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About the Report

This second issuance of ESG reports by Zangge Mining Co., Ltd. aims to disclose the Company's sustainability-related principles, concepts, management methods and performances in an all-round way, to systematically cater to the expectations and demands of its stakeholders.

Reporting Scope

Unless otherwise specified, the content of this report covers Zangge Mining Co., Ltd. and its three wholly-owned subsidiaries (Golmud Zangge Potash Fertilizer Co., Ltd., Golmud Zangge Lithium Co., Ltd., and Zangge Mining Investment (Chengdu) Co., Ltd.), with consistent financial data with those disclosed in the annual consolidated financial statements of Zangge Mining Co., Ltd. The report covers the period from January 1, 2023, to December 31, 2023 (the "Reporting Period"), and some contents may have further extended to previous or later years for the purpose of comparison and establishing its prospective.

| Compilation Conformance

The relevant standards, frameworks, principles and requirements that have been referred to during the preparation of this report are listed as follows:

- ► The Guidelines on Self-Regulatory Supervision of Listed Companies No. 1 Standardized Operation Report for Main Board Listed Companies issued by the Shenzhen Stock Exchange
- ► The Guide on Self-Regulatory Supervision of Listed Companies No. 1 Business Handling (Revision in 2023) issued by the Shenzhen Stock Exchange
- ▶ The Guidelines on Self-Regulatory Supervision of Listed Companies No. 17 Sustainable Development Reports (Trial) issued by the Shenzhen Stock Exchange
- The GRI Sustainability Reporting Standards 2021
- ► The SASB Sustainability Accounting Standard for the Chemicals Industry
- ▶ The Task Force on Climate-related Financial Disclosures (TCFD) Disclosure Recommendations
- ► The ISSB Sustainability Disclosure Standards IFRS S1 and S2
- Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0) issued by the Chinese Academy of Social Sciences
- United Nations Sustainable Development Goals (UN SDGs)
- The Ten Principles of the UN Global Compact

Data Explanation

The data, management mechanisms and cases in the Report are cited from the original records or financial reports of the Company's actual operations. The financial data herein are in RMB and are consistent with those presented in the annual consolidated financial statements of Zangge Mining Co., Ltd. In case of any discrepancy between the financial data shown herein and those disclosed in the Company's annual consolidated financial statements, the latter shall prevail.

Terms of Reference

For the sake of easy expression and reading, such expressions herein as "Zangge Mining", "Zangge", "the Company" and "We" all refer to "Zangge Mining Co., Ltd.", "Zangge Potash Fertilizer" refers to "Golmud Zangge Potash Fertilizer Co., Ltd.", "Zangge Lithium" refers to "Golmud Zangge Lithium Co., Ltd.", "Zangge Mining Investment" refers to "Zangge Mining Investment (Chengdu) Co., Ltd." and "Julong Copper" refers to "Tibet Julong Copper Co., Ltd."

Undertaking of Reliability

Zangge Mining assures that no fictitious record, misleading statement, or material omission is included in this report, and the Board of Directors will shoulder joint and several responsibilities for the report's authenticity, accuracy, and completeness.

Availability of the Report

This report is published in both printed and electronic formats. The printed version is archived in the office of the Company's Board of Directors, and the electronic version can be accessed on the website of the Shenzhen Stock Exchange at www.szse.cn or the Company's official website at www.zanggekuangye.com.

Contact Information

Zangge Mining encourages all its stakeholders to make suggestions or comments on the Company's performance in terms of sustainability and social responsibility management, and advocates the greenwashing and fraud reporting on any stakeholders of the supply chain. Please contact us at zgjf000408@163.com for any relevant matters.







Message from the Chairman

"Stick to our original aspirations, align ourselves to the corporate strategy, and do things that are simple and right."

The year 2023 unfolds in front of us the emerging challenges in the global market and turbulences in the capital market, during which our fellow members rose up to these challenges and kept making breakthroughs. In such a rapidly changing era, Zangge sticks to its original aspirations and promptly adapts itself to trends. While achieving resilient growth in our core business of making high-quality potassium and lithium products, we also embrace the Chinese governance concept of "community of a shared future", to open up new potentials for Zangge on its path towards sustainability.

Zangge is firmly committed to value creation for the industry in its operations. We manage to balance between value creation and value realization of our company. In the past year, we have consolidated our internal governance systems and operating mechanisms following the concept of "being investor-oriented". completed the revision and addition of 46 internal control systems, including the Environmental, Social and Corporate Governance Management System and the Information Disclosure Management System, promoted many tasks to be more institutional and standard, and stayed open and transparent to our investors by disclosing the Company's operational management and financial performance, for the purpose of boosting returns for our shareholders. For corporate governance, the Board of Directors has been designated as the ultimate office in charge of the Company's sustainability-related matters, and we firmly implement the ESG concept in the Company's strategic planning, investment decisions, and actual operations. For production and operations, we obey the principle of making innovations while sticking to the truth, and seeking progress while maintaining stability, and adhere to the development strategy focusing on potassium and lithium. We endeavored to expand the sustainable exploitation of potassium and lithium resources in Laos, Tibet, etc., delved into innovative processes and energy-saving technologies, optimized the efficiency of each production link, and provided solid support for Chinese government's development strategy on key mineral resources.

Zangge is a responsible long-termist in protecting the environment. As a company engaged in resource development, we fully recognize the significance of a stable ecosystem and a sound natural environment to the corporate survival and development. The Company always upholds the underlying philosophy of going green, and has steadily promoted the construction of green mines in the past year. While taking scientific, orderly and reasonable measures for the exploitation of mineral resources, we

repaired and managed the negative impacts on the environment therefore caused as much as we can, to ensure highly efficient and sustainable utilization of resources. To better incorporate the ESG concept into our fundamentals and assimilate it to our collective mentality practiced in all links in the Company, we make efforts from the internal management level, including the establishment of the ESG and sustainability management team and executive team, the formulation of the Environmental Protection Policy, the Biodiversity Protection Policy and several other policies and statements for environmental protection, the establishment of an ESG management indicator system catering to the industry feature and other leading administrative measures, and climate actions such as becoming a TCFD supporting organization, to firmly fulfill the green and low-carbon development goals and energize the lifeblood of sustainable development.

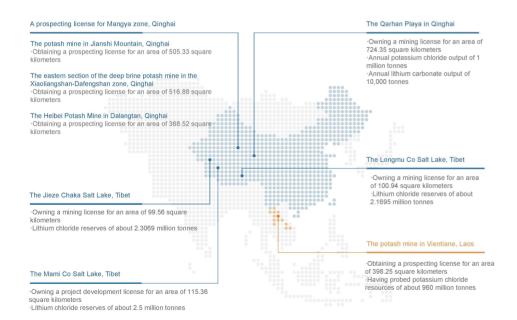
Zangge is a positive progressive value creator in terms of community empowerment. In pursuit of "serving and making contributions to the society", we never stop the creation of an equal, diverse, inclusive and mutually beneficial environment for sharing value. For our employees, we value and respect each member as unique individual, stimulate talents by innovative mechanisms, and boost their cohesion and sense of belonging through competitive compensation and benefits and diversified platforms for democratic communication, so as to lay a solid talent foundation. For the society, we shoulder our corporate responsibilities by doing our own bit of contribution. In 2023, we have invested more than RMB 10 million in various public welfare actions in such key fields as rural revitalization, equal access to education, universal access to health care, and emergency assistance. In addition, we encourage our employees to participate in various social welfare activities to live up to Zangge's sense of responsibility.

We forge ahead by sticking to our original aspirations. To embrace the future, Zangge's fellow members will continue seeking progress in stability and gaining progress to further promote stability to demonstrate our greater sense of responsibility and commitment, keep promoting ESG as a long-term strategy for driving our sustainable development, carry out persistent exploration and practice focusing on ESG, build up resilient sustainability, empower industrial and social development, and create long-term value for stakeholders.

Xiao Ning Chairman of the Board of Zangge Mining Company Limited

About Zangge Mining

Zangge Mining Co., Ltd. (stock code: 000408) is a company dedicated to the development and comprehensive utilization of mineral resources, which got listed on the main board of the Shenzhen Stock Exchange in 2016. Always aligning to the corporate vision of "developing into an industry benchmark with core competitiveness" and the corporate mission of "leading green development by a sustainable development of salt lake resources", the Company focuses on the investment and development of potassium and lithium, as two national strategic mineral resources, based on the 724.35 square kilometers of mineral resource reserves in the Qarhan Playa in Qinghai. In addition to a secured stable production of potassium and lithium in the Qarhan Playa, Qinghai, the Company continues to expand the reserves and exploitation of potassium and lithium resources both home and abroad by means of joining industrial development funds, and equity mergers and acquisitions, to promote the integration of industry resources and boost the sound development of the sector. In 2019, the Company became the sectond largest shareholder of Tibet Julong Copper Co., Ltd. with a current holding of 30.78% of its shares. As the three major segments of potassium, lithium and copper take shape, and our potassium and lithium reserves are continuously enriched, the Company has ushered in a new period of rapid development and is now developing into a large diversified mining group.



Caption: Mineral resource reserves

□ Corporate Culture

Following the operation guideline of "carrying out honest operations and scientific development, pursuing outstanding quality and high efficiency, and serving and creating value for the community, while maximizing the interests of the Company and its shareholders and employees", Zangge Mining continuously develops salt lake resources in an environmentally friendly manner, and promotes the harmonious development of mineral resources exploitation, environmental ecology reservation, social humanity and Chinese modernization, in order to develop into a world-class mining group.



Zangge Spirit

Staying united as one and friendly | Being in good faith and keeping promises | Working down-to-earth and efficiently



Core Values

Being scientific and compliant | Striving to make improvements and innovations | Staying impartial and transparent | Being dedicated and trustworthy | Seeking win-win cooperation



Corporate Tenet

Carrying out honest operations and scientific development, pursuing outstanding quality and high efficiency, and serving and creating value for the community, while maximizing the interests of the Company and its shareholders and employees



Business Philosophy

Being honesty, people-oriented, and morality-first | Prioritizing safety while pursuing quality and efficiency | Being based on risk control while aiming at speed and size



Corporate Vision

Developing into an industry benchmark with core competitiveness

Business Overview

Zangge Mining makes positive responses to the Chinese national strategy, and has grown into the second largest potassium chloride producer in China after years of sound development. In addition, it commenced the development of lithium and copper resources, and gradually formed a stable growth model with potassium, lithium and copper as its three pillars.

₽ Potassium Segment

Zangge Mining focuses on the production of potassium chloride for its potassium segment. It has produced 1.0942 million tonnes and sold 1.2934 million tonnes of potassium chloride in 2023 alone. The potassium chloride production recorded a capacity utilization rate of 65% compared to its designed production capacity of two million tonnes/year in the Qarhan Playa. The Company decisively implements a "going global" strategy of potash fertilizer. The new Laos project entered into in February 2023 involves two exploration areas in Laos with a total resource exploitation volume equivalent to approximately 600 million tonnes of potassium chloride, and its initially planned annual production capacity for Phase I is 1 million tonnes of potassium chloride.

≓ Lithium Segment

In 2018, by seizing the opportunity of global new energy transformation, the Company built its own lithium carbonate production line in addition to the potassium chloride production process, and founded a wholly-owned subsidiary, Zangge Lithium Co., Ltd., which is mainly engaged in the production, sales and technical consulting of battery-grade lithium carbonate. In 2023, we have reached a production of 12,100 tonnes and a sales volume of 10,300 tonnes of lithium carbonate. The Company's current production capacity of battery-grade lithium carbonate is 10,000 tonnes/year, representing a 100% capacity utilization. The Mamicuo Salt Lake, which is controlled by Zangge Mining, features lithium carbonate reserves of approximately 2.1774 million tonnes, and currently a planned annual production of 100,000 tonnes of lithium carbonate. The Jieze Chaka Salt Lake and the Longmu Co Salt Lake, held by Zangge Mining, boast total lithium carbonate reserves of 3.9 million tonnes, potassium chloride of 28 million tonnes, and boron (mainly boron trioxide) of 3.3 million tonnes.

In 2019, the Company acquired shares in Julong Copper Co., Ltd., becoming its second largest shareholder, to officially incorporate the copper segment. Julong Copper Co., Ltd., which is located in Maizhokunggar County, Lhasa City, Tibet Autonomous Region, features 19.27 million tonnes of copper resources and the porphyry copper deposits with the largest proven copper reserves in China. The first phase of the project officially started its operations in 2022, to have recorded a mineral copper output of 154,400 tonnes in 2023. The second phase of the project for renovation and expansion has been approved by authorities, and its construction will be fully started in 2024, and be completed by the end of 2025. With a full capacity, the mine will have over 100 million tonnes of ore to be mined and processed annually, and 300,000-350,000 tonnes of mineral copper output per year. It is expected to become the largest single copper mine in China in the largest mining and processing scale worldwide this century.

Industry Involvement

Zangge Mining has become a member of the China Inorganic Salts Industry Association, and, during the Reporting Period, has also joined several industry associations such as being the ISSB Learning Partner, the TCFD Supporting Organization, and a member of the Corporate Anti-Fraud Alliance, to further promote resources sharing and technical exchanges, and to boost the sustainable development of the entire industry chain.

