round-the-clock dynamic monitoring and tracking of core areas.

In the digital security domain

The Company has established a multi-layered network defence mechanism. Through the deployment of next-generation firewalls, network zone isolation, strict access control, and data encryption measures, the Company effectively mitigates external intrusion risks and enables real-time monitoring and management of network traffic. For wireless access security, a stringent access control mechanism has been implemented, requiring devices to pass dual authentication via SSID recognition and MAC address validation. Only after undergoing a comprehensive security evaluation process can network access permissions be granted, eliminating the risk of unauthorised device access.

7.5.1.3 Information Security Audits

To ensure the compliance and effectiveness of its information security management system, Hithium has implemented a dual internal and external auditing mechanism. The Company organises a professional internal team to conduct an annual audit of information security, comprehensively assessing the effectiveness of security measures and the system's operation. Additionally, the Company regularly invites authoritative third-party auditing agencies for external audits, further identifying potential security risks and addressing specific areas for improvement in information security management, ensuring continuous system enhancement and optimisation.

Due to the Company's focus on information security and ongoing investment, by the end of the reporting period, several employees had obtained ISO/IEC 27001:2022 Internal Auditor Certification

30 With a total of certifications issued

7.5.1.4 Information Security Reporting Mechanism

Information Security and Privacy Protection Reporting Email: HC-ISM@hithium.cn

Established a comprehensive Information Security Incident Response Process (IRP)	The Company has established a comprehensive Information Security Incident Response Process (IRP), with clear timelines and reporting procedures for different levels of security incidents as outlined in the Information Security Incident Investigation Operation Guidelines.
Set up an employee security alert mechanism	The Company has set up an employee security alert mechanism, requiring all employees to promptly report information security risks and emergencies. This ensures a closed-loop management system from detection and response to resolution, allowing information security risks to be swiftly and properly addressed.

7.5.1.5 Information Security Culture Development

HITHIUM actively promotes the development of an internal information security culture. Through internal meetings, training courses, learning platforms, and other methods, the Company enhances employees' awareness of information security and their practical ability to respond to security threats. In 2024, the Company conducted multiple information security training sessions, covering topics such as system security operations, network security, data privacy, and asset certification and evaluation. These training sessions were extended to all employees, including those employed through labour dispatch, to comprehensively improve the Company's information security protection level.

7.5.2. Privacy Protection

Hithium respects and protects customer privacy, strictly adhering to the

Civil Code of the People's Republic of China, Personal Information Protection Law of the People's Republic of China, Data Security Law of the People's Republic of China

Cybersecurity Law of the People's Republic of China, and other relevant laws and regulations. The Company also ensures that regional teams comply with local regulatory standards, meeting privacy protection requirements as per local laws

The Company continues to improve its *Information Security Compliance Management Procedures* to prevent privacy breaches. In the processes of acquiring, transmitting, and storing confidential information, the Company always seeks authorisation from relevant stakeholders to ensure compliance management of the information. For sensitive customer data, the Company implements strict access control mechanisms, where any retrieval or use of such data must be approved by the responsible department and is limited to safe and legal business purposes only.

ESG Data Performance Data Table

Economic Performance Table

Indicator	Unit	2024
Total assets	RMB10,000	3,145,043.61
Operating revenue	RMB10,000	1,291,675.71
Net profit	RMB10,000	28,764.18
Production capacity	GWh	33.6

Environmental Performance Table

Indicator	Unit	2024
Climate change response		
Total Scope 1 greenhouse gas emissions	Tons of CO_2 equivalent	80,010.73
Scope 1 Greenhouse gas emission intensity	Tons of CO_2 equivalent per GWh	2,381.3
Total Scope 2 greenhouse gas emissions	Tons of CO_2 equivalent	246,480.26
Scope 2 Greenhouse gas emission intensity	Tons of CO_2 equivalent per GWh	7,335.7
Total Scope 3 greenhouse gas emissions	Tons of CO_2 equivalent	1,771,413.44
Scope 3 Greenhouse gas emission intensity	Tons of CO_2 equivalent per GWh	52,720.6
Scope 3 upstream greenhouse gas emissions	Tons of CO_2 equivalent	1,695,992.93
Scope 3 downstream greenhouse gas emissions	Tons of CO_2 equivalent	75,420.51
Asset amount vulnerable to climate-related transition risks[25]	RMB10,000	498,370.17
Percentage of asset amount vulnerable to climate-related transition risks[26]	%	11.65
Business activity amount vulnerable to climate-related transition risks[27]	RMB10,000	329,176.42
Percentage of business activity amount vulnerable to climate-related transition risks[28]	%	18.20
Asset amount vulnerable to climate-related physical risks[29]	RMB10,000	3,587,647.08
Percentage of asset amount vulnerable to climate-related physical risks[30]	%	83.89
Business activity amount vulnerable to climate-related physical risks[31]	RMB10,000	1,397,200.40
Percentage of business activity amount vulnerable to climate-related physical risks[32]	%	77.25
Asset amount related to climate opportunities	RMB10,000	3,145,043.61
Percentage of asset amount related to climate opportunities	%	100.00
Climate Change Response		
Investment and financing amount related to climate-related risks and opportunities	RMB10,000	79.99
Capital expenditure amount related to climate-related risks and opportunities	RMB10,000	218,714.00
Environmental Management and Resource Optimisation		
Total energy consumption	GWh	968.76
Total natural gas consumption	1,000,000 m^3	43.3
Natural gas consumption intensity	1,000,000 m^3/GWh	1.3
Consumption of purchased electricity	GWh	511.7
Electricity consumption intensity	GWh/GWh	15.20
Total consumption of renewable energy	GWh	459.4
Percentage of renewable energy in the total energy consumption	%	47.42
Total weight of air pollutants	t	40.49
Total nitrogen oxides (NOx) emissions	t	20.9
Nitrogen oxides (NOx) emission intensity	t/GWh	0.6
Total sulphur oxides (SOx) emissions	t	1.6
Sulphur oxides (SOx) emission intensity	t/GWh	0.05
Total particulate matter emissions	t	6.72
Particulate matter emission intensity	t/GWh	0.20
Total VOC emissions	t	32.03
VOC emission intensity	t/GWh	0.95
Total wastewater discharge	t	327,685.00
Wastewater discharge intensity	t/GWh	9,752.53
Total hazardous waste emissions	t	3,842.72
Hazardous waste emission intensity	t/GWh	114.37
Total non-hazardous waste emissions	t	72,326.78
Non-hazardous waste emission intensity	t/GWh	2,152.58
Total disposed non-hazardous waste	t	794.18
Total hazardous waste	t	3,842.7
Hazardous waste emission intensity	t/GWh	114.4

