

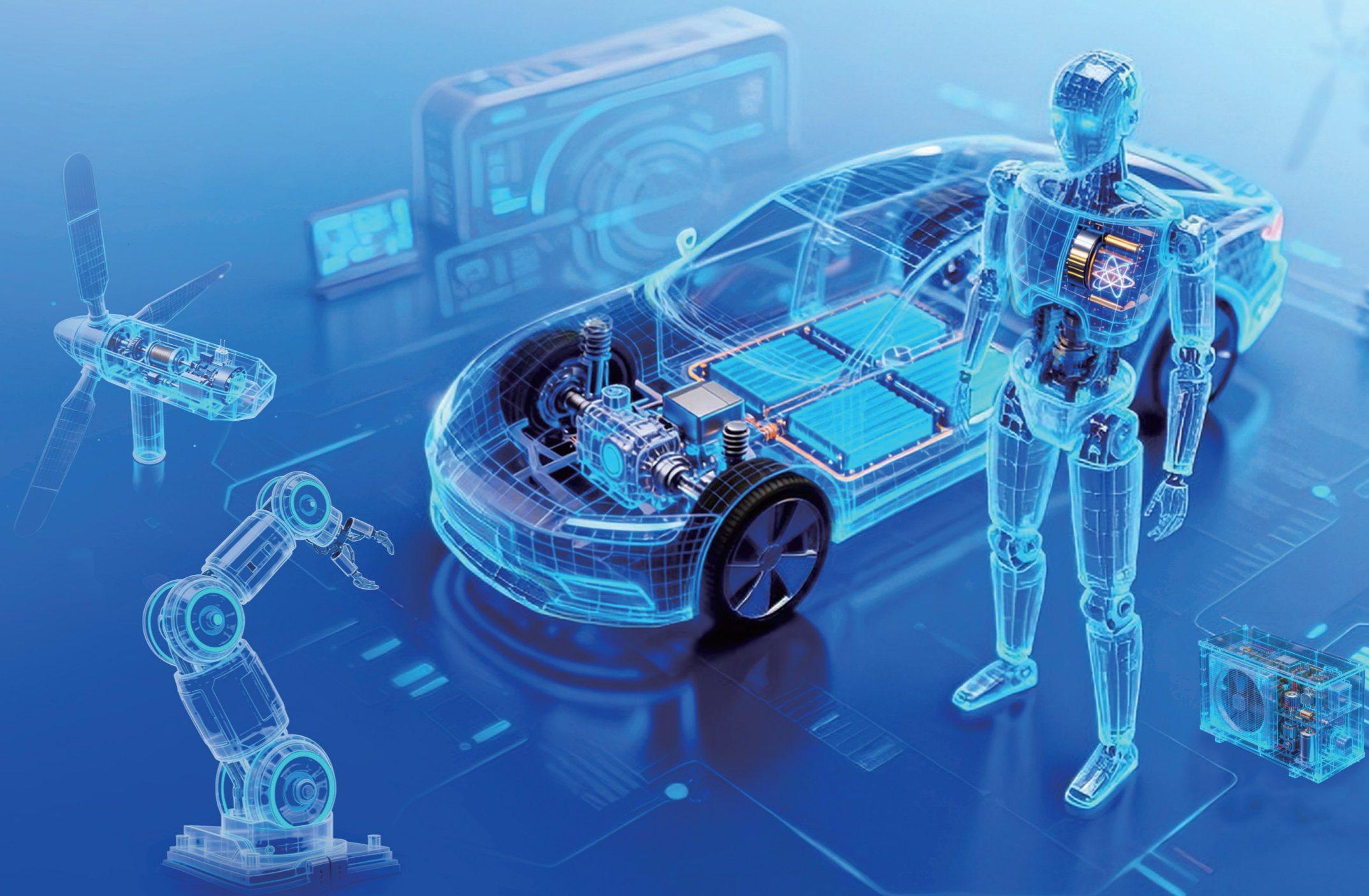
BECOMING A LEADER IN INNOVATION IN PERMANENT
MAGNETIC MATERIALS



Stock code:603072 **2025**

Environmental ,Social and Governance (**ESG**) Report

Baotou Tianhe Magnetics Technology Co.,Ltd.



CONTACT INFORMATION

Address : No.8-17 Rare Earth Avenue, Rare Earth High-tech Industrial Park, Baotou, Inner-Mongolia.

Email: project@thmagnetics.com

Tel: 0472-5240512

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About this Report

■ Report Description

This report is the second Environmental, Social and Governance (“ESG”) report published by Baotou Tianhe Magnetics Technology Co.,Ltd. (hereinafter referred to as “THMag,” “the Company,” or “we”) for the public.

Upholding the sustainable development philosophy of THMag, this report aims to present to stakeholders, including shareholders, employees, government authorities, customers, partners and the public, a true account of the Company’s practices and achievements in fulfilling our responsibilities in 2025 in areas such as corporate governance, compliant operation, quality and safety, customer service, talent development, environmental protection and social contribution.

■ Statement of Reporting Standards

- The *Guidelines No. 1 for Self-regulation of Listed Companies—Standardized Operation* issued by the Shanghai Stock Exchange.
- The *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* issued by the Shanghai Stock Exchange.
- The *China Corporate Sustainability Reporting Guidelines (CASS-ESG 6.0)* issued by the Chinese Academy of Social Sciences.
- The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- The United Nations Sustainable Development Goals (SDGs).
- The *GRI Sustainability Reporting Standards (GRI Standards) (2021 Edition)* issued by the Global Reporting Initiative.

■ Reporting Scope and Boundary

Unless otherwise specified, the data contained in this report cover the period from 1 January 2025 to 31 December 2025 (hereinafter referred to as “2025”, the “Year” or the “Reporting Period”). To enhance the comparability and completeness of the report, certain data and content have been appropriately traced back to previous years.

Unless otherwise specified, this report covers the ESG-related performance of the headquarters and all subsidiaries of Baotou Tianhe Magnetics Technology Co.,Ltd., and the information boundary is consistent with that of the Company’s annual report.

■ Sources of Data and Reliability Assurance

Unless otherwise specified, the information and data cited in this report were derived from the Company’s statistical reports and relevant documents, as well as ESG information collected and reviewed by the Company. Unless otherwise specified, the currency and monetary amounts involved in the data contained in this report are denominated in RMB.

The Board of Directors of the Company warrants that this report contains no false or misleading statements and is responsible for the authenticity, accuracy and completeness of its contents.

■ Report Release and Access

This report is published once a year. The electronic Chinese and English versions are available on the Company’s official website (www.thmagnetics.com) and the website of the Shanghai Stock Exchange (www.sse.com.cn).

For further enquiries, or if you have any questions or suggestions regarding this report or the Company’s ESG work, you may contact the Company through the following means.

Address: No.8-17 Rare Earth Avenue, Rare Earth High-tech Industrial Park, Baotou, Inner-Mongolia.

Email: project@thmagnetics.com

Tel: 0472-5240512



Chairman's Statement



The year 2025 was a milestone for THMag. The Company was successfully listed on the Main Board of the Shanghai Stock Exchange under stock code 603072, marking a new stage in the capital market. Throughout the year, the mission of "Customer First, Cleaning the World, Magnetising the Future" was upheld, and the vision of "becoming a leader in innovation in permanent magnetic materials" was pursued. ESG principles were deeply integrated into strategic decision-making and daily operations, and solid progress was made in corporate governance, environmental protection, product innovation and social contribution.

Strengthening the Foundation with Compliance and Supporting Steady Development through Transparency

In 2025, the governance structure of the General Meeting, the Board of Directors and the management was further improved. A three-tier ESG management system with clear responsibilities and efficient coordination was established, and sustainable development performance was incorporated into senior management appraisal, thereby strengthening the foundation for corporate development through transparent and compliant operation. A total of 213 announcements of various kinds were disclosed during the year, and a 100% response rate to investor communications was maintained, effectively safeguarding the lawful rights and interests of shareholders and stakeholders.

Green Transformation and Low-carbon Practices for a Better Home

In response to industry changes driven by the "dual carbon" goals, green development was adopted as one of the core strategies. The effective operation of the ISO 14001 Environmental Management System and the ISO 50001 Energy Management System was further strengthened, and the standards and requirements for "Green Supply Chain Factory" and "Green Factory" were strictly followed. During the year, RMB 1.0277 million was invested in the upgrading of environmental protection facilities and technological transformation, with a focus placed on energy-saving projects such as waste heat recovery and green electricity substitution. After the waste heat recovery project was put into operation, electricity consumption during the heating season was reduced by 57%, with remarkable results achieved. Through process optimization and resource recycling, the annual water recycling and reuse rate reached 99.69%. The adoption of KLT reusable containers has increased bicycle transportation volume by 50%. Resource consumption and environmental footprint were both reduced, and the solemn commitment to "protecting the ecology through magnetics" was honoured through practical action.

Innovation-driven Leadership and Strong Capabilities for Industrial Upgrading

A strong focus was maintained on the field of high-performance rare earth permanent magnetic materials, and technological innovation was regarded as the source of core competitiveness. In 2025, research and development investment exceeded RMB 112 million, and continued efforts were made in core technology breakthroughs and product upgrading. A number of core patents were added, and self-developed technologies, including the intelligent continuous furnace and the 3D diffusion process, were successfully industrialised. Through precise temperature control design, the intelligent continuous furnace increased the product qualification rate by 5%-10%. The 3D diffusion process enabled directional and differentiated performance of permanent magnetic materials according to specific needs, further expanding product application scenarios. In recognition of solid product quality and technical strength, honours such as "Sustainable Long-term Partner" and "Excellent Supplier" were awarded by globally renowned customers including Volvo, Bosch and Daikin. High-quality industrial development was supported by technological innovation, and the upgrading of downstream green and low-carbon sectors such as new energy vehicles, wind power and energy-efficient household appliances was further advanced.

People-oriented Development and Responsibility-driven Value Creation

A strong focus was maintained on the field of high-performance rare earth permanent magnetic materials, and technological innovation was regarded as the source of core competitiveness. In 2025, research and development investment exceeded RMB 112 million, and continued efforts were made in core technology breakthroughs and product upgrading. A number of core patents were added, and the intelligent continuous furnace and the 3D diffusion process, were successfully industrialised. The intelligent continuous furnace optimizes the furnace insulation structure and temperature control logic, shortening the product production cycle by approximately 5%-10% compared with the original single furnaces. The 3D diffusion process enabled directional and differentiated performance of permanent magnetic materials according to specific needs, further expanding product application scenarios. In recognition of solid product quality and technical strength, honours such as "Sustainable Long-term Partner" and "Excellent Supplier" were awarded by globally renowned customers including Volvo, Bosch and Daikin. High-quality industrial development was supported by technological innovation, and the upgrading of downstream green and low-carbon sectors such as new energy vehicles, wind power and energy-efficient household appliances was further advanced.

Looking back, remarkable achievements were made. Looking ahead, the path forward remains long and demanding. At this new starting point, the core values of "Safety, Striving, Innovation, Integrity and Responsibility" will continue to be upheld by THMag. Guided by *ESG Medium-term Strategy (2025-2030)*, efforts will be focused on three key directions, namely green and low-carbon transformation, breakthroughs in technological innovation, and collaborative and mutually beneficial supply chain development. By 2030, operational carbon neutrality is targeted to be achieved, the proportion of green electricity is targeted to 100%, and R&D intensity is targeted to be increased to over 4%.

It is firmly believed that only by adhering to the path of sustainable development can steady and long-term progress be achieved. Going forward, THMag is committed to working together with all partners, continuing to deepen its presence in the rare earth permanent magnet industry, supporting the achievement of the "dual carbon" goals, striving unremittingly to build a "Century-old THMag" and become a global leader in the rare earth permanent magnetic materials industry, and making greater contributions to the sustainable development of society.

Baotou Tianhe Magnetics Technology Co.,Ltd.

Chairman:



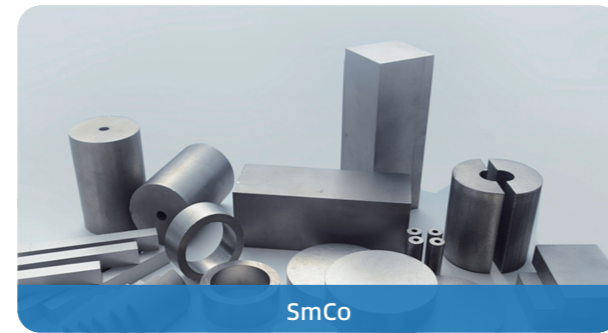
Staying True to the Original Aspiration through Magnetics, Fulfilling Responsibilities, and Building the Future Together



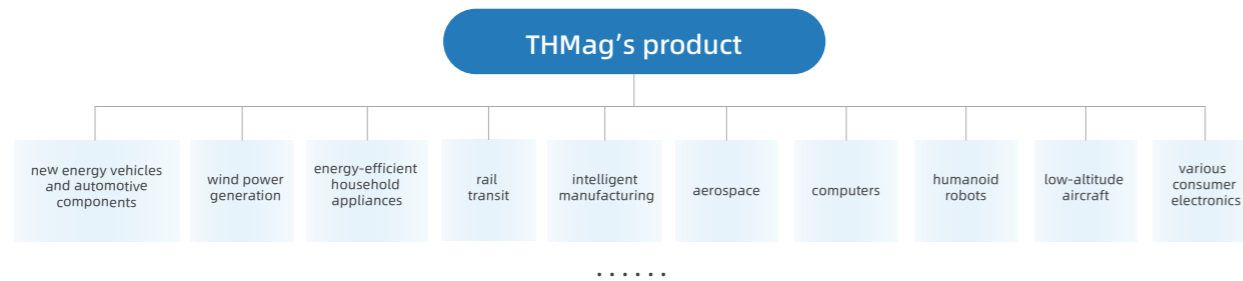
Discover THMag

■ Company Profile

Baotou Tianhe Magnetics Technology Co.,Ltd., abbreviated as "THMag", was established in 2008 and was successfully listed on the Main Board of the Shanghai Stock Exchange on 3 January 2025 under stock code 603072. THMag is a key National High-tech Enterprise and technology innovation enterprise specialising in the R&D, production and sales of high-performance rare earth permanent magnetic materials, with a principal focus on NdFeB and SmCo rare earth permanent magnets, and the company provides integrated rare earth permanent magnet solutions for customers.



THMag's 10,000-ton production base is located in Baotou, the world's rare earth capital, and is supported by a full rare earth permanent magnet industry chain covering rare earth raw material supply, blank production, finished product processing and surface treatment. Supported by advanced production technologies, high-end product production and R&D capabilities, and the design and manufacturing capabilities for key equipment, THMag has developed core strengths in raw material supply, technological innovation, production scale, quality and cost during its continued growth.



THMag's products are energy-saving and environmentally friendly, and are widely used in new energy vehicles and automotive components, wind power generation, energy-efficient household appliances, rail transit, intelligent manufacturing, aerospace, computers, humanoid robots, low-altitude aircraft and various consumer electronics.

Going forward, THMag will continue to uphold the philosophy of sustainable development, with independent technological R&D and innovation as the core. Full reliance will be placed on Baotou's complete rare earth industry chain to further strengthen its presence in the field of high-performance rare earth permanent magnetic materials, consolidate its advantages in quality and brand, promote the spirit of craftsmanship, and build a "Century-old THMag". Greater contributions will be made to Baotou's development of two rare earth bases, and efforts will be made to grow into a global leader in the rare earth permanent magnetic materials industry.

■ Tianhe Culture



Our Name's Implication:

Blessed by heaven, geographically rich resources, excellent collaboration through team work.

Our Mission: Magnetizing A Clean World

The Explanation of Our Mission: To create great value to our customers, we will consistently produce high energy magnetic materials to enable products that foster a global clean environment and mobile convenience.

Our Vision: To Be An Innovation Leader In Permanent Magnetic Materials Industry

The Explanation of Our Vision: To be a leading supplier and global leader in the R&D of high performance permanent magnets.

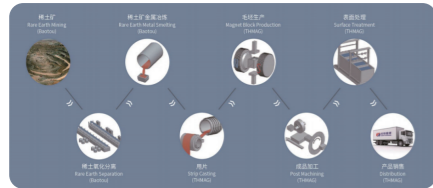
Our Values(SDlIR): Safety, Dedication, Innovation, Integrity, Responsibility

The Explanation of Our Values: The safety is considered our leading core value, to be safe, healthy & environmental friendly, be dedicated in our work, to provide innovation to our customers and treasure our integrity and responsibility with our employees, our customers and our community.

Product Introduction

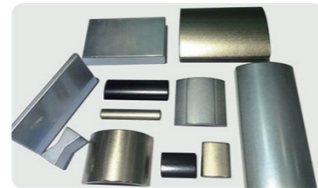
THMag is strategically positioned as a provider of high-performance rare earth permanent magnetic materials and adheres to the product development philosophy of "high performance, low resource consumption and green manufacturing". Driven by independent innovation, a complete technological system has been established, covering key links such as multi-component composition regulation, grain refinement, grain boundary diffusion, efficient green processing and new anti-corrosion coatings, thereby forming core product capabilities with independent intellectual property rights.

Complete Rare Earth Application Industry Chain>



THMag has established a complete industry chain system covering the R&D, manufacturing and application of rare earth materials. Relying on the advantages of Baotou's rare earth resources and industrial cluster, a vertically integrated layout has been formed, covering rare earth raw material supply, magnet design and R&D, blank production, precision machining, surface treatment and downstream application solutions.

NdFeB>



THMag's NdFeB permanent magnets are mainly composed of neodymium, iron and boron, and are the third-generation rare earth permanent magnets with the strongest magnetic properties currently available in the world. They feature high remanence, high coercivity and excellent magnetic energy product.

SmCo>



The SmCo permanent magnets produced by THMag mainly include the 1:5 type and the 2:17 type. In addition to products of general grades, LT series products are also available, in which the effect of temperature on magnetic property variation is minimal (-0.008%/°C: 20-200°C).

Market Layout

THMag has consistently adhered to the three strategic priorities of "technology R&D-driven development, high-end market positioning and intelligent production management". The Company has remained focused on its principal business of rare earth permanent magnetic materials and has fully leveraged its pivotal role in the midstream of the industrial chain. While its strengths in green and low-carbon sectors such as new energy vehicles, wind power, energy-efficient household appliances and 3C consumer electronics have been consolidated, forward-looking efforts have also been made in emerging fields such as robotics and the low-altitude economy. Based in China and serving major global markets including Europe, Japan, South Korea, Southeast Asia and Mexico, the Company has adhered to a direct sales model to respond precisely to customer needs, and has been committed to building long-term and stable win-win relationships with partners through continuous technological innovation and a steady global presence, thereby promoting the high-quality and sustainable development of the industry.



Awards and Honours

Awards and Honours>

National Green Supply Chain Management Enterprise	National Green Factory
National High-tech Enterprise	National Enterprise Technology Center
National Intellectual Property Advantage Enterprise	Benchmark Enterprise for Digital Transformation in Manufacturing of Inner Mongolia Autonomous Region
Advanced-level Intelligent Factory of Inner Mongolia Autonomous Region	Top 30 Private Technology Innovation Enterprises in Inner Mongolia
Enterprise Technology Center of Inner Mongolia Autonomous Region	Key Laboratory of Inner Mongolia Autonomous Region

ESG Evaluation>



CDP Score: B



EcoVadis Bronze Medal



SAQ 5.0 B91



GOVERNANCE

With Magnetism as the Foundation, The Groundwork Is Strengthened;
with Responsibility as the Bond, Development Is Advanced

Upholding the integrated core philosophy of “people, environment and benefits”, THMag has continuously enhanced governance effectiveness and operational transparency through multi-dimensional measures such as strengthening corporate governance, reinforcing internal control and audit systems, advancing integrity and compliant operations, and continuously improving ESG governance, thereby consolidating the governance foundation for the Company’s long-term stable operation and high-quality development.

Corporate management mechanism Compliance management Business ethics

ESG governance Integrity in operations Stakeholder communication



*Aligned with the United Nations Sustainable Development Goals



Comprehensive Responsibility Governance

■ ESG Management

Governance >

The *Sustainability Management Manual* was formulated by the Company, and a top-down ESG governance structure with clear responsibilities and authorities was established. A three-tier accountability system was formed, featuring decision-making by the General Meeting and the Board of Directors, overall coordination by the Strategy and Sustainability Committee, and collaborative implementation by senior management and functional departments. A cross-departmental coordination mechanism was established, and multi-dimensional ESG performance was incorporated into senior management remuneration assessment, thereby strengthening management's long-term accountability for sustainable development and ensuring the effective implementation of ESG management.

