



2023

Qingdao Yunlu Advanced Materials Technology Co., Ltd.

Environmental, Social and Governance (ESG) Report

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ABOUT THIS REPORT

• Period

This Report covers the period from January 1, 2023 to December 31, 2023. In order to maintain the continuity of information, certain information prior to and after the period is also included.

• Report Scope

This Report covers Yunlu Co., Ltd. and is consistent with the scope of its financial statement.

• Data Sources

All information and data in this Report are from the Company's official documents and publicly disclosed documents. If the financial data cited in the Report are inconsistent with the Annual Report, the Annual Report shall prevail. Unless otherwise specified, the currency unit is RMB.

• Report Language

This Report is published in both Chinese and English. In case of any conflict between the two texts, the Chinese text shall prevail.

• Preparation Basis

This Report is prepared with reference to the GRI Sustainability Reporting Standards (GRI STANDARDS) of the Global Sustainable Development Standards Council, the Research on the Preparation of ESG Special Reports for Listed Central Government-owned Holding Companies of the State-owned Assets Supervision and Administration Commission of the State Council, and the "Shanghai Stock Exchange Listed Company Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operations", as well as the Company's specific circumstances in terms of environment, society and corporate governance.

• Designation

In this report, the terms "Yunlu Co., Ltd.", "Yunlu", "the Company" and "we" all refer to Qingdao Yunlu Advanced Materials Technology Co., Ltd.

• Form of Release

This Report is released in digital format. Digital versions of this Reports are available on Yunlu Co., Ltd.'s website (www.yunlu-amt.com.cn) - Investor Relations - Periodic Reports section and on the Shanghai Stock Exchange's website (www.sse.com.cn).

• Readers' Response

In order to continuously improve the Company's ESG management, enhance the quality of ESG information disclosure, and promote the company to implement the ESG development concept, we hereby solicit readers' opinions on this Report (see "Reader Opinion Form" for details), and ask readers to feedback their opinions to the Company's email address (ylamt@yunlu.com.cn).

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of the Company strictly abides by the relevant requirements of the GRI Sustainability Reporting Standards (GRI STANDARDS) of the Global Sustainable Development Standards Council, the Research on the Preparation of ESG Special Reports of Listed Central Government-owned Holding Companies of the State-owned Assets Supervision and Administration Commission of the State Council, and the Self-regulatory Guidelines for Listed Companies of the Shanghai Stock Exchange No. 1 - Standardized Operations, and actively establishes standardized and effective environmental, social and corporate governance systems and management and information disclosure processes, to ensure the orderly conduct of the Company's sustainable development work. As of the date of release of this Report, the Board of Directors has reviewed and approved the Resolution on the Company's Environmental, Social and Corporate Governance (ESG) Report 2023".

• The Board's Role in ESG Governance

The Company's Board of Directors bears ultimate responsibility for the Company's ESG governance. The Board is responsible for making overall decisions and supervising ESG matters. It reviews, approves and updates ESG guidelines, policies, strategic objectives and plans in light of management and operational practices and stakeholder's communication demands, and regularly reviews the Company's ESG performance to better fulfill its responsibilities for sustainable development.

• ESG Management Strategy

The Company attaches importance to the significant impact that ESG risks may have on the Company. It addresses ESG issues by combining ESG risk identification, macro policies and hot topics, as well as stakeholder communication results. It also conducts importance assessments on issues through stakeholder interviews and questionnaires, obtains priority ranking results for ESG issues, in order to clarify the Company's ESG governance priorities.

• ESG Goal Progress Review

The Company continues to establish and improve a high-quality development indicator system, covering key ESG performance indicators such as pollutant emissions, occupational health and safety, integrity and anti-corruption, as well as supply chain management. The Company directly links key ESG performance with economic responsibility assessment, implements work accountability, with the Board of Directors regularly reviewing the progress of relevant goals.

Enter Yunlu

Active "Practitioner" of Carbon Neutrality Solution



ABOUT YUNLU

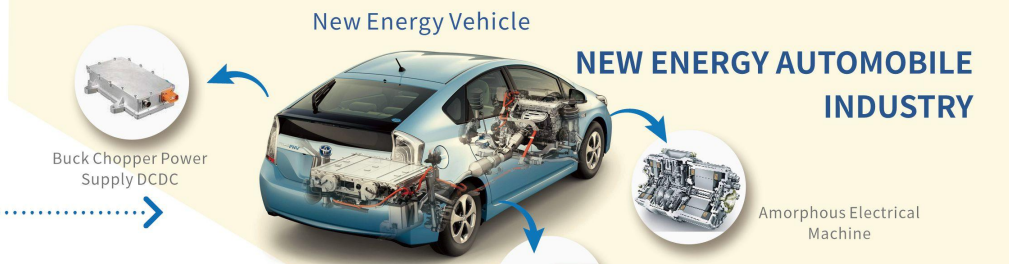
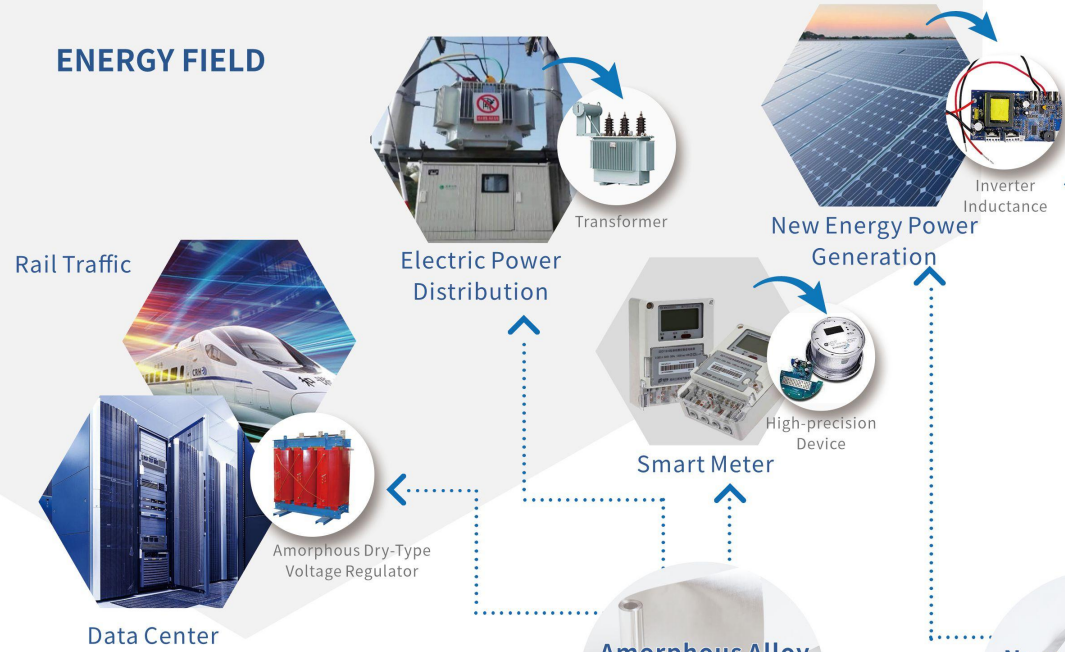
Yunlu Co., Ltd. was established in December 2015 as a mixed-ownership enterprise controlled by Aero Engine Corporation of China. The company is located in Lancun Sub-district, Jimo District, Qingdao City, with a registered capital of 120 million yuan. It is the fifth company listed on the Science and Technology Innovation Board in Qingdao and the first company of Aero Engine Corporation of China listed on the Science and Technology Innovation Board.