[25 Asset amount of each subsidiary in the United States and Europe]
[26 Percentage of asset amount of each subsidiary in the United States and Europe / total amount disclosed in the listing (before consolidation adjustments)]
[27 Business costs in the United States and Europe (capex, opex)]
[28 Business costs in the United States and Europe / total costs (before consolidation adjustments)]
[29 Asset amount of Xiamen and Chongqing manufacturing bases]
[30 Asset amount of Xiamen and Chongqing manufacturing bases / total amount disclosed in the listing (before consolidation adjustments)]
[31 Business costs of Xiamen and Chongqing bases for the year (capex, opex)]
[32 Business costs of Xiamen and Chongqing bases for the year / total costs (before consolidation adjustments)]

Indicator	Unit	2024
Environmental Management and Resource Optimisation		
Total disposed hazardous waste	t	1,406.97
Proportion of disposed hazardous waste	%	36.61
Total waste emissions	t	76,169.50
Total waste disposal	t	2,201.15
Total water consumption (production + domestic + landscaping)	t	905,166.00
Total wastewater discharge (production + domestic)	t	284,524.00
Total water consumption	1,000,000 m³	1.5
Water consumption intensity	1,000,000 m³/GWh	0.04
Percentage of employees who have received training on specific environmental issues	%	100
Percentage of production sites with ISO 14001 environmental management system certification that have been put into operation	%	100
Percentage of operating sites with hazardous waste management guidelines certified by HAZWOPER or compliant with ISO 14001	%	100
Environmental management system coverage rate	%	100
Percentage of operational sites that have undergone specific environmental risk assessments	%	100
Number of employees trained on specific environmental issues	person	121
Circular Economy		
Recycled water consumption	t	2,123.00
Total waste recycled	t	73,968.35
Overall waste recycling rate	%	97.11
Total recycled non-hazardous waste	t	71,532.60
Total recycled hazardous waste	t	2,435.75
Proportion of recycled hazardous waste	%	63.69
R&D Innovation		
R&D expenses	RMB10,000	53,003.80
R&D expenses as a percentage of revenue	%	4.10
Number of R&D personnel (persons)	person	1,100+

Social Performance Table

Indicator		Unit	2024
Sustainable Supply Chain			
Total number of suppliers		supplier	1,893
Classified by region	Total number of suppliers in mainland China	supplier	1,787
	Total number of suppliers in Hong Kong, Macau, and Taiwan	supplier	1
	Total number of overseas suppliers	supplier	105
Total number of key suppliers (top 70% by procurement amount)		supplier	45
Percentage of new suppliers screened using environmental assessment criteria		%	100
Percentage of target suppliers signed the sustainable procurement regulations or supplier code of conduct		%	100
Percentage of suppliers signed contracts containing environmental, labour, and human rights requirements clauses		%	100
Percentage of target suppliers passed the corporate social responsibility assessment		%	100
Percentage of target suppliers passed the on-site audit of corporate social responsibility		%	100
Percentage of purchasers received sustainable procurement training in all regions		%	100
Number of audited or evaluated suppliers participating in improvement actions or capability development		supplier	31
Product Quality and Safety			
Number of sold or delivered products recalled due to safety and health reasons		unit	0
Number of key products and services assessed as needing improvement in health and safety impact		type	0
Customer Service			
Customer satisfaction survey score		%	94.80
Number of participants in after-sales service training		time	66
Number of after-sales service training sessions		time	11
Number of product and service complaints		time	0
Equality and Diversity			
Total number of employees		person	7,650
Classified by gender	Proportion of male employees	%	74.94
	Proportion of female employees	%	25.06
Classified by age	Proportion of employees under 30 years old	%	58.32
	Proportion of employees aged 30 to 50	%	41.03
	Proportion of employees over 50 years old	%	0.65