天和磁材ESG治理架构

Management Structure		Main Responsibilities
Decision-making Level	General Meeting	<ul style="list-style-type: none"> Highest decision-making body Responsible for deliberating and voting on major ESG strategic directions and key decisions, such as approving long-term ESG investment plans and the initiation of major environmental governance projects
	Board of Directors	<ul style="list-style-type: none"> Responsible for regularly formulating and updating the overall ESG policies, principles and objectives Responsible for approving risk assessments and supervising the implementation of ESG topics, including climate change, energy management, environmental management, fair competition, integrity in operations, social contribution and public welfare Responsible for convening discussion meetings and reviewing the Company's annual reports Responsible for reporting ESG matters with significant impact on the Company to the General Meeting
Guidance Level	Strategy and Sustainability Committee	<ul style="list-style-type: none"> Responsible for assisting the decision-making level in formulating the Company's ESG strategic principles, objectives and topics Responsible for identifying and supervising the Company's ESG risks, opportunities and measures, and providing guidance and recommendations Responsible for consolidating data and feedback from the execution level and reporting analysis and recommendations to the decision-making level Responsible for conducting the preliminary review of the ESG report and reporting recommendations to the decision-making level
Execution Level	ESG Task Force Comprising Senior Management and All Departments	<ul style="list-style-type: none"> Senior management is responsible for planning the breakdown of ESG principles and objectives and the related action plans, establishing ESG-related procedural documents, organising training and communication, supervising work progress, and providing data and recommendations to the decision-making level Personnel of all departments are responsible for carrying out tasks in accordance with the plan, providing timely feedback on actual conditions, and jointly building an efficient and closed-loop ESG governance system

Strategy >

The internal *Tianhe Magnetics ESG Medium-term Strategy (2025-2030)* was formulated by the Company. With "integrating ESG into the corporate DNA and achieving coordinated growth in economic and social value" as the long-term value orientation, the strategic implementation path and key measures were defined, and the ESG strategy was integrated into the Company's overall management.

Strategic Directions

- Short term (1-3 years):** Establish the ESG governance system and complete baseline assessments of key topics, such as carbon emissions and supply chain compliance.
- Medium term (3-5 years):** Achieve breakthroughs in green technologies and attain an industry-leading ESG rating.
- Long term (over 5 years):** Become a leader in the ESG ecosystem of the industrial chain and promote sustainable social development.

Risk Management >

Relying on the existing risk management and internal control systems, the *Risk Assessment Management Procedures for the Social Responsibility System* were formulated by the Company, and ESG-related risks were incorporated into a unified management scope. Key attention was given to areas including environmental emission compliance, energy and resource use efficiency, production safety, employee health, supply chain stability and compliance governance. Through regular risk identification and assessment, risk levels and responsible departments were determined, and corresponding preventive and response measures were defined. ESG training was conducted on a regular basis. Through systematic planning and implementation, the control of ESG risks was integrated into the Company's daily operations and strategic decision-making.










ESG Training in 2025



Indicators and Targets >

To ensure the effective implementation of the ESG strategy, clear *Sustainability Principles and Targets* were formulated and implemented by the Company. Progress against various targets was tracked on a regular basis, and the relevant targets for 2025 had been achieved. Low-carbon transformation across the full chain of R&D, production and supply chain was advanced in a coordinated manner, and the full life cycle management mechanism for green products was continuously improved. Transparency in the Company's commitment to sustainable development was further strengthened through annual ESG report disclosure and third-party assurance, thereby promoting the deep integration of high-quality corporate development with sustainable social value.




Overall Environmental Targets

-  **Carbon reduction:** By 2030, operational carbon neutrality is to be achieved. Compared with 2023, Scope 1 and Scope 2 emissions are to be reduced by **42%**, and Scope 3 emissions by **25%**.
-  **Energy Targets:** By 2030, the proportion of green electricity is to be increased to **100%**.
-  **Certification maintenance:** The validity of ISO 14001 is to be continuously maintained.
-  **Biodiversity:** The number of vegetation species is to be continuously increased.
-  **Hazardous waste:** Hazardous waste is to be managed and treated in a lawful and compliant manner, with **zero** violation incidents.
-  **Non-hazardous waste:** By 2030, through technological upgrading and process optimisation, the waste reuse rate is to reach **5%**.
-  **Wastewater and exhaust gas:** **100%** compliant discharge is to be maintained.

Overall Social Targets

-  **Employee well-being:** Employee satisfaction is to be maintained at **85%**, and the minor injury incident rate is to be controlled at **3‰** person-times per year.
-  **Fairness and inclusion:** The proportion of employees with disabilities is to be maintained at **1%**, and female managers are to be maintained in management positions.

Overall Governance Targets

-  **Transparent decision-making:** Independent directors are to account for no less than one-third of the Board of Directors; ESG reports are to be continuously disclosed from 2024 onwards.
-  **Compliant operations:** Anti-corruption training coverage is to reach **100%**; the number of compliance penalties imposed on the Company by external regulatory authorities is to remain **zero**.
-  **Risk control:** A risk control system is to be established and risk items identified in 2024, and the coverage rate of risk scenarios is to be increased to over **90%** by 2030.

Stakeholder Communication

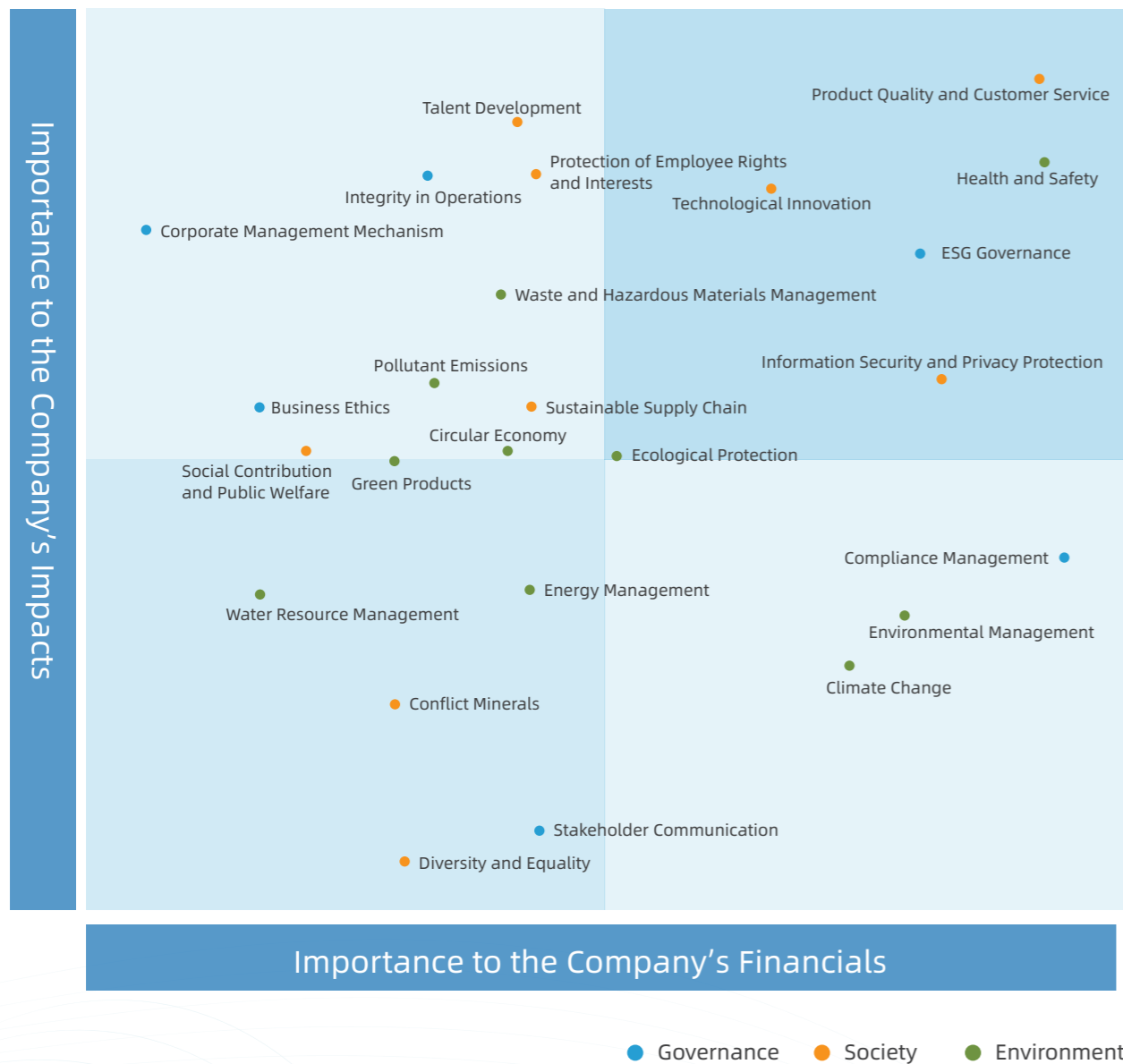
The maintenance of sound relationships with stakeholders is highly valued by the Company. A regular communication mechanism has been established, and the needs and expectations of stakeholders are identified through effective channels, so that ESG performance can be continuously improved.

Stakeholders	Expectations and Demands	Communication Methods / Channels
Customers	<ul style="list-style-type: none"> · Product Quality and Customer Service · Information Security and Privacy Protection · Green Products 	<ul style="list-style-type: none"> · Customer Visits and Business Meetings · Contract and Technical Exchanges · Customer Satisfaction Surveys · Official Website and Information Disclosure
Suppliers	<ul style="list-style-type: none"> · Sustainable Supply Chain · Business Ethics · Integrity in Operations · Environmental Management 	<ul style="list-style-type: none"> · Tendering and Procurement Communication · Supplier Admission and Evaluation · Contract Management · Audits and On-site Inspections
Employees	<ul style="list-style-type: none"> · Protection of Employee Rights and Interests · Health and Safety · Talent Development · Diversity and Equality · Corporate Management Mechanism 	<ul style="list-style-type: none"> · Employee Meetings and Training · Internal Policy Communication · Internal Communication Platform · Feedback and Grievance Mechanism
Shareholders / Investors	<ul style="list-style-type: none"> · ESG Governance · Corporate Management Mechanism · Compliance Management · Stakeholder Communication 	<ul style="list-style-type: none"> · General Meeting · Periodic Reports and Ad Hoc Announcements · Investor Briefings · Telephone and Email Communication · On-site Visits
Government and Regulatory Authorities	<ul style="list-style-type: none"> · Compliance Management · Integrity in Operations · Environmental Management · Energy Management · Pollutant Emissions · Climate Change 	<ul style="list-style-type: none"> · Statutory Information Submission · Regulatory Communication Meetings · On-site Inspections · Written Reports
Communities / the Public / Media	<ul style="list-style-type: none"> · Social Contribution and Public Welfare · Biodiversity · Water Resource Management · Circular Economy 	<ul style="list-style-type: none"> · Press Releases and Media Communication · Official Website · Public Welfare Activities and Community Engagement
Financial Institutions	<ul style="list-style-type: none"> · ESG Governance · Compliance Management · Climate Change · Energy Management 	<ul style="list-style-type: none"> · Bank-enterprise Matchmaking Meetings · Financing Communication · Financial and ESG Information Disclosure
Industry Associations / Research Institutions	<ul style="list-style-type: none"> · Technological Innovation · Green Products · Circular Economy 	<ul style="list-style-type: none"> · Industry Conferences · Technical Exchanges · Joint Research and Project Cooperation

Material Topic Assessment

With reference to domestic and international regulatory policy requirements, frontier trends in industry sustainability, and the Company's development strategy, 25 key topics with impacts on the Company itself and its stakeholders were systematically identified by THMag. In line with the principles of materiality, completeness and stakeholder engagement, two questionnaires on financial materiality and impact materiality were prepared, and stakeholders including shareholders and investors, employees, customers, suppliers, media representatives and government personnel were invited to participate in the survey. Based on the questionnaire feedback, an empirical analysis was conducted by the Company from two dimensions, namely "financial materiality" and "impact materiality". For topics assessed as financially material, focused disclosure and in-depth analysis were provided in the report in accordance with the four-pillar framework, namely "Governance - Strategy - Risk Management - Indicators and Targets", so as to enhance the reference value of information disclosure for stakeholders.

THMag 2025 ESG Materiality Matrix

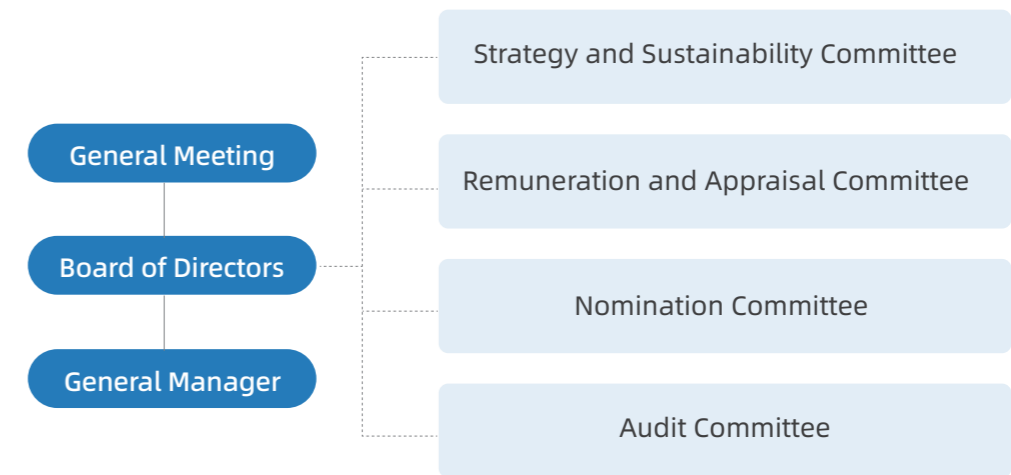


Efficient Management Mechanism

Strengthening Corporate Governance

THMag complies with relevant laws and regulations, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies* and the *Basic Standards for Enterprise Internal Control*. Systems such as the *Articles of Association* and the *Rules of Procedure for the Board of Directors* have been formulated. Adhering to the principle of prudent operation, the Company has continuously optimized its corporate governance structure and comprehensively strengthened its compliant operation system and risk management. At present, a corporate governance mechanism featuring clear responsibilities, sound management, effective checks and balances, and efficient operation has been established, comprising the General Meeting, the Board of Directors and senior management.

Corporate Governance Structure



Position	Organisational Positioning	Key Functions
General Meeting	Highest Authority	The ultimate decision-making body of the Company, responsible for deciding on major matters such as business policies, significant investments and the election of directors.
Board of Directors	Core Decision-making Body	Accountable to the General Meeting, responsible for formulating the Company's strategy, business plans and internal systems, and leading the committees under it and the management.
General Manager	Executive Level	Appointed by the Board of Directors, responsible for implementing the resolutions of the Board of Directors and overseeing the Company's daily production, operation and management.



THMag is committed to building a professional, diverse and inclusive Board of Directors. Regular assessments are conducted on the effectiveness of the operation of the Board of Directors and its relevant specialised committees in light of the Company's actual governance practices. Such assessments are based on self-evaluation and supplemented by external professional opinions or third-party perspectives, with comprehensive reviews conducted on the Board structure, deliberation mechanism, performance of duties and decision-making efficiency, so as to continuously promote standardised board operation and improved governance effectiveness. The *Rules of the Nomination Committee of the Board of Directors* were formulated by the Company, with a focus on

strengthening the capabilities of directors, supervisors and senior management. Through learning and training, their performance capabilities and compliance knowledge are enhanced, so as to ensure that directors, supervisors and senior management remain aligned with current requirements. Attention is also given to the diverse composition of the Board of Directors, with comprehensive consideration of factors such as gender, age, educational background, professional background and industry experience, in order to bring together diverse perspectives.

In 2025, the Board of Directors of Company

- The Board of Directors comprised **9** directors, of whom independent directors accounted for **33.33%** and female directors accounted for **11.11%**.
- **5** General Meetings were convened, at which **58** agenda items were considered.

■ Protection of Investor Rights and Interests

In strict compliance with relevant laws and regulations, including the *Guidelines for Investor Relations Management of Listed Companies*, THMag has formulated systems such as the *Information Disclosure Management System* and the *Investor Relations Management System*. Upholding the principles of "timeliness, fairness, completeness, accuracy and equality" in information disclosure, and guided by investor needs, the Company regularly disclosed relevant information through channels such as its Shanghai Stock Exchange (SSE) website, official website, WeChat official account, so that the lawful rights and interests of investors could be effectively protected. During the Reporting Period, no violations relating to information disclosure occurred, and no penalties were imposed by the CSRC, stock exchanges or other relevant authorities.

In 2025, the Company

- **213** announcement documents were disclosed, including **4** periodic reports and **209** ad hoc reports.
- **6** investor reception days were held, with approximately **67** investor visits received.
- **3** performance briefings were held.
- **49** investor questions were answered through the investor interaction platform.

Compliant and Steady Operations

■ Internal Control, Audit and Compliance

Governance>

Systems including the Internal Control System, the *Internal Audit Management System* and the *Internal Audit System for Import and Export Business* have been established and implemented by the Company, and a governance structure for compliance, internal control and internal audit has been formed, with the Board of Directors as the highest responsible body, the management responsible for overall coordination, and dedicated departments responsible for specific implementation. Through the establishment of the Chief Compliance Officer position, full responsibility has been assumed for the design, implementation and supervision of the Company's compliance management system, with direct reporting made to the Board of Directors and the General Manager, thereby strengthening the independence and authority of compliance governance. The Chief Compliance Officer is responsible for the overall advancement of compliance system development, implementation of compliance plans, compliance training, risk assessment and the handling of violations, so as to ensure that the Company's business activities are conducted in a lawful, compliant and orderly manner.

Strategy>

Compliance, internal control and internal audit have been treated by the Company as important strategic support for steady operations and sustainable development, and have been deeply integrated into corporate governance, operational decision-making and the risk management system. Focusing on key areas such as R&D activities, major investments, procurement and sales, import and export business, and engineering construction, internal control audits and risk assessments covering the full process and all areas have been systematically carried out, so that operational and compliance risks can be prevented.

Risk Management>

The identification of major risk matters in advance, supervision during the process and rectification afterwards have been strengthened by the Company, thereby promoting a shift in risk management from post-event correction to front-end prevention. At the same time, the rectification of issues identified through audits has been incorporated into the accountability assessment system, and a closed-loop management mechanism of "audit - rectification - improvement" has been formed, so that operational transparency and governance effectiveness can be continuously enhanced.

internal and external compliance audits were conducted	The coverage rate of compliance awareness training for employees reached
3	100%

Three Lines of Defence for Risk Management

▶ First Line of Defence

All functional departments of the Company: identify and analyse risks, and design and implement control systems in accordance with the plans approved by the Audit Committee.

▶ Second Line of Defence

The Audit and Legal Affairs Department and the Audit Committee: responsible for implementing risk management policies, conducting risk control before and during events, and handling major risk incidents.

▶ Third Line of Defence

The Board of Directors and the General Meeting: responsible for deliberating and deciding on risk control matters.



Indicators and Targets>

Overall Targets for Risk Management

- To establish a risk management system, maintain the healthy, orderly and efficient operation of the Company, and provide support for the achievement of the Company's strategic objectives and enhancement of corporate value.
- To identify and assess various types of risks, effectively prevent such risks, and provide a solid basis for efficient resource allocation and scientific decision-making.
- To enhance the capability to manage risk events and reduce losses caused by risks.
- To strengthen awareness of risk early warning and improve the capability for risk prevention.
- To integrate risk management culture into corporate culture, continuously strengthen the risk management awareness and compliance consciousness of all employees, and foster a sound corporate culture.

■ Committed to Integrity in Operations

THMag opposes corruption and bribery in any form and maintains a zero-tolerance attitude towards all conduct that violates the requirements of integrity in business conduct. The *Anti-corruption and Anti-commercial Bribery Management Procedures* were formulated by the Company to clarify the responsibilities relating to integrity work of departments including the General Management Department, the Audit and Legal Affairs Department and the Finance Department. The anti-corruption management mechanism has been continuously improved, and institutional restraint and implementation oversight have been strengthened.