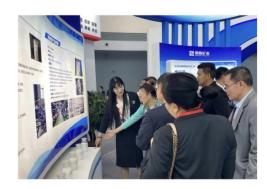








Caption: Membership of Zangge Mining in industry associations



Caption: Our executives attended the China Inorganic Salts Industry Association Forum

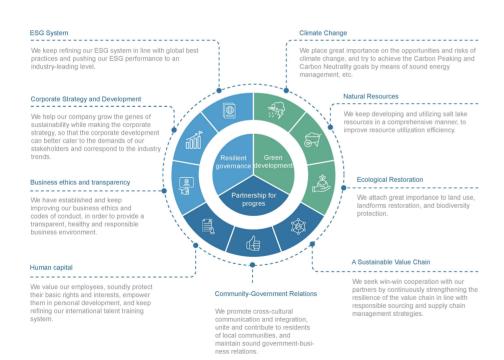
Foreword

ESG Governance

Zangge Mining keeps refining its ESG governance system, firmly integrates ESG concepts with corporate development strategies, and fully incorporates ESG mindset to its operations and management. Aspiring to become "a world-class mining company" in the long run, the Company benchmarks against the world's best practices based on its own development characteristics, to build up an excellent and innovative ESG management system.

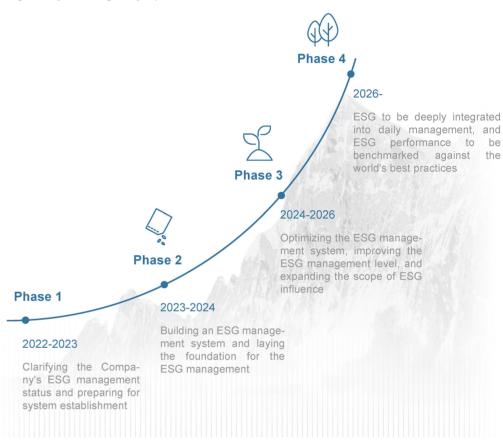
| ESG Strategy

By responding to ESG risks and opportunities and orienting to sustainable value creation, Zangge Mining echoes with the UN SDGs, and makes its own bit of contributions to global sustainable development focusing on the ESG strategic directions of green development, mutual improvement with partners and resilient governance.



Caption: Zangge Mining's sustainability framework

The Company released the Zangge Mining Five-Year (2022-2027) Strategic Development Plan in 2022. According to the plan, we proposed the Tree Planting Theory for ESG management, which functions as an ESG strategic planning guideline. We start from simple things to complex ones, and orderly promote ESG management by introducing theory to practice.



Caption: Zangge Mining's conception of ESG strategic planning

| ESG governance

Zangge Mining has established a top-down ESG management structure, where the Board of Directors is designated as the highest leadership office, the ESG and Sustainability Management Team sees to discussions and decision making, and the ESG and Sustainability Executive Team takes care of the specific execution and daily ESG work of the Company.



Caption: Zangge Mining's ESG management structure

In 2023, the Company has formulated six new sustainability-related management policies, to further update its management capabilities in ecological protection, human rights protection, and sustainable supply chain construction. By the end of the Reporting Period, the Company has formulated a total of eight sustainability-related systems and policies, which have been publicized on its official website at www.zang-gekuangye.com.



Materiality Assessment

O Communications with stakeholders

Zangge Mining highly values our stakeholders by catering to their expectations and demands, carrying out communication activities for them, and positively receiving opinions and suggestions from our stakeholders, including the government, shareholders, customers, employees, partners, communities, and industry associations, and makes both internal and external stakeholders better informed of Zangge Mining's facts. We incorporate our stakeholders' expectations and concerns into the corporate operations and decision-making, and disclose them in public ESG reports.

Stakeholders	Expectations and demands	Communication and response
Governments and Regulators	 Compliant operation Pay taxes according to the laws Economic development Driving employment 	 Work report Government meetings Supervision and inspection Public consultation
Shareholders and investors	 Corporate governance Risk management Business ethics Information transparency ESG performance Economic returns 	 General meetings Investor meetings Information disclosure Site investigation Telephone conferences Email and online interactive platforms

Foreword

Stakeholders	Expectations and demands	Communication and response
Employees	 Rights and Interests Protection Remuneration and welfare Training and development Safety and health 	Labor union Performance evaluation Diversified training Ensuring Production Safety
Customers and consumers	 Product quality Customer service R&D and innovation Stable supply 	Customer service hotline Customer feedback Social media platform Customer satisfaction survey
Contract fulfillment with integrity Business ethics Sustainable procurement Intellectual property protection		Supplier evaluation Supplier training. Supplier meeting and communication Strategic cooperation Pay taxes according to the laws Economic development Driving employment
Communities	 Environmental protection Public charity Rural revitalization Community development 	Environmental action Charitable activities Community activities Public consultation
Industry associations and media organizations	 Product Responsibility Scientific and technical innovation Industrial development ESG performance 	Industry exchange Standard setting Press conferences Social media platform

Materiality Assessment

Zangge Mining has established procedures for screening, investigating and analyzing material ESG issues, which help the Company better learn those important topics to stakeholders and provide references for subsequent ESG management. During the Reporting Period, the Company conducted materiality assessment according to the following three steps, by referring to GRI's recommendations on double-materiality analysis of material topics and seeking assistance of an external professional team.

Processes of the Materiality Assessment

Taking into consideration the relevant international standards and disclosure frameworks, capital market rating indicators, peer performance, China's policies and the Company's own business development, we have identified 25 material topics on sustainability that are most closely relevant to the Company's operations and formed a database of material topics. The relevant international standards and frameworks referenced include:

·The GRI Sustainability Reporting Standards

The SASB Sustainability Accounting Standard

·The Task Force on Climate-related Financial Disclosures (TCFD) Disclosure Recommendations

·United Nations Sustainable Development Goals (UN SDGs)

Assessing material topics

Identifying material topics

Our internal and external stakeholders were invited to assess the materiality of the topics in an online questionnaire, and a total of 211 valid questionnaires have been received. The questionnaire survey covered nine categories of stakeholders, including our management, employees, the Chinese government or regulators, our shareholders or investors, customers, suppliers or partners, local communities or non-profit organizations, industry associations or chambers of commerce or the media.

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Reviewing material topics

Ranking material topics: The questionnaire data were processed and analyzed, and the material topics were assessed and ranked by using a comprehensive quantitative method and judging from the two dimensions of "importance to Zangge Mining's sustainability" and "importance to external stakeholders", based on which a materiality matrix was established.

Reviewing material topics: Our external experts provided their advice on material topics and ranking. Our management sees to the review of the material topics and ranking.



Caption: Zangge Mining's Materiality Matrix for 2023

Compared with the previous matrix, nine new topics have been added to this one, including "waste management", "response to climate change", "biodiversity", "occupational health and safety", "customer service and satisfaction", "responsible supplier management", "information security", "corporate governance" and "ESG management", and the topic "social responsibility and community relations" was created by integrating "community contribution and charitable donations" and "government-community relations", and the topic "compliant operations" was created by integrating "legal operations" and "legal tax paying". Moreover, we have adjusted such topics as "employee rights", "talent training and development", "product quality", "business ethics and transparency", and "investor relations management" into "labor rights", "employee training and development", "product quality and innovation", and "stakeholder communication" respectively.

ESG Performance Highlights

O Establishing the ESG System

To standardize the Company's ESG information disclosure and daily management, and to define the ESG responsibilities of each department, we worked with a third-party professional institution to have built the Zangge Mining ESG Indicator System, and compiled internal documents including the Zangge Mining ESG Indicator System during the Reporting Period, to lay a solid foundation for the specification of future ESG goals and ESG assessment content, and the continuous optimization of ESG management.

Key Performance

Based on the analysis of the Company's current facts, we referred to eight ESG standards and disclosure frameworks both home and abroad, to develop an indicator database containing 47 original topics and 545 original indicators on ESG.

47 original topics 545 original ESG indicators

Taking into consideration the industry disclosure, rating agencies' attention and best peer practices, we scored and ranked the original topics and indicators, and finalized on 54 compliance indicators, 86 average indicators and 164 leading indicators.

54 compliance indicators 86 average indicators 164 leading indicators

What's more, we will adopt the Zangge Mining ESG Indicator System as the basis for evaluating the ESG performance of our departments and employees, and for creating an ESG data collection and analysis system. We will also keep tracking and studying Chinese and international regulatory requirements, mainstream guidelines, and outstanding peer companies in the industry, and will update and adjust the ESG indicator system in a timely manner based on the Company's facts.

O Providing ESG trainings

To enhance the ESG management capabilities of our departments, the Company organized internal and external ESG training sessions and exchange activities, covering many aspects such as ESG basics, ESG management experience, and ESG work planning, and incorporated ESG into the training content of managers, business backbones and grassroots employees, to further consolidate ESG management awareness and capabilities of our operating members. During the Reporting Period, the Company has provided two training sessions on ESG, which have been attended by 34 departments and 116 employees; and has carried out 13 meetings for making exchanges among a total of 25 departments.

a

Case: External experts were invited to share their ESG management experience at Zangge Mining's ESG training sessions

In July 2023, Zangge Mining provided special ESG training sessions through both offline and online channels, where external experts were invited to make in-depth discussions on ESG management from four dimensions: "embracing ESG", "ESG creates sustainable value", "Chinese ESG practices", and "outlook and suggestions", and to share their excellent experiences in ESG management strategies and practices, and ESG disclosures and supervision. The training sessions provided us with advanced ESG management concepts and inspirations for carrying out ESG management, which were attended by a total of 72 people, including our executives, middle-level management cadres, ESG specialists, etc.



Caption: A site photo of Zangge's ESG training

© ESG-related honors and awards

MSCI

MSCI ESG ratings



Hang Seng Corporate Sustainability Index Rated **BB**

Raised to BB from B

国证指数 CNI Index

国证指数 CNI Index ESG ratings

Rated A

top 15% in its sector



CSI Index ESG ratings

Rated BBB

top 30% in its sector

ESG awards for 2023	Awarded by
2023 CLS Zhiyuan Award - Corporate Governance Pioneer	CLS, and All-China Environment Federation
An Excellent Environmental Governance Case in the 2023 White Paper on ESG Practices in China	Huanqiu.com, and State-owned Assets Report Magazine Press

1. The ESG ratings presented herein are the results up to December 31, 2023.







2. Climate and environmental action

The United Nations sees climate change as "one of the biggest challenges of our times", and more and more entities come to realize the importance of environmental and climate issues. Zangge Mining strictly fulfills its main responsibility for environmental protection in its production and operation domains, strives to build a resource-saving and environmentally friendly green development system, continuously promotes the benign mutual promotion of ecological protection and operational development, and actively responds to climate change and promotes green and low-carbon development, contributing to China's goal of the carbon peaking and carbon neutrality.

The SDGs responded to in this chapter:











Material topics covered in this chapter:

- Response to climate change
- Energy management
- Environmental ma
- Water resource management
- Pollutant management
- Waste management
- Biodivers
- Green mine development



Responding to Climate Change

While changing and affecting the global ecosystem and natural environment, climate change also exerts deep impacts on global economic development and social consumption concepts, which in turn affects the survival and development of enterprises. Zangge Mining pays close attention to global climate change, and proactively identifies risks and opportunities brought out by climate change and makes strategies accordingly. At the meantime, we keep optimizing our energy structure, and comprehensively enhancing our energy efficiency, and endeavor to reduce greenhouse gas emissions, to make positive contributions to the Paris Agreement Temperature Targets and China's carbon peaking and carbon neutrality goals.

| Identification and management of climate risks and opportunities

As a resource development enterprise, Zangge Mining is keenly aware of the potential impact of climate change on our production and operations. To strengthen our resilience against climate challenges and efficiently prevent and manage related risks, we have implemented a comprehensive top-down ESG management system. Within this system, the ESG and Sustainability Team plays a crucial role in identifying risks associated with climate change and collaborating closely with relevant departments and subsidiaries to formulate solutions and ensure their effective implementation. This year marked our first adoption of the Task Force on Climate-related Financial Disclosure (TCFD) Framework. Under this framework, we have systematically identified climate risks and opportunities and subsequently developed corresponding solutions with a particular focus on our major production sites.