Indicator		Unit	2024
Equality and Diversity			
Classified by job level	Proportion of senior management	%	0.47
	Proportion of mid-level management	%	1.35
	Proportion of junior management	%	3.07
	Proportion of general employees	%	95.11
Classified by region	Proportion of full-time employees in mainland China, Hong Kong, Macao, and Taiwan	%	98.90
	Proportion of full-time employees in overseas countries and regions	%	1.10
Proportion of female employees holding senior management positions		%	10
Percentage of employees received training on diversity, equality, and inclusivity		%	100
Proportion of locally hired executives at key operational points		%	100
Rights and Benefits of Employee			
Employee training coverage rate		%	100.00
Total employee training hours		hour	30,372.59
Classified by gender	Training hours for female employees	hour	6,530.08
	Training hours for male employees	hour	23,842.51
Classified by job level	Training hours for senior management (department heads level 1 and above)	hour	20.85
	Training hours for mid-level management (department heads level 2)	hour	161.41
	Training hours for junior management (department heads level 3)	hour	553.05
	Training hours for general employees	hour	29,637.28
Classified by function	Training hours for R&D employees (Battery Research Institute, Advanced Research Institute, Control Technology Research Institute, Engineering Centre)	hour	2,505.62
	Training hours for production employees (Xiamen Manufacturing Base, Chongqing Manufacturing Base, Heze Manufacturing Base, Dallas Manufacturing Base, Quality Management Centre)	hour	17,305.31
Classified by age	Training hours for employees under 30 years old	hour	10,026.47
	Training hours for employees aged 30-50	hour	6,978.75
	Training hours for employees over 50 years old	hour	300.08
Average training hours per employee during the Reporting Period		hour	1.40
Classified by gender	Average training hours per female employee during the Reporting Period	hour	1.39
	Average training hours per male employee during the Reporting Period	hour	1.41
Classified by job level	Average training hours per senior management employee during the Reporting Period	hour	0.76
	Average training hours per mid-level management employee during the Reporting Period	hour	1.79
	Average training hours per junior management employee during the Reporting Period	hour	3.29

Indicator		Unit	2024
Rights and Benefits of Employee			
Classified by job level	Average training hours per general employee during the Reporting Period	hour	0.81
Classified by function	Average training hours per R&D employee during the Reporting period	hour	1.84
	Average training hours per production employee during the Reporting period	hour	1.29
Classified by age	Average training hours per employee under 30 years old during the Reporting Period	hour	1.12
	Average training hours per employee aged 30-50 during the Reporting Period	hour	1.62
	Average training hours per employee over 50 years old during the Reporting Period	hour	1.84
Total number of employees receiving regular performance and career development reviews during the Reporting Period		person	7,650
Percentage of production sites that have been put into operation and have undergone human rights impact or risk assessment		%	100
Classified by gender	Percentage of female employees receiving regular performance and career development reviews	%	100
	Percentage of male employees receiving regular performance and career development reviews	%	100
Classified by job level	Percentage of senior management receiving regular performance and career development reviews	%	100
	Percentage of mid-level management receiving regular performance and career development reviews	%	100
	Percentage of junior management receiving regular performance and career development reviews	%	100
	Percentage of general employees receiving regular performance and career development reviews	%	100
Percentage of employees covered by formally elected employee representatives or collective agreements		%	100
Percentage of production sites that have been put into operation and have undergone human rights impact or risk assessment		%	100
Occupational health and safety			
Proportion of workers covered by the occupational health and safety management system		%	100
Proportion of workers covered by the internally audited occupational health and safety management system		%	100
Proportion of workers covered by the externally audited or certified occupational health and safety management system		%	100

Indicator	Unit	2024
Occupational health and safety		
Percentage of production sites that have undergone employee health and safety risk assessments and have been put into operation	%	100
Number of employee fatalities due to work-related injuries	person	0
Number of recordable work-related injuries (employees)	person	0
Total number of security personnel	person	94
Employee safety training coverage rate	person	100
Percentage of production sites with ISO 45001 occupational health and safety management system certification that have been put into operation	%	100
Public Welfare and Charity		
Total amount of social public welfare investment	RMB	439,800
Number of volunteers participating in volunteer services	person	28
Total duration of volunteer services	hour	90

Governance Performance Table

Indicator		Unit	2024
Corporate Governance			
Total number of personnel in the governance institution		person	10
Classified by gender	Proportion of male personnel in the governance institution	%	70
	Proportion of female personnel in the governance institution	%	30
Classified by age	Proportion of personnel under the age of 30 in the governance institution	%	0
	Proportion of governance personnel aged 30 to 50 in the governance institution	%	100
	Proportion of governance personnel aged 50 and above in the governance institution	%	0
Classified by region	Proportion of personnel from mainland China, Hong Kong, and Taiwan in the governing institution	%	100
	Percentage of employees from other countries and regions in the governing institution	%	0
Total number of board members		person	7
Number of independent directors		person	3
Number of female directors		person	1
Number of Shareholders' Meetings held		time	4
Number of Board Meetings held		time	10