In 2025, the Company

- The signing rate of the *Employee Commitment Letter on Integrity and Self-discipline* reached **100%**, and no reported incidents of corruption or bribery in any form occurred.
- **3** training sessions on anti-monopoly and fair competition, anti-corruption and anti-commercial bribery were conducted, with **100%** coverage of senior management.

Measures for Integrity in Operations

- Customers, suppliers, service providers and contractors having business dealings with the Company are required, during contract signing or tendering, to comply with relevant systems and sign the *Integrity Agreement* and the *Supplier Commitment Letter on Anti-commercial Bribery*. If any illegal or non-compliant conduct is identified, cooperation with the relevant party will be terminated immediately, and the relevant handling personnel of the Company will be dealt with seriously.
- Special training on supplier social responsibility is organised on a regular annual basis, covering topics such as stakeholder complaints and grievances, communication management, and anti-corruption.
- All employees are organised to sign the *Employee Commitment Letter on Integrity and Self-discipline*.
- Anti-corruption and anti-commercial bribery slogans or signs are displayed, and regular integrity education activities covering national laws and regulations, internal rules and regulations, integrity and self-discipline requirements, and analysis of typical cases are carried out for employees, so as to strengthen their awareness of integrity and self-discipline.
- Management proactively pays attention to employees' family and living conditions, strengthens professional ethics education and the development of internal control systems, and prevents corruption and fraud.

Smooth complaint and whistleblowing channels have been maintained by the Company. Standardised management is applied to all complaints and reports received, with item-by-item registration, truthful recording, and timely decisions on acceptance made in accordance with the law, so as to ensure unobstructed reporting channels, transparent handling procedures and traceable results. The lawful rights of employees, suppliers and other relevant parties to make complaints and reports are fully protected. The *Management Control Procedures for the Protection of Whistleblowers* were established and implemented to encourage employees, suppliers, outsourced processors and related parties to report violations or improper conduct through compliant channels. Any retaliation by any department or individual against complainants or whistleblowers in any form is expressly prohibited, so that the lawful rights and interests of whistleblowers can be effectively safeguarded.

Whistleblowing and Complaint Channels:

Tel: 15848881347 18247239899

WeChat: 15848881347

Company Website: <http://www.thmagnetics.com>

Email: audit@thmagnetics.com

Address: THMag (Audit and Legal Affairs Department), No.8-17 Rare Earth Avenue, Rare Earth High-tech Industrial Park, Baotou, Inner-Mongolia.

■ Upholding Business Ethics

"Honesty and trustworthiness, fairness and transparency, and law-based compliance" are regarded by THMag as important cornerstones of corporate governance, and a regulated and trustworthy business environment is continuously fostered. The *Anti-corruption and Anti-commercial Bribery Management Procedures*, the *Policy Procedures on Fair Competition / Prohibition of Collusion* and the *Investigation Procedures for Cases Involving Violations of Business Ethics* have been established and implemented by the Company. The main responsibilities of each management level, namely the "Board of Directors (supervision) - General Manager (person responsible at senior management level) - Audit and Legal Affairs Department (department in charge)", have been clarified, and a systematic management system covering institutional restraint, process control, investigation and accountability, as well as rectification and prevention, has been formed.

Any form of monopoly agreement, collusion, abuse of market dominance, or other conduct that excludes or restricts competition is expressly prohibited. The Company's business conduct in procurement, production, sales and finance is regulated, and training and communication activities on anti-monopoly and fair competition are actively carried out, so that a fair and orderly market competition order can be maintained and employees' awareness of business ethics can be strengthened. Where any act suspected of violating business ethics occurs or is identified, a unified investigation will be organised by the Company, relevant responsibilities will be pursued in accordance with laws and regulations, and rectification and preventive measures will be formulated simultaneously to prevent the recurrence of similar incidents.

Small and medium-sized enterprises are treated fairly and equitably by the Company. In the procurement process, unreasonable thresholds and restrictions are removed, and no differential or discriminatory treatment is imposed on small and medium-sized enterprises based on certain specific conditions, so that their fair participation in market competition can be ensured.

In 2025, the Company

- The number of legal proceedings arising from monopoly or unfair competition was **0**
- No fines or administrative penalties were imposed for violations of relevant laws and regulations in the social and economic fields.
- No non-compliance relating to product and service information and labelling, marketing misconduct or similar matters occurred.



Training on Anti-monopoly and Fair Competition, Anti-corruption and Anti-commercial Bribery in 2025

ENVIRONMENT

Protecting Ecology through Magnetics and Creating Green Cleanliness

With “efficiency, cleanliness, low carbon and circularity” as the core principles, a sound environmental management system has been established by THMag, and environmental responsibility has been embedded throughout the entire chain of production and operations. Investment in green technology R&D and cleaner production has been continuously increased. Energy and resource use efficiency has been continuously optimised, greenhouse gas and pollutant emissions have been reduced, and pathways for enhancing the environmental benefits across the full life cycle of rare earth permanent magnetic materials have been actively explored.

- Circular Economy
- Energy Management
- Climate Change
- Environmental Management
- Green Products
- Waste and Hazardous Materials Management
- Ecological Protection
- Pollutant Emissions
- Water Resource Management



*Aligned with the United Nations Sustainable Development Goals

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Improving Environmental Management

■ Governance



THMag strictly complies with laws and regulations including the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on Environmental Impact Assessment*. A valid environmental management system certification in conformity with GB/T 24001-2016 / ISO 14001:2015 is currently held, and remains valid on an ongoing basis.. With reference to the relevant requirements of environmental management system certification and in light of its actual circumstances, the *Environment, Occupational Health, Safety and Energy Management Manual* was prepared by the Company. A three-tier environmental management structure of "General Manager - Management Representative - Functional Departments" was established, and the environmental protection responsibilities of each department, covering wastewater, exhaust gas and solid waste management, were clarified to ensure standardised implementation of management work.

■ Strategy

Environmental compliance has been deeply integrated into the Company's medium- and long-term development plan. Closely aligned with the national "dual carbon" goals and industry environmental protection requirements, strict compliance has been maintained to ensure that exhaust gas, wastewater and hazardous waste are discharged in 100% compliance with national standards. At the same time, compliance management has been advanced towards green transformation, and environmental protection requirements have been embedded throughout the entire process of product design, process upgrading and supply chain management.

■ Risk Management

Documents including the *Emergency Response Plan for Environmental Incidents* and the *Procedures for Identification and Evaluation of Environmental Factors* have been prepared by the Company. Potential environmental incidents have been classified by level and category, and an emergency response structure has been established under the overall command of the General Manager, with dedicated groups for emergency rescue, security and alert, among others. Early warning, information reporting, emergency monitoring, graded response and handling procedures have been clearly defined. Targeted measures such as leak containment, fire-fighting and pollutant collection have been formulated, and internal coordination and external linkage mechanisms have been established, including mutual assistance agreements signed with neighbouring companies. Supporting measures covering communication, funding, materials and human resources have also been put in place. Annual training and drill requirements have been specified, and a dynamic revision mechanism covering plan review, filing and retrospective assessment every three years has been established. Post-incident recovery, accident investigation, and reward and penalty systems have also been defined, so that a comprehensive environmental safety defence line can be built.

■ Indicators and Targets

The General Manager is responsible for organising the formulation of the Company's management targets and decomposing such targets among functional departments, and department heads are responsible for supervising the achievement of the targets and indicators of their respective departments (for specific targets, see the section headed "ESG Management"). In 2025, no major administrative penalties or criminal liabilities arising from pollutant emissions were incurred, no major environmental incidents occurred, and environmental protection investment amounted to RMB 1.0277 million.

Strengthening Pollution Management

■ Wastewater and Exhaust Gas Management

THMag strictly complies with laws and regulations including the *Law of the People's Republic of China on the Prevention and Control of Water Pollution* and the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*. The *Regulations on Air and Water Pollution Management* were formulated to regulate the conduct and procedures for wastewater and exhaust gas management, so that treated wastewater and exhaust gas discharges can meet national standards.

The Company's wastewater mainly consists of domestic sewage and production wastewater, including process wastewater, purified water preparation unit drainage and cooling tower drainage. Domestic sewage and purified water preparation unit drainage are discharged into the industrial park sewage pipeline network together with cooling tower drainage after sedimentation through grease traps and septic tanks, and are then transferred to the Xinnanjiao Wastewater Treatment Plant for treatment. After short-term buffering in wastewater collection tanks installed in each plant building, process wastewater is discharged through the pipeline network to the electroplating wastewater treatment plant specially established within the deep-processing base for treatment. Wastewater discharge has been reduced through measures such as wastewater reuse and recycled use of cooling water.

Category	Unit	2025
Ammonia Nitrogen Emissions	ton	4.81
Chemical Oxygen Demand Emissions	ton	27.6
Wastewater Discharge	10,000 tons	15.04

During the production process, the main air pollutants generated by the Company include particulate matter, sulphur dioxide and nitrogen oxides. Different control equipment and measures have been adopted for exhaust gas from different processes. Professional purifiers are installed for kitchen fume purification to ensure compliant discharge. Gases such as nitrogen and argon generated from strip casting furnaces and sintering furnaces are treated through dual filtration using filter cartridges and filter cotton. Particulate matter generated from surface coating and diffusion furnaces is subject to graded filtration through filter cotton and multi-layer filter cartridges, respectively. Acid mist, electrophoresis, drying and spraying exhaust gas are all treated through spray tower systems for purification. Third-party institutions are engaged on a monthly basis to test exhaust gas emissions, so that safe discharge can be ensured. Exhaust gas emissions have been reduced through measures such as replacing high-volatile raw and auxiliary materials with low-volatile alternatives and upgrading exhaust gas treatment facilities.

Category	Unit	2025
Nitrogen Oxides	ton	5.61
Sulphur Oxides	ton	0.10
Volatile Organic Compounds (VOCs)	ton	1.25
Suspended Particles and Particulate Matter (PM)	ton	1.24
Total Exhaust Gas Emissions	ton	9.21

Waste Management

THMag strictly complies with laws and regulations including the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*. Systems such as the *Regulations on Solid Waste Management* and the *Responsibility System for the Prevention and Control of Environmental Pollution by Hazardous Waste* have been formulated. Adhering to the principles of harmlessness, reduction and resource utilisation, full-process environmental safety supervision is applied to solid waste, so that the adverse environmental impacts of waste can be minimised.

The Company's solid waste mainly consists of hazardous waste and non-hazardous waste. Hazardous waste mainly includes waste tank liquid (sludge), waste phosphating solution, waste passivation solution, electrophoresis waste tank liquid, used filter cartridges at tank sides, paint residue and acid solution packaging drums. Non-hazardous waste mainly includes general industrial solid waste, domestic waste and kitchen waste.

For non-hazardous waste, regular external sales are made to third parties for comprehensive utilisation, or compliant disposal is carried out by sanitation authorities. For hazardous waste, the *Hazardous Waste Management Plan* is updated annually by the Company, dedicated hazardous waste temporary storage rooms have been established, and a leading group for the prevention and control of hazardous waste pollution headed by the General Manager has been set up. Hazardous waste in-and-out inventory ledgers have been established, and information such as the type, quantity, flow, storage and disposal of hazardous waste is truthfully recorded. Disposal is ultimately entrusted to qualified entities holding hazardous waste operation licences. Through measures such as waste sorting, process upgrading, encouraging material recycling, reusing packaging materials in circulation, extending the service life of certain hazardous auxiliary materials, and process improvement, the recovery and utilisation level or use efficiency of various types of waste has been improved, thereby reducing waste generation (for specific performance, see the section headed "Promoting Cleaner Production").

Category		Unit	2025
Non-hazardous Waste	Non-hazardous Waste Generated	ton	1,302.51
	of Which: General Industrial Solid Waste	ton	1,035.2
	Recycling Rate of General Industrial Solid Waste	%	99.6
	Non-hazardous Waste Intensity	ton/RMB million Revenue	0.56
Hazardous Waste	Hazardous Waste Generated	ton	102.65
	Hazardous Waste Intensity	ton/RMB million Revenue	0.04

Addressing Climate Change

Governance

Against the backdrop of global climate change, low-carbon development has become an essential path for corporate sustainable development. Climate-related topics have been incorporated into the Company's core decision-making system, and climate risks and opportunities have been fully considered in major decisions such as strategic planning, project investment and process upgrading. A leading group on emission reduction, headed by senior management, was established by the Company to formulate carbon reduction strategies, targets and action pathways, and to coordinate the resources and responsibilities of all functional departments in a comprehensive manner. A departmental coordination mechanism featuring "unified leadership, division of responsibilities and coordinated advancement" has been established to promote energy saving and carbon reduction in an overall manner and to ensure that all targets and tasks are implemented in detail.

To ensure the comprehensive implementation of climate governance and the achievement of climate-related targets, a regular supervision mechanism has been established by the Company. Through annual management reviews, energy audits and assessments of emission reduction performance, progress against climate management targets is tracked, and action plans are optimised and adjusted in a timely manner. The *Climate Management Assessment System Plan* was formulated, under which core climate change indicators are linked to departmental performance and employee promotion. In addition, emission reduction training for employees has been strengthened, and special funds for emission reduction have been established for key projects such as the R&D of energy-saving and carbon-reduction technologies, equipment upgrading and process improvement. Government policy support has also been actively pursued in order to obtain resources such as green loans, fiscal subsidies and tax incentives, thereby building a sustainable investment and financing system featuring "internal support + external support".

Strategy

A comprehensive review was conducted by the Company of the climate-related risks that may be faced and their potential financial impacts. High- and low-greenhouse-gas-emission scenarios were established, the challenges and opportunities arising from climate factors under each scenario were analysed, and the financial impacts of climate factors were comprehensively assessed¹.

The low-emission scenario (SSP1-2.6, with temperature rise not exceeding 2.0°C) and the high-emission scenario (SSP5-8.5, with temperature rise approaching or exceeding 4.4°C) under the Shared Socioeconomic Pathways (SSPs) set out in the IPCC Climate Change 2023: Synthesis Report (AR6) were selected for the assessment of physical risks. The Net Zero Emissions by 2050 Scenario (NZE, with temperature rise not exceeding 1.5°C) and the Stated Policies Scenario (STEPS, with temperature rise exceeding 3°C) were adopted for the assessment of transition risks and climate-related opportunities. Based on these scenarios, the potential impacts of climate change risks and opportunities on the Company's operations in the short term (2026), medium term (2030) and long term (2050) were analysed.

Climate Scenario	SSP 1-2.6	SSP 5-8.5
Physical Risk Scenario Description	Under this scenario, the world gradually moves towards a more sustainable direction. It aims to limit the increase in global average temperature to well below 2°C, in line with the greenhouse gas reduction ambition of the Paris Agreement, and global temperature is projected to rise by approximately 1.8°C above the pre-industrial level by 2100.	This scenario represents a pathway under which future greenhouse gas emissions continue to increase and radiative forcing reaches a high level, assuming that no new climate policy intervention is introduced. By the end of the 21st century, the global average temperature may rise by more than 4°C above the pre-industrial level.
Scenario Source	Intergovernmental Panel on Climate Change (IPCC) (Sixth Assessment Report (AR6))	

Climate Scenario	NZE	STEPS
Transition Risk / Opportunity Scenario Description	The International Energy Agency has proposed the Net Zero Emissions by 2050 pathway, under which recommendations are made on technologies and emission reduction solutions, international cooperation and energy sector transition, and the increase in global average temperature is expected to be limited to 1.5°C.	This scenario is an analysis based on currently implemented policies and announced policy proposals that have not yet been fully implemented. There is a 50% probability that temperature will rise by 2.4°C by 2100.
Scenario Source	International Energy Agency (IEA)	

¹ THMag's assessment of the potential financial impacts of climate-related risks constitutes forward-looking statements. In view of the many uncertainties in the external environment, actual future developments may differ from the projections contained in this report.

Analysis of Material Climate Risk Impacts and Response Measures

Risk / Opportunity Category	Impact Pathway	Financial Impact	Response Measures	Analysis of Impact Severity under Different Climate Scenarios					
				SSP1-2.6			SSP5-8.5		
Physical Risks				Short Term	Medium Term	Long Term	Short Term	Medium Term	Long Term
Acute Risks	The occurrence of extreme weather events such as earthquakes, typhoons, thunderstorms, heavy rain and dense fog may lead to supply chain disruption, lower employee efficiency, damage to operating equipment, and impacts on the storage quality of raw materials.	Increased Costs, Reduced Revenue, Asset Impairment	Real-time monitoring and early warning are carried out, and response mechanisms and emergency plans for extreme weather risks are formulated. Emergency drills and training on natural disaster incidents are conducted on a regular basis. Warehouse safety is maintained, and minimum safety stock levels are determined in a timely manner to ensure raw material supply.	Low	Medium	Medium	Medium	High	High
Chronic Risks	Chronic risks such as drought, extreme high / low temperatures, and intensified El Niño effects caused by sea level rise may affect employee health and safety, or increase operating costs such as energy consumption, equipment wear, and damage to raw materials and finished products.	Increased Costs, Asset Impairment	Energy-saving technological upgrading of existing equipment is promoted to improve energy efficiency. Climate-resilient infrastructure is given priority, such as earthquake-resistant, wind-resistant, lightning-protection and fire-resistant designs.	Low	Medium	Medium	Medium	High	High
Transition Risks				NZE			STEPS		
Policy Risks	Supportive low-carbon transition policies and more stringent emission reduction policies introduced by governments may affect energy price fluctuations. Lower-emission green energy may need to be used to replace existing high-emission energy, thereby increasing compliance costs for green operations or carbon trading costs.	Increased Costs	Changes in climate policies in China and overseas are tracked, a regular reporting mechanism is established, emission reduction targets and action pathways are adjusted in a timely manner, and internal management measures are adjusted when appropriate. Active participation is made in the carbon emissions trading market, distributed energy systems are promoted, and the proportion of green electricity used is increased.	Medium	Medium	High	Low	Low	Medium
Market Risks	Suppliers may face higher operating costs due to carbon reduction policies, resulting in rising raw material prices. Customers' increasing requirements for green and low-carbon products may also affect market competitiveness, profit margins or revenue.	Reduced Revenue	Strategic cooperation is established with high-quality partners to strengthen the response capability for supply chain risks. Supplier carbon management questionnaires are formulated, suppliers with high carbon emissions are screened, carbon reduction solutions are provided, and a dynamic assessment and incentive mechanism is established.	Medium	Medium	High	Low	Low	Medium
Reputational Risks	Stakeholders are paying increasing attention to the Company's climate change performance, and public opinion pressure may be faced, thereby affecting brand image and market acceptance.	Reduced Revenue	Greenhouse gas emissions data are disclosed on a regular basis, and third-party verification is adopted to ensure data reliability.	Medium	Medium	Medium	Low	Low	Medium
Technology Risks	Rapid development of new process technologies may render current product technologies obsolete, and greater R&D investment may therefore be required to maintain market competitiveness.	Increased Costs	Cooperation is carried out with research institutes to tackle low-carbon core technologies. Following laboratory-scale and pilot-scale validation, large-scale application is promoted, digital transformation is advanced, and market presence is expanded.	Medium	Medium	High	Low	Low	Low

Identification of Climate-related Opportunities

Potential Opportunity	Opportunity Analysis	Potential Financial Impact
Reputational Opportunities	Active participation in climate action can demonstrate the Company's commitment to sustainability and enhance its reputation among society and stakeholders.	Increased Revenue: Active participation in mainstream international ESG disclosure, completion of the CDP Climate Change Questionnaire, improvement of rating performance, and timely response to stakeholder expectations.
Technological Opportunities	Technological innovation such as green energy substitution and process optimisation can create room for energy efficiency improvement.	Increased Revenue and Reduced Costs: Process optimisation is carried out through zero / low heavy rare earth substitution and grain refinement, and green short-process recycling technology and rare earth waste recycling and utilisation are promoted.
Market Opportunities	Growing demand for low-carbon rare earth permanent magnetic materials creates market opportunities for the R&D of green products.	Increased Revenue: Green supply chains and green factories are developed, active participation in EcoVadis ratings is pursued, strong certifications are obtained, and growth in green market share is promoted.