Since its inception, the Company has been focusing on the design, research and development, production and sales of advanced magnetic metal materials, and has formed three major materials and their product series, namely, amorphous alloys, nanocrystalline alloys, and magnetic powders. At present, with a market share of amorphous alloy materials ranking first in the world, the Company is a leading enterprise in the amorphous alloy materials industry. While continuing to develop new material products, it extends its industrial chain downstream and is committed to becoming a comprehensive solution provider for the entire industrial chain surrounding the research and development, production and application of advanced magnetic metal materials.

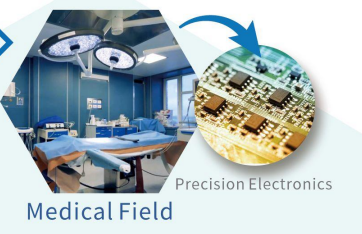


MATERIALS EMPOWER THE FUTURE

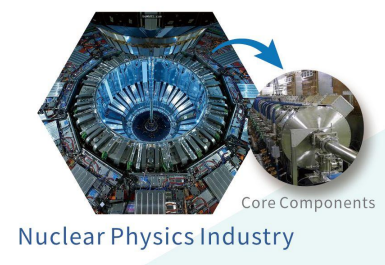
ENERGY FIELD



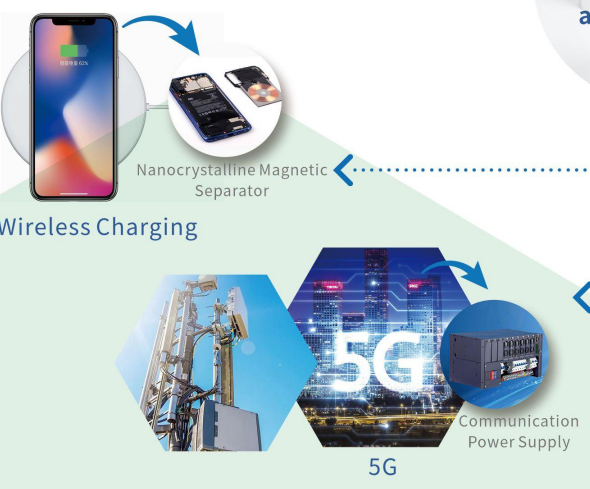
SMART HOME FIELD



OTHER FIELDS



COMMUNICATIONS AND 3C FIELD



Yunlu Chronicle

1996

- The founder started his business with microwave ovens and transformers, and realized domestic substitution.

2008

- Established amorphous R&D plan and started the business.
- Became a holding central government-owned enterprise, with AVIC Shenyang Liming increasing its investment and becoming its largest shareholder.

2012

- Developed the first generation of amorphous mass production technology.
- Amorphous products and process technologies have reached international advanced levels as per appraisal by experts including Academician Hu Zhuangqi of the Chinese Academy of Sciences.

2015

- Yunlu Advanced Materials was registered and incorporated.
- Atomized soft magnetic powder R&D plan was rolled out.

2017

- Responded fully to the USA 337 Trade Secret Investigation Case.
- Started the technical demonstration of continuous casting production line for nanocrystalline ultra-thin strips.

2018

- The US 337 investigation case was won with unconditional withdrawal of the lawsuit by the plaintiff.
- Became the world's largest amorphous supplier and established the second-generation amorphous industrialization technology route.
- Completed the production line for continuous casting atomized soft magnetic powder.
- Started the demonstration of amorphous three-dimensional wound core technology.

2019

- Completed demonstration of the new generation of amorphous three-dimensional wound core technology.
- Built a global production base for ultra-thin, high-performance nanocrystalline strips.
- Started the demonstration of technology for magnetic powder core industry.
- Participated in the research and development of core component materials for heavy particle accelerators.

2020

- The world's first amorphous three-dimensional coiled core automated production line was built, solving the problem of material of the core components of the heavy ion accelerator.

2021

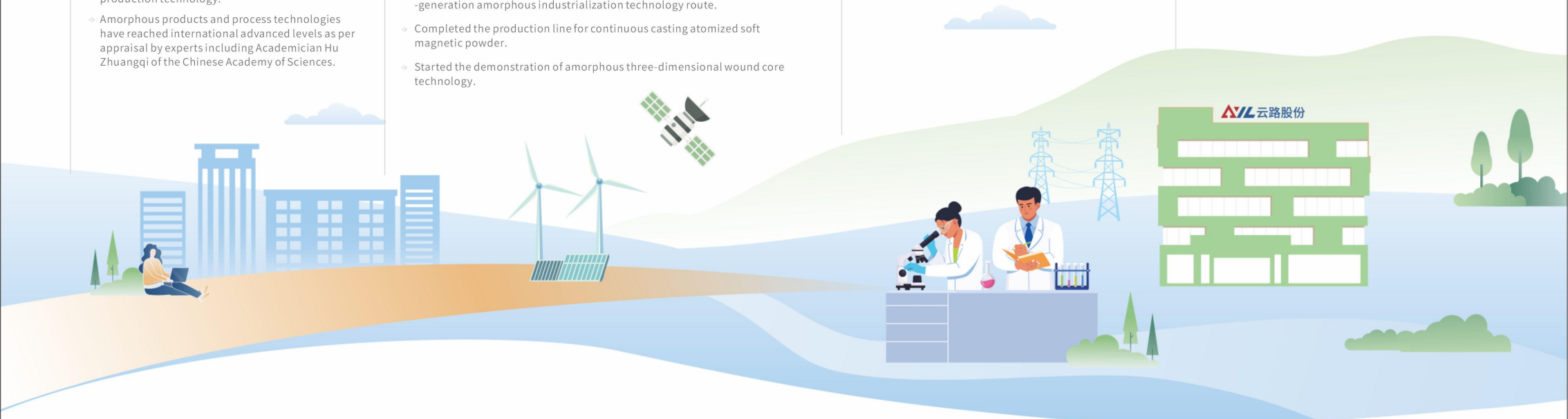
- Successfully listed on the SSE Star Market and became the first enterprise of the Aero Engine Corporation of China to be listed on the SSE Star Market.
- Started technical demonstration on industrialization of nanocrystalline magnetic core.