O Physical risks

23



We performed a scenario analysis using two Representative Concentration Pathways (RCPs) adopted by the Intergovernmental Panel on Climate Change (IPCC) –RCP4.5 (low-carbon emissions scenario) and RCP8.5 (high-carbon emissions scenario). Through this analysis, we have comprehensively identified our potential physical risks in the short term (by 2030), medium term (by 2050), and long term (by 2080). The results are presented in the table below:

RISK CATEGORY	RISK LEVEL	POTENTIAL IMPACT	SOLUTIONS
ACUTE RI	SK		
EXTREME PRECIPITATION		Reduced ore production rates, leading to decreased product yield and quality. Damage to or failure of equipment and infrastructure, leading to production interruptions, reduced production efficiency, and additional costs for repairing or replacing equipment. The normal operation of logistics and the supply chain may be affected, resulting in logistics delays and delayed delivery of orders. This, in turn, can impact business continuity and customer satisfaction.	Actively optimize resource reserves and develop a rational mineral resource development plan. Develop and implement an Emergency Response Plan for Environmental Emergencies, Production Safety Emergency Response Plan, and Floo Control Emergency Response Plan, establish a flood control emergency response team, and conduct annual flood control drills. Regularly inspect and eliminate potential hazards, and prepare sufficient flood control materials (like sandbags, pumps, raincoats, rain boots, etc.) in advance. ptimize water supply and drainage facilities, and install cut-out valves for external outfalls.
EXTREME HIGH-TEMPE ATURE	Low	The installation of additional refrigeration equipment increases operating costs. Increased risk of fire and explosion during storage.	Strictly control conditions during product storage and transportation. Strengthen fire prevention measures by regularly inspecting and maintaining fire equipment and facilities and conducting fire drills.
CHRONIC	RISK		
WATER SHORTAGE	Medium -high	Prolonged droughts can lead to water shortages, disrupting production stability.	Continuously optimize production processes, upgrade to water-saving equipment, and improve water use efficiency. Conduct scientific production planning and strictly enforce water use strategies.







O Transition risks

In the context of the national strategy of "dual carbon goals" and the green transformation of global industries, external climate-related policies, technological innovations, market sentiment, and changing consumer preferences will pose potential compliance risks and cost pressures for all companies. Having identified and evaluated the transformation risks we face based on our business development, external policy adjustments, industry trends, and other factors, we have formulated preliminary corresponding solutions.

CATEGORY	RISK/OPPORTU NITY	POTENTIAL IMPACT	SOLUTIONS
RISK	Policies, laws and regulations	The implementation of a carbon pricing mechanism in China's carbon emission trading will increase compliance costs if we are included in the carbon allowance management list. The introduction of stricter climate change policies and regulations in the countries or regions where we operate will increase compliance pressures and the risk of litigation. The Company's exported products may face future carbon tariffs, carbon footprint requirements, and other related policy requirements or restrictions.	Closely monitor international and domestic environmental and carbon-related laws and regulations. Proactively conduct annual carbon footprint accounting and verification and gradually pursue actions such as product carbon footprint certification. Strengthen environmental management and internal compliance controls to avoid or minimize environmental incidents.
	Technology	Increased costs due to the transition towards low-carbon technologies. Failure to invest in low-carbon technologies can make us lag behind our peers and miss out on development opportunities.	Enhance technology reserves and conduct thorough feasibility studies of new technologies to ensure their rationality and applicability. Focus on building a robust R&D team to effectively enhance our R&D capabilities and technological expertise.

CATEGORY RISK/OPPORTU NITY		POTENTIAL IMPACT	SOLUTIONS
RISK	Market	Climate change can lead to increased rainfall, impacting the rates and quality of ore production, subsequently leading to decreased product yield and quality. Customer demand for low-carbon products and stricter requirements for suppliers' ESG performance may affect product competitiveness in the market. Climate change may result in regional power or water restrictions and higher electricity prices, leading to increased production and operating costs.	Actively optimize resource reserves and develop a rational mineral resource development plan. Integrate the philosophy of sustainable development into the entire product lifecycle management process. Proactively engage in energy-saving and emission reduction efforts to meet customer demand for environmentally friendly products. Develop energy supply and production emergency plans. Monitor regional energy consumption patterns and formulate production and energy usage plans ahead of peak energy demand periods. Maintain smooth communication with power supply organizations to ensure effective operations.
	Reputation	Corporate ESG performance becomes a continuous focus for regulators, investors, customers, and other stakeholders. Failure to meet stakeholder expectations for climate disclosure or provide appropriate responses can damage corporate reputation.	Proactively address stakeholders' concerns regarding our climate-related matters through ESG reports, information disclosure via the official website, and responses to questionnaires.
OPPORT UNITY	Market	Incentive policies introduced by the government, such as subsidies for carbon emission reduction. Increase demand for lithium carbonate in the battery sector due to global industrial transformation and the growth of the new energy automobile industry. Climate change-induced natural disasters and extreme weather events may impact food production and quality, heightening market concerns about food production, storage, and security.	Conduct feasibility studies on carbon emission reduction projects, adapt projects to local conditions, and promptly apply for relevant subsidies. Stay updated on the development trends in the new energy industry, promptly launch relevant businesses, enhance resource reserves, and advance resource development. Adjust the overall development strategy of the potash fertilizer business in response to changes in the internal and external environments.
	Technology	 Advancements in industrial energy-saving technology and equipment present opportunities for us to lower costs and enhance efficiency. 	Implement energy-efficient production equipment, enhance resource recycling rates, and further reduce energy and resource consumption costs.

Appendix

O GHG emissions

Zangge Mining is committed to continually enhancing the management of greenhouse gas (GHG) emission data, ensuring that our GHG emission disclosures are authentic, accurate, and effective. During the Reporting Period, we have adopted stricter GHG emission accounting standards and methods. The data for direct emissions (Scope I) and indirect emissions (Scope II) are disclosed as follows:

Indicators	Unit	2023	2022	2021
Direct emissions (Scope I)	tCO ₂ e	51, 402	56,722	66,147
Direct emissions (Scope I)	tCO ₂ e	335,344	319,520	297,516
Total GHG emissions (under Scope 1 and Scope 2)	tCO ₂ e	386,747	376,242	363,663
GHG emissions per unit of income (under Scope 1 and Scope 2)	tCO ₂ e per RMB 10,000 of revenue	0.743	0.46	1.00

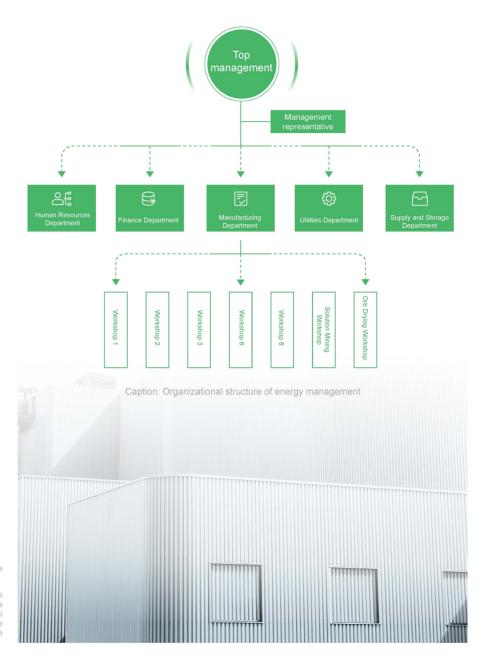
Note: GHG emissions data 3

Energy management and clean technology opportunities

Zangge Mining strictly adheres to the Law of the People's Republic of China on Energy Conservation and other relevant regulations. We have developed and actively implemented several procedural documents, such as the Energy Management Regulations, Energy Performance Parameter Control Procedure, and Energy Manual, and effectively established an energy management system under ISO 50001. During the Reporting Period, both Zangge Potash Fertilizer and Zangge Lithium achieved the ISO 50001 energy management system certification.

We place great importance on energy management and have established a comprehensive three-tier system consisting of the Company, departments (workshops), and workgroups. This network ensures that everyone within the Company is involved in and committed to our energy management efforts. Additionally, the Company has established an energy management leading group, headed by the General Manager, responsible for overseeing energy management and making decisions related to energy use.

^{4.}Zangge Mining's GHG emissions data covers the Company and its three subsidiaries: Zangge Potash Fertilizer, Zangge Lithium, and Zangge Mining Investment. Direct emissions (Scope I) refer to GHG emissions from consumed natural gas, diesel, and gasoline, while indirect emissions (Scope II) are those from purchased electricity, steam, and hot water. The selection of GHG emission factors is based on relevant technical documents, including the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the Announcement on the Release of CO2 Emission Factors for Electricity in 2021 by the Ministry of Ecology and Environment and the National Bureau of Statistics of the People's Republic of China, which published the average CO2 emission factors of power grid as 0.5568 kgCO //kWh for 2021.



^{3.}The plunge in lithium carbonate market prices in 2023 resulted in decreased revenue, leading to a significant change in GHG per unit of revenue compared to the previous year.

Continue to the continue of the continue of

Actively implementing energy management actions is crucial for responding to climate change and promoting transformation towards low-carbon development. During the Reporting Period, Zangge Mining has strengthened energy management and diligently promoted the effective and detailed implementation of various energy management actions.

Energy compliance managemen

- Eliminate the use of outdated equipment as mandated by the government.
- Identify, acquire, and update applicable energy regulatory requirements and incorporate them into the management system promptly.
- Conduct annual compliance evaluations.

Energy measurements and statistics

- Implement comprehensive measurement of energy and energy-consumed medium, install smart meters, and conduct regular inspections, management, and maintenance of measuring instruments to ensure accurate measurements.
- Establish an energy statistics reporting system with monthly level-by-level reporting and analysis of energy consumption data.

Energy consumption quota managemer

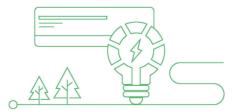
 Set targets for energy consumption per unit of product and output value, as well as total energy consumption goals. Sign the Letter of Responsibility for Energy Management Objectives with relevant departments.

Energy training management

Organize regular energy management training and energy-saving and publicity and awareness campaigns.

Energy-saving incentive system

 Establish an energy-saving incentive mechanism. Integrate energy consumption indicators into salary performance assessments, and recognize and reward departments and individuals with outstanding energy efficiency performance to encourage employee participation in energy-saving efforts.

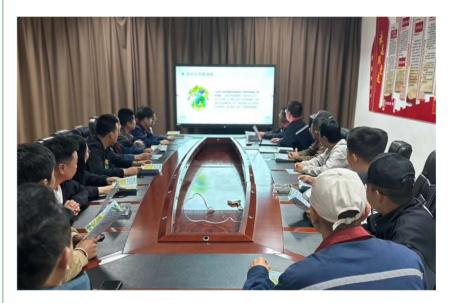


Caption: Comprehensive energy management actions

Q

Q Case: Zangge Potash Fertilizer's Energy-saving Awareness Week

In June 2023, Zangge Potash Fertilizer held activities for the Energy-saving Awareness Week with the theme "Energy-saving and Green Development". During this event, Zangge Potash Fertilizer distributed energy-saving brochures and gave lectures on green development, promoting knowledge about the energy management system, its achievements in energy conservation and emission reduction, national energy conservation and emission reduction policies, further enhancing staff awareness of energy conservation.



Caption: Zangge Potash Fertilizer's Energy-saving Awareness Week





Foreword

Clean technology opportunities

Zangge Mining is dedicated to the continuous exploration of clean technology and energy efficiency opportunities. Since identifying global energy transition opportunities in 2018, the Company has built a new lithium carbonate production line, using tail brine from potash production as raw material for lithium extraction. This initiative has enhanced the comprehensive utilization of water and mineral resources. In 2023, we have enhanced our clean technology investment strategy by expanding our lithium resource reserves. We have achieved this through participation in industrial development funds, equity mergers and acquisitions, and other approaches.



The lithium resource, in an amount equivalent to about 2.18 million tonnes of lithium carbonate, features a high lithium content and is easy to mine. In addition, it can be directly extracted by adsorption, and highly efficiently utilized, generating little pollution to the surroundings.

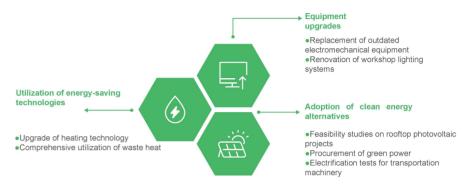


Investing in Tibet Guoneng Mining

Guoneng Mining holds the mining rights of two mining areas in Tibet, i.e. Jieze Chaka Salt Lake and Longmu Co Salt Lake, which are home to total lithium carbonate reserves of about 3.9 million tonnes. Besides, the reserves are mainly brine deposits on the lake surface, making it easier to extract lithium.

Caption: Zangge Mining's clean technology investment strategy in 2023

Moreover, following an energy policy focused on "legal compliance, continuous improvement, innovative development, cost reduction, and efficiency enhancement", we actively explore energy conservation opportunities and optimize our energy structure through equipment upgrades, utilization of energy-saving technologies, and adoption of clean energy alternatives.



Caption: Energy-saving model and corresponding measures



Case: Replacing outdated electromechanical equipment to improve production energy efficiency

In 2023, Zangge Mining made an inventory of the major energy-consuming equipment operating for more than 3,000 hours annually. The Company invested nearly RMB 3 million in upgrading the equipment in the mining workshops. It replaced all 38 sets of inefficient and energy-consuming old electromechanical equipment with units rated as Energy Efficiency Level 1 according to the national standard. The installation and commissioning of the new equipment were completed, with an expected annual electricity savings of about 1.05 million kWh.

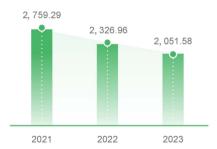
About the Report | Foreword | Climate and environmental action | Occupational health and safety | Empowerment and mutual development | Resilience

🛱 Key Performance:

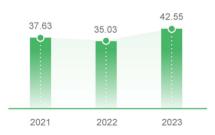
- During the Reporting Period, Zangge Mining purchased 1,918.67 MWh of green electricity.
- The Company also invested RMB 2.2 million in purchasing green electricity certificates,
 equivalent to 110,000 MWh, of electricity, resulting in an emission reduction of over
 90.000 tons CO₂.