Indicator	Unit	2024
Corporate Governance		
Number of Board of Supervisors Meetings held	time	1
Number of Audit Committee Meetings held	time	1
Number of Remuneration Committee Meetings held	time	1
Number of Nomination Committee Meetings held	time	1
Compliance and Business Ethics		
Total number of major violations during the Reporting Period	time	0
Total number of fines paid due to violations during the Reporting Period	time	0
Monetary value of fines paid due to violations during the Reporting Period	RMB	0
Percentage of employees covered by collective bargaining agreements	%	100
Percentage of operational sites assessed for corruption risks	%	100
Employee anti-corruption training coverage rate	%	100
Management anti-corruption training coverage rate	%	100
Number of legal cases related to anti-competitive behaviour, anti-trust, and anti-monopoly practices during the reporting year	item	0
Percentage of high-risk trading partners covered by the due diligence process for corruption and information security	%	100
Intellectual Property Protection		
Total cumulative patent applications	item	3,997
Total cumulative granted patents	item	1,993
Total cumulative published patent applications	item	3,109
Total new patent applications in the year	item	997
Total new granted patents in the year	item	507
Total new software copyrights applied in the year	item	15
Total new registered software copyrights in the year	item	14
Information Security and Privacy Protection		
Number of externally received and organisation-verified complaints (related to customer privacy violations)	item	0
Number of complaints received from regulatory authorities (related to customer privacy violations)	item	0
Total number of confirmed incidents of customer data breaches, theft, or loss	item	0

Content Index

The content index of the Hong Kong Stock Exchange's Environmental, Social, and Governance Reporting Guide

Disclosure Requirements			Corresponding Section of This Report
Part C: "Comply or explain" Provisions			
A. Environmental			
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	2.5 Environmental management and resource optimisation
	A1.1	The types of emissions and respective emissions data.	Environmental performance table
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (calculated in t) and (where applicable) density (calculated per unit of production or per facility).	Environmental performance table
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental performance table
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental performance table
	A1.5	Description of emission target(s) set and steps taken to achieve them.	2.5 Environmental management and resource optimisation
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	2.5 Environmental management and resource optimisation
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	2.5 Environmental management and resource optimisation
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental performance table
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental performance table
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	2.5 Environmental management and resource optimisation
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	2.5 Environmental management and resource optimisation
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	2.4 Product carbon footprint
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	2.5 Environmental management and resource optimisation
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2.5 Environmental management and resource optimisation
B. Social			
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1 Rights and benefits of employees 4.2 Equality and diversity
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Social performance table
	B1.2	Employee turnover rate by gender, age group and geographical region.	Social performance table
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Occupational health and safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social performance table
	B2.2	Lost days due to work injury.	Social performance table
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.3 Occupational health and safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.1 Rights and benefits of employees
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social performance table
	B3.2	The average training hours completed per employee by gender and employee category.	Social performance table
Aspect B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.2 Equality and diversity
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.2 Equality and diversity
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.2 Equality and diversity
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.1 Sustainable supply chain
	B5.1	Number of suppliers by geographical region.	Social performance table
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.1 Sustainable supply chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.1 Sustainable supply chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.1 Sustainable supply chain

Disclosure Requirements			Corresponding Section of This Report
B. Social			
Aspect B6: Product Responsi-bility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	5.1 Product quality and safety
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social performance table
	B6.2	Number of complaints received regarding products and services, as well as the corresponding response methods.	Social performance table
	B6.3	Description of practices related to maintaining and safeguarding intellectual property rights.	7.4 Intellectual property protection
	B6.4	Description of quality assurance process and recall procedures.	5.1 Product quality and safety
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	7.5 Information security and privacy protection
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	7.2 Compliance and business ethics
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Governance performance table
	B7.2	Description of preventive measures and reporting procedures, and how they are implemented and monitored.	7.2 Compliance and business ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	7.2 Compliance and business ethics
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6.1 Local communities
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6.1 Local communities
	B8.2	Resources contributed (e.g. money or time) to the focus area.	6.1 Local communities

The content index of the Global Reporting Initiative (GRI) for the Sustainability Reporting Standards

Statement of use	Hithium Energy Storage Technology Co., Ltd. has reported in accordance with the GRI Standards from 1 January 2024 to 31 December 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable industry standards

Based on the GRI principle, and in combination with the identification results of the important issues of Hithium and the disclosed content of the "Hithium's 2024 ESG Report", this benchmarking index table is formed. Among them, after comprehensive judgment, the Company identified the following issues as non-substantive issues (not presented in the benchmarking index table):

GRI 202 Market Performance, GRI 207 Taxation, GRI 301 Materials, GRI 101 Biodiversity, GRI 410 Security Practices, GRI411 Rights of Indigenous Peoples, GRI 415 Public Policy, GRI 417 Marketing and Labelling.