2022

- Built the world's sole strip production base with a capacity of over 100,000 tons.

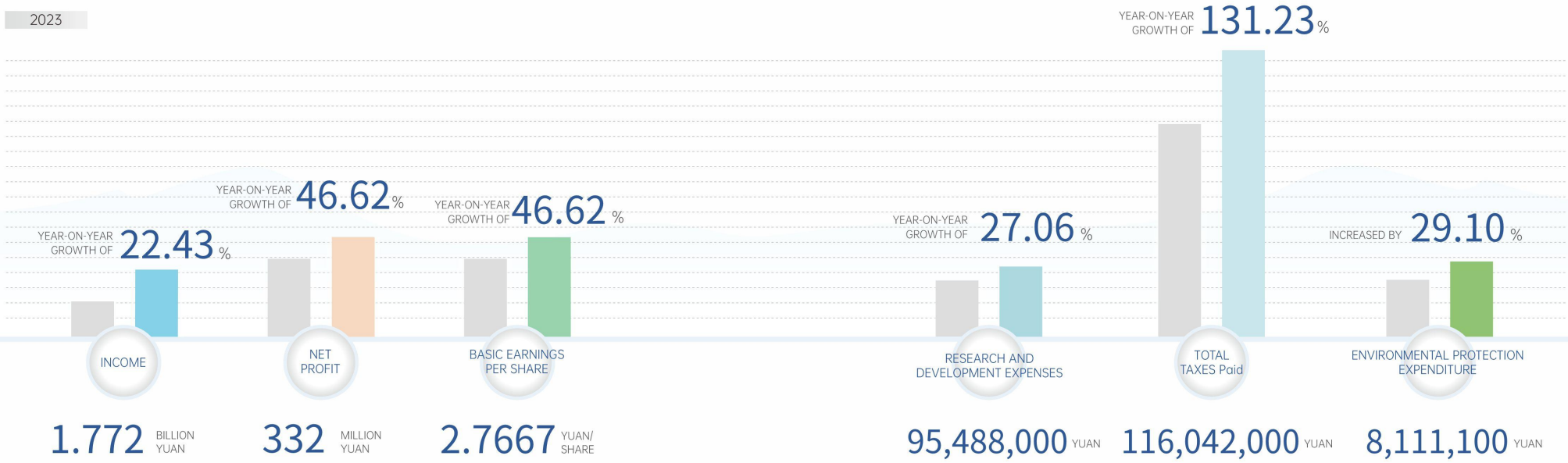
2023

- Established the Shenzhen Research Institute.
- Amorphous dry-type transformer solution has been used for over 10,000 tons.



YUNLU "DATA"

2023



STAKEHOLDER COMMUNICATION

During the reporting period, the Company continued to communicate with stakeholders, established multiple communication channels, promptly learned and responded to stakeholders' expectations and demands, and used the outcome of such interactions as an important reference for the company's ESG management, achieving two-way communication with stakeholders and win-win results for both sides.

STAKEHOLDERS	TOPICS CONCERNED	COMMUNICATION AND RESPONSE
 Investors/ Shareholders	<ul style="list-style-type: none"> • Smooth Communication • Return on Investment 	<ul style="list-style-type: none"> • Performance Briefing • Multiple Investor Exchange Meetings • Excellent Performance Returns • High-quality Development • Continuous Cash Dividends
 Staff	<ul style="list-style-type: none"> • Rights Protection • Career Development • Training&Education • Humanistic Care • Health and Safety • Compliance with Laws and Regulations 	<ul style="list-style-type: none"> • Staff Seminar • Improved Promotional Mechanism • Professional Training Empowerment • Occupational Health Examination • Competitive Salary • Medical Care for Employees' Families • Education Bonus for Employees' Children • Diversified Employee Activities and Benefits
 Suppliers	<ul style="list-style-type: none"> • Business Ethics • Win-win cooperation 	<ul style="list-style-type: none"> • Sign the Supplier Integrity Commitment • Establish the Negative List of Suppliers • Identify Strategic Purchases
 Customers	<ul style="list-style-type: none"> • Product Quality • Rights Protection 	<ul style="list-style-type: none"> • Customer Satisfaction Survey • Optimize Product Quality Management System • Feedback Customer Demands within 24 Hours • Improve After-sales Service
 Society	<ul style="list-style-type: none"> • Charity Donations • Education Assistance and Poverty Alleviation 	<ul style="list-style-type: none"> • Collaborative Support for Rural Revitalization • Western Region Education Donation • Donation to Higher Education

SHAREHOLDER FEEDBACK

THE COMPANY EARNESTLY SAFEGUARDS THE INTERESTS OF SHAREHOLDERS AND ACTIVELY SHARES THE OUTCOMES OF ECONOMIC DEVELOPMENT WITH SHAREHOLDERS.

In May 2023, the Company distributed a cash dividend of RMB 5.70 every ten shares (tax included) to A-share shareholders registered as of the equity registration date.

A total of RMB 64.80 million in cash dividends were distributed,

Accounting for 30.17% of the net profit attributable to shareholders of listed companies in 2022.



Amorphous Special

A leading enterprise in the amorphous alloy material industry.