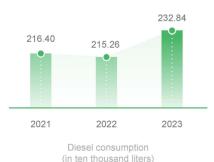
Caption: The Green Electricity Certificate
Transaction Vouchers

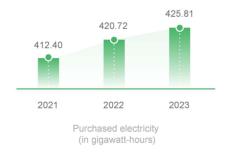


Natural gas consumption (in ten thousand cubic meters)



Gasoline consumption (in ten thousand liters)





Environmental Management System

Appendix

Guided by the environmental management principles of "priority to protection, emphasis on prevention, integrated governance, public participation, and liability assumption", Zangge Mining continuously enhances its environmental management system, strengthening the management of resource consumption and pollutants discharge and improving risk prevention capabilities. By doing so, we strive to minimize negative environmental impacts throughout the entire product lifecycle.

Management system and structure

We strictly adhere to the Environmental Protection Law of the People's Republic of China and other relevant environmental regulations. We have established an ISO 14001-based environmental management system and developed a series of internal environmental management systems, including the Environmental Protection and Safety System and Operation Management of Environmental Protection Facilities. During the Reporting Period, we formulated and published an Environmental Protection Policy to communicate our commitment to environmental sustainability to all employees and to encourage our partners, suppliers, and contractors to implement relevant policies.

In terms of environmental management structure, the Board of Directors oversees the implementation of environmental protection policies, while the General Manager is directly responsible for environmental management, including convening regular EHS meetings to supervise, inspect, and plan related work. To ensure that every employee meets their environmental protection responsibilities, we have implemented a target-based responsibility system. This system integrates environmental protection tasks into production and operation assessments, with rewards or penalties based on the achievement of these targets. Furthermore, our safety and environmental protection management departments, along with those of our subsidiaries, sign an annual Letter of Responsibility for Security and Environmental Protection. This letter outlines our environmental protection goals for the year and ensures that they are effectively implemented.

Key Performance:

- System certification: Zangge Lithium has obtained the ISO 14001 environmental management system certification and the National Green Factory Certification.
- Environmental protection index: During the Reporting Period, the Company had no major environmental
 pollution incidents. Our rates of outfall discharge compliance and standard hazardous waste disposal were
 both 100%:
- Environmental protection investment: During the Reporting Period, the Company has invested RMB2,464,700 in pollution prevention and control.

Environmental risk management

Zangge Mining rigorously implements the "three simultaneous" environmental protection principle and the environmental impact assessment system. We conduct environmental impact assessments for all new, renovated, and expanded projects and ensure timely approval. Upon project completion, we promptly conduct environmental protection inspections to ensure compliance with all relevant regulations. We also conduct regular internal and external audits to proactively identify and address problems and deficiencies in environmental management, prevent potential pollution risks, and protect the environment and public interests. During the Reporting Period, Zangge Lithium passed a third-party audit and obtained the ISO 14001 environmental management system certification.

To effectively prevent and respond to environmental emergencies, we continuously improve our emergency response mechanisms. This includes regularly updating our Emergency Response Plan for Environmental Emergencies and conducting annual emergency drills to ensure the effectiveness of the plan and our measures. To improve environmental awareness and compliance among our employees, we also regularly provide environmental education and training to all employees. This includes thorough explanations of environmental laws and regulations, as well as the requirements for compliant disposal of industrial "three wastes". During the Reporting Period, we have conducted 7 environmental education and training sessions, covering 538 employees.

<u>a</u>

Case: "World Environment Day" environmental protection knowledge training

In celebration of "World Environment Day" on June 5, the Company conducted a special training session focused on environmental protection, with the theme of "building a modern society where humans and nature coexist harmoniously". A total of 117 employees participated in the training, which effectively helped enhance their understanding of legal regulations and the importance of environmental protection.





Caption: Special training in environmental protection knowledge

Water Resource Management

Zangge Mining strictly complies with the Water Law of the People's Republic of China, the Law on Prevention and Control of Water Pollution, and applicable national and local water consumption and drainage standards. We have established internal policy documents such as the Water Conservation Management System and System for Protecting Ecological Water Use. These policies guide us in actively practicing water environmental protection, efficient utilization of water resources, and the reuse of treated wastewater in our production and operations. Additionally, our ESG management system clearly defines the responsibilities of the Board of Directors in supervising and evaluating water resource management. The ESG and Sustainability Management Team is responsible for formulating relevant strategies and performance targets.

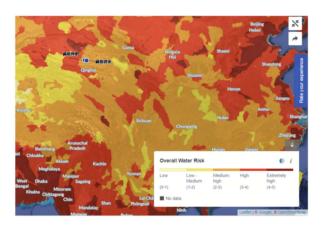
Water use management

Zangge Mining's main sources of water include surface water, groundwater, and municipal water supply. Due to the special geographical features of the salt lake industry, our main production activities are located in areas with limited water resources due to arid conditions and little rainfall. To ensure the water security of our production and operations, we actively identify and manage water-related risks and regularly assess the effectiveness of our water resource protection measures.

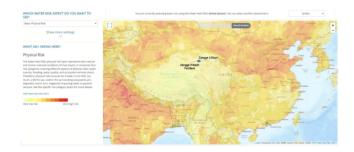


Case: Conducting water security risk assessment to review water stress in production and operations

During the Reporting Period, we have used the Agueduct Water Risk Atlas, developed by the World Resources Institute (WRI), to assess water abstraction in water-stressed areas. We have also used the Water Risk Filter, developed by the World Wildlife Fund (WWF), to identify and assess water risks at our domestic production bases. The assessment results show that neither Zangge Potash Fertilizer nor Zangge Lithium withdrew water from areas with high or extremely high water stress at their production bases. Furthermore, the water scarcity scores of our operational locations are below 3, indicating that they are not in water-stressed areas.



The image is from the WRI website.



The image is from the WWF website.

Water risk management

During the environmental impact assessment phase before project implementation, we analyze the reasonableness of water use, the conditions of water sources for abstraction, and the potential impact on the water environment. This analysis takes into account the hydrogeological conditions, surface water, and groundwater at the project site. We also establish a reserve water source and an emergency response system to address potential issues such as water source interruptions and water pollution to continuously strengthen our water risk management. Furthermore, we are dedicated to the protection of water sources. We explicitly prohibit the destruction of vegetation related to water source protection, install flow meters to regularly track and monitor water use, and continuously test and manage the water quality of water sources.



Water use compliance

During the Reporting Period, the Company had one incident of non-compliance related to water abstraction and was fined RMB 200,000. The Central Inspection of Ecological and Environmental Protection (CIEEP) found issues with water abstraction and use at Zangge Potash Fertilizer. Upon being informed, we immediately conducted an investigation, initiated rectification measures, and reported the situation to the local authorities promptly. Details of the incident of non-compliance:

Cause of the Incident



The expansion of South Hulsan Lake's water area due to a rise in water levels resulted in the destruction and submersion of the original freshwater canals and flow meters, which in turn altered the water intakes. However, we failed to promptly report these changes to the relevant water resources authorities.

Rectification measures

We took the issue seriously and established a task force under the personal supervision of the Chairman. The rectification plan included:



- Removing the relevant water abstraction facilities and halting pumping operations;
- Initiating the process to conduct three-pronged water abstraction license integration. hiring a third-party professional organization to conduct and complete the water-draw and utilization assessment, and applying for a new water abstraction license as required;
- Handling the necessary formalities for forest land and grass expropriation and occupation, starting the design and construction of a new freshwater pumping station and freshwater canal, and ensuring their use only after acceptance by government departments.

Rectification results

We have submitted the investigation results and rectification plan to the relevant water resources authorities. The progress of each rectification measure is as follows:



- Zangge Potash Fertilizer and Zangge Lithium have completed the water-draw and utilization assessment;
- Zangge Potash Fertilizer has completed the formalities for forest and grassland expropriation and occupation;
- Zangge Potash Fertilizer and Zangge Lithium have obtained the necessary water abstraction licenses:
- The design and construction of the freshwater pumping station and canal are progressing as scheduled.

Zangge Mining takes this violation seriously and will continue to monitor the effective implementation of the rectification measures. We are committed to strengthening compliance management of water abstraction and use to prevent future violations.

Water conservation management

Zangge Mining has implemented a standardized water conservation management system. We create annual water use plans, set water use quotas per unit, and establish water conservation targets for production workshops. We also conduct monthly statistics and analysis of water conservation status and perform quarterly performance assessments. Furthermore, we have established a water conservation supervision and inspection mechanism. This includes inspections of water facilities, equipment, and pipelines by designated personnel to prevent prolonged use of running water and address issues such as leaks and drips. Moreover, we are committed to enhancing water resource efficiency during production. We achieve this by improving production processes, using water-saving equipment, and adopting water recycling measures to minimize the need for new water consumption.



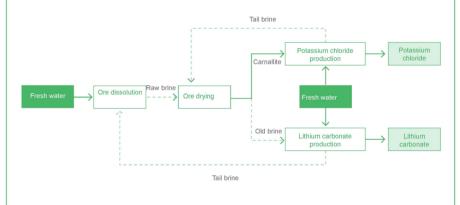
- Re-utilizing mechanical vapor recompression (MVR) to evaporate condensate
- Recycling production wastewater from high-pressure nanofiltration and reverse osmosis technologies

Caption: Key measures for water conservation management

Q Case: Promoting comprehensive utilization of tail fluid resources

Zangge Mining operates in the Qinghai-Tibet Plateau, a region known for its arid conditions and scarce rainfall. Yet, our potassium chloride production process requires significant amounts of water, making water conservation and resource protection key strategic priorities for us. Through continuous innovation and testing, we have developed a closed-loop water recycling process that incorporates lithium carbonate production, further enhancing the efficient use of both water and mineral resources. The specific steps are as follows:

- As the first to propose the innovative "solid to liquid" technology, we utilize the halogenation
 process to dissolve the raw brine from the solid salt layer;
- The raw brine is then transported to the solar pond for drying. It then passes through the sodium salt pond, the adjustment pond, and the ore precipitation pond until carnallite is precipitated:
- The precipitated carnallite is then transported to the potassium chloride production workshop after drying for processing. The tail brine generated during production is then transported back to the solar pond and mixed with the raw brine for further drying:
- After the drying process, the remaining old brine in the solar pond is transported to the lithium carbonate production workshop for processing. The tail brine generated during production is then transported to the dissolution area, where it is mixed with fresh water in a certain proportion and used for dissolving ore.



Caption: The flow of comprehensive utilization of tail fluid resources







Zangge Mining regularly conducts water conservation awareness and training activities to enhance employees' understanding and encourage active participation in water conservation management. We also actively participate in water conservation activities organized by water resource authorities and local communities, taking practical steps to lead and encourage the public to focus on and practice water resource protection.



Case: A series of water conservation awareness activities of Zangge Potash Fertilizer to promote water conservation among the public and employees

In March 2023, Zangge Potash Fertilizer participated in the "World Water Day" and "China Water Week" activities held by the government of Golmud City. During the event, the company distributed educational materials and conducted lectures on water conservation to raise public awareness about the water resource crisis. It encouraged everyone to cherish water resources, save water, and collectively protect the water environment.

It also organized water conservation quizzes and study sessions within the company. These activities, conducted both online and offline, aimed to enhance employees' awareness of water conservation and encourage their active participation in the company's water resource management efforts.



Caption: "World Water Day" and "China Water Week" activities of Golmud City

Indicators	Unit	2023	2022	2021
Total water withdrawal ⁵	Ten thousand tons	55.91	56.86	52.02
Volume of water for cycle use	Ten thousand tons	157.27	219.23	90.20
Total water use	Ten thousand tons	213.18	276.09	142.22
Water cycle utilization rate ⁶	%	73.77	79.41	63.42
Water consumption per unit of potassium chloride produced	Cubic meters/ton	184.69	203.86	124.22
Water consumption per unit of lithium carbonate produced	Cubic meters/ton	919.28	920.39	1,102.65

Note: Water resource consumption data

Wastewater management

Zangge Mining is dedicated to maximizing the comprehensive utilization of wastewater. Through ongoing research and development, we have strengthened our water resource recycling processes, achieving 100% recycling of production wastewater. Domestic wastewater from Zangge Potash Fertilizer and Zangge Lithium is treated using integrated wastewater treatment facilities. The treated water that meets relevant standards is then reused for ore dissolution or discharged into evaporation ponds. To prevent water pollution accidents, we have implemented anti-seepage and containment measures for temporary wastewater storage pools.

During the Reporting Period, Zangge Potash Fertilizer constructed new wastewater treatment facilities in Workshop 1 and Workshop 8, each with a treatment capacity of 170 t/d, to better manage increased wastewater due to a growing workforce.



^{5.} Water for cycle use includes the reuse of old brine and tail fluid. The volume of water for cycle use is calculated based on the estimated water demand that is met through this recycling process.

^{6.} Water cycle utilization rate = Volume of water for cycle use / Total water use x 100%.