GRI Standard	Disclo-sure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-1	Company Overview	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2	About This Report			
	2-3	About This Report			
	2-4	About This Report, Environmental Performance Table			
	2-5	Report Assurance			
	2-6	About This Report, Chairman's Statement			
	2-7	Social Performance Table			
	2-8	Social Performance Table			
	2-9	Sustainable Development Governance, Corporate Governance			
	2-10	Corporate Governance			
	2-11	Corporate Governance			
	2-12	Corporate Governance			
	2-13	Corporate Governance			
	2-14	Sustainable Development Governance			
	2-15	Corporate Governance			
	2-16	Stakeholder Communication			
	2-17	Corporate Governance			
	2-18	Corporate Governance			
	2-19	Omission	2-19-a 2-19-b	Confidentiality Restriction	Due to confidentiality requirements, this information will not be disclosed externally at this time.
	2-20	Omission	2-20-a	Confidentiality Restriction	Due to confidentiality requirements, this information will not be disclosed externally at this time.
	2-21	Omission	2-19-a	Confidentiality Restriction	Due to confidentiality requirements, this information will not be disclosed externally at this time.
	2-22	Sustainable Development Concept and Strategy			
	2-23	Sustainable Development Commitments and Progress			
	2-24	Sustainable Development Commitments and Progress			

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
	2-25	Customer Service, Compliance and Business Ethics, Risk Management			
	2-26	Sustainable Development Governance, Stakeholder Communication			
	2-27	Climate Change Response, Environmental Management and Resource Optimisation, Sustainable Supply Chain, Rights and Benefits of Employees , Occupational Health and Safety, Product Quality and Safety, Compliance and Business Ethics, Risk Management			
	2-28	Company Review, Sustainable Development Achievements			
	2-29	Analysis and Management of Material Issues			
	2-30	Social Performance Table			
GRI 3: Material Topics 2021	3-1	Analysis and Management of Material Issues	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2	Analysis and Management of Material Issues			
GRI 201: Economic Performance 2016	3-3	Analysis and Management of Material Issues			
	201-1	Economic Performance Table			
	201-2	Climate Change Response			
	201-3	Rights and Benefits of Employees, Rights and Benefits of Employees			
	201-4	Omission	201-4-a 201-4-b 201-4-c	Lack of Information	The company has not yet established a relevant information collection and statistics mechanism, and therefore, this information will not be disclosed externally at this time.
GRI 203: Indirect Economic Impacts 2016	3-3	Analysis and Management of Material Issues, Local Communities Public Welfare and Charity			
	203-1	Local Communities, Public Welfare and Charity			
	203-2	Local Communities, Public Welfare and Charity			
GRI 204: Procurement Practices 2016	3-3	Analysis and Management of Material Issues, Sustainable Supply Chain			
	204-1	Sustainable Supply Chain			
GRI 205: Anti-corruption 2016	3-3	Analysis and Management of Material Issues, Compliance and Business Ethics			
	205-1	Governance Performance Table			
	205-2	Compliance and Business Ethics, Governance Performance Table			
	205-3	Compliance and Business Ethics			
GRI 206: Anti-competitive Behaviour 2016	3-3	Analysis and Management of Material Issues, Compliance and Business Ethics			
	206-1	Compliance and Business Ethics			
GRI 302: Energy 2016	3-3	Analysis and Management of Material Issues, Environmental Management and Resource Optimisation			
	302-1	Environmental Performance Table			
	302-2	Omission	302-2-a 302-2-b 302-2-c	Lack of Information	The company has not yet established a relevant information collection and statistics mechanism, and therefore, this information will not be disclosed externally at this time.
	302-3	Environmental Performance Table			
	302-4	Environmental Management and Resource Optimisation			
	302-5	Omission	302-5-a 302-5-b 302-5-c	Lack of Information	The company has not yet established a relevant information collection and statistics mechanism, and therefore, this information will not be disclosed externally at this time.
GRI 303: Water and Effluents 2018	3-3	Analysis and Management of Material Issues, Environmental Management and Resource Optimisation			
	303-1	Environmental Management and Resource Optimisation			
	303-2	Environmental Management and Resource Optimisation			
	303-3	Environmental Performance Table			
	303-4	Environmental Performance Table			
	303-5	Product Carbon Footprint, Environmental Performance Table			
GRI 305: Emissions 2016	3-3	Analysis and Management of Material Issues and Climate Change Response			
	305-1	Climate Change Response and Environmental Performance Table			
	305-2	Climate Change Response and Environmental Performance Table			
	305-3	Climate Change Response and Environmental Performance Table			
	305-4	Climate Change Response and Environmental Performance Table			
	305-5	Climate Change Response and Environmental Performance Table			
	305-6	Omission	305-6-a 305-6-b 305-6-c 305-6-d	Lack of Information	The company has not yet established a relevant information collection and statistics mechanism, and therefore, this information will not be disclosed externally at this time.