Risk Management

Climate-related risks have been incorporated into the overall risk management system. Through three steps, namely risk and opportunity identification, risk and opportunity assessment, and risk and opportunity monitoring and response, physical risks, transition risks and opportunities that may affect the Company's assets are identified, prioritised and managed. Measures for risk mitigation, transfer or control have been adopted, the *Decarbonisation Management Procedures* have been formulated, and four major emission reduction action pathways have been established. A number of feasible emission reduction measures have been identified in areas including education and training and incentive mechanism development, strengthening internal management, optimising operating methods, improving production process control, upgrading and retrofitting equipment, and resource conservation and comprehensive utilisation.

THMag's Emission Reduction Action Pathways

- Energy System Optimisation and Renewable Energy Synergy:** Focusing on energy leakage control (closed-loop prevention and control for compressed air and natural gas systems), system energy efficiency improvement (energy-saving equipment retrofitting, replacement of high-energy-consuming equipment and waste heat recovery), renewable energy substitution (distributed photovoltaic systems and green electricity procurement), and digital empowerment (energy management platform and digital carbon emission system), a clean and low-carbon energy use system is being built.
- Green Upgrading of Process Technologies and Circular Development:** Production processes are being optimised through zero / low heavy rare earth substitution, product optimisation and alloy ratio improvement. Green short-process recycling technology and high-performance recycled rare earth permanent magnetic material technology are being developed and applied, and the recycling and utilisation of rare earth waste are being strengthened, so that a green production system can be built.
- Supply Chain Carbon Management and Green Procurement Synergy:** Key suppliers are being screened, supply chain carbon data are being collected, high-carbon-emission suppliers are being identified and differentiated carbon reduction strategies are being formulated. A green supplier list and dynamic assessment mechanism are being established to promote coordinated emission reduction across the upstream and downstream value chain.
- Strengthening Employee Participation and Building a Low-carbon Culture:** Low-carbon training is being conducted to disseminate relevant knowledge, a reward mechanism for green suggestions has been established to collect emission reduction ideas, low-carbon themed activities are being organised, and participation in energy saving and emission reduction is being incorporated into performance assessment, so that employee engagement in emission reduction can be stimulated.

Indicators and Targets

Since 2023, comprehensive accounting of greenhouse gas emissions covering the Company's operating locations has been conducted by THMag in accordance with the ISO 14064 and GHG Protocol standards. With reference to the Science Based Targets initiative (SBTi), and taking into comprehensive consideration multiple factors such as production stability and data availability, 2023 was selected as the base year for the Company's greenhouse gas accounting. Annual carbon emission targets through 2030 for the Company's own operations and upstream and downstream value chain have been formulated (for overall targets, see the section headed "ESG Management"), and product carbon footprint assessments and calculations have also been carried out for certain customer products.

Overall Emission Reduction Targets for 2030

Overall Target	Actual Carbon Emissions in 2023	Planned Carbon Emissions in 2030
Scope 1 & 2: Carbon Emissions from Own Operations	50,897.51	29,520.55
Scope 3: Upstream and Downstream Carbon Emissions	120,659.28	90,494.46

Other Management Targets

- Within 2 years, energy audits will be conducted on production equipment, including natural gas boilers, to identify energy use efficiency and energy leakage risks.
- Within 2 years, product carbon footprint analysis will be conducted for key products to identify emission reduction potential.
- A systematic survey of the carbon management level of core suppliers will be completed in 2026, and a comprehensive assessment of the carbon management level of all suppliers will be achieved by 2030.

Based on the emissions data contained in the carbon verification report for the year2, and in comparison with the previous year, effective analysis was conducted on the relevant data for various emission activities and emission scopes, and effective solutions and corresponding control measures were formulated. THMag's greenhouse gas emissions data for 2025 (location-based) were as follows:

Category	Unit	2025	2024
Greenhouse Gas Emissions (Scope 1)	tCO ₂ e	1,353.90	1,992.77
Greenhouse Gas Emissions (Scope 2)	tCO ₂ e	73,821.47	80,783.90
Greenhouse Gas Emissions (Scope 3)	tCO ₂ e	155,521.62	126,926.38
Total Greenhouse Gas Emissions	tCO ₂ e	230,696.99	209,703.05
Greenhouse Gas Emissions Intensity	tCO ₂ e/RMB million revenue	0.32	0.32

² The verification boundary covers THMag headquarters only and does not include Tianzhihe.

Building a Green Industrial Park

Improving Energy Efficiency and Reducing Consumption

Energy Management



Adhering to the energy management policy of "energy saving and low carbon, cleaner production; improved energy efficiency and continuous improvement", THMag strictly complies with relevant laws and regulations applicable in its places of operation, including the *Energy Conservation Law of the People's Republic of China*, the *Renewable Energy Law of the People's Republic of China* and the *Cleaner Production Promotion Law of the People's Republic of China*. The Company has obtained the GB/T 23331-2020/ISO 50001:2018 Energy Management System certification, and the certificate remains valid. Documents including the *Energy Review Control Procedures and the Regulations on Energy Saving and Consumption Reduction Management* have been formulated. Energy-saving targets have been set and progress has been tracked on a regular basis (see the section headed "ESG Management / Indicators and Targets"). The effectiveness of energy management has been evaluated through multiple mechanisms, including internal audits, management reviews and compliance evaluations. A standardised energy data collection system has been established, and each department is required to record energy consumption data and report such data regularly.

Through the introduction of digital systems, equipment upgrading and process optimisation, the potential for energy saving has been comprehensively explored, and energy use efficiency has been continuously improved. AI-based electricity trading decision-making and integrated energy dispatch optimisation have been introduced to achieve planned, rational and optimal electricity use. Registers of major energy-consuming equipment have been established, full life cycle management has been implemented for high-energy-consuming equipment, and regular maintenance and energy efficiency assessments have been carried out. Production processes and operating procedures have been optimised, control standards for key energy consumption parameters have been clarified, and energy waste has been reduced through process optimisation. Operational and behavioural energy-saving practices have been promoted, employee energy use behaviour has been standardised, and awareness of energy saving among all employees has been enhanced. In 2025, the Company's total comprehensive energy consumption amounted to 17,859.15 tons of standard coal.

In 2025, the Company's Energy-saving and Consumption-reduction Measures (Partial) Were as Follows

- Priority was given to clean energy equipment such as new energy electric forklifts and electric transfer vehicles.
- In the batching process, automated intelligent batching production lines were fully adopted. Required raw materials can be accurately retrieved by the system from the intelligent three-dimensional warehouse according to preset formulas, and precise proportioning can be completed through a high-precision weighing and closed-loop control system.
- In the machining process, optimisation of the coolant formulation for multi-wire cutting machines was carried out. The new formulation provides better heat dissipation performance and chip removal capability, effectively reducing temperature rise and blockage risks during the cutting process.
- In the wafer spin-drying process, the traditional in-furnace air-cooling method before strip casting discharge was optimised into a post-furnace water-cooling process, effectively avoiding the impact of in-furnace cooling on continuous production.

Case: THMag Implemented a Waste Heat Recovery Project



In October 2025, the waste heat recovery project was officially put into operation by THMag. Core equipment including three first-grade energy-efficiency water-source heat pumps and six first-grade energy-efficiency circulating water pumps was installed, and a dual system for waste heat recovery and domestic hot water was established. The outlet water temperature was stably maintained at 53-55°C, meeting the demand for hot water and heating in dormitory buildings, canteens and other facilities. According to calculations, electricity consumption during the heating season is expected to be reduced by 57% after the implementation of the project.

Water Resource Management

THMag's water resources are mainly sourced from two channels, namely municipal water supply and surface water abstraction, and no obstacles have been encountered in obtaining suitable water resources. The Company strictly complies with relevant laws and regulations applicable in its places of operation, including the *Water Law of the People's Republic of China*. The *Measures for Water Resource Management* were formulated to clarify the specific responsible persons at senior management level and the main responsibilities of the department in charge, so that full-process control over water use can be implemented and the efficiency of water utilisation and the standardisation level of water resource management can be continuously improved.

The Company's main production plants are located in Baotou, a region with water scarcity. However, the production of rare earth permanent magnetic materials is not a water-intensive industry. At least one environmental inspection of the area surrounding water intake points is organised by the Company each year. Water abstraction permits are lawfully obtained, and water resource assessment work is carried out, so that the ecological environment of water sources can be effectively protected. To reduce water consumption, advanced water-saving technologies and equipment have been promoted, water-saving inspection and supervision have been strengthened, and anti-seepage treatment, inspection and maintenance of the water supply network have been regularly carried out to reduce leakage losses. The Company has also conducted themed education and training on water conservation, promoted water-saving concepts, enhanced water-saving awareness among all employees, and fostered a sound atmosphere in which "water conservation is everyone's responsibility". In 2025, the Company's freshwater consumption amounted to 284.50 megalitres, and the water recycling and reuse rate for the whole plant reached 99.69%.



Oath-taking Activity on "Protecting the Clear Waters of the Yellow River and Practising Green Responsibility"



Publicity on Water Conservation in Plant and Daily Life

Water-saving Facility Development of the Company

- A full-level water metering system was established to accurately record water abstraction and consumption data.
- Drift eliminators were installed on cooling towers, and a manual concentration ratio control system was adopted to reduce evaporation and blowdown losses.
- Closed-loop circulation was adopted for the cooling systems of all core production equipment to avoid water waste.
- RO integrated water-saving equipment was adopted for purified water preparation, and the water recovery rate of the first-stage reverse osmosis system reached 75%.



Promoting Cleaner Production

Material Recycling

The Company thoroughly implements the development concept of efficient resource recycling and low-carbon sustainability. It prioritizes resource recovery in production processes and integrates relevant management into core production control. A diversified circular material utilization model has been established, combining internal closed-loop recycling with supplementary external recycled raw materials.

The Company implements material circulation management across the entire production and operation process. Reusable materials generated during production are recycled and reintroduced into manufacturing procedures. Other waste materials are uniformly entrusted to qualified and compliant professional partners for standardized disposal, recycling and refining, enabling effective recovery of rare earth metals and promoting resource regeneration and reuse. Meanwhile, the Company actively procures compliant recycled rare earth raw materials from the market and steadily increases the proportion of recycled materials, helping reduce the overall carbon footprint of the industrial chain.

In 2025, the Company

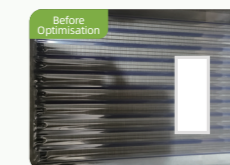
- Recycled rare earth raw materials accounted for **25.58%** of the Company's total annual rare earth material consumption.

Reusable Packaging Materials

Guided by the *General Specifications for Product Packaging Design*, THMag has optimised its packaging methods and packaging materials, and has built a reusable packaging system through lightweighting and standardisation. In material selection, environmentally friendly recycled materials are prioritised. In structural design, excessive packaging is avoided, and clear recycling labels are provided simultaneously, so that the environmental attributes of packaging can be controlled at the source. Internally, general designs are adopted for packaging materials such as blister boxes, vacuum bags, foam boxes and pearl cotton cartons, and the repeated use of returnable packaging materials is promoted, with one-time packaging being replaced by reusable returnable packaging. Externally, packaging recycling is promoted in collaboration with customers, and discarded packaging materials are handed over to qualified institutions for standardised resource recovery treatment. In 2025, the total amount of packaging materials used for the Company's products was 328.11 tons, of which 153.77 tons were environmentally friendly packaging materials, accounting for 46.87%.



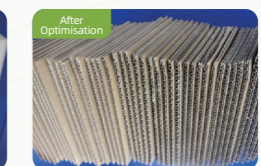
One-time carton packaging was replaced with KLT reusable returnable boxes, increasing the transport volume per vehicle by 50% and indirectly reducing carbon emissions by 40%.



Plastic tube packaging was changed to bulk packaging, reducing the use of plastic products.



One-time carton packaging was replaced with foldable pallet box packaging that can continue to be used at the customer end.



Internal cushioning materials were changed from non-recyclable pearl cotton to recyclable paper packaging.

■ Practising Green Office

THMag has deeply integrated the concept of green office into daily operations through the posting of environmental signs, the carrying out of dedicated training activities and daily environmental management, and its low-carbon commitment has been practised through concrete actions in everyday details. Paperless office practices have been fully promoted by the Company. The use of paper consumables has been reduced through digital approval, electronic document circulation and online meeting systems, while an office waste paper recycling mechanism has been established to enable resource recycling and utilisation. Standards for the use of equipment such as air-conditioning and lighting in office areas have been regulated, energy-saving office equipment has been promoted, and water-saving and electricity-saving reminder signs have been installed, so that energy consumption can be reduced at source. Green commuting has been encouraged, and employees have been encouraged to travel by public transport, cycling or carpooling, thereby fostering an office atmosphere of "moderation in saving, greenness and efficiency" throughout the Company and comprehensively enhancing employees' awareness of conservation.



Electricity-saving Sign



Water-saving Tap

Case: THMag Organised the "Green Action for the Earth, Walking Together with Low Carbon" Earth Day Walking Event

In April 2025, 33 employees were organised by THMag to take part in a themed walking event at Saihantala Urban Grassland. The event was centred on a 5-kilometre walk along an ecological greenway, and interactive activities such as a waste sorting competition and an environmental knowledge relay were arranged. An online check-in and like-sharing campaign was launched simultaneously, through which employees shared creative environmentally themed photos to broaden the reach of the concept. At the environmental sharing session held at the finish point, low-carbon reflections were exchanged by employees, and all event waste was sorted and disposed of in a centralised manner. Succulent plant sets were provided by the Company as commemorative gifts, so that the environmental protection concept could be extended to family settings. Through the coordinated integration of online and offline activities, the concept of ecological civilisation was practised, and the Company's sense of responsibility in protecting the Earth was demonstrated.



■ Ecological Protection Actions

Governance>

THMag actively responds to the *Convention on Biological Diversity*, the *Kunming-Montreal Global Biodiversity Framework* and the *China Biodiversity Conservation Strategy and Action Plan (2023-2030)*. Although the Company's plants are neither located in nor adjacent to ecologically sensitive areas, ecological responsibility has still been taken as the guiding principle. A biodiversity conservation vision highly aligned with the Company's values has been established, the General Management Department has been designated as the department in charge of biodiversity-related work, and the deepening of such work has been steadily advanced through institutional development and target setting.

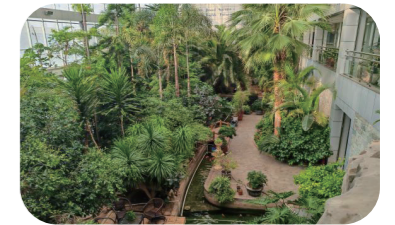
Strategy>

In 2025, the *Biodiversity Conservation Commitment Letter* was publicly issued by the Company, under which five core commitments were made: governance systems and environmental protection communication will be improved, ecological protection will be prioritised throughout the full project process, and environmental protection concepts will be fostered among all employees; green operations will be advanced, relevant laws and regulations will be observed, environmental footprints will be reduced through technological innovation, and participation in local ecological protection projects will be undertaken; a green supply chain will be developed, responsible procurement will be promoted, and cooperation with suppliers will be strengthened to reduce ecological impacts across the full value chain; multi-party collaboration will be advanced, relevant awareness-raising activities will be carried out, and cooperation with all sectors will be sought; open communication and continuous learning will be maintained, stakeholder opinions will be heard, and protection strategies will be optimised, so that ecological balance can be protected and sustainable development can be supported through practical actions.

Risk Management>

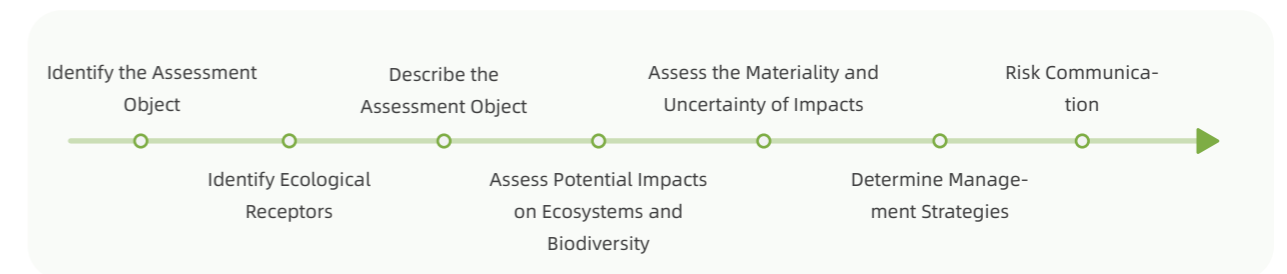
The *Biodiversity Risk Assessment Process* was formulated by the Company, and a full-process and standardised risk control mechanism was established. Biodiversity risk assessments are actively carried out during new product development, project construction and process improvement. Based on the assessment results, management strategies such as monitoring, adjustment and risk mitigation are formulated, and the assessment results and management plans are communicated to relevant stakeholders in a timely manner, so that the transparency and credibility of biodiversity protection work can be enhanced.

The Company is committed to creating a more ecological and biodiverse office park, so that employees can enjoy the beauty of nature beyond their work.



On-site Ecological Landscape Development of the Company

Biodiversity Risk Assessment Process



Ecological Protection Measures during Project Construction

Main Stage	Key Actions
Site Selection and Design Stage	<ul style="list-style-type: none"> The ecological protection red line system is strictly observed to ensure that projects avoid red line areas and that damage is not caused to ecologically important areas or ecologically sensitive and fragile areas. Environmental investigation and assessment are actively carried out, and environmental impact assessment procedures are fully performed, so that the compliance and sustainability of project construction can be ensured.
Construction Stage	<ul style="list-style-type: none"> Environmentally friendly construction materials and processes are adopted, construction management is strengthened, the construction scope is minimised as far as possible, and all construction activities are strictly confined within the construction area, so that surrounding vegetation systems can be protected. In accordance with environmental impact assessment requirements, relevant materials are disclosed in a timely manner, and opinions and suggestions are widely sought.
Post-construction and Operation Stage	<ul style="list-style-type: none"> Ecological restoration is carried out, and the impacts of the project site on the surrounding ecological environment are regularly monitored and assessed.

Indicators and Targets>

Core Targets for the Company's Biodiversity Protection Include

- To uphold the mission of biodiversity protection and proactively reduce the direct and indirect impacts of production and operations on ecosystems.
- To optimise production processes and product design, reduce environmental footprints, and support ecosystem restoration and biodiversity enhancement.
- To build a sustainable business model, integrate biodiversity protection into all aspects of production and supply chain management, and promote the coordinated development of industry and ecology.

PRODUCTS

Connecting Industry through Magnetics and Leading Innovation with Intelligence

THMag has remained deeply engaged in the rare earth permanent magnet sector. Development has been underpinned by the "zero-defect" quality philosophy, technological innovation has been driven by process iteration and digital technologies, and the supply chain ecosystem has been optimised through the concept of collaborative and mutually beneficial development. By connecting the upstream and downstream value community of the industrial chain and advancing comprehensively in all aspects, industrial momentum has been activated and the high-quality advancement of the industry has been led.

Product Quality and Customer Service

Technological Innovation

Information Security and Privacy Protection

Sustainable Supply Chain

Conflict Minerals



*Aligned with the United Nations Sustainable Development Goals

Building High-quality Magnetic Materials

■ Optimising Quality Management

Governance>



THMag has taken the lead in obtaining IATF 16949 automotive industry quality management system certification, and the certificate has remained valid. A total of 1,368 documents, including management systems, operating specifications and process documents such as the *Quality Management Manual*, the *Nonconforming Product Control Procedures*, the *Customer Complaints and Claims Handling Procedures* and the *Measures for Quality Management Assessment*, have been formulated, so that “everything has standards and every step has rules”.

Special audits and certifications covering internal and external quality systems, products, processes and key procedures are regularly carried out by the Company each year. The Advanced Product Quality Planning (APQP) full life cycle quality management process has been adopted. A quality management system has been established under the leadership of the General Manager to drive the implementation of the quality strategy. Under the Quality Management Department, the Quality System Section, Quality Engineering

Section, Quality Assurance Section, Process Inspection Section and Finished Product Inspection Section have been established, and are respectively responsible for core tasks such as the establishment and maintenance of the quality system, development of inspection technologies, handling of customer complaints and process inspection. Departments including sales, production, procurement and R&D perform their respective duties, covering key quality management processes such as product planning, design and development, process verification, mass production control and after-sales service, thereby forming a PDCA closed loop of “plan - do - check - act”.

Strategy>

Closely aligned with its overall development strategy, the Company adheres to the quality policy of “technology and innovation to create value for customers; quality and cost with the pursuit of zero defects”, and has established the quality objective of “customer satisfaction and the pursuit of zero defects”. Focusing on high-end sectors such as new energy vehicles and various consumer electronics, the stability and consistency of product quality are ensured through stringent standards and precise control.