Discharge and waste management

Zangge Mining is committed to enhancing the operational efficiency of its environmental protection management facilities and strengthening the management of "three wastes" - waste gas, wastewater, and solid waste. The Safety and Environmental Protection Office oversees the supervision and management of treatment facilities, aiming to reduce waste discharge through effective control measures and improve ecological and environmental management capabilities.

Waste gas management

Zangge Mining strictly adheres to the Law of the People's Republic of China on Prevention and Control of Air Pollution and applicable national and local waste gas emission standards. We have implemented facilities for boiler dust collection, flue gas cleaning, and dust control during production to effectively manage particulate matters, nitrogen oxides, and other major air pollutants generated during production. We have created ledgers for the operation and management of environmental protection facilities and designated special personnel to inspect and maintain waste gas treatment facilities. We also regularly commission third-party testing to ensure that these facilities operate stably and comply with waste gas emission standards.

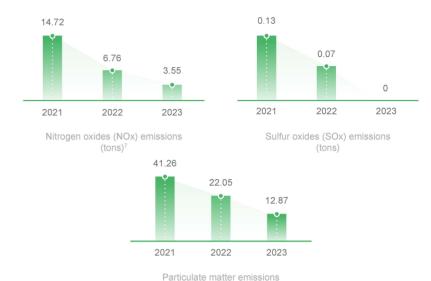


Case: Zangge Lithium's acid mist recovery device upgrade

In 2023, Zangge Lithium upgraded its acid mist recovery devices by adding circulation washer pumps and installing water-sealed tanks and self-control valves. These improvements addressed the issue of low concentration and low utilization value of the acid solution treated by the traditional acid mist absorber. The upgraded device now operates fully automatically, achieves zero discharge of hydrogen chloride, and ensures complete acid recovery.



Caption: An acid mist recovery device



Solid waste management

Zangge Mining strictly adheres to the Solid Waste Pollution Prevention and Control Law of the People's Republic of China, Pollution Control Standards for the Storage of Hazardous Wastes, and other relevant laws and regulations. We follow the principles of "minimization, resource utilization, and harmless disposal" to promote comprehensive solid waste management and utilization. We follow a classification-based approach to manage the waste we generate and keep detailed ledgers for waste generation, storage, and transfer. This approach helps us reduce waste and promote its comprehensive utilization while ensuring compliant disposal practices.

For hazardous waste management, we have established and implemented a Hazardous Waste Management System. We have created windproof, rainproof, sunproof, and leak-proof hazardous waste storage facilities, categorizing different types of hazardous waste and marking them with warning signs as required by regulations. Additionally, we develop an annual hazardous waste management plan, which is filed with the relevant authorities, to ensure that hazardous waste is managed compliantly throughout the entire process.

In 2023, Zangge Potash Fertilizer planned to build a new hazardous waste warehouse in the Qarhan mining area. This facility will adopt concentrated management of hazardous waste, including storage depots, waste material yards, and oil depots. The project has already passed the safety assessment and safety facilities design review and has obtained the construction permit. Construction is expected to begin in 2024, following approval after the environmental impact assessment.

^{7.}The statistical caliber in 2023 is Zangge Potash Fertilizer only, for Zangge Lithium has no nitrogen oxide (NOx) emissions.



- Tail salt: Reused in production
- Waste woven bags, plastic packaging, etc.: Regularly recycled by manufacturers

General industrial solid waste



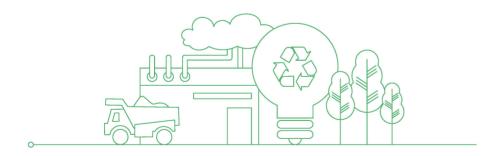
 Waste lubricating oil, waste resin, waste oil drums, etc.: Transferred and disposed of by qualified third parties in a compliant manner

Hazardous waste.....

Note: Waste disposal measures

Indicators	Unit	2023	2022	2021
Total waste volume - General industrial solid waste - Hazardous waste	Ton	105.54	16	17.40
	Ton	0 ⁸	16	12
	Ton	105.54 ⁹	0	5.40

Note: Major solid waste discharge data



8.General industrial solid waste, such as waste woven bags and plastic packaging, is recycled by manufacturers.

9.In 2023, the Company adopted concentrated disposal of hazardous waste, including waste machine oil drums and waste paint, in the warehouse. This resulted in a significant change in the disposal volume compared to the previous year.

Ecological protection and land management

Zangge Mining places great importance on the impact of its production and operations on the surrounding ecological environment. We are committed to the principle that "lucid waters and lush mountains are invaluable assets", continually strengthening biodiversity protection, enhancing green mining, and promoting the harmonious development of mineral resources and ecological preservation.

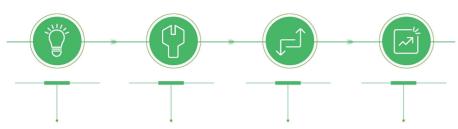
| Ecological protection

Zangge Mining recognizes the critical importance of ecological protection and the prevention of natural environment degradation, as well as their close relationship with climate change. During the Reporting Period, we formulated and published the Biodiversity Protection Policy to further improve ecological management throughout the lifecycle of mineral resource development and minimize our impact on biological habitats. This policy provides guidelines for achieving ecological protection in all production and operational activities. It requires that all personnel of our subsidiaries, as well as staff at our salt lake projects, exploration sites, production bases, and other operational projects, along with our suppliers, adhere to the policy requirements.





- Give priority to biodiversity conservation in all economic development activities and integrate it into every stage of the project, including planning, design, construction, and operation and maintenance, across all business units.
- Strictly comply with all biodiversity conservation requirements in the regions where we
 operate to avoid or minimize ecological impacts.
- Avoid developing projects in World Heritage areas or the International Union for Conservation of Nature (IUCN) Category I-IV protected areas without government approval.
- Adhere to the environmental management principles of "priority to protection, emphasis on prevention, integrated governance, public participation, and liability assumption", and focus on ecosystem protection and minimize the potential adverse impacts of business activities on biodiversity conservation.
- Utilize natural resources and raw materials in a more sustainable manner, limit and phase out non-environmentally friendly materials and processes, minimize the generation of polluting emissions, and promote ecological restoration when feasible.
- Encourage employees to participate in biodiversity conservation activities and strengthen cooperation with government and regulatory agencies, suppliers, contractors, industry associations, and other stakeholders.



Planning and design phase

- Use a scientific approach to site selection, considering ecological protection needs in project design.
- Conduct
 environmental impact
 assessments,
 comprehensively
 evaluate the
 ecological
 environment around
 the project site, and
 develop
 corresponding
 protection measures.

Construction phase

Strictly adhere to the environmental impact assessment requirements for ecological protection measures during construction, controlling the scope of construction activities, and ensuring proper ground hardening to prevent vegetation destruction and soil erosion.

Production and operations phase

Regularly conduct environmental hazard investigations and ensure effective implementation of pollution prevention and control measures, preventing illegal discharge of pollutants into neighboring ecological environments. Continuously develop green mining practices

to minimize the impact

of production activities

ecological environment.

on geology and the

Decommissioning and closure phase

Undertake ecological restoration work as required and implement the Geological Environmental Protection and Land Reclamation Plan.

Caption: Zangge Mining's ecological protection efforts throughout the full lifecycle of production and operations

Green mining

As a participant in China's pilot green mining initiatives, Zangge Mining actively takes on its due responsibility for comprehensive ecological improvement and is dedicated to the utilization of recyclable and renewable resources. Through various measures, we consistently elevate our standards for green mining and foster harmonious growth between resource utilization and environmental preservation, thereby contributing to the realization of a more beautiful China.

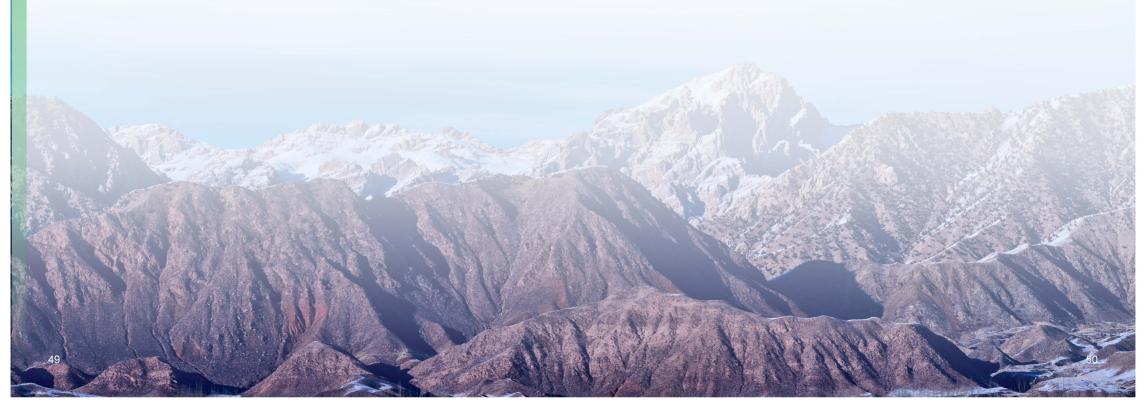
Measures for green r	nining
Environmental restoration and management	We continuously advance mine environmental restoration and management, and implement comprehensive governance throughout all project stages under the guiding principle of "development with protection, protection with development". In 2023, we completed several environmental restoration projects, including land leveling in the lake area, backfilling in subsidence areas, and road improvements in production workshops. These efforts have enhanced both the salt field roads and the surrounding environment.
Comprehensive resource utilization	We consistently enhance resource utilization and actively explore opportunities for the comprehensive utilization of associated resources and waste. Regarding comprehensive utilization of associated resources, we conducted research in 2023 on the comprehensive utilization of magnesium, boron, bromine, iodine, and other associated resources. This research included preliminary basic studies such as market analysis and process demonstrations, as well as lab tests. In terms of liquid waste treatment and utilization, we transport old brine from ore drying in the salt field to the lithium workshop for lithium carbonate production. Additionally, tall liquid discharged from the flotation workshop is sent to the salt field for drying until carnallite is precipitated. In 2023, the comprehensive utilization rate of liquid waste remained at 100%.
Implementing energy conservation and emission reduction measures	We continue to deepen our efforts in energy conservation, efficiency enhancement, pollution reduction, and carbon footprint reduction to achieve low consumption, low emissions, and low pollution in mining operations. In 2023, we installed new energy metering instruments for real-time monitoring, phased out high-energy-consuming equipment, and adopted new types of energy-efficient motors and transformers
Scientific and technological innovation and digitalization	We advance towards high-end and intelligent development and actively explore mining science and technology research and applications. In 2023, we implemented the "fusion of high-end and intelligent development" project, integrating technology, products, and management to build a sustainable development model driven by information technology-based industrialization.
Fostering a harmonious enterprise-local community relationship	We actively engage in environmental management, social services, and maintaining security and stability in the areas where we operate to foster a harmonious relationship with local communities. In 2023, we continued to support economically underdeveloped areas such as Dagelang Township and Guolemu Town, and provide timely assistance to earthquake-stricken areas in Gansu and Qinghai, fulfilling our corporate social responsibility.



In addition, we strictly adhere to national and regional regulations on the "three rates" (mining recovery rate, ore recovery rate, and comprehensive utilization rate) for salt lake resource development and utilization. We continuously improve our resource recycling and utilization processes and deep processing technologies, ensuring that our "three rates" reach advanced domestic levels.

Year	Zangge Pot	Zangge Potash Fertilizer		e Lithium
Indicators	2023	2022	2023	2022
Mining recovery rate (%)	85.07	85.02	/ /	1
Ore recovery rate (%)	65.32	66.27	100	/
Comprehensive utilization rate (%)	100	100		100

Note: The indicators of "three rates"





Occupational health and safety

Zangge Mining views occupational health and safety as crucial social responsibility and a key foundation for sustainable operations. Adhering to the safety policy of "safety first, focus on prevention, and integrated control" we continuously improve our occupational health and safety management system and enhance our ability to manage and control safety risks. We are committed to providing a safe and healthy working environment for all employees, partners, neighboring communities, and any other parties affected by our production and operations.



Safety Management System

Zangge Mining is committed to continuously improving occupational safety and health by developing and enhancing the comprehensive production safety management system and standardizing the systematic production safety management. In the meantime, we organize various safety culture education and promotion activities on an ongoing basis to raise employees' safety awareness and safety management capacity.

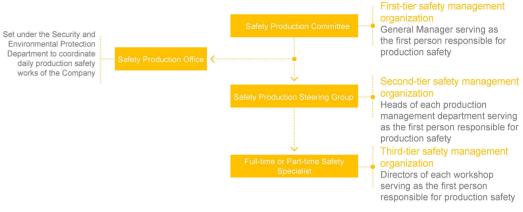
Safety system development

Zangge Mining introduced and constantly improves production safety-related systems in accordance with relevant laws and regulations, such as the Production Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and revised and implemented the production safety-related policies and documents, including the Production Safety Management Regulations and the Environmental Protection and Safety Regulations, during the reporting period to ensure sound safety management. By the end of the reporting period, Zangge Lithium has been certified against the ISO 45001 standard and passed the Annual Surveillance Audit, which demonstrated the validity of its occupational health and safety management system certification.