GREEN, RECYCLABLE AND ENERGY-SAVING MATERIALS THROUGHOUT THE LIFE CYCLE

Manufacturing Energy Saving

The fabrication process of amorphous strip adopts super-cold solidification technology, which rapidly cools the molten steel at a rate of one million degrees per second and forms it into a thin strip with a thickness of only 0.03mm in one step. The production process is only more than 10 meters. Compared with the silicon steel production line of several thousand meters, the preparation process is energy-efficient. According to statistics, the production of 1 ton of amorphous strip emits 730kg less carbon dioxide than 1 ton of silicon steel.



One-time molding with a thickness of only 0.03mm

0.03mm



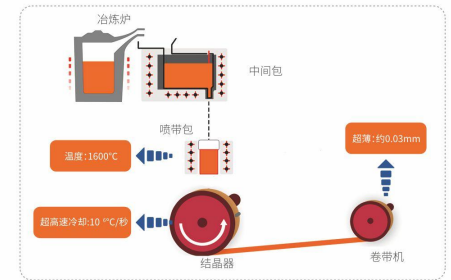
The production process is only 10m.

10m



The production of 1 ton of amorphous strip emits 730kg less carbon dioxide than 1 ton of silicon steel.

730kg



Amorphous Strip Process Flow Chart

Application Energy Saving

The no-load loss of amorphous transformer is 60%-80% lower than that of the best silicon steel transformer currently available, and is therefore known as the "green power plant without a generator".



No-load Loss Reduced by

60%-80%

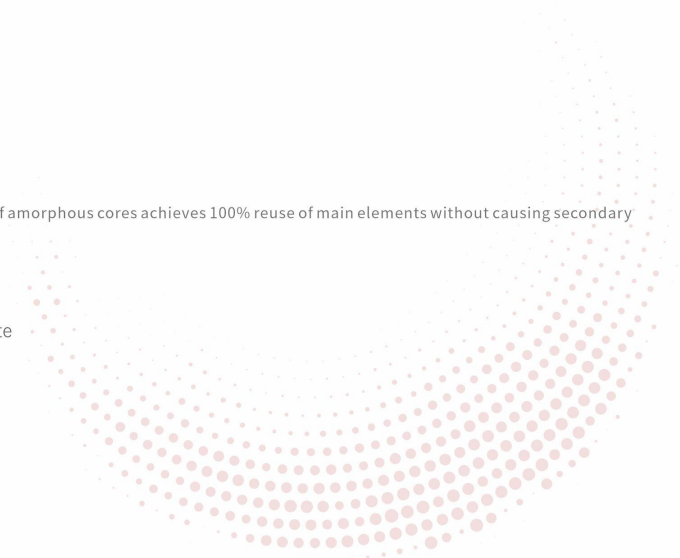
Recycling Energy Saving

The recycling process of amorphous cores achieves 100% reuse of main elements without causing secondary waste.



Main elements recycling rate

100%



YUNLU AMORPHOUS PRODUCTS GLOBAL MARKET DISTRIBUTION

USA

The U.S. Department of Energy (DOE) finalized the new distribution transformer energy efficiency standards in April 2024, and will increase the proportion of amorphous distribution transformer applications to 25% in the next five years.

Europe

The TIER3 energy efficiency standard of the 27 EU countries will take effect in 2027. Internationally renowned transformer manufacturers have already rolled out their plans for the amorphous field.

Asia

Power grid companies are fully inclined towards amorphous solutions, and Asia's annual amorphous consumption accounts for more than 50% of the world's total.

50%

Africa

Power grid companies in South Africa, Nigeria, and Uganda have established amorphous standards and are widely conducting technical verification in north-of-the-Sahara Africa.

Latin America

Grid companies encourage energy conservation and consumption reduction, and the number of biddings for amorphous distribution transformers increases year by year.

70 +

Serving 70+ Power Grid Companies

60%

International Market Share Over 60%

18

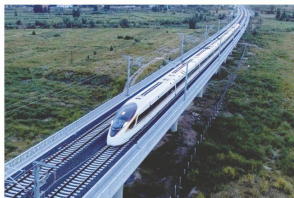
Countries and Regions

The Company's amorphous alloy products have been sold to all parts of the world.

TYPICAL CASES OF APPLICATION OF AMORPHOUS ALLOY DRY-TYPE TRANSFORMERS



Rail



Beijing-Zhangjiakou High-Speed Railway



Qingdao High-Speed Railway



Guangzhou Metro



Beijing High-Speed Railway



Shanghai High-Speed Railway



Beijing Urban Sub-Center Station Comprehensive Transportation Hub Project

Public Buildings



Qingdao Youth Football Stadium



National University of Defense Technology



Beijing New International Exhibition Center Phase II Project

Data Center



China Telecom Beijing-Tianjin-Hebei Big Data Center



China Mobile International Information Port



China Unicom Hohhot Cloud Data Center



China Telecom Ningbo East Zhejiang Cloud Data Industrial Park



JD Cloud East China Data Center



Hangzhou Iron and Steel Cloud Computing Data Center

Data Center



CATL Xiamen Xinnengan Project



Weichai Power Technology Experimental Center Project



Yongsi Electronics (Ningbo) Chip Packaging and Testing Project



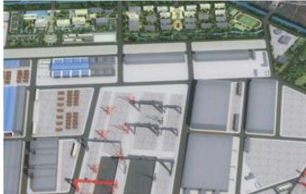
New Energy Product Testing and Inspection Center of China National Heavy Duty Truck Group Jinan Power Co., Ltd.



