JL MAG RARE-EARTH CO., LTD.

Responsible Artificial Intelligence Policy Key Points

Introduction

JL MAG RARE-EARTH CO., LTD. (hereinafter referred to as "JL MAG," "the Company," or "we") strictly complies with all laws and regulations in the jurisdictions where we operate. This policy statement is designed to regulate the Company's conduct in the development, deployment, and use of artificial intelligence (AI) technologies, ensuring that the application of AI complies with ethical standards, laws and regulations, and international standards.

This policy applies to all internal business activities involving AI, including but not limited to production quality control, supply chain optimization, customer service, and internal operations management.

Part I: Responsible Artificial Intelligence Policy Key Points

1. Data Privacy Protection: Throughout the entire lifecycle of AI system development and use, the Company respects and protects personal data privacy. The collection, storage, processing, and transmission of data shall comply with applicable data protection laws and regulations (such as the *Personal Information Protection Law of the People's Republic of China* and relevant regional regulations). Data processed by AI systems shall have a clear legal basis, and appropriate technical and organizational measures shall be adopted to ensure data security.

2. Cybersecurity Assurance: The Company implements cybersecurity measures in the development and use of AI systems to prevent unauthorized access, attacks, or data leakage. These measures include but are not limited to penetration testing, security incident response, encrypted transmission, secure coding standards, and defense mechanisms against malicious inputs. The security architecture of AI systems shall be aligned with the Company's overall information security management system.

3. Fairness and Bias Prevention: The Company takes measures to identify and mitigate potential biases in the design and development of AI systems. This includes using diverse and representative datasets to train models, conducting bias detection and evaluation before model deployment, and continuously monitoring the fairness of model outputs during operation. If a model is found to treat specific groups unfairly, a correction process shall be initiated.

4. Human Oversight and Intervention Mechanisms: Human oversight mechanisms shall be implemented for AI decisions that may lead to significant business impacts, legal consequences, or major effects on individual rights and interests. Pre-approval or post-review shall be conducted according to the level of risk. High-risk decisions must be reviewed by human personnel before execution, and the right to human intervention shall be retained.

5. Transparency and Explainability: The Company discloses the usage, capabilities, limitations, data sources, and potential risks of AI systems, enabling relevant parties to understand how AI systems affect their decisions or outcomes. When users interact with AI systems, they shall be

informed in an appropriate manner that they are interacting with AI rather than a human. For AI-driven important decisions, explanations shall be provided that match the needs of stakeholders.

6. Accountability and Responsibility: The Company establishes a clear responsibility system for the outcomes generated by AI models or tools. Responsible personnel and their scope of duties for the full lifecycle management of AI projects shall be clearly designated, including risk assessment, compliance review, and the execution of corrective measures. For errors or damages caused by AI systems, an investigation and handling mechanism shall be established to ensure traceability to specific responsible parties.

7. AI Capability Boundaries: The Company clearly defines the authorized use scope, functional capabilities, and limitations of AI systems, and formulates corresponding usage policies and protective measures to prevent misuse, scope creep, or unintended use.

8. Ecological Sustainability Requirements: The Company requires its own or third-party AI data centers and model training environments to achieve reasonable efficiency levels in energy consumption, water usage, and carbon emissions. When selecting AI infrastructure and service providers, energy efficiency indicators shall be incorporated into the evaluation criteria, with priority given to solutions that utilize renewable energy and meet energy efficiency standards.

9. Prohibited AI Applications: The Company shall not use or deploy AI systems that engage in the following behaviors: substantially distorting individual behavior through subliminal techniques, deliberate manipulation, or deceptive means; exploiting vulnerabilities related to an individual's age, physical condition, or economic hardship to cause harm; conducting social scoring of individuals; or implementing unauthorized real-time remote biometric identification.

Part II: Responsible Artificial Intelligence Policy Management Requirements

1. Sensitive AI Capability Control: Strict access control shall be implemented for sensitive AI capabilities such as facial recognition, biometric identification, and behavior monitoring. Only authorized personnel shall be permitted to use such technologies in defined business scenarios after completing the required approval procedures. Usage registration and audit records for these technologies shall be maintained to ensure traceability.

2. AI-Generated Content Labeling: AI systems shall implement clear labeling for generated text, images, videos, or other content, as well as for the results of AI-driven decisions. This helps users distinguish between human-created and AI-generated content, and enables them to make informed judgments about AI decisions that affect them.

3. Model Drift Monitoring and Correction: Mechanisms shall be established to monitor performance changes in AI models after deployment. When changes in input data distribution or business environment cause model accuracy to decline or outputs to deviate from expectations, alerts shall be triggered and corrective measures initiated, including but not limited to retraining, parameter adjustment, or model updates, to ensure the continuous and reliable operation of AI systems.

4. Regular Fairness Assessment: Systematic fairness and bias assessments shall be conducted on deployed AI models. Assessments shall include review, bias testing, and treatment analysis across various groups to ensure that models do not produce unreasonable disparities based on factors such as gender, age, or region. Assessment results shall be documented and serve as the basis for model optimization.

5. Ecological Footprint Reduction Measures: The Company shall take control measures regarding the environmental impact of AI operations, including optimizing algorithms to reduce computational requirements, adopting efficient hardware facilities, and prioritizing data centers powered by renewable energy. When collaborating with suppliers, environmental performance shall be incorporated into the supplier evaluation system.

6. Appeal Handling Process: Transparent appeal channels shall be established to enable individuals or organizations affected by AI decisions to raise objections against improper outcomes. The appeal process shall be accessible, fair, and responsive, providing clear paths for remedy or explanation. For major decisions involving individual rights and interests, affected parties shall be informed of and able to exercise their right to appeal.

7. Sustainable Impact Quantification: The impact of AI initiatives and tools on sustainable development shall be regularly assessed and quantified, covering dimensions such as carbon emissions, resource efficiency, and social impact, to support the Company's assessment of the efficiency of AI input and output.

8. Employee Training: The Company shall conduct AI ethics and security training for employees, covering data privacy protection, the ethical implications of AI decisions, and AI system security protection measures. Tiered and targeted AI ethics and security training shall be provided to ensure that employees possess the corresponding competencies.

9. External Verification: The Company's AI management system will, according to business development needs, introduce third-party institutions to conduct appropriate standardized assessments to verify the effectiveness of management measures.

Part III: Supplementary Provisions

This policy is reviewed and approved by the Company's senior management and is subject to their supervision and enforcement. The content of this policy is interpreted by the Company. This policy shall be reviewed at least once annually, or revised promptly when regulatory provisions or the technological environment undergo significant changes. In the event of any conflict between the provisions of this policy and superior laws and regulations, the laws and regulations shall prevail.