Management structure

To further improve the production safety management, a Three-tier Safety Management System has been established by Zangge Mining in 2023. This system consists of:

- The Safety Production Committee (SPC), which serves as the leading organization and organizes, guides and coordinates the production safety-related matters of various departments;
- The Safety Production Office, which has a Safety Supervisor and Safety Engineer and is responsible for planning and implementing specific safety tasks and making regular reports on safety management progress;
- The Safety Production Steering Groups, which are in charge of the daily production safety works of various production department;
- The Full-time or Part-time Safety Specialists, who are tasked with assisting workshop directors to carry out production safety works at the workshop level.



Safety production management system of Zangge Mining

Safety production management system of Zangge Mining

To fully implement the main responsibility for production safety of production and business entities and fundamentally prevent various safety incidents, all employees at Zangge are required to sign the Letter of Responsibility on Safety and Environmental Protection. In addition, the "Letter of Responsibility on Safety Objectives" system has been implemented and the production safety principle of "the person in charge being the person responsible" reinforced to ensure well-defined production safety duties and responsibilities. 100% of Zangge Mining's employees have signed the Letter of Responsibility on Safety and Environmental Protection in 2023.

Safety production goals of Zangge Mining	Annual progress made in 2023
) fatal accidents	Achieved
) incidents of major equipment accidents	Achieved
) fire accidents (over RMB 500)	Achieved
explosion accidents	Achieved
Major injury rate of less than 1%	Achieved
Minor injury rate of less than 5%	Achieved

Note: Achievement of Production Safety Goals



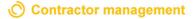


Indicators	Unit	2023	2022	2021
No. of people with lost working hours accidents	Case	2	0	1
Number of transportation accidents	Case	0	0	0
Number of injuries/deaths due to work	Person	2	0	0
Number of working days lost due to work-related injuries	Day	90	0	365

Note: Occurrence of Safety Incidence

2 incidents of occupational injury, both of which were minor, have been reported by Zangge Mining in 2023. The first one was a mechanical injury. The finger of one operator was injured due to improper operation of brine displacement gate. The second one was a injury caused by being struck by an object. The foot of one operator was being struck by the fallen steel plate due to poor cooperation among operators during manufacturing of guard railings. The injured operators, after receiving emergency treatment on the spot, were transported to the hospitals immediately. After the occurrence of the incidents, root cause investigation and analysis were carried out in a comprehensive manner and emergency measures were taken based on the actual situation in a timely fashion. On top of that, further rectification actions were taken to enhance production safety management.

We have developed and implemented a series of internal documents, such as the Performance Assessment Rules of the Company, in a bid to ensure successful achievement of our production safety goals. We conduct safety inspection on a monthly basis and assess the departments which commit illegal operations, illegal command, violation of labor disciplines and improper rectification of safety hazards based on the inspection results, and we hold SPC Review and Evaluation Meeting annually to evaluate each production unit's achievement of safety goals of the year and give rewards and punishment according to the *Letter of Responsibility on Safety Objectives* with a view to improving safety management performance continuously and implementing standardized production safety management in a systematic way.



Contractors are subject to compliance check before entering the operation site and required to sign the Contractor Safety Agreement, which specifies the safety responsibilities of both parties and provides for the scope of and punishment for illegal operations, illegal command and violation of labor disciplines, after entering the operation site. In addition, safety training and assessment are carried out for external construction workers to ensure safe and smooth construction and operation of contractors.

Safety investment management

To establish and improve our long-term production safety investment mechanism and further enhance production safety cost management, we have formulated and implemented the Safety Investment Safeguards and Management System, and increased our investment in production safety and occupational health, covering aspects of use of personal protective equipment, maintenance of safety devices, assessment and rectification of safety hazards, development of emergency response team, provision of safety training and education and promotion and application of advanced production safety technologies, to ensure safe operation throughout the whole production process. A total of RMB 29,815,600 has been invested by Zangge Mining in production safety and occupational health during the reporting period.

Indicators	Unit	2023	2022	2021
Total investment in occupational safety and health	RMB10,000	2,981.56	720.11	1,764.08
 Investment in Safety Production 	RMB10,000	2,805.60	705.11	1,716.48
- Investment in occupational health	RMB10,000	175.96	15	47.60

Note: Investment in Occupational Health and Safety





Safety culture cultivation

Zangge Mining improves employees' production safety awareness through all-staff safety training programs and comprehensive safety promotion and education initiatives. The annual safety education and training plans are prepared for the Company as well as the workshops at the beginning of each year and special training activities tailored to the categories and demands of participants are organized, covering various aspects from laws and regulations, basic and professional production safety knowledge, hazard management, advanced domestic and foreign production safety management experience, typical accident and emergency case analysis to occupational disease risk and prevention.

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Three-tier Safety Training

- Targeted for new employees, including transferred employees, outsiders and interns:
- Pre-job safety trainings at company level, workshop level and shift level;
- Only employees who have obtained the Three-tier Safety Training Certificate are allowed to take the job.

Special Operation Training

- Targeted for personnel engaged in special operations, such as electricians and welders:
- Implementing the Special Operation Management Measures implemented, organizing safety training activities and requiring operators work with the Special (Equipment) Operation License.

New Process and New Equipment Training

- Targeted for all employees;
- Special safety training carried out before application of new processes and new techniques and after process improvement and equipment improvement.

- Targeted for leaders at different levels and safety management personnel;
- Special safety training organized by professional training agencies:
- Only employees who have received mandatory assessment and safety qualification certificates (such as the Safety Production Knowledge and Management Skill Certificate) are allowed to take the position.
- Targeted for employees who have left the job for more than 6 months;
- Employees are required to retake safety training at workshop level and shift level and only employees who have been assessed and certified are allowed to return to work.

Safety Management Training

Return-to-Work Training

Caption: Safety Training System of the Company

Key Performance:

During the reporting period

73 sessions of occupational health and safety training has been organized;

A total of 3,982.75 hours of training has been administered;

2,675 participants have received the training;

100 %of new employees have been covered by the pre-job safety training.



Case: Zangge Potash Fertilizer launching knowledge competition event on "Safety Production Month"

In order to stimulate the enthusiasm of the employees to learn safety production knowledge, on the occasion of Safety Production Month, the Company held the Safety Production Month 2023 knowledge competition in June 2023, with a total of 60 employees, 20 representative teams of the Company participated in the competition. The Competition aims to further put in place the main responsibility of the Company's safety production, enable employees to understand and master the safety production skills and self-prevention and self-rescue abilities, and create a good atmosphere for all employees to pay attention to safety production and participate in risk prevention to ensure safe production and operation.





Caption: Scene of "Safety Production Month" Event

Safety Risk Prevention and Control

Zangge Mining implements a two-tier prevention mechanism and develops and improves the work processes from the dimensions of hierarchical control of risks and inspection & rectification of hidden dangers to effectively manage and prevent potential safety risks that may arise in our operations. We also attach great importance to safety emergency response and further the development of emergency management systems as as to enhance our overall ability to respond to emergencies.

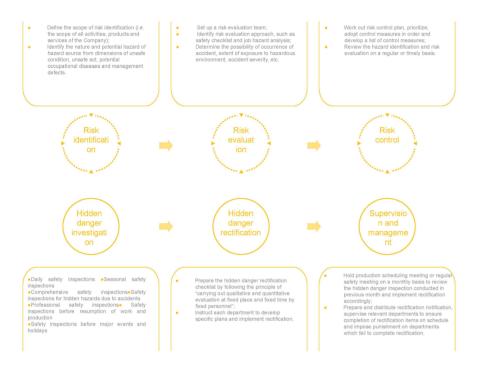
Risk Management and Control System

Zangge Mining has developed and implemented a series of internal management documents, including the Hazard Identification and Risk Evaluation Management System and the Hidden Danger Inspection and Rectification Management System, established a two-tier risk prevention mechanism and carried out hierarchical control of risks and inspection & rectification of hidden dangers on an ongoing basis.

Zangge Mining has developed and implemented a series of internal management documents, including the Hazard Identification and Risk Evaluation Management System and the Hidden Danger Inspection and Rectification Management System, established a two-tier risk prevention mechanism and carried out hierarchical control of risks and inspection & rectification of hidden dangers on an ongoing basis.

The Company also organizes major hazard inspections on a regular basis, and notifies relevant parties the problems discovered during the inspection through the Safety Inspection Notification with a request for rectification within a prescribed time limit. Additionally, we invite qualified third-party institutions to carry conduct major hazard assessment at a frequency no less than once every two years and demand our branches, subsidiaries and production workshops to prepare and maintain a major hazard record and further promote inspection of rectification of hidden dangers so as to safeguard employees' safety and health.





Caption: Two-tier Safety Risk Prevention Mechanism

₿ Kev Performance:

During the reporting period, the Company performed various production safety hazard inspections and discovered 834 problems. 100% of these problems have been rectified within the prescribed time limit.

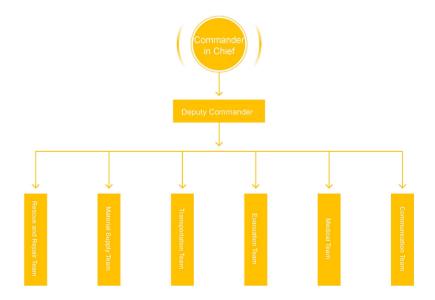
To improve the inspection, supervision and governance of safety hazards, we have formulated and published the Reward and Punishment System for Safety Hazard Inspection and developed the reward and punishment procedure for safety hazard inspection. A bonus ranging from RMB 200 to RMB 1500 will be awarded to person who has identified hidden danger or submitted valid rationalization proposal.

Safety emergency management

To further improve our emergency management, Zangge Mining has made sustained efforts to promote the standardization of emergency management with a focus on the development and enhancement of emergency response capacity by building up and improving the emergency management framework, advancing the development of emergency management system and adopting a variety of emergency management practices.

Management structure

To effectively prevent production safety accidents and implement accident management responsibilities, Zangge Mining has set an emergency organization system at the levels of the Company and workshop and developed and enhanced its emergency command structure, which is responsible for preparing emergency response plan, organizing emergency drills, conducting emergency team mobilization and resource allocation and facilitating coordination at the accident scene, to secure efficient emergency response.



Caption: Emergency Chain of Command Structure





O System Development

The Company complies with various relevant laws, regulations and normative documents, such as the Emergency Response Law of the People's Republic of China and the Regulation on Emergency Responses to Work Safety Accidents, and has revised and implemented the Production Safety Emergency Response Plan, which specifies the emergency response procedure, in accordance with the Guidelines for Enterprises to Develop Emergency Response Plan for Work Place Accidents (GB/T 29639-2020).

About the Report

Foreword

The Company has set up a dedicated team to develop emergency response plan. This team will carry out information collection, risk assessment and emergency response resources survey on an annual basis and improve the emergency response plan through desktop maneuvers and expert reviews to further standardize the systematic emergency preparation of the Company.

We have also worked out and implemented overall emergency response plan, special emergency response plan and on-site response plan, which cover the responses to various production safety accidents, including fire, mechanical injury, electric shock, falling accidents, crane injury, drowning, poisoning, collapse, fresh water contamination, etc. A railway siding for product transportation has been constructed for Zangge Potash Fertilizer. Taking this into consideration, we have developed the Special Emergency Response Plan for Railway Accidents based on actual conditions to enable effective emergency management and rescue in case of accidents along the railway siding.

© Emergency Response Practices

We conduct regular emergency drills and emergency capacity assessments. In addition, we prepare emergency drill plan and carry out a variety of comprehensive and special emergency drills, including but not limited to safety emergency drills, fire drills and railway accident drills, on an annual basis, to improve our overall emergency response capacity. Moreover, the Company makes an inventory of and supplements emergency supplies regularly and conducts effectiveness checks on on-site response plan once every two years to protect employees' safety and security.



organizing various fire drills and firefighting exercises

Zangge Lithium conducting the fire drill

To familiarize employees with basic firefighting knowledge and raise employees' safety awareness. Zangge Lithium organized a fire drill in June 2023, which covered aspects like response to sudden fire and escape skills, use of fire-fighting equipment like fire extinguisher and fire hose, orderly evacuation and rescue for wounded persons. This drill, with more than 100 participants, enhanced employees' fire safety awareness as well as their emergency response capability.

Zangge Potash Fertilizer carrying out the "Firefighting Skill Competition"

Aiming at improving employees' fire safety awareness and fire response capability, Zangge Potash Fertilizer held the "Firefighting Skill Competition" in November 2023 to assess employees' individual fire prevention and fighting capabilities, such as their physical fitness, fire fighting and rescue capability and escape and self-rescue capability. A total of 10 teams from different departments competed in the Competition. This event was designed to further the development of Zangge Potash Fertilizer's fire safety system and employees' fire emergency response capabilities.