AVIC Optronics (Guangdong) Co., Ltd. South China Industrial Base



Xinjiang Hotan Rare Metal Resources Comprehensive Smelting Project



CSSC Changxing Shipyard Phase II



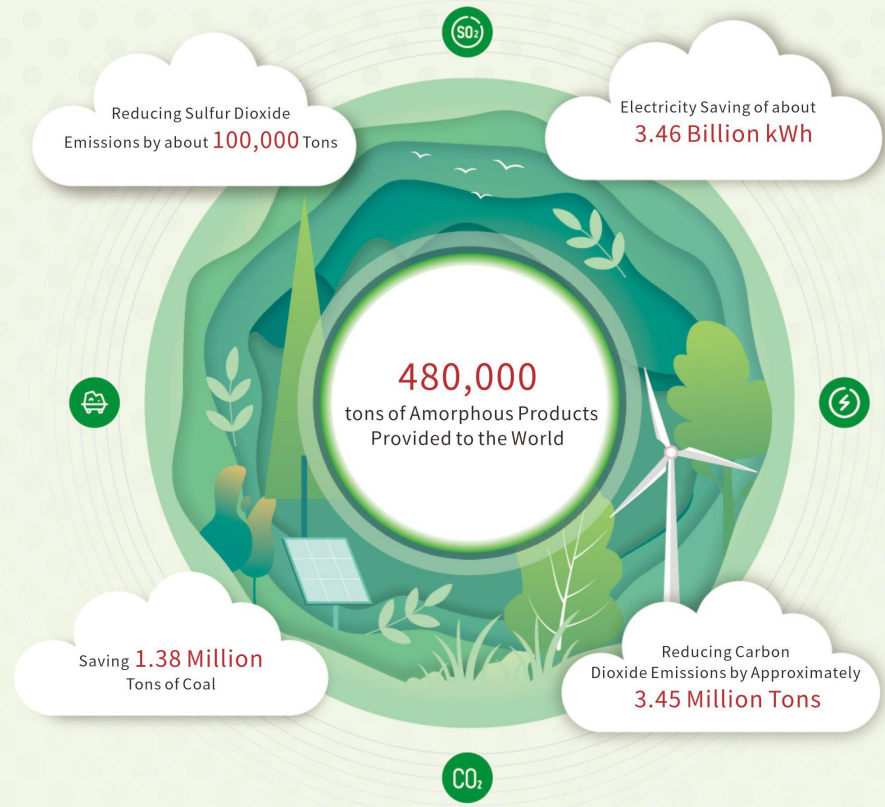
Jinshiyuan South Plant Intelligent Packaging Logistics Center Construction Project



Zhuhai Hengqin Innovation Center Project



Qinghai Xiyu Nonferrous Metals Co., Ltd. Multi-metal Resource Comprehensive Recycling and Environmental Protection Upgrading and Renovation Project



Market Recognition

PART 1



EFFICIENT R&D RESPONSE CLOSE TO END USE

Established Shenzhen Applied Research Institute



The Company is committed to a development strategy centered on customer needs. By establishing the Shenzhen Research Institute, it has achieved deep integration with rapid response to end-customer needs, providing customers with more personalized and precise services.



EMPHASIS ON QUALITY AND PURSUIT OF EXCELLENCE

The Company is committed to delivering high-standard quality products to customers on time and continuously strives to achieve the goal of overall quality excellence.

Internal Quality Control



The Company has added advanced automatic testing equipment to ensure the comprehensiveness and accuracy of product testing, and is committed to achieving the goal of zero product defects and reducing risks associated with customer use.

Customer Service

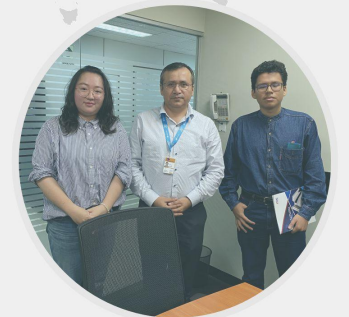


The Company always focuses on customer needs and is committed to continuously upgrading its after-sales service. It requires customer service personnel to respond to customer needs quickly within 24 hours, which has greatly improved customer satisfaction.



GREEN PROMOTION HIGH-QUALITY JOINT CONSTRUCTION OF THE BELT & ROAD INITIATIVE

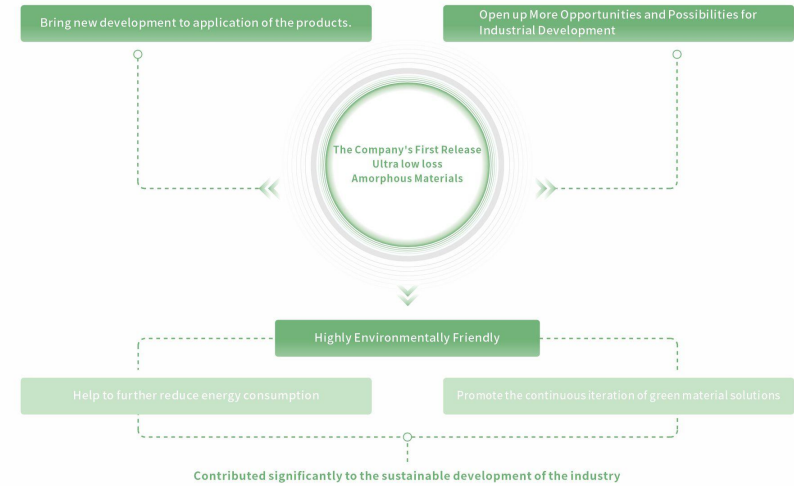
The Company actively responded to the country's Belt & Road Initiative and joined the China New Energy Overseas Development Alliance. It has achieved breakthroughs in amorphous materials in many countries in key emission reduction areas in Asia and Latin America, and continued to drive the green transformation and upgrading of industries along the Belt & Road, making important contributions to the sustainable development of local societies and economies.



Industrial Respect

PART 2

DEVELOPMENT BROUGHT BY TECHNOLOGY UPGRADING AND INNOVATION



EMPOWERING THE INDUSTRY AND IMPROVING THE INDUSTRIAL ECOLOGY

The Company co-organized the "Forum on High-Quality Development of the Amorphous Nanocrystalline Industry and the 10th Amorphous Materials Industry Development Seminar of the Amorphous Alliance", inviting enterprises, scientific research institutions, government departments and other parties inside and outside the industry to participate, and helping the industry to establish a more complete industrial ecosystem and realize resource integration and coordinated development.



Employee satisfaction

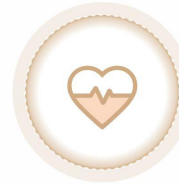
03
PART 3



SAFE PRODUCTION LAYING A SOLID FOUNDATION FOR DEVELOPMENT

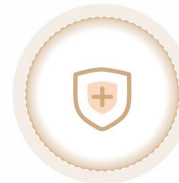
The Company has firmly established the bottom-line thinking for safe production, formulated management requirements for safe operations and occupational health, and established health and safety management plans and implementation paths in parallel, ensuring the life safety and physical health of employees and promoting the stability and improvement of the safe production situation.

