

ESG Policy

I. Introduction

Shanghai Shanshan New Material Co., Ltd. (hereinafter referred to as “Shanshan Technology”), as a core enterprise in the new energy material sector, is deeply committed to the R&D, production, and application of lithium battery materials, consistently positioning sustainable development as a strategic core. The Company has established the **ESG Vision** of “Driving the New Energy Revolution with New Materials, New Processes, and New Management” (We CHANGE), and refined the core “WISE” **ESG philosophy** which centers on “Welfare, Innovation, Stewardship, and Eco-friendly”. The Company is dedicated to integrating sustainable development management concepts into all aspects of business operations, building an ESG management system, and enhancing ESG governance levels. To clarify the Company's core stance and direction of action across the Environmental, Social, and Governance dimensions, and to address the concerns and expectations of stakeholders, this *ESG Policy* is specifically formulated. It serves as a guiding document for the Company's ESG practices, directing compliance and the orderly execution of sustainable development work across the entire system.

II. Scope of Application

This ESG Policy applies to Shanghai Shanshan New Material Co., Ltd., its wholly-owned subsidiaries, holding subsidiaries, and branches (hereinafter referred to as “the Company”), covering all of the Company's business segments, functional departments, production bases, and all personnel. Furthermore, the Company encourages supply chain partners to reference the core principles of this Policy to jointly practice the concept of sustainable development and build an ESG ecosystem across the entire industry chain.

III. Policy Commitments

3.1 Environment

The Company profoundly recognizes that environmental responsibility is the cornerstone of corporate sustainable development. It is committed to actively

responding to climate change, standardizing environmental management, optimizing resource utilization, strictly controlling pollutants and waste, promoting a circular economy, and protecting biodiversity to achieve coexistence between industry and the environment.

3.1.1 Climate Change Response

The Company actively responds to the national “Dual Carbon” strategy and publicly commits to the “Dual Carbon” goal of **“achieving an overall reduction of 34% in Scope 1 and Scope 2 emissions by 2030, achieving carbon neutrality in operations by 2050, and achieving value chain carbon neutrality by 2060”**. The Company establishes a carbon emissions accounting system, increases the proportion of clean energy use, manages climate change risks and opportunities, and participates annually in carbon information disclosure, such as the CDP Climate Change rating.

3.1.2 Environmental Management

The Company adheres to the **policy of “Compliance with Regulations, Integration of Prevention and Control, People-Oriented Approach, and Continuous Improvement”**. It strictly complies with national and local environmental laws and regulations, continuously maintains and effectively operates the ISO 14001 Environmental Management System. The Company regularly evaluates environmental management performance, organizes the identification and review of environmental factors, prevents major environmental accidents, reports environmental data, publicly discloses performance, and accepts supervision.

3.1.3 Energy and Water Resource Management

The Company prioritizes the management of energy and water resources, sets annual management goals, and defines the Green Power Goal of **“achieving 30% green electricity use in 2023, 60% in 2025, and 100% in 2030”**. The Company actively promotes the application of renewable energy and increases utilization efficiency through technological upgrades, process optimization, and digital management. Furthermore, the Company commits to conducting water resource risk assessments, advancing water conservation and recycled water projects, and

reducing water consumption.

3.1.4 Pollutant and Waste Management

The Company commits to equipping efficient treatment facilities for exhaust gas, wastewater, and noise, ensuring that both emission concentration and total volume meet standards, and resolutely preventing illegal dumping or unauthorized discharge. The Company establishes a waste full life-cycle management system—encompassing “Source Reduction - Segregated Collection - Compliant Disposal - Resource Recycling”—to minimize environmental impact.

3.1.5 Circular Economy

The Company commits to integrating the circular economy into the entire product life cycle. R&D prioritizes the selection of recyclable and eco-friendly raw materials, the use of less hazardous alternative substances in operations, and the promotion of packaging material reuse. Furthermore, the Company collaborates with upstream and downstream partners to jointly build a circular economy platform, participate in industry standard setting, and lead circular innovation in the field of new energy anode materials.

3.1.6 Biodiversity Protection

The Company commits to conducting biodiversity impact assessments during the site selection for new projects and the operation of existing production bases, identifying surrounding sensitive ecological areas. It formulates protection measures, participates in public welfare projects, carries out ecological restoration in plant areas, strengthens employee training, and prohibits actions that damage the ecosystem.

3.2 Society

The Company firmly believes that enterprises are an important part of society. It is committed to protecting human rights and employee interests, driving innovation, strictly controlling product quality, building a responsible supply chain, protecting information security, and fulfilling community responsibilities to contribute to social development.

3.2.1 Innovation Driven

The Company uses technological innovation as its core driving force. Leveraging its technical advantages in artificial and natural graphite, it promotes the R&D of new materials such as silicon-based anodes and soft/hard carbon. The Company commits to increasing R&D investment, focusing on green processes and circular technologies, improving the intellectual property management system, establishing a collaborative innovation system involving industry, academia, research, and application, and promoting the green transition of the industry.