Caption: Scene of "Firefighting Skill Competition" Launched by Zangge Potash Fertilizer



Case: Transportation Department of Zangge Potash Fertilize conducting a railroad bed collapse emergency drill

A railroad bed collapse emergency drill themed by "improving safety awareness and emergency response capability of all employees" was launched by Zangge Potash Fertilizer in June 2023 to increase relevant employees' awareness of railroad bed collapse and familiarize them with the emergency rescue procedures and the use of various emergency rescue equipment. This drill examined the rationality and feasibility of relevant emergency response plans while strengthening relevant employees' emergency response capability and emergency rescue teams' ability to coordinate operations. Nearly 40 employees from the Transportation Department took part in the drill.





Foreword

Caption: Scene of Railway Accident Drill Organized by Zangge Potash Fertilizer

農 Key Performance

During the reporting period, the Company conducted $\frac{28}{28}$ emergency drills, covering $\frac{1,670}{28}$ participants.

Chemicals Management

Zangge Mining abides by relevant laws, administrative regulations and national standards on the management of hazardous chemicals, including the Regulation on the Safety Management of Hazardous Chemicals, and has formulated and implemented a series of internal documents, such as the System of Safety Management of Hazardous Chemicals and the Precursor Chemicals Management System, to specify the provisions on procurement, storage, loading and unloading, use, transportation and scrapping of hazardous chemicals, including:

Procuremen



 The qualification certificates of hazardous chemicals suppliers should be submitted for strict review and the safety label and safety data sheet of the supplied products should be provided by the suppliers;

Handling and transportation



 Qualified entities should be engaged to transport hazardous chemicals and necessary fireproof, blast-proof and poison-proof measures should be adopted by taking into account of the nature of such chemicals;

Storage and warehousing



 Designated warehouses should be set up for storage of hazardous chemicals, and the hazardous chemicals should be under the charge of well-training warehouse keepers with necessary license and classified and separately stored in accordance with relevant provisions;

Receiving and using



 The safety data sheet of hazardous materials should be prepared, and the operators should be properly trained and wear special protective equipment before work;

Scrapping



Comprehensive safety measures for scrapping of hazardous chemicals should be introduced and the hazardous chemicals should be scrapped and disposed upon the approval of relevant departments, such as the Technology Department, Safety Department and Production Department (the precursor chemicals should be destroyed upon approval of public security organs and work safety authorities).





In addition, we conduct hazard impact assessment of chemicals and carry out dangerous and hazardous substance analysis on chemicals involved in production. The Identification and Analysis of Dangerous and Hazardous Factors has been developed, covering the physical and chemical properties of hazardous chemicals, flammability, health hazards, first aid measures, emergency response, protective measures and precautions for storage and transportation, and training on relevant hazardous chemicals have been organized for warehouse keepers and field operators of such chemicals to create a standardized and safe production environment.

The hazardous chemicals used by the Company can be classified into two categories, namely the hydrochloric acid and the sodium hydroxide. For corrosive hydrochloric acid, we have obtained the purchase record certificate for Precursor Chemicals in Category II and Category III and taken a variety of measures in daily management, such as adoption of corrosion-resistant hydrochloric acid FRP tank, installation of anti-leakage equipment, 24-hour monitoring of hydrochloric acid storage and utilization and provision of eyewash equipment, to strengthen hazardous chemicals management and prevent hazardous chemicals accidents. Moreover, Zangge Potash Fertilizer has commenced the phaseout of hazardous chemicals and applied three-in-one flotation reagents in an extensive manner. This simplifies the administration of reagents while facilitating the phaseout of hydrochloric acid. By the end of the reporting period, only small amount of hydrochloric acid has been purchased by Zangge Potash Fertilizer for emergency use only.



Case: Zangge Mining launching a chemicals phaseout program to improve production safety

At Zangge Potash Fertilizer, the hydrochloric acid is essential to production. The use of hydrochloric acid, a hazardous chemical, on a daily basis poses risks to operators. Taken this into consideration, the Company introduced the three-in-one flotation reagents as an alternative to hydrochloric acid in 2023 to facilitate the phaseout of hydrochloric acid, thus effectively reducing the possibility of employee accidents during production.

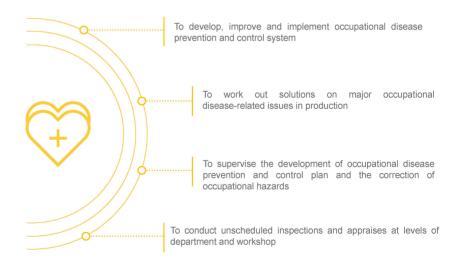
One of the auxiliary materials used in the production activities of Zangge Lithium was sodium hydroxide powder. This material requires manual dispensing before utilization, which increases the burning risk for operators. In 2023, the Company, by taking into account the hazardous nature of the powdered sodium hydroxide, conducted relevant investigations and replaced it with liquid sodium hydroxide, which is relatively safer and more environmental-friendly, to prevent operators from being in direct contact with sodium hydroxide, thereby providing operators with better safety protection during production.

Occupational Health Protection

Zangge Mining recognizes that good employee health and safe working environment promote employee welfare and operation efficiency. At Zangge, we take employee health and safety seriously and provide employees with comprehensive health protection through sustained development of occupational health management system and pro-active adoption of various health protection measures.

Occupational Health Management

Zangge Mining has formulated relevant policies, including the Occupational Health Management Rules and the Occupational Hazard Monitoring System, to specify occupational health management objectives, standard procedures, education and training programs and protective equipment management and conducted regular occupational hazard monitoring and evaluation with a view to enhance prevention and control of occupational diseases and create a safe and healthy working environment. During the reporting period, an Occupational Health Steering Group in charge of supervision and administration of occupational health has been established by the Company to strengthen the prevention, control and elimination of occupational hazards. On top of the Steering Group, occupational health management specialists have been assigned to assist occupational health examination, hazard factor monitoring, production site inspection, health education and training and facilitate occupational health protection.



Caption: Functions of Occupational Health Steering Group





Foreword

Health Protection Measures

Aiming at creating a comfortable and healthy working environment, we continue to implement various health protection measures, including but not limited to identification of hazard factors, reinforcement of labor protection. implementation of health examination, etc., to safeguard the occupational health of our employees and other stakeholders

Hazard factor identification

Qualified third-party institutions have been engaged by the Company to detect the occupational hazard factors existing in production and operation sites on an annual basis to improve our identification of workplace hazard factors and effectively control the concentration and intensity of occupational hazard factors. Moreover, the company-wide status quo assessment of occupational hazards has been conducted once every three years.

During the reporting period, the branches and subsidiaries of Zangge Mining engaged third-party institutions to perform occupational hazard factor monitoring, covering dust, chemical poisons, noise, high temperature, and other chemical and physical factors, and notified and announced the results as well as the protection requirements to all employees in a timely manner. Meanwhile, Zangge Mining organized routine status quo inspections of equipment and facilities to ensure effective control of occupational health and safety risks.

During the reporting period, the concentration and intensity of the occupational hazard factors that each position is exposed to were in compliance with the occupational exposure limits set out by the

government, indicating a post pass rate of 100%

C Labor protection enhancement

In addition to regular occupational hazard factor assessment, the Company has provided employees with effective personal protective equipment that complies with national standards for free, including safety helmet, safety belt, insulating protective equipment, gas mask, dust mask (respirator), goggles, labor protection shoes, electric welding gloves, ear protection device, etc. Labor protection cards, which detail the labor protection equipment required for each type of work, have been distributed to all production employees.

Moreover, we have conducted regular special equipment inspection to detect and resolve hidden dangers in time. With regard to the noise, a common occupational hazard factor, silencers and enclosed apparatus have been installed to control the noise at the source and during propagation.

In 2023. 100% of the operation sites of the Company have been provided with personal protective equipment.

Health examination

Qualified medical facilities capable of making diagnosis of occupational disease have been engaged by the Company to provide employees with occupational health examination and regular health examination on an annual basis, covering a variety of occupational hazard factors such as electrical operation, noise, other dust, carbon monoxide, etc. The occupational health surveillance archives have been prepared for employees to ensure that they are aware of their own state of health. In addition, we have arranged employees' working hours based on their health condition and carried out position swap at a regular basis to prevent employees from repetitive strain injury.

During the reporting period

Zero incidents of occupational disease:

100 %of employees are covered by occupational health examination:

100 % of employees have the right to refuse dangerous work.







Empowerment and mutual development

Being aware of the importance of integrating corporate social responsibilities into company values and business operation, Zangge Mining endeavors to improve the welfare of our employees as well as the community. Being dedicated to building up a diversified, inclusive, powerful and supportive community and workplace, we adhere to the principle of equality and justice to improve the compliant employment and strive to establish a competitive compensation and career development system. In pursuit of "serving the society with great dedication", the Company is committed to developing a mutually beneficial partnership with complementary relationship between the Company and the society.

The SDGs responded to in this chapter:

















Material topics covered in this chapter:

- Labor rights
- Employee training and development
- Social responsibility and community relationship



Diversity, Equity and Inclusiveness

At Zangge, we value the unique personality of every employee, encourage everyone to be themselves and work hard to create a favorable environment where everyone is devoted work. A talent team consisting of members with different cultural backgrounds, skill sets and expertise has been set up to drive the Company to adapt to the diverse and personalized market environment and customer demand and innovate solutions.

Diversity and Empowerment

We attach great importance to the diversity of employees and believe that the diversity in terms of race, ethnicity, gender, cultural background and ideology contributes to better decision-making. In addition, we pay attention to the achievements made by different employees and promote employees' professional and personal development in many ways.

O Gender diversity

Up to 29.53 % of Zangge Mining's employees are females.

Due to the working conditions of mining area and the nature of the profession, gender inequality is often significant in resource exploitation sector. To further achieve gender equality and eliminate gender discrimination, the Company is determined to provide female employees with equal opportunities in terms of employment, salary and welfare, career development and training and create a diverse, equal and inclusive work place for women to improve and thrive. By the end of the reporting period, female employees accounted for 29.53% of all employees at Zangge Mining.

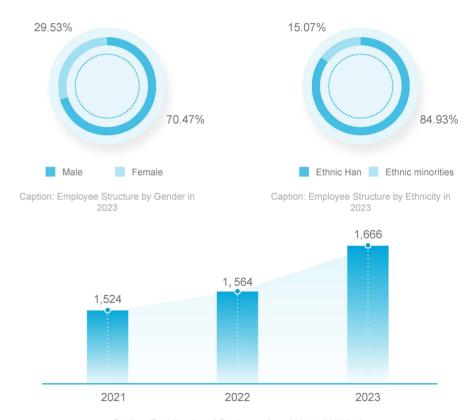
(C) Geographic diversity

Potash fertilizer and lithium are the main businesses of the Company. Most of our mining area are located in the northwest China and the majority of our employees come from the same area. To expand the market and adapt to transregional and transcultural working style, the Company facilitates the communication between business units and functional departments from different areas, continues to create a favorable working environment and improves the work efficiency and satisfaction of employees.

Ethnic diversity

Up to 15.07 % of Zangge Mining's employees are from Chinese ethnic minorities

Most of our mining areas are located in northwest China, where the proportion of ethnic minority residents is usually higher compared to other provinces and cities. To protect the localized employment, the Company always pays attention to the life of ethnic minority employees, respect their feelings and cultural custom, and help them solve problems encountered at work and in life in a timely fashion. By the end of the reporting period, ethnic minority employees accounted for 15.07% of all employees.



Caption: Total Number of Employees from 2021 to 2023 (unit: person)

| Equity and Respect

Sticking to the principle of equal employment and equal development, we strive to provide all employees with equal employment opportunities and a discrimination-, harassment- and bullying-free working environment to build the Company into an equal, healthy and efficient organization.

Non-discrimination

To ensure compliant employment and anti-employment discrimination, the Company has developed and released its Human Rights Policy in the reporting period and clearly undertook that the decisions on employment, treatment and promotion made by the Company should not be affected by factors such as gender, age, ethnicity, race, nationality, marital status, religious beliefs, etc. The Board of Directors supervises the implementation of human rights policy to ensure compliant employment.

© Elimination of workplace harassment and bullying

The Company commits to elimination of employment discrimination and occupational discrimination and adopts a zero-tolerance attitude towards any form of workplace bullving, harassment and discrimination (including but not limited to gender and non-gender discrimination and harassment, racial discrimination, disability discrimination, discrimination during pregnancy or after birth and other unequal treatment). Employees who feel that they are being bullied or harassed may file a report to the Work Union, the General Manager Office and the Internal Control Department and the Company will conduct independent investigation and address the issue rapidly and appropriately. During the reporting period, zero incidents of discrimination, harassment or bullying has been reported.



Case: Training on protection of women's rights and interests themed by "Seeing Women's Power and Safeguarding Women's Rights and

In April 2023. Pu Wenxi from Qinghai Shuren Law Firm was invited by Zangge Mining to carry out two special legal training sessions with the theme of "Seeing Women's Power and Safeguarding Women's Rights and Interests" in the Zangge Potash Fertilizer plant and Zangge Lithium plant, respectively. which were participated by a total of 98 female employees. This event publicizes and popularizes the relevant laws, regulations and policies on the protection of women's rights and interests, further improves the awareness and ability of female employees to safeguard their legitimate rights and interests according to law, and creates a favorable public opinion atmosphere and environment conducive to safeguarding the legitimate rights and special interests of female employees.