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
	305-7	Environmental Management and Resource Optimisation, Environmental Performance Table			
GRI 306: Waste 2020	3-3	Analysis and Management of Material Issues, Environmental Management and Resource Optimisation			
	306-1	Environmental Management and Resource Optimisation			
	306-2	Environmental Management and Resource Optimisation			
	306-3	Environmental Performance Table			
	306-4	Environmental Performance Table			
	306-5	Environmental Performance Table			
GRI 308: Supplier Environmental Assessment 2016	3-3	Analysis and Management of Material Issues, Sustainable Supply Chain			
	308-1	Sustainable Supply Chain			
	308-2	Sustainable Supply Chain			
GRI 401: Employment 2016	3-3	Analysis and Management of Material Issues, Equality and Diversity, Rights and Benefits of Employees			
	401-1	Equality and Diversity, Social Performance Table			
	401-2	Rights and Benefits of Employees			
	401-3	Omission	401-3-a 401-3-b 401-3-c 401-3-d 401-3-e	Lack of Information	The company has not yet established a relevant information collection and statistics mechanism, and therefore, this information will not be disclosed externally at this time.
GRI 402: Labour/ Management Relations 2016	3-3	Analysis and Management of Material Issues, Rights and Benefits of Employees			
	402-1	Omission	402-1-a 402-1-b	Confidentiality Restriction	Due to confidentiality requirements, this information will not be disclosed externally at this time.
GRI 403: Occupational Health and Safety 2018	3-3	Analysis and Management of Material Issues, Occupational Health and Safety			
	403-1	Occupational Health and Safety			
	403-2	Occupational Health and Safety			
	403-3	Occupational Health and Safety			
	403-4	Occupational Health and Safety			
	403-5	Occupational Health and Safety			
	403-6	Occupational Health and Safety			
	403-7	Occupational Health and Safety			
	403-8	Occupational Health and Safety			
	403-9	Occupational Health and Safety, Social Performance Table			
	403-10	Occupational Health and Safety			

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 404: Training and Education 2016	3-3	Analysis and Management of Material Issues, Rights and Benefits of Employees			
	404-1	Social Performance Table			
	404-2	Rights and Benefits of Employees			
	404-3	Social Performance Table			
GRI 405: Diversity and Equal Opportunity 2016	3-3	Analysis and Management of Material Issues, Equality and Diversity			
	405-1	Equality and Diversity			
	405-2	Omission	405-2-a 405-2-b	Confidentiality Restriction	Due to confidentiality requirements, this information will not be disclosed externally at this time.
GRI 406: Non-discrimination 2016	3-3	Analysis and Management of Material Issues, Equality and Diversity			
	406-1	Equality and Diversity			
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3	Analysis and Management of Material Issues, Rights and Benefits of Employees			
	407-1	Omission	407-1-a 407-1-b	Lack of Information	The company has not yet established a relevant information collection and statistics mechanism, and therefore, this information will not be disclosed externally at this time.
GRI 408: Child Labour 2016	3-3	Analysis and Management of Material Issues, Rights and Benefits of Employees			
	408-1	Equality and Diversity			
GRI 409: Forced or Compulsory Labour 2016	3-3	Analysis and Management of Material Issues, Rights and Benefits of Employees			
	409-1	Equality and Diversity			
GRI 413: Local Communities 2016	3-3	Analysis and Management of Material Issues, Local communities			
	413-1	Local communities			
	413-2	Local communities			
GRI 414: Supplier Social Assessment 2016	3-3	Analysis and Management of Material Issues, Sustainable Supply Chain			
	414-1	Sustainable Supply Chain			
	414-2	Sustainable Supply Chain			
GRI 416: Customer Health and Safety 2016	3-3	Analysis and Management of Material Issues, Sustainable Supply Chain			
	416-1	Product Quality and Safety			
	416-2	Product Quality and Safety			
GRI 418: Customer Privacy 2016	3-3	Analysis and Management of Material Issues, Information Security and Privacy Protection			
	418-1	Information Security and Privacy Protection			

Definition

"China" or "Mainland China"	refers to	The People's Republic of China, but for the purposes of this document and as a geographical reference, does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan.
"Hong Kong"	refers to	Hong Kong Special Administrative Region of China
"Hong Kong Stock Exchange" or "EHK"	refers to	Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Securities Clearing Company Limited.
"The Company"	refers to	HITHIUM Energy Storage Technology Co., Ltd., formerly known as Xiamen Hithium New Energy Technology Co., Ltd., a limited company established in China on 27 December 2019, and converted into a joint-stock company on 16 August 2022.
"The Group" or "We"	refers to	The Company, its subsidiaries, or any of its companies (as the context may indicate), and the business operated by the Company and/or its existing subsidiaries and their predecessors (if any).
"Subsidiary"	refers to	Refers to the meaning assigned to it under the Listing Rules.
"Strategy Committee"	refers to	The Board's Strategy Committee
"Board of Supervisors"	refers to	Board of Supervisors
"Director"	refers to	Directors of the Company
"Supervisor"	refers to	Supervisors of the Company
"Shareholder"	refers to	Shareholders
"Corporate Governance Code"	refers to	The *Corporate Governance Code* set out in Appendix C1 of the *Listing Rules*.
"International Financial Reporting Standards" (IFRS)	refers to	*International Financial Reporting Standards (IFRS)*, including the standards, amendments, and interpretations issued by the International Accounting Standards Board and the International Accounting Standards and interpretations issued by the IASB.
"Extreme Situations"	refers to	Extreme situations declared by the Hong Kong government where the impact of a super typhoon or other large-scale natural disasters severely affects employees' ability to return to work or causes safety issues.
"%"	refers to	Percentage