Risk Management>

Through the establishment of a strict quality control system, a comprehensive risk assessment mechanism, and efficient product traceability and recall procedures, together with digital measures, the Company ensures that every stage from production to delivery meets the highest standards. The *Risk Analysis and Response Control Procedures* were formulated, under which risks are identified based on unintended outputs in each process and response measures are developed by level. Risk assessments are conducted annually to ensure comprehensive risk identification and effective response measures.

Full Life Cycle Quality Control System

Stage Product Planning



Supplier On-site Audits in 2025

- ▶ Supplier qualification review and on-site audits are conducted, suppliers' quality assurance capabilities are evaluated, and high-quality suppliers are selected.
- ▶ 80% of incoming inspection standards are stricter than national standards.
- ▶ Suppliers are evaluated quarterly from five dimensions, namely “quality, cost, delivery, risk control capability and self-development capability”.
- ▶ In accordance with the New Product Development Control Process, resources for new product R&D are evaluated and allocated.

Stage Product Design / Process Design



FMEA Quality Tool

- ▶ Product standards stricter than customer requirements and national standards have been established. All products are customised products, with one standard for each order.
- ▶ Based on product components, failure analysis is carried out for subcomponents and subprocesses at all levels, and severity, occurrence frequency and detection are scored for each failure. Risk values are calculated, and improvement priorities are determined according to severity.
- ▶ High-standard testing is carried out in accordance with the verification plan, design results are validated, and multi-party review panels are organised based on the validation results.

Stage Product and Process Verification



Physical Sample Standards

- ▶ Trial production is carried out according to the results of product and process design to verify production stability. All operating procedures, inspection standards and testing standards are standardised, and 300 physical sample standards have been established.
- ▶ A BI online data collection system is adopted to monitor key process parameters in real time.
- ▶ QC teams have been established, and internal and external quality communication is carried out through regular and ad hoc quality meetings, special improvement meetings, management reviews and customer audits.
- ▶ A three-level inspection model of “self-inspection + patrol inspection + special inspection” is implemented. First-piece and last-piece inspections and SPC control are applied to each batch to prevent batch defects.

Stage Initial Containment and Mass Production



Cleanliness Testing Laboratory and Equipment Configuration



Final Product Cleanliness Inspection Room

- ▶ High-precision testing equipment has been deployed to strictly monitor the quality of incoming materials, processes and finished products. By the end of the Reporting Period, 33 AI automatic inspection devices had been put into use.
- ▶ A cleanliness testing laboratory of Class 100,000 with an area of 100 square metres, and a final product cleanliness inspection room of Class 100,000 with an area of 1,000 square metres, have been established.
- ▶ In accordance with the Control Procedures for Employee Competence Evaluation, Education and Training, the competence of each inspector is evaluated every six months. Integrated training and enhancement are provided based on the weaknesses of each inspector, so that inspectors can gradually be developed into multi-skilled personnel.

Traceability and Recall

The *Product Traceability Control Procedures* were formulated by the Company. By integrating the U9 system, data middle platform software, production record repository and a 100-square-metre retained sample product repository, and through the linkage of the ERP and MES systems, product packaging traceability codes and on-site work records, real-time traceability has been achieved across all stages, including raw material procurement, production processes, testing data, personnel and equipment, and delivery logistics. The retained physical samples can fully reproduce the condition of products at the time of shipment.

In addition, defect determination criteria have been clarified by the Company in accordance with the *Product Quality Law of the People's Republic of China*, and supporting documents such as the *Quality Integrity Guarantee System* and the *Emergency Plan* have been established. Where necessary, a dedicated recall task force will be formed immediately, and wholesalers, retailers and consumers will be informed through multiple channels such as announcements and letters, with recall procedures, defect information and contact details clearly specified, so that all defective products can be fully recalled and scrapped or reworked in accordance with the *Nonconforming Product Control Procedures*. At the same time, a graded response mechanism has been established, under which matters are escalated progressively to middle management, the General Manager and even the Chairman according to severity, and containment, analysis and disposal measures can be launched rapidly, so that customer risks and brand impacts can be minimised. During the Reporting Period, no penalties were imposed by competent authorities and no product recalls occurred as a result of product or service quality issues.

Quality Culture Development

Driven by full participation, momentum for quality improvement has been activated by the Company. Employees are actively encouraged to offer suggestions, rational proposals for quality improvement are widely collected, and diversified activities such as thematic quality training and skills competitions are regularly carried out, so that learning can be promoted through competition and capabilities can be enhanced through training. In this way, quality awareness and professional practical competence have been strengthened among all employees in a comprehensive manner. In 2025, 148 employee rationalisation proposals were received, with an adoption rate of 100% and an improvement rate of 100%.



Case: THMag Organised a Skills Competition for Finished Product Inspection Positions

In December 2025, a skills competition for finished product inspection positions was organised by THMag. Focusing on key aspects of finished product appearance quality control, the professional competence of frontline inspectors was tested and enhanced through practical competition. Group-based contests were arranged for different categories of finished products, and common quality defects such as scratches and burrs were accurately identified, with inspection accuracy, operational standardisation and work efficiency being comprehensively assessed.



Indicators and Targets>

Anchored to the Company's future strategic objectives, forward-looking and operational company-level annual quality targets are formulated by THMag. Throughout the full quality management process, including design and material selection, incoming inspection, production and shipment, department-level performance and quality indicators for each position that are stricter than the company-level targets are set and controlled. Regular review, management and supervision are also carried out to track the progress of product quality targets.

In 2025, the Company

- Customer Satisfaction \geq 94%
- Finished Product Delivery PPM for Automotive Customers = 0
- Product Recalls 0

Providing Quality Services>

THMag upholds the corporate mission of "Customer First" and has established a standardised, full-process customer service management system. Systems such as the *Customer Satisfaction Management Procedures*, the *Customer Complaints and Claims Handling Procedures* and the *Management Specifications for Identification of Customers' Special Requirements* have been formulated by the Company, and professional product sales and customer service teams have been established. Timely communication with customers is maintained through video conferences, emails, telephone calls and on-site visits, and the quality of customer service at all stages, including pre-sales communication, in-sales service and after-sales satisfaction, has been continuously improved, thereby gaining high recognition from customers around the world.

01 Pre-sales Communication



Customer Visit Communication

Focusing on customers' core needs, dedicated liaison teams have been formed by the Company for customers in different application fields such as new energy vehicles, wind power and energy-efficient household appliances. Customers' personalised and special requirements relating to product performance, specifications, delivery lead time and factory audits are proactively and thoroughly understood, and comprehensive product information, customised solutions and efficient service support are provided.

02 In-sales Service

During the supply of magnetic materials, a full-process closed-loop customer complaint management mechanism has been established. After complaints or return requests are raised by customers through letters, faxes, visits, telephone calls or returns, a prompt response is made by the Sales and Marketing Department, timely communication is conducted to understand the basic situation, response timelines are strictly controlled, corrective measures are formulated by the responsible departments, and the effectiveness of such measures is tracked and verified by the Quality Management Department. A rapid response board has also been established to ensure that customer complaints can be resolved in a timely and effective manner.



After-sales Training for Customers

To improve the quality of customer service, the professional development of the service team has been continuously strengthened, and dedicated training on product knowledge, technical standards and communication skills has been regularly carried out, so that employees' overall capability in customer liaison and problem-solving can be enhanced. A working model of "dedicated personnel for liaison and coordinated handling" has been established, and the division of responsibilities among the Sales and Marketing Department, the Quality Management Department, the Production Department and other departments in customer complaint handling and order follow-up has been clarified, so that service responses can remain efficient and process coordination can remain smooth.



Quality Improvement Training

In 2025, Customer Complaints of the Company

Satisfaction Rate of Complaint Handling
100%

Dedicated Training Sessions Were Conducted
16

Participant-times
247

03 After-sales Support

To gain a full understanding of customers' genuine perceptions and suggestions regarding the Company, and to meet their current and future needs and expectations, a linked mechanism of "satisfaction surveys + customer scorecards" has been established by THMag. Annual or regular customer satisfaction surveys are conducted to understand customer satisfaction across multiple dimensions, including the quality, price, delivery and service of products and services. Customer opinions are collected, feedback information is received and recorded, and a Customer Satisfaction Evaluation Report is generated. Satisfaction evaluation results and trends are analysed, and targeted plans for improvement and enhancement of satisfaction are arranged and formulated. In 2025, 31 customer questionnaires were issued to domestic and overseas customers, and 23 were returned, representing a response rate of 74%. A customer satisfaction evaluation system covering 9 key indicators, including annual satisfaction surveys, customer complaints or grievances, new order / new product requirements and customer scorecards, has been established by the Company. Monthly statistics and tracking are conducted, and an annual overall satisfaction result is formed on a weighted basis. In 2025, the Company's overall customer satisfaction score reached 95.86%, achieving the quality target of customer satisfaction $\geq 94\%$.

In recent years, the Company has repeatedly received awards and recognition from multiple customers. This demonstrates THMag's core competitiveness and overall strength in technological innovation and operational management, and also serves as the best recognition of the dedicated efforts of our team.



Volvo Cars
"Sustainable Long-term Partner Award"



BOSCH 2025
Global Supplier Award



Daikin Excellent
Supplier Award



Brose 2025
Key Supplier Award

Information Security and Privacy Protection

Governance



Adhering to the philosophy of "enhancing confidentiality awareness, ensuring information security, improving control measures and achieving continuous improvement", THMag has formulated a series of internal systems, including the *Information Security Management Manual*, the *Information Security Compliance Management Procedures* and the *Information Security Incident Management Procedures*. In accordance with the information security requirements of TISAX (Trusted Information Security Assessment Exchange), a reliable information security management system has been established. The General Manager serves as the highest person responsible for information security, and is responsible for decision-making and overall coordination on major information security matters of the Company. Management reviews are also regularly organised to continuously assess the adequacy and effectiveness of the operation of the information security management system. A representative for information security management is appointed by the General Manager. Heads of each department serve as the persons responsible for information security management within their respective departments, and all employees are required to consciously fulfil their information security and confidentiality obligations in accordance with the requirements of confidentiality commitments.

Strategy

The deep integration of the information security management system with the principal business, R&D activities and supply chain management has been continuously advanced by THMag. Focusing on key business links such as R&D and design, production and operations, supplier management and customer data protection, important information assets are systematically identified by the Company, graded and classified management is implemented, and the overall information security protection capability is enhanced through a combination of institutional development and technical controls.

Risk Management



A systematic information security risk management mechanism has been established by the Company. In accordance with the *Information Security Risk Assessment Control Procedures*, risk assessments of information assets are conducted on a regular basis. Each department is responsible for identifying its principal information assets and supporting assets. Threat identification, vulnerability analysis and risk assessment are organised by the Information Security Management Team, and risk levels are determined based on a comprehensive assessment of asset value, threat frequency and degree of vulnerability. For identified information security risks, management strategies such as acceptance, reduction, avoidance or transfer are adopted by the Company, so that risks can be controlled within an acceptable range.

An information security incident management mechanism has been established by the Company, under which incident classification standards and handling procedures are clearly defined. Graded response and closed-loop management are applied to incidents such as unauthorised access, information leakage and system interruption, so that information security incidents can be identified in a timely manner, handled effectively and continuously improved, and the impact on business operations and relevant parties can be minimised to the greatest extent possible.

For the protection of customer information and data assets, technical means and management mechanisms have been combined by the Company to continuously improve the information security management system. A data security encryption system has been introduced, under which automated and mandatory encryption management is applied to design drawings, technical documents and various types of business data. Without affecting employees' normal office work and business activities, real-time encryption control is applied throughout the entire process of file generation, storage and use, so that data can only be accessed within the Company's authorised environment. For files that must be shared externally, approval and decryption authorisation procedures are strictly implemented, and dedicated personnel management and full-process traceable control are applied. During the Reporting Period, 8 information security-related training sessions were conducted, and no incidents involving leakage of customer privacy occurred.



During the Reporting Period

- 8 information security-related training sessions were conducted, and no incidents involving leakage of customer privacy occurred.

Indicators and Targets>

A series of information security management targets have been formulated and implemented by the Company. At least one management review is conducted each year. In accordance with the internal *Control Strategy for Information Security Management System Objectives*, the achievement of information security targets is systematically monitored and assessed, and necessary resources are allocated in a timely manner based on the review results, so that continuous improvement and ongoing enhancement of the information security management system can be promoted.

Indicator Name	Target Value	Evaluation Cycle	Target Attribute	Progress against 2025 Target
System Availability	99.5%	Quarterly	Availability	Achieved
Enterprise LAN Coverage Rate	95%	Semi-annually	Availability	Achieved
Training Plan Completion Rate	100%	Semi-annually	Confidentiality, Availability and Integrity	Achieved
Number of Information Leakage Incidents per Year	0	Semi-annually	Confidentiality	Achieved
Number of Information Security Incidents	2	Semi-annually	Confidentiality, Availability and Integrity	Achieved

Adhering to Technological Innovation

Strengthening R&D Capabilities

Governance>

Guided by the product upgrading principle of "producing one generation, trial-manufacturing one generation, researching one generation and conceptualising one generation", THMag has established a comprehensive and efficient R&D management system. A series of documents, including the *R&D Project Management System* and the *Management System for the Transformation of Scientific and Technological Achievements*, have been formulated, and standardised procedures covering the full life cycle of R&D projects, from proposal, feasibility analysis, design and development, trial production and appraisal to achievement transformation, have been clearly defined.

THMag R&D Management System

General Manager's Office Meeting

- R&D decision-making body, responsible for supervising the full process of R&D projects and organising the evaluation and assessment of achievements

Chief Engineer

- Responsible for leading the preparation of R&D plans and coordinating the resolution of major issues arising during implementation

R&D Center

- Department in charge, responsible for coordinating project initiation, implementation, acceptance and achievement management

Sales and Marketing Department, General Management Department, Supply Chain Department and Other Departments

- Respectively responsible for market demand collection, R&D personnel allocation, material procurement support and related work

Strategy>

The Company's medium- and long-term strategic objectives for intellectual property are as follows

- In the field of innovation**, efforts are made to build an industry technology source and achieve the transition from "following innovation" to "leading innovation";
- In patent layout**, a high-value patent pool supporting global business is to be developed, and the international deployment and value realisation of patents are to be advanced;
- In brand protection**, an all-channel brand protection system is to be established, and a benchmark brand in the global rare earth permanent magnetic materials sector is to be built;
- In trade secret protection**, a full-process security control mechanism is to be established, so that confidentiality capability can be transformed into a core competitive advantage.

Risk Management

Core risks in the R&D process are systematically identified by THMag, and quantified assessments are carried out for the identified risks. Tools such as risk matrices and risk probability and impact scoring are applied to determine risk levels. Based on the risk level, priorities for response strategies are set, and urgent measures are taken for high-risk items. Through regular mechanisms such as monthly performance evaluations, quarterly performance assessments and annual technical evaluations, R&D risks are continuously monitored.

Description of Main Business Risks	Response Measures
<ul style="list-style-type: none"> Insufficient scientific validation or inadequate demonstration of research projects may lead to insufficient innovation or waste of resources. Unreasonable allocation of R&D personnel or weak management of the R&D process may lead to excessive R&D costs, fraud or R&D failure. Insufficient transformation and application of research achievements, or inadequate protection measures, may lead to damage to the Company's interests. 	<ul style="list-style-type: none"> Industry-university-research collaboration: Long-term cooperation is established with top domestic universities and research institutes to jointly tackle key technical challenges. An independent R&D center is established to strengthen R&D capabilities. The R&D talent pipeline is improved through the combination of "introducing high-end talent + internally cultivating key personnel". An incentive mechanism for R&D innovation is established, and the assessment and incentive system for R&D personnel is standardised. R&D funds are prioritised for core fields such as high-performance materials, heavy-rare-earth-free materials, bonded magnet / injection-moulded magnet technologies and magnetic assemblies, so that the progress of technological R&D can be ensured.

Relying on the advantages of Baotou's rare earth industry and policy support, and based on independent R&D, the Company has deepened collaborative innovation with relevant domestic and overseas institutes, key universities and leading enterprises along the industrial chain. Through the joint development of R&D cooperation platforms, new technologies and resources have been introduced to support innovation in equipment and process R&D. Through the optimisation of key processes independently developed by the Company, including multi-component composition regulation, grain refinement technology and one-time compaction technology, the magnetic properties, corrosion resistance and reliability of products have been successfully improved. Through the independent development of key production equipment such as jet mills and one-time compaction presses, the localisation of equipment has been successfully achieved.

THMag R&D and Innovation Platform



Major R&D and Innovation Progress of the Company in 2025

- For humanoid robots, the Company has established a special R&D project team. During the reporting period, it cooperated with multiple customers on R&D and sample delivery, and small-batch product delivery has been completed for individual projects.
- The Company continued to upgrade technologies including high-performance heavy rare earth diffusion technology (DDP), low-heavy rare earth technology (DLP) and heavy rare earth-free technology (DFP). In response to market and end-customer demands, a series of new heavy rare earth-free products have been developed.
- The Company kept accelerating new product development, and proactively laid out bonded magnets, radial magnetic rings, magnetic components and other product categories. This has laid a solid foundation for the Company to expand its product portfolio, and upgrade from a sintered rare earth permanent magnet material supplier to an integrated provider of rare earth permanent magnet materials and magnetic application solutions.

Case: Intelligent Continuous Furnace Project

THMag has upgraded and renovated its production equipment through independent R&D, replacing traditional single furnaces with intelligent continuous furnaces. This initiative optimizes the furnace insulation structure and temperature control logic. While realizing full-process automated operation, it greatly improves product consistency and qualification rates. The production cycle is shortened by approximately 5%-10% compared with conventional single furnaces, thereby cutting greenhouse gas emissions per unit product. It effectively enhances resource utilization efficiency and product quality stability, providing strong support for the Company's green and low-carbon development.

Internal documents such as the *Performance Assessment System for R&D Personnel* and the *Measures for Employee Incentive Management* have been formulated by the Company. A target-setting group has been established to formulate specific performance targets in accordance with the Company's annual production and operation plan. Upon approval of the performance targets, a *Performance Target Responsibility Letter* is signed between the Company and the design and R&D personnel. Dedicated R&D incentive awards have been established for achievements in innovation and R&D, including patents and technological development, so that employees can be encouraged to participate in technical improvement and patent application, thereby fostering an innovation-oriented atmosphere across the Company.

Indicators and Targets>

Closely aligned with technological development trends in the rare earth permanent magnetic materials industry, the Company focuses on emerging application fields such as new energy vehicles, wind power and energy-efficient household appliances, and has defined “material innovation, process innovation, application innovation and green manufacturing technology” as its core R&D directions. Clear core targets for technological innovation have been established: by 2030, R&D intensity is to reach over 4%, and cumulative patent applications are to exceed 150.

As of the End of the Reporting Period, the Company

- Held **110** patents, including **85** invention patents.
- Held **49** overseas patents and **61** domestic patents.
- Had obtained **40** trademarks.

In 2025, the Company

- R&D investment amounted to RMB **112** million, and **157** R&D personnel were employed.

Protecting Intellectual Property Rights



Intellectual property is an important component of the Company’s core competitiveness and a key support for technological innovation and sustainable development. Adhering to the intellectual property policy of “innovation-driven, safeguarded by confidentiality, founded on compliance and based on win-win cooperation”, THMag strictly complies with the *Patent Law of the People’s Republic of China* and has formulated rules and systems such as the *Intellectual Property Compliance Management Manual*, the *Measures for Intellectual Property Compliance Management* and the *Measures for Performance Evaluation of Intellectual Property Compliance Management*. In line with the overall development strategy and intellectual property objectives, a detailed annual intellectual property work plan is formulated each year, and the types of intellectual property to be prioritised and acquired during the year are clearly defined. A three-tier organisational structure for intellectual property compliance management has been established, namely “General Manager (Top Management) - Management Representative (Chief Engineer) - All Departments”, under which the main responsibilities at each level are clearly defined, and the Company’s strategic planning, daily supervision, deployment, operation, licensing and litigation relating to intellectual property are comprehensively managed and implemented. In 2025, recertification under the GB/T 29490-2023 Intellectual Property Compliance Management System was successfully obtained.