3.2.2 Product Quality and Safety

The Company's **Quality Policy** is: **“To establish Shanshan Technology as a world brand. To value quality and reputation as the lifeblood of the enterprise, providing customers with excellent products and perfect services. To fulfill all commitments, continuously innovate and improve, achieve and exceed customer expectations. To become the industry benchmark for lithium-ion battery anode materials and promote the development of the new energy sector”**. The Company operates the IATF 16949 and ISO 9001 quality management systems, publicly discloses annual quality management goals, actively responds to customer needs and quality feedback, controls process quality and supplier quality and safety, strictly monitors product testing, and ensures product safety.

3.2.3 Sustainable Supply Chain

The Company commits to establishing a Supply Chain Sustainable Development Management System, practicing responsible procurement, and integrating sustainable development into all aspects of supply chain management. The Company requires suppliers to sign the *Supplier Code of Conduct* and incorporate it into contract terms, implement sustainable supplier evaluation and auditing, and carry out internal and external capacity building. The Company commits to not using mineral resources from conflict-affected areas and explicitly requires suppliers to comply with this requirement simultaneously.

3.2.4 Labor and Human Rights

The Company strictly adheres to the *Labor Law*, ensures equal employment opportunities for employees, and legally signs labor contracts, clarifying rights such as labor remuneration, working hours, and rest/leave. It ensures that wages are paid on time and are not less than the local minimum wage standard, and guarantees employees legally entitled statutory benefits. The Company prohibits child labor and forced labor, fosters a diverse and inclusive environment, protects employees' rights to association and negotiation, and ensures effective grievance channels.

3.2.5 Occupational Health and Safety

The Company has established and operates the ISO 45001 Occupational Health and Safety Management System, implementing the **policy of “Compliance with Regulations, Integration of Prevention and Control, People-Oriented Approach, and Continuous Improvement”**. The Company commits to organizing routine health check-ups and occupational disease physical examinations for employees, regularly conducting detection and evaluation of occupational hazard factors in production workshops, carrying out maintenance management of occupational disease prevention facilities, and providing occupational health and safety education to ensure employees master job safety knowledge and emergency skills.

3.2.6 Information Security

The Company has established and operates the ISO 27001 Information Security Management System. It prevents risks through measures such as regular security assessments and drills, encrypted communication and data protection, security patch management and vulnerability repair, and security awareness publicity and education. The Company strictly complies with regulations such as the *Cybersecurity Law*, the *Data Security Law*, and the *Personal Information Protection Law*. It commits to standardizing the collection, storage, use, and transmission of customer and employee personal information, ensuring that data collection is lawful, the purpose is clear, and usage is necessary.

3.2.7 Social Responsibility

The Company commits to taking effective measures during production and operation

to reduce negative impacts on surrounding communities. It actively participates in community welfare initiatives such as poverty alleviation, educational support, and elder/disability assistance, fulfilling social responsibility and promoting harmonious community development.

3.3 Governance

The Company commits to building a scientific and transparent governance system, upholding business ethics, strengthening risk management, and ensuring smooth stakeholder communication, thereby providing a solid governance guarantee for ESG practices.

3.3.1 Sound Operation

The Company strictly complies with the *Company Law* and the Articles of Association, improves its governance system, strengthens internal control and risk management, and promotes the implementation of ESG governance.

3.3.2 Business Ethics

The Company regards business ethics as a core criterion for corporate development. It commits to strictly prohibiting employees from seeking improper benefits or encroaching upon company assets. It strictly complies with the *Anti-Monopoly Law* and the *Anti-Unfair Competition Law*, engaging in fair competition and avoiding acts such as monopoly agreements, false advertising, and commercial defamation. The Company formulates a *Code of Business Ethics*, conducts business ethics training, establishes anonymous reporting channels, seriously addresses non-compliant behavior, and upholds business integrity.

3.3.3 Risk Management

The Company commits to making risk internal control a vital cornerstone of corporate governance. By establishing a sound internal control and risk management system, optimizing internal control processes, and improving risk response capabilities, the Company comprehensively fortifies its risk defense line, continuously enhances the stability and resilience of its operations, and provides a solid guarantee for achieving

long-term, high-quality development.

3.3.4 Stakeholder Communication

The Company commits to identifying key stakeholders, analyzing their concerns and expectations, regularly conducting communication and exchange activities, establishing a closed-loop mechanism for handling comments and suggestions, providing timely feedback and continuous improvement, and building a relationship of mutual trust and win-win collaboration.

IV. Organizational Structure

Shanshan Technology has established a three-tiered ESG management structure: “Decision-Making Layer – Management Layer – Execution Layer”. The Decision-Making Layer is served by the Sustainable Development Management Committee under the Board of Directors, which acts as the highest decision-making body and regularly reports the effectiveness of ESG management to the Board. The Management Layer is led by the ESG Department, in conjunction with the Office of the Board, as the primary responsible departments. They collaborate with functional heads across the headquarters and the General Managers of various industrial companies to comprehensively promote the implementation of ESG work both horizontally and vertically. The Execution Layer consists of all employees in Shanshan Technology's professional working groups and site working groups, ensuring the stable operation of sustainable development work.

V. Revision and Update

This Policy shall take effect from the date of issuance and shall be updated at least once every three years.

*The final right of interpretation for this Policy belongs to the ESG Department.

Shanghai Shanshan New Material Co., Ltd.

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