Technical Glossary

「Ah」	refers to	Ah (Ampere-hour), the unit of battery capacity.
「Battery Pack」	refers to	A battery pack composed of interconnected batteries, designed to store and supply electrical energy for various applications.
「BMS」	refers to	Battery Management System (BMS), a system that monitors, manages, and protects the battery to ensure safe operation, optimise performance, and extend the lifespan.
「CAGR」	refers to	CAGR (Compound Annual Growth Rate)
「Commercial and Industrial」	refers to	Commercial and Industrial sectors
「CRM」	refers to	CRM (Customer Relationship Management)
「DC」	refers to	DC (Direct Current), an electric current that flows in one direction only
「Energy Density」	refers to	The amount of energy that can be contained within a certain volume or mass.
「EPC」	refers to	EPC (Engineering, Procurement, and Construction)
「ERP」	refers to	ERP (Enterprise Resource Planning)
「ESG」	refers to	ESG (Environmental, Social, and Governance)
「Energy Storage System」	refers to	A system designed to store energy for future use in various forms (such as chemical energy, thermal energy, or mechanical energy).
「GB」	refers to	Chinese National Standards, aimed at ensuring consistency, quality, and safety across various industries.
「GB/T 29490」	refers to	Chinese National Standards, which stipulate the requirements for intellectual property management in enterprises, enabling organisations to establish, implement, and improve intellectual property management systems to enhance innovation and competitiveness.
「GW」or「Gigawatt」	refers to	Gigawatt (GW), a unit of power, where 1 gigawatt equals one billion watts. Along with other power units, it is a key indicator in the energy industry used to measure load capacity, shipment volume, and other factors.
「GWh」or「Gigawatt-hour」	refers to	Gigawatt-hour (GWh), a unit of energy, representing one billion watt-hours.
「ISO 14001:2015」	refers to	International standards that define the requirements for an effective environmental management system, enabling organisations to improve environmental performance and comply with regulations.
「ISO 14064-1:2018」	refers to	International standards that define the principles and requirements for quantifying and reporting greenhouse gas emissions and removals, enabling organisations to measure, manage, and reduce their carbon footprint.
「ISO 45001:2018」	refers to	International standards that define the requirements for occupational health and safety management systems, enabling organisations to improve workplace safety, reduce risks, and enhance employee well-being.
「ISO 9001:2015」	refers to	International standards that define the requirements for quality management systems, enabling organisations to consistently meet customer and regulatory requirements.
「kWh」or「Kilowatt-hour」	refers to	kWh (Kilowatt-hour), a unit of electrical energy, representing 1,000 watt-hours.
「LDES」	refers to	Long Duration Energy Storage (LDES), refers to energy storage technologies capable of storing electrical energy and continuously releasing it for more than 4 hours.
「$LiFePO_4$」	refers to	$LiFePO_4$ (Lithium Iron Phosphate)
「Life Cycle」or「Charge-Discharge Cycles」	refers to	The number of charge and discharge cycles a battery can undergo before it reaches the end of its useful life.
「Lithium」	refers to	A metallic chemical element, symbolised as Li, with an atomic number of 3.
「Lithium Battery」	refers to	A rechargeable battery made up of battery cells, in which lithium ions move from the negative electrode to the positive electrode during discharge, and move in reverse during charging.
「MES」	refers to	MES (Manufacturing Execution System), a system that monitors, tracks, and controls the manufacturing process in real-time.
「MWh」or「Megawatt-hour」	refers to	MWh (Megawatt-hour), a unit of energy, representing one million watt-hours.
「NOx」	refers to	NOx (Nitrogen Oxides)
「PLM」	refers to	PLM (Product Lifecycle Management)
「PV」	refers to	PV (Photovoltaic), a technology that uses semiconductor materials to directly convert sunlight into electricity.
「QMS」	refers to	QMS (Quality Management System)
「R&D」	refers to	R&D (Research and Development)
「SDG」	refers to	SDG (Sustainable Development Goals)
「SEI」	refers to	SEI (Solid Electrolyte Interphase)
「Separator」	refers to	A permeable membrane placed between the battery's negative and positive electrodes, separating the two electrodes to prevent electrical short circuits while allowing the transmission of ionic charge carriers, so that when current flows through the electrochemical battery, it completes the circuit.
「Sodium-ion Battery」	refers to	A battery that uses sodium ions as charge carriers, moving between the negative and positive electrodes, converting chemical energy and electrical energy during charging and discharging.
「Solid-State Battery」	refers to	A rechargeable lithium-ion battery that uses a solid electrolyte.
「SOx」	refers to	SOx (Sulphur Oxides)
「WMS」	refers to	WMS (Warehouse Management System)

Independent Assurance Report

Bureau Veritas Certification

INDEPENDENT ASSURANCE STATEMENT

Objectives of Work

Bureau Veritas Certification (Beijing) Co., LTD ("BUREAU VERITAS") has been engaged by Xiamen Hithium Energy Storage Technology Co., Ltd. (hereafter referred to as "Hithium") to conduct an independent Assurance of its 2024 Environmental, Social and Governance Report (the "Report"). This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the report are the sole responsibility of the management of Hithium. Our sole responsibility was to provide independent assurance on the accuracy of information included.