Occupational Health ●●



The Company actively creates working environment and conditions for employees that meet national occupational health standards and requirements. It conducts free-of-charge health examinations for all employees on a regular basis every year to promptly detect and treat employees' health problems. The Company has established an occupational health monitoring file to achieve full coverage of health monitoring, to promptly understand the health status of employees, and to provide employees with more comprehensive health protection.

Security Management ●●



The Company strictly revised the "Safety Assessment Management Measures". On the one hand, it has strengthened the safety production responsibilities of the main responsible persons and implemented the "three standards" requirements for managers to take up their posts. On the other hand, it has strengthened the implementation of the safety responsibilities of all employees. All employees of the Company shall strictly implement the "one post, two responsibilities" and complete the update of the "All Employee Safety Production Responsibility List", achieving 100% coverage of all employees.

Emergency Response ●●



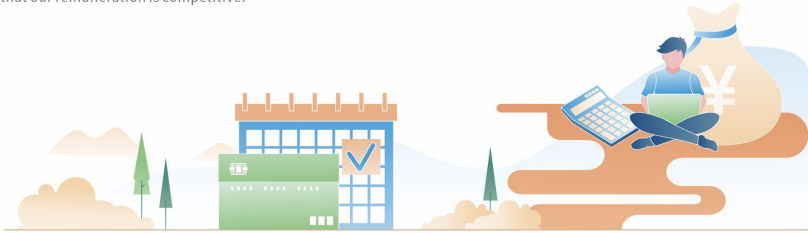
The Company has promptly carried out an assessment of the applicability of the accident emergency plan and comprehensively updated the "Company Emergency Response Plan" in order to effectively improve its operability, strengthen the construction of the emergency management system, and further improve the Company's overall risk management capabilities.



TALENT STIMULATION EMPOWERING JOINT CREATION OF VALUE

Remuneration Mechanism

The Company is committed to establishing a fair and reasonable remuneration mechanism. For the purpose of motivating employees to innovate and excel in performance, the Company has set up a scientific reward and performance appraisal mechanism to encourage employees to continually learn and grow. The Company focuses on internal fairness to ensure that employees with the same workload and quality receive similar remuneration packages. The Company regularly communicates with employees on remuneration policies and adjustments to ensure that they understand and agree with our remuneration system. At the same time, we also emphasize external fairness by regularly assessing and comparing our remuneration levels with those of our peers in the same industry, in order to ensure that our remuneration is competitive.



Training and Empowerment

For R&D personnel, the Company regularly invites well-known young scientists in China to share their scientific research experience, thus creating a learning platform for employees to keep abreast of the latest scientific research trends and expand their academic horizons, and to continuously improve their professional skills and comprehensive ability. This enhances their sense of belonging and innovation. To core management personnel, management training is given from time to time to help them improve their leadership and team management capabilities, and upgrade the comprehensive ability of the management team. To campus recruits, customized special training for the "Exploring Yunlu Plan" is carried out, in order to familiarize them with and incorporate them into Yunlu. The goal is to cultivate them into practitioners with cultural identity recognition, professional maturity, and career proficiency, enabling the campus recruits to realize quick role transition.



EMPLOYEE HONOR



Shandong Province May 1st Model Worker



Qingdao City Innovation Leader



Qingdao City Top Talents



The Most Beautiful Female Scientists



The Most Beautiful Executive Member of the Women's Federation of Qingdao



CARING FOR EMPLOYEES, SOLIDARITY FOR A BETTER FUTURE



Free Medical Consultation Service

We have hired famous teachers from many well-known hospitals in Qingdao, covering a variety of disciplines such as pediatrics and geriatrics, to provide free consulting services to employees, in an effort to solve the problems faced by employees and their families when seeking medical service.

Education Empowerment to Second-Generation of Yunlu Employees

The company has always attached great importance to the education of employees' children, and its labor union has organized a variety of activities and initiatives to empower the education of employees' children, encouraging employees to pay attention to the development of their children's all-round ability in areas such as morals, intelligence, physical fitness, work and aesthetics.



Establishment of the "Second-Generation of Yunlu Employees" Scholarship

The Company has set up a "Second-Generation of Yunlu Employees" scholarship to help employees' children develop comprehensively. Those with excellent academic performance and special talents will be commended. This is to encourage the children to realize their dreams and build a better future together!



The daughter of Guo, an employee of the equipment department, was admitted to Tianjin University of Technology.



The daughter of Fu, an employee of the manufacturing department, won the first place in the Taekwondo Elite Competition of the 6th Qingdao Sports Games.



The daughter of Sun, an employee of the equipment department, was admitted to Beijing Institute of Technology.



The son of Cao, an employee of the manufacturing department, was admitted to Beijing Normal University.

Regularly Assist Employees in Need

To send warmth during the Chinese Little New Year, the Company always provides warm care measures for employees and regularly visits and assists employees in need. So far, a total of 46 visits have been made, aiming to help solving sudden difficulties and let employees feel the warmth and care of the Company as a big family.