The identification, prevention, control and response to intellectual property risks have been embedded into all aspects of the Company’s operations and management. A regular mechanism for intellectual property due diligence, compliance review and graded management has been established, and compliance reviews are conducted and records are retained at key stages such as contract signing, information release and product promotion. Through internal and external audits and management reviews, the effectiveness of the system, the fulfilment of compliance obligations and the extent to which targets have been achieved are regularly evaluated. Corrective and preventive measures are formulated for issues identified through audits, thereby forming a closed-loop management mechanism of “review - evaluation - improvement”.

Case: THMag Conducted the Annual Management Review of the Intellectual Property Compliance Management System



On 30 September 2025, the annual management review of the intellectual property compliance management system was conducted by THMag in accordance with the GB/T 29490-2023 standard. The review covered core elements including policies and objectives, system operation and resource allocation, and confirmed that human, financial and technical resources were adequately allocated, and that the system was operating effectively and in compliance with the standard requirements. Follow-up actions will include the continued implementation of personnel training and system upgrading in accordance with the review recommendations, the tracking of the implementation of improvement measures, and the dynamic optimisation of the system to meet development needs.

The development of an intellectual property culture has been incorporated into the overall corporate development strategy. Anonymous reporting channels have been established to encourage employees to raise concerns relating to intellectual property compliance, and fair and impartial investigations and analyses are carried out in cases of suspected non-compliance. Through various forms such as thematic training, internal document communication, external cooperation and publicity, and meeting-based communication, the Company’s intellectual property policies, objectives and compliance requirements are communicated to all employees, thereby enhancing their awareness of intellectual property and their capability for protection.

Case: THMag Participated in the “One-to-one” Customised Patent Service Organised by the Market Regulation and Emergency Management Bureau of the Rare Earth High-tech Zone

In February 2025, THMag actively participated in the “one-to-one” customised patent service on intellectual property organised by the Market Regulation and Emergency Management Bureau of the Rare Earth High-tech Zone. Through on-site investigation and discussion with the expert team, the optimisation directions for patent application and the transformation and utilisation of patents were further clarified by the Company. In light of its own development needs, requests were submitted to the relevant authorities for continued access to patent reports and navigation services relating to key industries in the rare earth sector, so that the global layout of rare earth patents, the competitive landscape and technological development trends could be fully understood, thereby providing strong support for avoiding technological risks and promoting secondary innovation.

Empowering Intelligent and Digital Manufacturing



AAA Certificate for the Integration Management System of Informatization and Industrialization



AAA Digital Transformation Certificate

THMag is committed to building an intelligent factory. Relying on the industrial internet platform, a system featuring “autonomous perception, intelligent decision-making and dynamic optimisation throughout the full production process” has been established, covering all stages from “raw material inbound - production and processing - finished product inspection - logistics outbound”, with the aim of building a benchmark intelligent factory in the magnetic materials industry. At present, platform-based management for multi-organisation collaborative operation has been achieved by the Company through various automated manufacturing and management software systems, comprehensively enhancing the digitalisation level

of product R&D, production management and customer service, and promoting the efficient operation of personnel flow, material flow, information flow and capital flow.

In 2025, “THMag Advanced-level Intelligent Factory of the Autonomous Region” was successfully included in the list of Advanced-level Intelligent Factories of Inner Mongolia Autonomous Region for 2025.



Core Targets for THMag Intelligent Manufacturing

By 2030, new intelligent factories are to be built to drive industrial upgrading.

THMag Digital Systems

Production Side

- ▶ **Manufacturing Execution System (MES):** Real-time collection and monitoring of production progress, equipment status and quality data are achieved.
- ▶ **Quality Management System (QMS):** Quality data across the full product life cycle are systematically managed.
- ▶ **Automated Guided Vehicle (AGV) System:** Driven by production demand, just-in-time (JIT) delivery of materials is achieved.
- ▶ **Recipe Management System (RMS):** Consistency, security and traceability of recipes in R&D and production are ensured.
- ▶ **Artificial Intelligence (AI):** AI-based identification is carried out through industrial CCD cameras to determine product quality, and AI industrial models are introduced for data analysis.



Intelligent Factory Management Platform



Automated Guided Vehicle (AGV) System

Business Side

- ▶ **Enterprise Resource Planning (ERP):** Core modules including finance, supply chain, production and sales are integrated to achieve business process standardization and data unification.
- ▶ **Business Intelligence (BI):** A business intelligence analysis platform is established to integrate multi-system data and provide visualized reports and in-depth analytical insights for management decision-making.



Case: The "Intelligent Design and Optimized Control Solution for Rare Earth Permanent Magnet New Material Processes", jointly developed with the Participation of THMag, Was Selected for the Ministry of Industry and Information Technology's "Open Call for Leadership" Project on Intelligent Manufacturing System Solutions

In December 2025, the "Intelligent Design and Optimized Control Solution for Rare Earth Permanent Magnet New Material Processes", jointly developed by THMag and multiple institutions, was successfully selected for the Ministry of Industry and Information Technology's "Open Call for Leadership" project on intelligent manufacturing system solutions, and became the only selected project from Inner Mongolia Autonomous Region. Targeting pain points such as the long traditional R&D cycle, high cost, low efficiency in smelting processes and high burn-off loss of rare earth permanent magnetic materials, this solution established an AI-based R&D and application system covering the full process from "formula design - process control". Through intelligent optimization, the formula R&D cycle can be shortened from several months to several weeks, by more than 50%, while the success rate of formula design can be increased by 50%. At the same time, production energy consumption and rare earth burn-off loss can be reduced, thereby achieving dual optimization in both R&D and production.

Through the continuous adoption of the "theory + practice" model, interdisciplinary digital talent is being cultivated by the Company, and the deep integration of digital technology with business operations is being advanced, thereby providing talent and technical support for the Company's intelligent manufacturing strategy. In addition, although THMag's product R&D and design activities are not directly subject to review under the national *Measures for the Review of Scientific and Technological Ethics (Trial)*, great importance is still attached by the Company to the governance of scientific and technological ethics. During the digitalization process, it is ensured that technological innovation not only meets market demand but also aligns with social ethical values.

Case: 2025 Special Training on Enhancing the Application Capability of THMag Intelligent Manufacturing Systems



In March 2025, the "Intelligent Manufacturing and Digital Empowerment" training series was launched by THMag to build a talent pipeline for the development of its "intelligent factory". The first round of training featured mindset upgrading, capability focus and full coverage, and was delivered to key personnel from various plants and departments. It focused on two modules, namely business intelligence and data analysis, and the production coordination system, covering the functions of the BI platform and the relevant production reporting operations on the THMag Cloud Platform, thereby strengthening the foundation for application.

Building a Shared Responsibility Chain

Sustainable Supply Chain

Social responsibility, compliance risk control and sustainable development requirements have been deeply integrated by THMag into the full life cycle management of suppliers. Normative documents such as the *Supplier Management Procedures*, the *Supplier Code of Conduct*, the *Supplier Social Responsibility Assessment*, the *Supplier Sustainable Development Questionnaire* and the *Partner Compliance Commitment Letter* have been formulated. Among them, the code includes 36 specific requirements for suppliers in the three areas of human rights and labour, business ethics and environment, and such requirements have been incorporated into the full-cycle supplier management system. A full-process social responsibility management mechanism covering new supplier admission and existing supplier management has been established by the Company, and the Sales and Marketing Department, the Production Department and the Supply Chain Department have been designated as responsible departments, with the responsible Vice General Manager in charge of approving qualified suppliers.

Supply Chain Management Targets of the Company

- ▶ **Green Procurement:** By 2030, **100%** of suppliers are to pass environmental compliance audits, and **50%** of core suppliers are to achieve carbon neutrality targets.
- ▶ **Logistics Emission Reduction:** By 2030, carbon emission intensity from logistics and transportation is to be reduced by **20%**.

In 2025, the Company

- The total number of suppliers was **622**, including **220** in Inner Mongolia Autonomous Region and **402** in other regions.
- The signing rate of the Supplier Code of Conduct reached **100%**.
- The proportion of newly introduced suppliers signing the compliance code reached **100%**.
- **0** suppliers had their cooperation terminated due to non-compliance.

Full Life Cycle Supplier Management System

Admission

- ▶ Risks relating to basic qualifications, legal proceedings and related-party relationships are screened through multiple channels such as telephone interviews, websites and news media, so that bribery offences, commercial bribery and similar issues can be prevented.
- ▶ Suppliers' performance in areas such as labour and human rights, business ethics and carbon reduction management is comprehensively assessed, and a score below 85 is deemed unqualified.

Assessment and Supervision

- ▶ Suppliers' social responsibility performance is reviewed either through supplier self-assessment or through the Company's regular on-site audits, and a Supplier Social Responsibility Assessment Report is issued.

Correction, Improvement and Exit

- ▶ Non-conformities identified during supplier inspections are recorded, corrective measures are required to be formulated, and the implementation process and effectiveness of rectification are tracked. Suppliers that refuse to make rectification or score below 60 will be directly eliminated.
- ▶ Raw material suppliers are required to submit RoHS reports annually, and the validity period of such reports is tracked. Cooperation with suppliers whose certification expires and is not renewed will be suspended.

Communication and Empowerment

- ▶ Special training on supplier social responsibility is regularly organised every year. The training focuses on frontier industry policies and the Company's sustainable supply chain institutional system, and systematically explains the completion requirements and practical methods for various assessment questionnaires. Feedback and suggestions from participating suppliers are collected through post-training questionnaires.



Critical Minerals Management

Adhering consistently to the core principle of "responsible procurement and full-chain control", THMag has integrated the concept of responsible management of critical minerals into the strategic planning and daily operation of its supply chain. Strict compliance is maintained with the *Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains* and the compliance safeguard measures of the Responsible Minerals Initiative (RMI). The *Policy Procedures for Prohibiting the Procurement of Conflict Minerals* and the *Due Diligence Guidelines / Policy for Responsible Raw Material Procurement* have been formulated, under which a clear commitment is made not to procure or use any conflict minerals that finance armed groups in conflict-affected areas or violate international humanitarian standards, including 3TG minerals such as tantalum, tin, tungsten and gold, as well as other high-risk minerals.

To respond accurately to customer requirements and international compliance requirements, a standardised management mechanism for completion of RMI (Responsible Minerals Initiative) questionnaires has been established by the Company, and dedicated personnel have been assigned to coordinate the completion of various compliance questionnaires, including the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT). In addition, conflict minerals control requirements have been embedded throughout the full process of supplier admission, cooperation and dynamic evaluation. At the supplier admission stage, the principal manufacturers from which the Company procures have all passed RMI compliance certification, and "no use of conflict minerals" has been clearly defined as a core admission requirement. All downstream critical minerals suppliers are required to sign a *Commitment Letter on Non-use of Conflict Minerals*. For existing suppliers, a regular supervision mechanism has been established, under which the implementation of conflict minerals control by suppliers is periodically reviewed, and suppliers are required to provide timely feedback on changes in the upstream supply chain, so that control requirements can be effectively transmitted to all upstream links.

In 2025, the Company

- The accuracy and timeliness of completion of RMI-related questionnaires both reached **100%**.
- The proportion of suppliers subject to conflict minerals traceability investigation reached **100%**.
- The number of suppliers found to have used conflict minerals in violation of requirements was **0**.

Supporting Industry Development

THMag fully recognises that the healthy and sustainable development of the industry depends on collaborative efforts and corporate responsibility. Through deep participation in domestic and international industry conferences and exhibitions, industry standard-setting has been promoted. The Company has also proactively joined authoritative industry associations such as the Association of China Rare Earth Industry, the China Nonferrous Metals Industry Association, the Shanghai Society of Rare Earth, the China Electrical Equipment Industry Association, the Rare Earth Industry Association of Inner Mongolia Autonomous Region and the Inner Mongolia Rare Earth Society. In this way, the Company has been supported in accurately grasping the technological frontier, market trends and policy direction of the global magnetic materials industry, while its innovation achievements and technical strength have been fully demonstrated, thereby promoting in-depth connection and resource integration across the upstream and downstream industrial chain and injecting strong momentum into the high-quality development of the magnetic materials industry.

As of the End of the Reporting Period, the Company

- had cumulatively participated in the formulation / revision of **17** standards, including **10** national standards.

National or Industry Standards in the Preparation of Which THMag Participated (Published, Partial)

- XB/T 814-2023 *Evaluation Requirements for Green Factory of Sintered NdFeB* Industry Standard
- 2022-0576T-XB 2:17 *Type Sintered SmCo Permanent Magnetic Materials* Industry Standard
- GB/T 42160-2022 *Grain Boundary Diffusion NdFeB Permanent Magnetic Materials* National Standard
- XB/T 617.8-2023 *Chemical Analysis Methods for NdFeB Alloys — Part 8: Determination of Hydrogen Content — Inert Gas Fusion-Thermal Conductivity Method or Infrared Absorption Method* Industry Standard
- GB/T 43489-2023 *Constant Damp Heat Test for Sintered NdFeB Permanent Magnets* National Standard
- GB/T 42668-2023 *Samarium-Iron-Nitrogen Bonded Permanent Magnetic Powder* National Standard



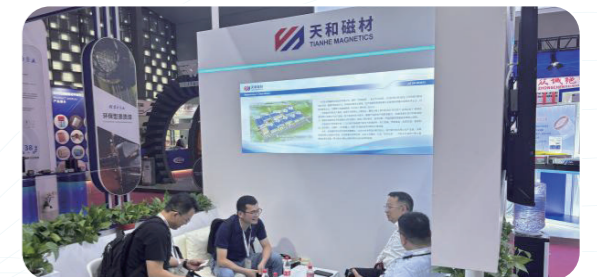
IEMC 2025 SMM (5th)
Motor Annual Conference and Industry Chain Expo



Coiltech Italy 2025



Coiltech North America 2025



CWIEME Shanghai 2025 Shanghai
International Coil Exhibition

SOCIETY

Bringing Together Strength through Magnetics and Creating Shared Benefits for All Parties

Employees are regarded by THMag as the most important creators of corporate value. Labour laws and regulations and compliant employment requirements are systematically implemented, and the principles of fair, just and equal employment are upheld. The remuneration incentive and welfare protection system is continuously improved, and mechanisms for employee participation and democratic communication are kept open. In this way, talent vitality and organisational resilience are continuously released, the results of corporate development are shared with employees and society, and long-term and sustainable social value is actively created.

- Health and Safety
- Talent Development
- Protection of Employee Rights and Interests
- Diversity and Equality
- Social Contribution and Public Welfare

- 3** GOOD HEALTH AND WELL-BEING 
- 4** QUALITY EDUCATION 
- 5** GENDER EQUALITY 
- 8** DECENT WORK AND ECONOMIC GROWTH 
- 10** REDUCED INEQUALITIES 

*Aligned with the United Nations Sustainable Development Goals

04

Building a Talent-driven Enterprise

■ Protecting Employee Rights and Interests

Democratic Communication>

THMag strictly complies with the relevant provisions of the *Trade Union Law of the People's Republic of China*. The *Articles of Association of the Employee Representative Congress* have been established, employee representative congresses are convened on a regular basis, grassroots employee representatives are elected in accordance with the law, and employees are supported and assisted in lawfully establishing trade union organisations. The Company solemnly undertakes that trade unions and their representatives, or representatives of lawfully established organisations for freedom of association, will not be subject to any form of unjustified interference, obstruction or discrimination in the course of performing their duties and exercising their lawful rights. Employees' rights to information, participation, expression and supervision are effectively protected, and employees' freedom of association is fully respected.



Internal Employee Symposium

The *Peaceful Assembly System* and the *Management Procedures for Freedom of Association and Collective Bargaining* have been established and implemented by the Company. Full respect is given to all forms of lawful associations spontaneously formed by employees in accordance with the law, and it is effectively ensured that trade unions and employee representatives are not subjected to discrimination or interference in the course of performing their duties. Collective wage consultation and collective contract signing are regularly carried out by the Company, and full and equal communication and consultation are conducted with employee representatives on matters such as remuneration distribution, labour conditions and employees' immediate interests, so that harmonious and stable labour relations can be continuously promoted.

Employee satisfaction surveys are conducted annually through online and anonymous questionnaires, so that the views and suggestions of all employees on dimensions such as remuneration and benefits, working environment and work pressure can be understood. Based on the survey results, a series of improvement measures are adopted, and an annual *Satisfaction Survey Analysis Report* is ultimately issued.

In 2025, the Company

The valid response rate for employee satisfaction questionnaires reached **84.33%**, and the overall satisfaction rate was **86.68%**.

Employee Rights and Interests Grievance>

The rights of employees and other stakeholders to lodge grievances are protected by the Company in accordance with the law. The *Grievance Mechanism Management Procedures* have been established and implemented internally, and employees and stakeholders are encouraged to raise their concerns and issues through lawful and compliant channels. Upon receipt of grievance information from employees, timely investigation, analysis and rectification will be carried out. After rectification, the handling results will be fed back to the grievant and a satisfaction evaluation will be conducted.

Grievance Channels:

Grievances or reports may be submitted in person, by email, online complaint, letter, telephone, visit or other means, and may also be submitted through an authorised representative.

- Suggestion Boxes: Canteen; South Entrance Hall of No. 3 Plant
- Reporting Email: bthr@thmagnetics.com
- Reporting Hotline: 0472-5240512 (Internal Grievance Hotline); 0472-5223562 (External Grievance Hotline)
- Anonymous Forum: WeCom Platform - THMag; Company Website: <http://www.thmagnetics.com>
- Mailing Address: No. 8-17 Xitu Street, Rare Earth Application Industrial Park, Baotou Rare Earth High-tech Industrial Development Zone

Remuneration and Benefits>

A remuneration and benefits system balancing internal fairness and external competitiveness has been established by the Company. Systems such as the *Remuneration and Benefits Management Procedures* and the *Benefits Management System* have been formulated and implemented, and a Remuneration and Appraisal Committee has been established. Through fair, transparent and scientific assessment and incentive mechanisms, together with welfare arrangements such as paid annual leave, statutory holidays and various special allowances, employees' sense of gain, satisfaction and belonging is enhanced.

Statutory Benefits

- Social insurance and housing provident fund
- Statutory holidays
- Provision of labour protection supplies

Company Benefits

- Provides various types of monetary gifts: holiday bonuses for the Spring Festival, International Women's Day, the Dragon Boat Festival, and other occasions, as well as birthday gifts, condolence payments, and gifts to celebrate academic achievements
- Annual health check-ups are organised for employees, and reimbursement is provided for pre-employment and exit medical examinations.
- Heatstroke prevention and cooling allowances are provided.
- Travel accident insurance is provided for employees on business trips.
- Night shift allowances are provided for frontline employees engaged in physical work during night shifts.



Weekend Basketball Activity



Academic Achievement Gifts for Employees' Children



Badminton Competition



Noon Table Tennis Activity



“Love on 520 · Encounter at THMag” Social Networking Activity



Trade Union Summer Cooling Activity

Case: THMag Golden Autumn Study Tour, Outing and Camping Activity

In October 2025, a golden autumn study tour, outing and camping activity was organised by THMag for employees and their families, with the participation of more than 100 people. Centred on the theme of "getting close to nature, strengthening the team, and promoting parent-child co-education", diversified activities such as fruit and vegetable picking, farming culture experience, intangible cultural heritage handicraft making and camping barbecue were arranged, so that employees and their children could learn about farming culture and enhance parent-child interaction through practical experience. Through group collaboration and immersive activities, communication and coordination among employees were strengthened, and employees' sense of belonging and well-being was effectively enhanced.



Case: THMag Dragon Boat Festival Folk Culture Experience Activity

In May 2025, a Dragon Boat Festival folk culture experience activity was organised by THMag, so that employees could experience the charm of traditional culture through immersive participation. Interactive sessions were arranged around traditional Dragon Boat Festival activities such as pitch-pot, shooting at the five poisons and weaving five-coloured cords, combining festive customs knowledge, cultural meanings and team participation, so that employees could understand the cultural connotations behind Dragon Boat Festival customs in a relaxed atmosphere. In this way, employees' identification with traditional culture was deepened, team cohesion was further enhanced, and a warm and harmonious working atmosphere was created.



Diversity and Equality

Compliant Employment

THMag strictly complies with relevant laws and regulations, including the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and the *Social Insurance Law of the People's Republic of China*. Employment management is standardised in accordance with the law, the lawful rights and interests of employees are protected, and an open, diverse and inclusive organisational culture is continuously fostered.