Scope of work

The assurance process was conducted in line with the requirements of the Assurance Standard AA1000AS (V3) Type 2 assurance. The scope of work included:

Data and information included in the Report for the reporting period 1 January – 31 December 2024;

Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;

- Evaluation of the Report against the main principles of the AA1000 Assurance Principles and AA1000 Assurance Standards
  - Inclusivity
  - Materiality
  - Responsiveness
  - Impact
- Evaluation of the Report against the principles of Materiality, Accuracy, Completeness, Balance, Clarity and Comparability, as defined in the GRI Sustainability Reporting Guidelines;

Excluded from the scope of our work is any assurance of information relating to:

Activities outside the defined assurance period;

Positional statements (expressions of opinion, belief, aim or future intention by Hithium) and statements of future commitment;

Financial data and information that has been audited by a third party.

The levels of AA1000 assurance are as follows:

Report Section	Level of Assurance
Organization Governance	Moderate
Product Responsibility	Moderate
Environmental Responsibility	Moderate
Employee Responsibility	Moderate
Social Responsibility	Moderate

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Level of assurance: Reasonable Assurance

Assurance standard

1. AA 1000 AP (2018) & AA 1000 AS (V3)
2. International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)"), developed by the International Auditing and Assurance Standards Board;
3. GRI Sustainability Reporting Standards, published by the Global Reporting Initiative

Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

1. Interviews with relevant personnel of Hithium;
2. Review of documentary evidence produced by Hithium;
3. Audit of performance data, tracing and checking the sample data according to the sampling principle;
4. Site visits to Hithium Xiamen headquarter (located at No.1, Benyuan Road, Xiamen Torch Hi-Tech Zone, Tong'an District, Xiamen, Fujian, China);
5. Review of Hithium data and information systems for collection, aggregation, analysis and review;
6. Review of stakeholder engagement activities of Hithium by review the outcomes and approaches used by Hithium;

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Non-financial Reports, based on current best practice in independent assurance. The work was planned and carried out to and concluded based on reasonable, rather than absolute assurance, as determined by Bureau Veritas.

Assurance Conclusion

On the basis of our methodology and the activities described above, it is our opinion that:

- The information and data included in the Report are accurate, reliable and free from material mistake or misstatement;
- The Report provides a fair representation of Hithium's activities over the reporting period;
- The information is presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over Hithium's performance and status during the reporting period;
- Hithium has established appropriate systems for the collection, aggregation and analysis of relevant information;
- Hithium has processes in place for consulting and engaging with its key stakeholders in a structured and systematic manner;
- The preparation of the report adheres to the principles of Materiality, Accuracy, Completeness, Balance, Clarity and Comparability, as defined in the GRI Sustainability Reporting Guidelines;
- The Report properly reflects the organisation's alignment to and implementation of the AA1000AS (V3) principles of Inclusivity, Materiality, Responsiveness and Impact in its operations. Further detail is provided below;

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Alignment with the principles of AA1000AS (V3)

Inclusivity

Hithium has processes in place for engaging with a range key stakeholders including clients, suppliers, investors, government officials, representatives from a range of NGO's and industry associations and has undertaken a number of formal stakeholder engagement activities covering a range of topics such as Organization Governance, Product Responsibility, Environmental Responsibility, Employee Responsibility, Social Responsibility and so on.

Materiality

The Report addresses the range of environmental, social and economic issues of concern that Hithium has identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns. The material issues disclosed in the report and the relevant data and information are of Materiality.

Responsiveness

Hithium is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making.

Impact

Hithium takes responsibility for the governance, environmental, and social issues involved in its operational activities, as well as the positive and negative impacts it brings. The company conducts appropriate quantitative monitoring and evaluation of the impacts of these material issues, and based on the results of performance monitoring, adopts relevant continuous improvement measures.

Based on the work conducted, we recommend Hithium to consider the following:

It is recommended that the organization disclose consecutive ESG performance data in future reports. This will enable comparisons with data from previous years through formats such as charts, statistical tables, and progress updates on targets, thereby enhancing the comparability of the data.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Environmental and Occupational Health and Safety. Social Responsibility with more than 190 years history in providing independent assurance services. Members of the assurance team have no interests or conflicts of relationship with Hithium. We have conducted this Assurance independently and impartially. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

AA1000
Licensed Report
000-514/V3-Q65CU

Fanny Zou
Director of Greater China Region
Bureau Veritas Certification (Beijing) Co., LTD
2025.5.30

Wendy ZHAO
Assurance Team Leader
Bureau Veritas Certification (Beijing) Co., LTD
2025.5.30

Xiamen Hithium Energy Storage Technology Co., Ltd.



HITHIUM