CARING FOR EMPLOYEES, SOLIDARITY FOR A BETTER FUTURE

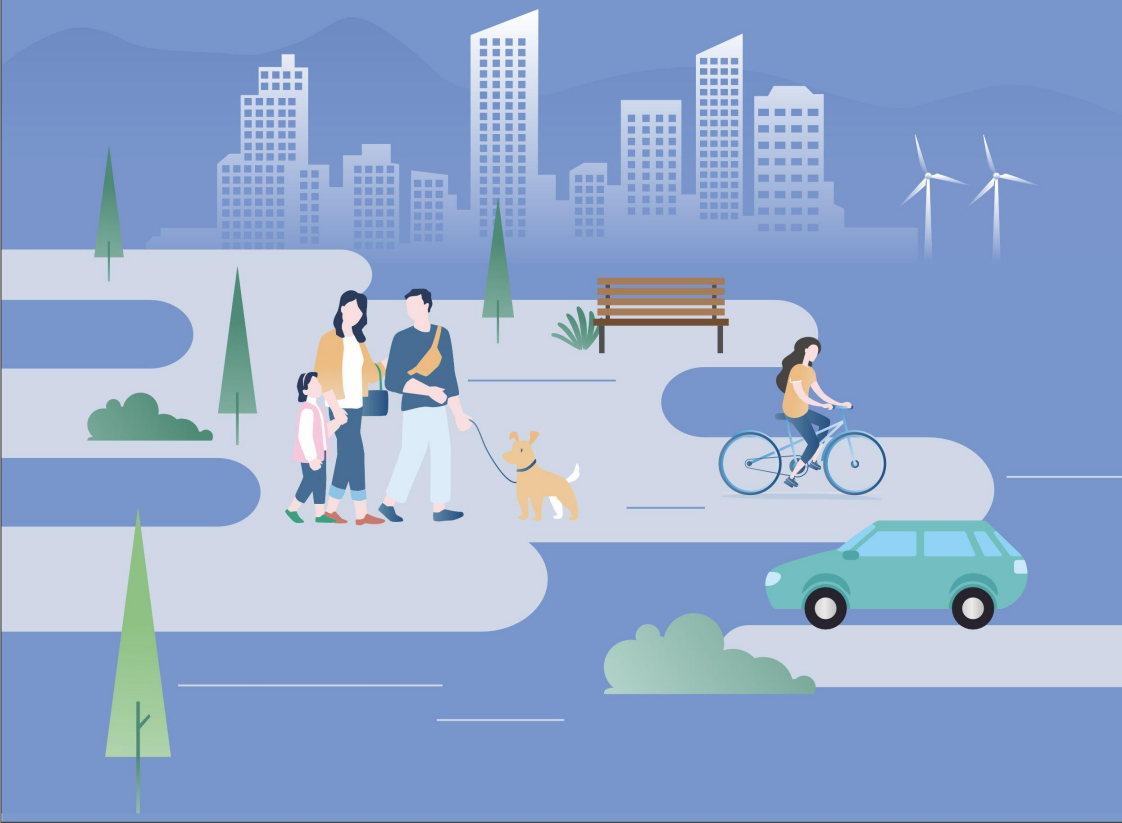
Rich and colorful employee activities ●●

Constantly aiming to improve employee satisfaction, the Company organizes colorful, healthy and beneficial employee activities, to create a positive, upright and vigorous team spirit.



Social Trust

04
PART 4



KEEP CHANNELS OPEN TO PROTECT INVESTORS' RIGHTS AND INTERESTS

The Company held a total of three public performance briefings in 2023, and physically participated in the collective performance briefing of subsidiaries of Aero Engine Corporation of China, building a platform for small and medium-sized investors to communicate with the Company. The Company has answered nearly 40 questions of concern from small and medium-sized investors through the SSE E-Platform, and given response to nearly 100% of the inquiries made by emails and telephone calls, thereby effectively protecting investors' right to know.

In 2023, the Company held 3 public performance briefings

40

Answered nearly 40 questions of concern from small and medium-sized investors

100%

responded to nearly 100% of the inquiries made by emails and telephone calls

thereby effectively protecting investors' right to know



DEVOTING OURSELVES TO PUBLIC WELFARE AND FULFILLING OUR CORPORATE RESPONSIBILITY

QINGDAO - DINGXI

1655km

Across mountains and seas, the road may be long, but love is always there!

A total of 754 employees of the Company participated in the charitable donation, distributing school bags, stationery, thermos cups and other love supplies to 90 students from poor families with good character and academic performance. The total amount of funding in excess of 200,000 yuan has contributed to the development of education in the western region.



"Assisting Students, Building Dreams, and Shaping People"

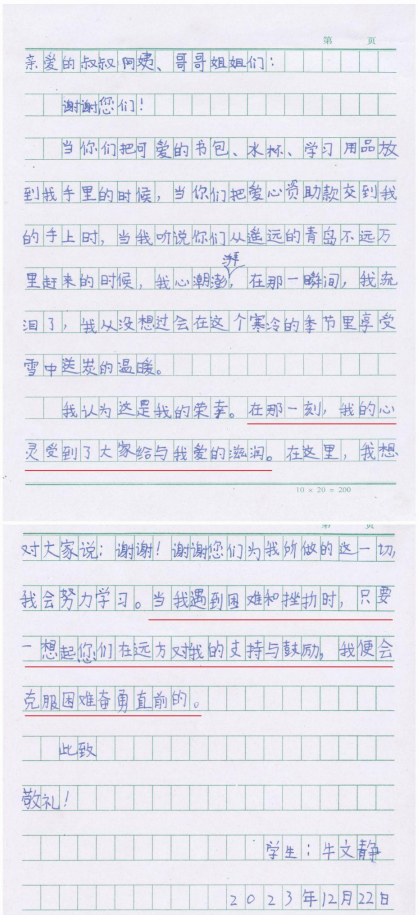
Towards the end of the year, the Company received letters from the school and the children. These letters were full of sincerity and gratitude. They detailed the children's studies and colorful daily life, demonstrating the power and beauty of education.

尊敬的青岛云路先进材料技术有限公司全体员工：
你们好！
首先在这里对你们表示最真挚的谢意！感谢你们千里迢迢而来，带给我们精神和物质上的资助。孩子们兴高采烈地回家告诉我，有几个哥哥姐姐给他们学校的同学捐赠了好多文具与现金，他们还特地请老师的带领下去银川参加捐赠仪式，他们既高兴又激动。我听后也是满满的感动。
我家是个特困家庭，下有三个未成年子女，上有70多岁的父母亲，而妻子一直以来患有精神疾病，时而疯癫，时而清醒，在生活上子女教育方面无法给我搭帮，我也被牢牢地拴在家里，无法外出务工，只能在老家种几亩苹果维持生计。但也非常感谢党和祖国近十年来的关心帮助，让我家的生活勉强能继续。在年收入收入不到2000元的家庭，除了孩子收到的物质捐赠外，我也竟然收到了你们4000元的现金资助，这对我们来说真是一笔不菲的收入，真是感谢你们。也感谢你们来我家看望我的老父母，感谢你们对我的孩子的鼓励，你们的恩情我们一家人难以忘怀，会深深牢记心间。感谢你们！