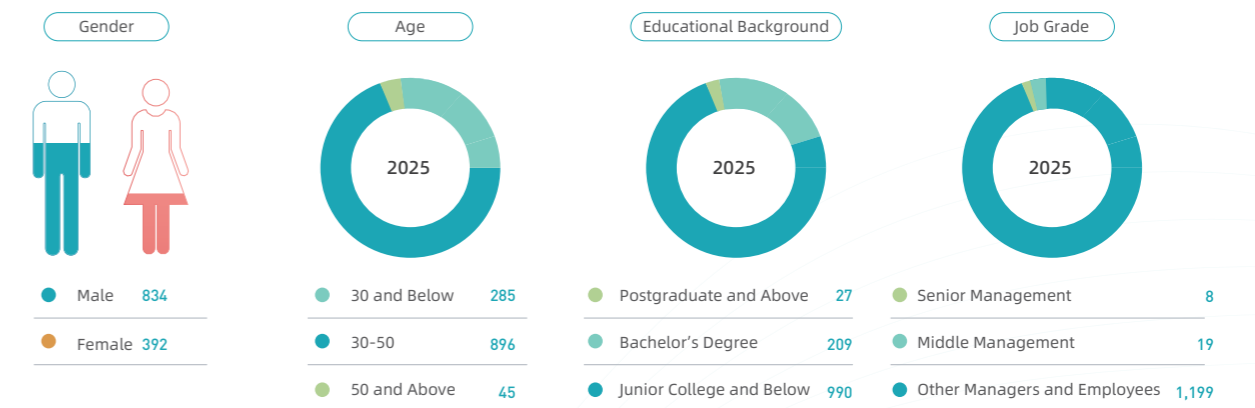
Internal systems such as the *Procedures for Prohibiting the Use of Child Labour*, the *Employment Management Procedures*, the *Anti-discrimination Management Procedures*, the *Management Procedures for Minors* and the *Management Procedures for Religious Belief* have been established by the Company. Any form of discrimination in recruitment, remuneration, training, promotion, benefits and separation on the grounds of race, religion, region, gender, age, language, physical ability or height is strictly prohibited. Forced labour and the use of child labour are firmly prohibited. Recruitment is strictly controlled at source to ensure that no child labour is employed. In 2025, no incidents relating to child labour or forced labour occurred in the Company.

In 2025, the Company



As of the end of the Reporting Period, the Company had a total of 1,226 employees, of whom employees with disabilities accounted for 1.31% and ethnic minority employees accounted for 5.38%.

The breakdown of employees by gender, age, educational background and job grade is as follows



Care for Female Employees>

THMag fully respects and protects the lawful rights and interests of female employees. The *Women Protection Management Procedures* have been formulated, and the relevant provisions on labour protection for female employees have been strictly implemented. Employment stability and career development rights of female employees during pregnancy and maternity are effectively protected. It is expressly prohibited to make pregnancy testing, contraception or similar matters a condition for recruitment or continued employment, and labour relationships must not be terminated on the grounds of pregnancy or childbirth.

As of the end of the Reporting Period, women accounted for 22.73% of management personnel, and female employees accounted for 31.97% of the total workforce. During the Reporting Period, 13 employees took maternity leave or childcare leave, and the return-to-work rate was 100%.



THMag Mother and Baby Room



"Flowers Bloom on International Women's Day, Warmth Delivered to Women" Themed Activity

Promoting Local Employment>

THMag continuously expands its recruitment channels and provides diversified employment opportunities through a combination of online and offline methods. In employment arrangements, priority is given to employees with Inner Mongolia household registration, and local labour resources are actively absorbed, thereby supporting regional employment stability and local economic and social development.

The Company actively participates in dedicated recruitment activities for veterans and persons with disabilities, and equal employment opportunities are provided to these groups, thereby supporting stable employment for key groups. At the same time, the Company has participated in university campus recruitment fairs on multiple occasions, and school-enterprise recruitment cooperation has been carried out with local universities and educational institutions, so that outstanding graduates can be attracted and the localisation of talent cultivation and employment linkage can be promoted.



2025 Dedicated Recruitment Event for the Special Action on Employment Services for Veterans

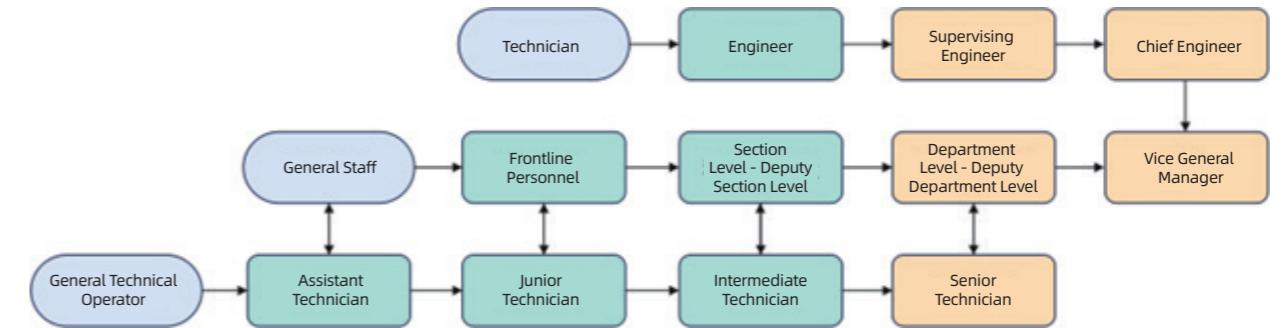


Women's Day Job Fair

Valuing Talent Development

THMag implements the employment principle of "the capable are promoted, the average give way, and the underperforming are reassigned". The *Management System for Job Promotion, Appointment and Removal* has been formulated, under which promotion paths, promotion procedures, appointment and removal procedures and related matters are clearly defined. In line with employees' own aspirations and individual characteristics, dual career pathways combining horizontal and vertical development, together with cross-sequence position transfer, are provided to meet the career aspirations and development needs of different employees.

Promotion Path



Promotion Process



Focusing on the goals of high-quality development and fulfilment of social responsibility, the *Training Management System* has been formulated by the Company, and a multi-dimensional training system covering safety and compliance, production technology, management empowerment, talent development and sustainable development has been established. Adhering to the training principles of "relevance, continuity, diversity and effectiveness", an internal trainer management system has been established, and multi-level, multi-stage and multi-theme training programmes are orderly provided for new employees and employees at all levels, fully matching the practical needs of different positions and functions. A training approach combining "internal + external" methods is adopted. Internal training is carried out through internships, coaching, mentoring and guidance arranged by supervisors and experienced colleagues, or through systematic training organised by internal or external trainers. External training is organised according to position needs, and employees are arranged to participate in training provided by external training institutions and colleges, thereby comprehensively promoting employee growth and the steady enhancement of organisational capability.

The Company consistently attaches importance to employees' career development and personal growth, and actively encourages and supports them in enhancing their academic qualifications and capabilities through continuing education. To help ease employees' learning burden, partial tuition subsidies will be provided to employees who are internally recommended and successfully enrolled in academic advancement programmes, thereby effectively supporting their self-improvement and injecting sustained momentum into the shared growth of both individuals and the Company.

In 2025, the Company

- 336 training sessions were conducted, with a training coverage rate of 100%.
- Total employee training investment amounted to RMB 88,900.
- Employee training participation reached 13,241 participant-times, total training hours amounted to 59,479.50 hours, and average training hours per employee reached 50.10 hours.

During the Reporting Period, a survey was conducted on the training delivered during the year, and the *Analysis Report on Training Needs Survey for 2026* was prepared based on feedback from 654 valid samples. In 2026, focus will be placed on employees' core needs, with priority given to hybrid practical training and courses related to production, quality and safety, so that practical capabilities such as problem-solving and lean production can be strengthened. Through comprehensive and targeted training empowerment, support will be provided for employee growth and the Company's sustainable development. In 2025, employee satisfaction with training reached 96.21%.

Case: THMag World Book Day Empowerment Training Series

In April 2025, THMag organised the "Empowering Growth, Embarking on a New Journey Together" training series in conjunction with World Book Day, through which a three-day systematic learning and empowerment programme was delivered to employees. Focusing on the three themes of professional mindset, communication practice and structured thinking, the Company combined thematic lectures, case analysis and practical exercises, so that employees could reshape their understanding through an "empty cup mindset", enhance communication capability through photography and writing practice, and strengthen problem analysis and collaboration efficiency through structured thinking training.



Case: THMag Organised a Section Chief Training Programme to Empower Grassroots Management

From September to November 2025, Phase I of a three-month section chief training programme was organised by THMag for section chiefs and reserve cadres of various plants. Focusing on topics such as managers' role awareness, leadership enhancement and workshop management practice, the programme adopted a combination of, case discussion and after-class coaching to systematically advance the development of grassroots management capability. Through this training, deep integration of frontline production scenarios with management practice will be promoted with the support of the internal trainer team, the combination of learning and application will be strengthened, and the transformation of training outcomes into on-site management effectiveness will be facilitated.



Case: THMag Held the Third Internal Trainer Certification Assessment

From 7 to 8 August 2025, the third internal trainer training and certification assessment was conducted by THMag, with the aim of building a high-quality internal trainer team, promoting the sharing of internal knowledge and experience, and improving training quality. Outstanding internal trainers from previous rounds were invited to serve as judges, and assessment was carried out from multiple dimensions such as professional knowledge and teaching skills. The participating trainees performed strongly. In the end, 7 employees were appointed, among whom 4 were accredited as two-star internal trainers and 3 as one-star internal trainers. These internal trainers will support the Company's knowledge dissemination, capability enhancement and sustainable development.



Protecting Safety and Health

■ Governance

The Company strictly complies with laws and regulations including the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Work Safety Law of the People's Republic of China*. The *Compilation of Safety Management Systems* has been formulated, covering target management, risk assessment, hazard investigation, special operation management, contractor safety management and emergency rescue. Through document management, training and communication, as well as supervision and inspection, the effective implementation of all systems is ensured.



A full-staff work safety responsibility system has been comprehensively implemented by the Company. In accordance with the principles that Party and administrative leaders share the same responsibilities, one position bears dual responsibilities, and business management must also manage safety, the Chairman and the General Manager have been designated as the first persons responsible for work safety. Management personnel at all levels, workshop heads and team leaders assume graded safety responsibilities, and the performance of safety duties has been incorporated into the performance assessment and reward and penalty system, so that safety responsibilities can be decomposed level by level and fully enforced.

ISO 45001 Occupational Health and Safety Management System certification has been obtained by the Company, and regular maintenance and updating are carried out to ensure the continued effective operation of the system. In daily operations, the Safety Production Management Committee has been established in accordance with the system standards. The Committee is responsible for formulating annual work safety targets and plans, regularly assessing safety risks, reviewing major safety matters, and coordinating hazard management, emergency management and safety investment, so that safety

management requirements can be effectively implemented at all levels. At the same time, safety and environmental management functions have been established under the Management Department, and dedicated safety management personnel are responsible for daily safety supervision, inspection, training and system implementation, thereby promoting specialised and routine safety governance.

In 2025, the Company

- The certification rate of special operation personnel reached **100%**.
- The occupational injury insurance coverage rate of employees reached **100%**.
- The number of work-related deaths was **0**.
- The number of work-related injuries was **0**.
- The number of lost workdays due to work-related injuries was **0**.
- Investment in work safety amounted to RMB **8,600,000**.
- The employee health examination coverage rate reached **100%**.
- Both the monitoring rate and compliant monitoring rate of occupational disease hazard factors reached **100%**.
- The incidence rate of occupational diseases was **0%**.

■ Strategy

Adhering to the work safety policy of "safety first, prevention first, and comprehensive management", the Company issued the *Implementation Plan for the Three-year Action to Strengthen the Foundation of Safety*. Key actions for four stages of work safety were clearly defined.

Stage	Period	Key Actions	Completion Status
Stage I: Mobilisation and Deployment	April 2024	The Safety and Environment Section formulated a detailed plan in light of actual conditions, clarified task assessment methods, and completed publicity and mobilisation	Completed
Stage II: Inspection and Rectification	May to December 2024	Weekly self-inspections and semi-monthly cross-inspections were conducted by all departments and branch plants, hazard rectification ledgers were established, and rectification was carried out during inspection, so that major hazards could be dynamically eliminated	Completed
Stage III: Focused Action	2025	Focused action was advanced, and key and difficult issues were rectified through on-site promotion meetings and special measures	Completed
Stage IV: Consolidation and Improvement	2026	The Safety and Environment Section will summarise the implementation, assess task completion, and submit annual and three-year action reports to the Board of Directors	Continuous Improvement

■ Risk Management

From multiple dimensions including risk identification, emergency management and awareness enhancement, the Company has comprehensively strengthened its capability for safety risk prevention and control, and work safety control measures have been implemented at every level. The *List of Graded Safety Risk Control for Work Safety (Equipment Units)* has been established. Systematic risk identification is carried out throughout the full production process, and comprehensive and systematic identification and graded control of risk sources are conducted for all categories of equipment and facilities involved in production activities. For identified safety risks, monthly safety hazard investigations are organised by the Company, and a *Summary Table of Hidden Problems Identified in Safety Inspections* is prepared for the month, with rectification responsibilities and rectification measures implemented item by item. In 2025, the rectification rate of identified hazards reached 100%.

Safety Emergency Response >

To effectively respond to accidents and emergency rescue needs, various *Emergency Response Plans* have been formulated by the Company. Emergency drills are regularly carried out in accordance with the annual emergency drill plan, and coordination and linkage between the emergency command headquarters and relevant units have been continuously strengthened, thereby enhancing organisational command, rapid response and on-site handling capabilities in the event of accidents. In 2025, 26 safety emergency drills were conducted by the Company.



Emergency Drill for Electroplating Chemical Burn Accident



Emergency Drill for Night-time Fire Accident in the Electroplating Branch Plant



Emergency Drill for Mechanical Injury Accident



Emergency Drill for Confined Space Accident

Safety Training>

THMag regards the cultivation of safety awareness as an important foundation for work safety governance. Guided by the concept of "prevention first and full participation", systematic promotion of safety awareness has been carried out. In accordance with the annual safety training plan, a tiered and classified training system covering new employees, on-the-job employees, team leaders, special operation personnel and management personnel has been established by the Company. Through diversified courses including Level 3 Safety Training, communication on the work safety responsibility system and position safety operating procedures, and through the selection of some employees to participate in external safety training on occupational health, firefighting operations, safety management and special equipment use, employees' understanding and recognition of safety laws and regulations, risk prevention and control, and standardised operations have been continuously strengthened.

In 2025, the Company

- 29 safety education and training sessions were conducted, with 3,607 participant-times and total training hours of 13,608 hours.
- Average safety education and training hours reached 11.71 hours per person.
- The coverage rate of safety education and training reached 100%.
- The coverage rate of safety risk protection training reached 100%.
- External safety training investment amounted to RMB 28,600, with 59 participant-times and total training hours of 964 hours.

Case: THMag Carried out the 2025 "Work Safety Month" Series of Activities

From 30 May to 30 June 2025, THMag systematically carried out the "Work Safety Month" series of activities under the theme of "Everyone Talks about Safety, Everyone Knows Emergency Response – Identifying Safety Hazards Around Us". Special actions were personally deployed and launched by senior management. Through safety publicity, intensive training, warning education, hazard investigation, emergency drills and safety knowledge competitions, work safety management was comprehensively strengthened. During the event, safety training achieved a coverage rate of 100%. Plant-wide safety inspections were organised and 80 hazards were rectified. At the same time, a comprehensive emergency drill for a magnetic sludge fire was completed, through which the emergency response mechanism was tested and improved.



Deployment of "Work Safety Month" Activities



Safety Knowledge Competition



Work Safety Warning Education Activity



On-site Safety Hazard Investigation

Safety Assurance for Related Parties>

Great importance is attached by the Company to the safety management of related parties such as contractors and suppliers, and they have been incorporated into the work safety and sustainable development control system. Through the establishment and improvement of the *Management System for Related Parties and External Workers (Units)*, admission standards have been clarified, and core elements such as qualification certificates, safety management systems, operating capabilities and the allocation of special operation personnel are strictly reviewed. The *Safety Management Agreement for Related Parties* is signed with related parties, so that the safety level of partners can be controlled at source. During cooperation, the safety responsibilities, rights and management requirements of both parties are clearly defined in relevant agreements. Dedicated personnel are assigned for on-site supervision to urge related parties to strictly comply with the Company's safety rules and to eliminate operational hazards in a timely manner. At the same time, contractor and supplier archives have been improved, and qualification materials, contract terms and operation records are fully archived, thereby achieving full-process traceability of safety management.

Indicators and Targets

In 2025, the following work safety targets were set and successfully achieved by the Company

- Work-related deaths and occupational disease incidence rate: **zero**
 - Serious work-related injuries: **zero**
 - Minor injury accidents: **≤3‰**
-
- **zero** major equipment accidents, **zero** collapses of plants and supporting facilities such as office buildings and dormitory buildings, **zero** fire accidents, **zero** major traffic accidents for which major or full responsibility is borne, and **zero** collective food poisoning incidents.
 - **100%** of new employees have completed the three-level safety training; **100%** of employees in specialized roles hold the required certifications; **100%** of all employees have completed refresher safety training.
 - Protective or warning devices were installed in **100%** of high-risk work injury areas or positions prone to collision injuries, burns or scalds.
 - The maintenance, servicing and inspection rate of all special equipment, including regular inspection and certification, reached **100%**; the timely maintenance, servicing and overhaul rate of important and auxiliary equipment reached **100%**.

Creating Social Value Together

THMag actively fulfils its corporate social responsibility. Adhering to the principles of compliant operations, shared responsibility and harmonious co-development, a standardised and traceable community management system has been established. A three-tier public welfare management system featuring "Board supervision - senior management approval - dedicated department execution" has been established by the Company, with clear division of rights and responsibilities at each level. The *Public Welfare Donation and Community Relations Management System* has been formulated, covering public welfare donations, community interaction and volunteer services. The Company continuously integrates its own development into the process of social progress and improvement of people's livelihoods, and strives to co-create and share development achievements with all sectors of society through diversified practices such as public welfare actions, community co-development, support for rural revitalisation, volunteer services and livelihood care.

In 2025, the Company

- Charitable donations amounted to RMB **12,100**
- Total investment in rural revitalization: RMB **30,700**
- Total number of beneficiaries covered by rural revitalization initiatives: **70**

Case: THMag Encouraged Employees to Participate in Voluntary Blood Donation



In December 2025, in response to the *Notice on Carrying out the 2025 Voluntary Blood Donation Activity* issued by the Administrative Committee of Baotou Rare Earth High-tech Zone, THMag advocated and organised employees to participate collectively in the voluntary blood donation public welfare activity. Through internal mobilisation and unified registration, employees were encouraged to participate voluntarily, and corresponding incentives and support were provided to those who successfully donated blood, thereby effectively supporting employees' participation in public welfare.

Case: THMag Employee Donated Hematopoietic Stem Cells



In September 2025, after learning that his hematopoietic stem cells had been successfully matched with a patient suffering from a blood disorder, THMag employee voluntarily decided to donate and successfully completed the hematopoietic stem cell collection, becoming the 219th hematopoietic stem cell donor in Inner Mongolia Autonomous Region. High recognition, care and support were extended by the Company for his act of kindness, and the spirit of dedication was promoted through internal communication and the sharing of his story.

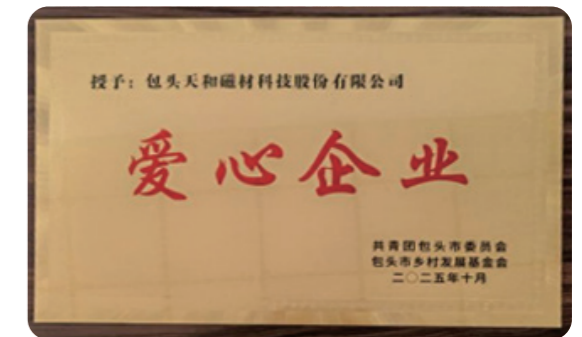
Case: THMag Carried out a Campus Sports Equipment Donation Activity

On 17 June 2025, in active response to the "double reduction" policy and the orientation towards quality education, THMag carried out an educational public welfare donation activity at Minxin Road Primary School in Baotou, donating 205 items of sports equipment including basketballs, footballs, badminton equipment and softballs to support the school's physical education teaching and extracurricular exercise needs. This activity helped improve campus sports facilities, stimulated students' enthusiasm for participating in sports, and reflected THMag's continuous concern for youth development and its active fulfilment of corporate social responsibility through concrete actions.