最后祝愿你们身体健康，工作顺利！

学生家长：苟建元

2023年12月28日



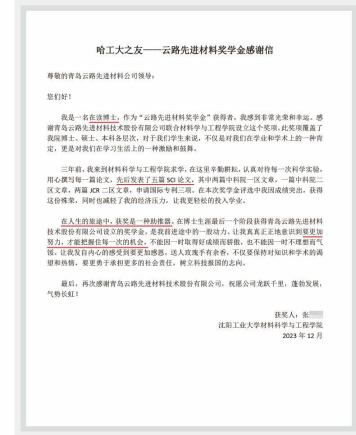
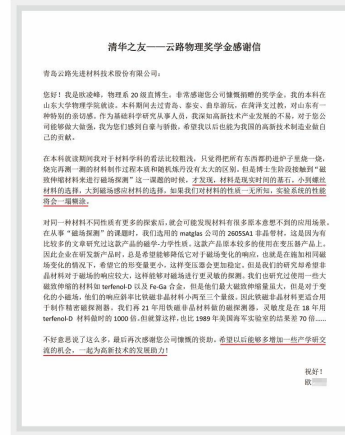
Party Building Promotes Rural Revitalization

Focusing on the rural revitalization strategy proposed by the CPC Central Committee and the State Council, the Company has established a partnership with Guojiaiwuzi Village in Lancun Town, Jimo District, and through consumer support and industrial promotion, has embarked on a new path of party-building leadership, scientific and technological agricultural development, and mutual promotion and win-win results.



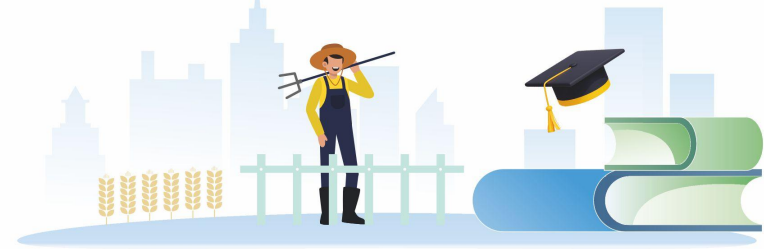
Donate Scholarships to Colleges and Universities

The Company donated scholarships to multiple domestic universities, with 7 undergraduates and 13 doctoral students receiving scholarships. By providing students with financial support and development opportunities, the Company has upgraded the level of education, cultivated outstanding talents, and promoted cooperation and exchanges between enterprises and universities, conveying positive energy and promoting harmonious social development.



Actively Participate in the Glorious Cause

In active response to the initiative of Qingdao Glorious Enterprise Promotion Association to "actively participate in the glorious cause and strive for achieving common prosperity", the Company made donations to the Glorious Fund, consciously combining its own corporate development with national development, combining personal wealth with common prosperity, and requiring the society in gratitude.



TARGETS FOR 2024

Focusing on the two dimensions of "importance to the Company" and "importance to stakeholders", the Company has identified a total of eight specific ESG key tasks by referring to relevant international initiatives and standards as well as ESG issues of general concern in the capital market and industry, and has formulated short- and medium-term work goals to guide the Company to advance its ESG work in a targeted and focused manner.




 Refer to relevant international initiatives and standards and preliminarily identify ESG key tasks in compliance with the Company's development strategy;


 Conduct stakeholder communication through various means and make suggestions on the Company's ESG priorities;


 Identify key ESG tasks and set short-term and mid- to long-term work goals.

S/N	Project		Status in 2023	Work Goals for 2024	Mid-term Work Goals (3 years)	Work Measures
1	Protect the rights and interests of small and medium-sized investors.		Held three public performance briefings throughout the year	Holding three public performance briefings throughout the year.	Holding three public performance briefings throughout the year.	Actively hold performance briefings following regular reports to comprehensively and objectively display the Company's operating status.
2	Protect suppliers' legitimate rights and interests.		According to the business contract, there is no overdue payment or wage arrears to small and medium-sized enterprises, private enterprises or migrant workers.	According to the business contract, there is no overdue payment or wage arrears to small and medium-sized enterprises, private enterprises or migrant workers.	According to the business contract, there is no overdue payment or wage arrears to small and medium-sized enterprises, private enterprises or migrant workers.	Track the performance of contract by supplier in a timely manner and make timely payments on condition of full performance of contract by supplier.
3	Increase the proportion of fresh graduates recruited.		4.5%	≥5.0%	≥5.5%	1. Provide socially competitive salaries and benefits to attract talents, and give priority to recruiting fresh graduates; 2. Improve the training system for fresh graduates.
4	Employee Care	Employee Care Expenditure	Net Profit*2.3%	≥Net Profit*2.4%	≥Net Profit*2.5%	Establish a welfare system that combines universal welfare and differentiated welfare; continuously improve basic welfare for employees, provide more health and education care for individuals and families; design differentiated welfare for individual groups focusing on spirit and growth.
5	Worker safety	Safety Injury Rate Per Million Working Hours = (number of work-related accidents/total working hours) × 1,000,000	1.8	1.2	0.8	1. Professionalize the safety and environmental management team and recruit more professional personnel; 2. Overall management driven by a professional team, combining empowerment with assessment, and expanding application of the safety certification requirement from the Company's management to all employees (i.e. all employees should pass the Company's uniform safety examination). 3. Special topic: Improve the waste gas treatment process and reduce the discharge of waste slag; 4. Strengthen the management of hazardous waste sources, review hazardous waste emissions during the equipment and process research stages, and eliminate the generation of hazardous waste.
6	Environmental Protection	Environment Output Value of 100 Million yuan Hazardous Waste Discharge (T/100 Million yuan)	4.9	4.4	4	Amorphous alloy materials are highly energy-saving and environmentally friendly. They are green materials that can be recycled throughout their life cycle, and are "energy-saving in manufacturing, in application, and in recycling". The Company will continue to promote amorphous green energy-saving solutions worldwide and remain committed to becoming a global provider of sustainable development energy materials and comprehensive solutions.
7		Green Product Accumulation Reduce Carbon Emissions	Cumulative Reduction of CO2 Emission by 3.45 Million Tons	Cumulative Reduction of CO2 Emission ≥ 4.4 Million Tons	Cumulative Carbon Saved ≥ 6.6 Million Tons	
8	In the customer satisfaction survey, the percentage of satisfaction rating of "A"		90%	93%	95%	Quality: Satisfy customers through advanced testing methods and quick response. Delivery: Continuously improve the ability to deliver acceptable products in one go.
9	Fulfilling Social Responsibility		Net Assets*0.71%	≥Net Assets*0.76%	≥Net Assets*0.81%	Continue to participate in the national strategy of rejuvenation of the country through science and education and targeted poverty alleviation, and step up investment in higher education and poverty alleviation in poorer areas.