Case: THMag Carried out a Public Welfare Donation Activity to Support Rural Revitalisation

On 7 November 2025, THMag was invited to participate in the public welfare donation activity of "Supporting Education and Disability Assistance, Supporting Rural Revitalisation" through inspirational care packages. At the Kunbei Branch of Baotou No. 3 Primary School, "Inspirational Care Packages" containing sportswear, insulated cups, skipping ropes and other supplies were donated to beneficiary students. Through these concrete actions, care was shown for the growth of young people and support was provided for rural revitalisation, and the Company was therefore awarded the honour of "Caring Enterprise" by the organiser.



Key Performance Table

Category	Unit	2025
Environmental		
Environmental Management		
Total Environmental Protection Investment	RMB 10,000	102.77
Energy Management		
Steam	ton	4,533.95
Natural Gas	10,000 m ³	60.17
Diesel	litre	19,133.85
Gasoline	litre	16,338.47
Purchased Electricity	10,000 kWh	3,311.59
Purchased Heat	GJ	12,058.49
Purchased Green Electricity	10,000 kWh	10,377.30
Proportion of Renewable Energy Consumption	%	75.95
Total Energy Consumption	ton of Standard Coal	17,859.15
Energy Consumption Intensity	ton of Standard Coal/RMB 10,000 Revenue	0.08
Climate Change		
Greenhouse Gas Emissions (Scope 1)	tCO ₂ e	1,353.9
Greenhouse Gas Emissions (Scope 2)	tCO ₂ e	73,821.47
Greenhouse Gas Emissions (Scope 2)	tCO ₂ e	155,521.62
Greenhouse Gas Emissions	tCO ₂ e	230,696.99
Greenhouse Gas Emissions Intensity (Scope 1+2)	tCO ₂ e/RMB 10,000 Revenue	0.32
Pollutant Emissions – Wastewater and Exhaust Gas		
Total Wastewater Discharge	10,000 ton	15.04
Chemical Oxygen Demand (COD)	ton	27.60
Ammonia Nitrogen (NH ₃ -N)	ton	4.81
Total Exhaust Gas Emissions	ton	9.21

Category	Unit	2025
Environmental		
Pollutant Emissions – Wastewater and Exhaust Gas		
Nitrogen Oxides (NO _x)	ton	5.61
Sulphur Oxides (SO _x)	ton	0.10
Suspended Particles and Particulate Matter (PM)	ton	1.24
Volatile Organic Compounds (VOCs)	ton	1.25
Waste and Hazardous Materials Management		
Total Hazardous Waste	ton	102.65
Hazardous Waste Intensity	ton/RMB million Revenue	0.04
Total Non-hazardous Waste	ton	1,302.51
of Which: General Industrial Solid Waste	ton	1,035.2
Recycling Rate of General Industrial Solid Waste	%	99.6
Non-hazardous Waste Intensity	ton/RMB million Revenue	0.56
Compliance Rate of RoHS and REACH Testing for Raw Materials	%	100
Verification Rate of Hazardous Substances in Raw Materials	%	100
Pass Rate of Hazardous Substance Testing for Finished Products	%	100
Number of Hazardous Substance Non-compliance Incidents	case	0
Circular Economy		
Total Packaging Materials	ton	328.1
Total Environmentally Friendly Packaging Materials	ton	153.77
Water Resource Management		
Freshwater Consumption	megalitre	284.50
Water Use Intensity	Megalitre/RMB 10,000 Revenue	0.0012
Total Water Recycling and Reuse	megalitre	92,822.83
Water Recycling and Reuse Rate	%	99.69

Categor		Unit	2025
Social			
Diversity and Equality			
Total Number of Employees in Service		person	1,226
By Gender	Male	person	834
	Female	person	392
By Age	Below 30	person	285
	30 to 50	person	896
	50 and Above	person	45
By Educational Background	Postgraduate and Above	person	27
	Bachelor's Degree	person	209
	Junior College and Below	person	990
By Job Grade	Senior Management	person	8
	Middle Management	person	19
	Other Management Personnel and Employees	person	1,199
Socially Responsible Recruitment	Ethnic Minority Employees in Service	person	66
	Employees with Disabilities in Service	person	16
	Proportion of Local Employees Employed	%	41.35
	Veterans in Service	person	20
Protection of Employee Rights and Interests			
Total Employee Turnover Rate		%	12.97
Employee Satisfaction		%	87
Number of Employees Receiving Hardship Assistance		person	9
Labour Contract Signing Rate		%	100
Proportion of Employees Covered by the Minimum Basic Wage		%	100
Proportion of Employees Covered by Mandatory Social Insurance and Housing Provident Fund		%	100
Basic Salary Ratio of Male to Female Employees		/	1:1
Proportion of Employees Covered by Company Benefits		%	100

Categor		Unit	2025
Social			
Health and Safety			
Work Safety Investment		RMB 10,000	860
Occupational Disease Incidence Rate		%	0
Number of Work-related Deaths		person	0
Number of Work-related Deaths per RMB 100 Million of Revenue		person/RMB 100 million revenue	0
Number of Work-related Injuries		person	0
Work-related Injury Rate		%	0
Lost Workdays Due to Work-related Injuries		day	0
Injury Rate per Million Working Hours		%	0
Hazard Rectification Rate		%	100
Number of Safety Emergency Drills		session	26
Number of Safety Education and Training Sessions		session	29
Participation in Safety Education and Training		participant-times	3,607
Total Safety Education and Training Hours		hour	13,608
Average Safety Training Hours per Employee		hour	11.71
Coverage Rate of Safety Risk Protection Training		%	100
Talent Training			
Employee Training Investment		RMB 10,000	8.89
Number of Employee Training Sessions		session	336
Employee Training Coverage Rate		%	100
Employee Training Hours		hour	517
Employee Training Participation		participant-times	13,241
Total Employee Training Hours		hour	59,479.5
Average Training Hours per Employee		hour	50.1
Employee Training Satisfaction		%	96.21

Category		Unit	2025
Social			
Sustainable Supply Chain			
Total Number of Suppliers		company	622
Supplier	Inner Mongolia Autonomous Region	company	220
	Other Regions	company	402
Number of ESG Training Sessions Conducted for Suppliers		session	1
Duration of ESG Training Conducted for Suppliers		hour	2
Number of Suppliers Covered by ESG Training		item	55
Proportion of Suppliers Subject to Conflict Minerals Traceability Investigation		%	100
Number of Suppliers Found to Have Used Conflict Minerals in Violation of Requirements		company	0
Proportion of Procurement Expenditure to Local Suppliers		%	73.96
Supplier Code of Conduct Signing Rate		%	100
Proportion of Newly Introduced Suppliers Signing the Compliance Code		%	100
Technological Innovation			
R&D Investment		RMB 10,000	11,232
R&D Investment as a Percentage of Main Business Revenue		%	4.79
Total Number of R&D Personnel		person	157
Proportion of R&D Personnel in Total Employees		%	12.81
Number of Valid Patents		case	110
Number of Invention Patent Applications in the Year		case	9
Number of Invention Patents Granted in the Year		case	3
Number of Valid Patents per RMB Million of Revenue		case/RMB million	0.05
Cumulative Number of Trademarks		case	40
National High-tech Enterprise		item	1
Nationally Recognized Enterprise Technology Center		item	1

Category		Unit	2025
Social			
Social Contribution and Public Welfare			
Investment in Rural Revitalization		RMB 10,000	3.07
Number of Beneficiaries of Rural Revitalization Programs		person	70
Charitable Donations		RMB 10,000	1.21
Average Volunteer Service Hours per Person		hour	2.1
Other Violations and Non-compliance			
Marketing-related Cases		case	0
Number of Customer Information Leakage Incidents		case	0
Environmental Violations and Non-compliance Incidents		case	0

Indicator Index

GRI Content Index

Statement of Use	Baotou Tianhe Magnetics Technology Co.,Ltd. has reported the information for the period from 1 January 2025 to 31 December 2025 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable GRI Sector Standards.

GRI Standards	Disclosures	Chapter
GRI 2 General Disclosures 2021	2-1 Organizational details	Discover THMag
	2-2 Entities included in the organization's sustainability reporting	Reporting Scope and Boundary
	2-3 Reporting period, frequency and contact point	Report Release and Access
	2-4 Restatements of information	No restatements of information is required for this report
	2-5 External assurance	Assurance Statement
	2-6 Activities, value chain and other business relationships	Discover THMag
	2-7 Employees	Protecting Employee Rights and Interests
	2-8 Workers who are not employees	Not applicable, as the Company does not involve non-employee workers
	2-9 Governance structure and composition	Strengthening Corporate Governance ESG Management
	2-10 Nomination and selection of the highest governance body	Strengthening Corporate Governance
	2-11 Chair of the highest governance body	Strengthening Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Strengthening Corporate Governance
	2-13 Delegation of responsibility for managing impacts	ESG Management
	2-14 Role of the highest governance body in sustainability reporting	Strengthening Corporate Governance
	2-15 Conflicts of interest	Upholding Business Ethics
	2-16 Communication of critical concerns	ESG Management
	2-17 Collective knowledge of the highest governance body	Strengthening Corporate Governance
	2-18 Evaluation of the performance of the highest governance body	Strengthening Corporate Governance
	2-19 Remuneration policies	Protecting Employee Rights and Interests
	2-20 Process to determine remuneration	Protecting Employee Rights and Interests
	2-21 Annual total compensation ratio	Omitted
	2-22 Statement on sustainable development strategy	ESG Management
	2-23 Policy commitments	ESG Management
	2-24 Embedding policy commitments	Upholding Business Ethics
	2-25 Processes to remediate negative impacts	Internal Control, Audit and Compliance
	2-26 Mechanisms for seeking advice and raising concerns	Strengthening Corporate Governance
	2-27 Compliance with laws and regulations	Please refer to the relevant sections of this report
	2-28 Membership associations	Supporting Industry Development
	2-29 Approach to stakeholder engagement	ESG Management
	2-30 Collective bargaining agreements	Omitted

GRI Standards	Disclosures	Chapter
material topics		
GRI 3 Material Topics 2021	3-1 Process to determine material topics	ESG Management
	3-2 List of material topics	
	3-3 Management of material topics	
GRI 201 Economic Performance 2016	201-1 Direct economic value generated and distributed	2025 Annual Report of the Company
	201-2 Financial implications and other risks and opportunities due to climate change	Addressing Climate Change
	201-3 Defined benefit plan obligations and other retirement plans	Protecting Employee Rights and Interests
	201-4 Financial assistance received from government	Omitted
GRI 202 Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	2025 Annual Report of the Company
	202-2 Proportion of senior management hired from the local community	
GRI 203 Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Creating Social Value Together
	203-2 Significant indirect economic impacts	
GRI 204 Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Sustainable Supply Chain Key Performance Table
GRI 205 Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Committed to Integrity in Operations
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and actions taken	
GRI 206 Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Upholding Business Ethics
GRI 207 Tax 2019	207-1 Approach to tax	Internal Control, Audit and Compliance Protecting Employee Rights and Interests
	207-2 Tax governance, control, and risk management	
	207-3 Stakeholder engagement and management of concerns related to tax	
	207-4 Country-by-country reporting	
GRI 301 Materials 2016	301-1 Materials used by weight or volume	Promoting Cleaner Production
	301-2 Recycled input materials used	
	301-3 Reclaimed products and their packaging materials	
GRI 302 Energy 2016	302-1 Energy consumption within the organization	Improving Energy Efficiency and Reducing Consumption Key Performance Table
	302-2 Energy consumption outside of the organization	
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	
	302-5 Reductions in energy requirements of products and services	
GRI 303 Water and Effluents 2018	303-1 Interactions with water as a shared resource	Improving Energy Efficiency and Reducing Consumption Key Performance Table
	303-2 Management of water discharge-related impacts	
	303-3 Water withdrawal	
	303-4 Water discharge	
	303-5 Water consumption	
GRI 304 Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Ecological Protection Actions
	304-2 Significant impacts of activities, products and services on biodiversity	
	304-3 Habitats protected or restored	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	

GRI Standards	Disclosures	Chapter
material topics		
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Addressing Climate Change Key Performance Table
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable, as the Company is not involved in the import of ODS.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Strengthening Pollution Management Key Performance Table
GRI 306 Waste 2020	306-1 Waste generation and significant waste-related impacts	Strengthening Pollution Management Key Performance Table
	306-2 Management of significant waste-related impacts	
	306-3 Waste generated	
	306-4 Waste diverted from disposal	
	306-5 Waste directed to disposal	
GRI 308 Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable Supply Chain Key Performance Table
	308-2 Negative environmental impacts in the supply chain and actions	
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	Sustainable Supply Chain Key Performance Table
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
GRI 402 Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Omitted
GRI 403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Protecting Safety and Health Key Performance Table
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-8 Workers covered by an occupational health and safety management system	
	403-9 Work-related injuries	
	403-10 Work-related ill health	
GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	Valuing Talent Development Key Performance Table
	404-2 Programs for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Protecting Employee Rights and Interests
	405-2 Ratio of basic salary and remuneration of women to men	
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Protecting Employee Rights and Interests
GRI 407 Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainable Supply Chain Key Performance Table
GRI 408 Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Sustainable Supply Chain Key Performance Table
GRI 409 Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainable Supply Chain Key Performance Table
GRI 410 Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Not applicable

GRI Standards	Disclosures	Chapter
material topics		
GRI 411 Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not applicable
GRI 413 Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Not applicable
	413-2 Operations with significant actual and potential negative impacts on local communities	
GRI 414 Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Supply Chain Key Performance Table
	414-2 Negative social impacts in the supply chain and actions taken	
GRI 415 Public Policy 2016	415-1 Political contributions	2025 Annual Report of the Company
GRI 416 Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Building High-quality Magnetic Materials Key Performance Table
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI 417 Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Building High-quality Magnetic Materials Key Performance Table
	417-2 Incidents of non-compliance concerning product and service information and labeling	
	417-3 Incidents of non-compliance concerning marketing communications	
GRI 418 Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Building High-quality Magnetic Materials Key Performance Table

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

Dimension	Number	Topic	Chapter
Environment	1	Climate change tackling	Addressing Climate Change
	2	Pollutant discharge	Strengthening Pollution Management
	3	Waste disposal	Strengthening Pollution Management
	4	Ecosystem and biodiversity protection	Ecological Protection Actions
	5	Environmental compliance management	Improving Environmental Management
	6	Energy usage	Improving Energy Efficiency and Reducing Consumption
	7	Usage of water resources	Improving Energy Efficiency and Reducing Consumption
	8	Circular economy	Promoting Cleaner Production
Society	9	Rural revitalization	Creating Social Value Together
	10	Contributions to the society	Creating Social Value Together Supporting Industry Development
	11	Innovation-driven	Adhering to Technological Innovation
	12	Ethics of science and technology	Adhering to Technological Innovation
	13	Supply chain security	Sustainable Supply Chain
	14	Equal treatment to small and medium-sized enterprises	Upholding Business Ethics
	15	Safety and quality of products and services	Building High-quality Magnetic Materials Providing Quality Services
Sustainability related governance	16	Data security and customer privacy protection	Information Security and Privacy Protection
	17	Employees	Building a Talent-driven Enterprise Protecting Safety and Health
	18	Due diligence	Comprehensive Responsibility Governance
	19	Communications with stakeholders	Comprehensive Responsibility Governance
	20	Anti-commercial bribery and anti-corruption	Committed to Integrity in Operations
	21	Anti-unfair competition	Upholding Business Ethics

Assurance Statement

CTI 华测认证

Independent Assurance Statement

CTI Certification Co., Ltd. ("CTI") was entrusted to conduct an assurance of the sustainable development information disclosed by Baolou Tianhe Magnetics Technology Co., Ltd. ("the Reporting Organization") in its Baolou Tianhe Magnetics Technology Co., Ltd. 2025 Environmental, Social and Governance (ESG) Report ("the Report"). The purpose of this process is to provide confidence to stakeholders when making decisions based on the information provided by the Reporting Organization.

Assurance scope

- Verify the content, context and application, as well as the quality of sustainability-related information presented in the report during the reporting period;
- Review the sustainability practices and performance information described in the Report;
- Assess the mechanisms used for sustainability-related information and their conformity with applicable reporting standards;
- Assess the appropriateness and adequacy of the data collection, quantification and data management processes utilized in the Report.

Preparation standards and normative references

- The Guidelines No. 1 for Self-regulation of Listed Companies—Standardized Operation Issued by the Shanghai Stock Exchange.
- The Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial) Issued by the Shanghai Stock Exchange.
- The China Corporate Sustainability Reporting Guidelines (CASS-ESG 6.0) Issued by the Chinese Academy of Social Sciences.
- The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- The United Nations Sustainable Development Goals (SDGs).
- The GRI Sustainability Reporting Standards (GRI Standards) (2021 Edition) Issued by the Global Reporting Initiative.

Source of information disclosure

Disclosure title: Baolou Tianhe Magnetics Technology Co., Ltd. 2025 Environmental, Social and Governance (ESG) Report
Source: Baolou Tianhe Magnetics Technology Co., Ltd.

Description of methodology

CTI formulated an engagement based on the GRI Principles and AA1000 assurance procedures, and carried out the assurance activities in accordance with the plan. CTI conducted inspections with a professional skepticism attitude and the assurance activities included the following procedures:

- Collect and evaluate evidence to substantiate the accuracy of the information presented in the Report;
- Review and inspect the Reporting Organization's management practices, business processes and evidence collection procedures through sampling.

Conclusions

Based on the above assurance methodology, CTI conducted assurance on the policies and practices disclosed in the Report prepared by the Reporting Organization in relation to Product Quality and Customer Service, Information Security and Privacy Protection, Health and Safety, Technological Innovation, Ecological Protection, Compliance Management, Environmental Management, Conflict Minerals, and Talent Development, as well as on the sustainability performance information set out below. CTI Certification did not identify any material misstatements in the information disclosed in the Report:

Information on sustainability performance

- | | |
|--|--|
| ○ Total Energy Consumption | ○ Number of Invention Patent Applications and Grants in the Year |
| ○ Total Packaging Materials | ○ Freshwater Consumption |
| ○ Total Environmentally Friendly Packaging Materials | ○ Customer Satisfaction |



Limitations and approach used to mitigate limitations

The limitations and mitigation methods of CTI in the assurance process:

- CTI confirms solely through factual evidence verification that all sustainability performance indicators have clearly defined data sources;
- CTI cannot provide assurance opinions on viewpoints described in the Report, including opinions, beliefs, inferences, aspirations, expectations or future intentions;
- CTI will focus further on the improvement and advancement of the Reporting Organization's sustainability information disclosure and management practices in future assurance work, in alignment with the principle of continuous improvement.

Competence and independence of CTI

Founded in 2004, CTI Certification Co., Ltd. is a professional certification body approved by the Certification and Accreditation Administration of China (CNCA) and accredited by the China National Accreditation Service for Conformity Assessment (CNAS), enjoying an independent third-party impartial status. We have extensive experience in conducting third-party audits for management system certifications in quality, environmental, energy, occupational health and safety as well as environmental data such as greenhouse gases. Except for the assurance of sustainability information, no member of the assurance team has any business relationship with Baolou Tianhe Magnetics Technology Co., Ltd., its directors, executives or department managers. After the internal impartiality assessment conducted by CTI, we believe that there is no conflict of interest in this assurance engagement.

Signed by



Feedback Form

Dear Reader,

Thank you very much for reading the *2025 Environmental, Social and Governance (ESG) Report of Baotou Tianhe Magnetics Technology Co.,Ltd.* We sincerely hope that you will evaluate this report and provide your valuable comments. Your opinions and suggestions are an important basis for helping us continuously improve the report. Please complete the feedback form below and send it to us by email at project@thmagnetics.com.

Feedback Form on the 2025 Environmental, Social and Governance (ESG) Report of Baotou Tianhe Magnetics Technology Co.,Ltd.	
Name	
Position	
Telephone	
Email	

1. What is your overall evaluation of this report?

Excellent Good Average Poor Very Poor

2. How do you rate the accuracy, completeness, timeliness and clarity of the information disclosed in this report?

Excellent Good Average Poor Very Poor

3. Do you think the content arrangement and design style of this report are easy to read?

Excellent Good Average Poor Very Poor

4. Which topics are you concerned about?

5. What information that you consider necessary to know has not been reflected in the report?

6. Do you have any other comments on THMag's work in environmental, social and governance aspects?