Caption: Training on Protection of Female Employees' Rights and Interests

Inclusiveness and Engagement

We commit to an inclusive and harmonious working environment, respect the tangible or intangible differences between employees and encourage employees to reach their full potential to leverage the collective wisdom and power to the maximum extent.

The Company has 13 disabled employees in total.

To respond to the 14th Five-Year Plan for the Protection and Development of the Disabled and to improve the employment and income of the disabled in the regions where we operate, the Company continues to support the employment of the disadvantaged (including the disabled), protect the lawful rights and interests of disabled employees and provide disabled employees with proper working conditions and labor protections based on their physical conditions. By the end of the reporting period, there were 13 disabled employees working at the Company, accounting for nearly 1% of all employees.

Talent Attraction and Retention

Zangge Mining complies with the laws and regulations on labor and social security imposed at the regions where it operates, diversifies recruitment channels to attract and recruit talents and devotes to build up harmonious relationship with its employees. In the meantime, Zangge dedicates to provide employees with competitive salaries and welfare and establishes a communication platform featured by diversity and democracy to enhance the cohesion and sense of belonging among employees.

Compliant employment

Zangge Mining operates in strict compliance with the Labor Law of the People's Republic of China, the Trade Union Law of the People's Republic of China, the Law of the People's Republic of China on the Guarantee of the Rights and Interests of Women, the Provisions on the Prohibition of Using Child Labor, and other applicable laws and regulations imposed by countries and regions where Zangge conducts business or investment. Moreover, the Company has executed separate labor contracts with every employee and follows the principle of equal pay for equal work to protect the lawful rights and interests of each and every employee. By developing and implementing a series of internal documents, such as the Management Regulations on Recruitment and the Internal Transfer Regulations, the Company standardizes its recruitment and employment procedures from different dimensions to improve the employment management system.

The Company was recognized by the Department of Human Resources and Social Security of Qinghai Province as Class-AEnterprise of Law-abiding and Integrity in Labor Security.

By the end of the reporting period, Zangge Mining had 1,666 employees in total. Two approaches, namely the campus recruitment and the social recruitment, have been adopted by us based on our business needs and manpower budget. Regarding the recruitment from campus, the Company selects and recruits fresh graduates by taking part in the mutual selections organized by universities according to appropriate criteria and provides new employees with systematic training. During the reporting period, several sessions of campus recruitment were held at universities such as the Sichuan University and the Southwestern University of Finance and Economics and a total of 82 graduates were hired. In terms of social recruitment, the Company seek external talents through multiple channels, including open recruitment through talent markets, recruitment through employment agencies, joint talent cultivation with education and training institutions and self-recommendation by applicants, to secure a sufficient candidate pool and a stable talent team. During the reporting period, the Company recruited 244 employees and the turnover rate was 8.08%.

Type of Change	Tatal	Distribution by Gender			
	Total	Male	Female		
New employees (person)	244	165	79		
Turnover rate (%)	8.08	8.21	7.75		

Note: Employment Change in 2023

Remuneration and welfare

Zangge Mining commits to equal pay for equal work, strives to offer employees competitive compensation and welfare, and makes sustained efforts to develop and improve its compensation management system. Additionally, the Company launches various systems, including equity incentive plan and employee assistance mechanism, to motivate key employees and share the benefits of company development with employees, thus promoting the mutual development of the company and employees.

O Compensation Mode

The Company formulated the Salary Management Measures, the Management Measures on Performance Appraisal and Salary for Senior Executives, and other regulations, and developed a salary structure integrating annual salary, work performance and special remuneration. During the reporting period, the Company adopted Mercer's International Position Evaluation System to assess the performance of every employees in an objective and comprehensive manner and made adjustment to employees' salary based thereupon to motivate employees.

Compensation Mode	Eligible Employees	Salary Structure
Annual Salary	Operational and managerial positions	Basic annual salary, performance-based annual salary, special awards, allowances and subsidies, welfares, etc.
Work Performance	Management and professional positions	Post wage, performance-based salary, special awards, allowances and subsidies, welfares, etc.
Special Remuneration	Scarce professionals	As per agreement

Note: Employee Compensation Modes

Welfare Guarantee

By the end of the Reporting Period, the Company's employees are 100 %covered in its benefit plan.

The total expenditure of benefits reached RMB 438 38 million during the Reporting Period.

The Company believes that "the Company is made up by people, its development is depend on people and its mission is to serve people" Zangge regards employees as family members and protects employees' rights and interests through multiple channels in various ways. To reward employees for their contributions and boost employees sense of identity and belonging, the Company provides all employees with various welfares, including five different types of insurance and contributions to the mandatory housing fund, paid annual leave, welfare funds, holiday allowance, health examination benefit, etc. In addition, the Company launched the employee stock ownership program (Phase I) in 2021 to share the fruits of corporate development with employees and further enhance welfare and unity of employees. By the end of the reporting period, 100% of employees were covered by welfare programs, the welfare funds paid out totaled RMB 4.383,800 and the average welfare funds per employee was RMB 2,714.43.

- The Company provides employees with free accommodation and meal subsidies for daily life.
- The Company provides holiday benefits to employees such as the gifts and supermarket coupons for female employees for the women's

- The Company provides reading rooms, bookstores and a party-mass activity room for employees.
- spaces for recreation, such as haskethall courts hilliards rooms and table tennis rooms

- The Company provides public

The Company gives paid leave to employees who suffered a family tragedy The Company provides poverty-stricken employees with targeted assistance.

- The Company launched the employee stock ownership program (Phase I) in 2021.
- The Company released the Reminder Announcement or the Expiration of Second Lock-in Period of the Employee Stock Ownership Program (Phase I) in July,

Caption: Employee Welfare Guarantee



Holiday benefits for Employee health Retirement benefits Gift benefits The Company gave special retirement gifts, covering 49 retired The Labor Union The Party Committee paid The Company provided routine gifts, such as cake gift card, covering The Company organized fun activities on "International Women's organized employed health examination. visits to 4 party members and employees who were in covering 1209 employees. • The Company invested difficulties to evoress over 900 employees. The Company investe RMB 394,200 in this Day" and gave special gifts, covering 449 female sympathy during holidays The Company paid RMB The Company invested RMB 17.820 in this area. employees. RMB 544 050 in this 12 000 ae eubeidiae The Company invested RMB 89,288 in this area.

Caption: Performance in Employee Welfare

Caption: Performance in Employee Welfare

Zangge Mining held two Women's Day fun events in March 2023 in the headquarters and the Lake District respectively with the theme of "ZGM Female Employees, Your Participation Adds Colors to the Event", which were participated by a total of more than 80 females workers, with the activities including spot shooting, fun darts and ping-pong ball clamping. In addition, the Labor Union of the Company issued a gift card worth RMB 200 for 449 female employees each to express their care and greetings to female employees.





Caption: Scene of "International Women's Day" Fun Events

Case: Zangge improving employees' accommodation condition through renovation of employee dormitory building

The Company lease an employee dormitory building from a third-party company and performed renovation thereof to improve employees' living conditions and quality and provide employees with high-quality and comfortable living environment. In order to improve the living conditions and quality of life of employees, and to provide employees with first-class, ease and comfortable accommodation environment, the Company leased the staff dormitory building of a third-party company and carried out a comprehensive renovation. The renovated dormitory building was officially put into use on July, 2023, in which the first batch of 41 employees have resided.

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Communication and Engagement

Zangge Mining makes efforts to develop an open, transparent and democratic communication mechanism, respects employees' freedom of association and right of collective bargaining, and creates a diverse an standardized democratic communication platform for employees through various channels, such as labor union, congress of workers and staff, employee satisfaction survey, internal management survey, etc. to promote the communication and information sharing between the Company and employees.

(C) Labor Union

The Labor Union was set up by Zangge in 2010 with 24 teams. The members of Labor Union come from different branches, subsidiaries and functional departments of the Company. The Labor Union of Zangge, persisting in building a harmonious labor relationship, has played the role of bridge between the Company and its employees for many years, and fulfilled its duties and carried out works in accordance with laws and union constitution with a focus on promoting production, operation, innovation and development of the Company. The Production Workshop I of Zangge Potash Fertilizer was elected as the "Plateau Pioneer" by the Qinghai Provincial Federation of Trade Unions and the Company was awarded as the "Model Home of Staff" by the Golmud Municipal Federation of Trade Unions.

Employees customer satisfaction survey

Employee satisfaction survey is an important tool to understand employees' demands, improve management and motivate employees. The Company conducts employee satisfaction survey on a regular basis, understand employees' demand in terms of daily work, dining and accommodation through questionnaire and direct feedback from employee, and coordinates relevant departments to address issues identified and make optimization, so as to drive the Company to make continuous improvement to its management decision-making.

₿ Key Performance:

During the reporting period, an employee satisfaction survey was performed by the Company, covering Zangge Mining and Zangge Potash Fertilizer. According to the survey, the employee satisfaction of 2023

scored 95.6 points, and the participation rate of the survey was $98\%_{\odot}$

O Protection Mechanism for Employee Reporting

The Company continues to build and maintain an unblocked employee reporting channel and encourages employees to participate in corporate governance, democratic management and protection of employees' rights and interests. To further regulate employee reporting and whistle-blowing, the Company prepared the Whistleblower Protection Policy during the reporting period to encourage employees to report any fraud, corruption and other behaviors detrimental to the interests of the Company, take all reasonable measures to protect the lawful rights and interests of the informants and investigate and deal with any act of threatening, attacking or retaliating against the informant in a timely fashion.

Development and Training of Employees

To "make talents the backbone for corporate development", Zangge Mining has formulated onboarding training programs and career development training programs for employees in accordance with the Management Measures of Employee Career Development (For Trial) and the Training Management Measure to better help every employee to tap his potentials and achieve self-fulfillment, thus contributing to the mutual development and growth of the Company as well as the employees.

About the Report

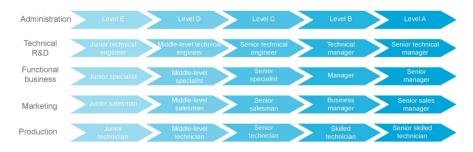
Foreword

Career Development Opportunities

To expand the development opportunities for employees, Zangge Mining provides employees with career development paths, centered on professional and management streams, by developing talent promotion mechanism, determining selection criteria, setting up communication platform and establishing internal transfer system. Meanwhile, the Company encourages employees to take proper trainings and obtain necessary certificates and provides employees with a platform for them to explore career development opportunities.

Promotion Mechanism

Appropriate promotion channels are provided by the Company based on the development planning of the Company, the job description as well as the personal capabilities of the employee. The Position Management Measures formulated by the Company specifies the promotion paths of each functional stream. The Management Measures of Employee Career Development (For Trial), on the other hand, stipulates that an employee with a Grade A performance for two consecutive years is entitled to apply to the Company for a transfer from a lower rank to a higher rank and the Company should give preference to such applicant based on the position status and the fitness between his competence and skills and the job description. During the reporting period, 42 employees have been promoted through internal channels.



Caption: Promotion Paths of Different Functional Streams

Professional Competence Evaluation

A set of consistent and professional selection criteria has been developed by the Company to help employees understand the capabilities and skills required for career development and the Company conducts talent promotion and selection in strict compliance therewith. Specifically, the Management Measures of Employee Career Development (For Trial) provides that the professional competence rating criteria consist of conduct criteria, knowledge criteria, quality criteria and experience criteria with different weights; the grade of employees' professional competence may be subject to change depending on the annual performance assessment results; and employees who have met certain requirements may apply for an upward professional competence rating adjustment or an exceptional advancement in professional competence rating.

(C) Internal Transfer System

The Company has developed the Position Management Measures, which specifies the basic requirements for and procedure of employee internal transfer and temporarily transfer, standardizes the internal employee mobility mechanism, opens up opportunities for employees to move between positions and disciplines within the Company and facilitates the cultivation of versatile talents with high potential to pay the way for the improvement of production efficiency.

Talent training system

The Company has set the objectives for the staged development of its talent cultivation system in the Strategic Plan of Zangge Mining Co., Ltd. for Five-year (2022-2027) Development, and taken a variety of measures to gradually advance the development of talent cultivation system. Meanwhile, the Company manages the employees' career development from the dimensions of career development self-management conducted by the employee and career development planning supported by the Company and provides employees with necessary training and development programs to drive employees towards their career development goals.

Number of employees covered by training (person-time)	Average training hours per middle-level management employee (hour)	Average training hours per senior management employee (hour)	Investment on employee training (RMB 10,000)
3,090	26	25	87.84

Note: Employee Training in 202310

10.Zangge Lithium did not provide the data on employee training investment in 2023. As a result, it is excluded.

Onboarding Training

The rapid adaption and skill improvement of new employees are essential to the efficient team coordination and continuous innovation of the Company. The Company has rolled out tailored training programs for fresh graduates and launched the "Master vs. Apprentice" training program to help new employee understand the core values of the Company, adapt to the job demand and acquire necessary vocational skills to fit into the team and build up mutual trust with coworkers.



Case: Zangge Mining adopting the "Master vs. Apprentice" training modal to facilitate the onboarding of new employees

The Human Resources Department of Zangge Mining held the signing ceremony of the Master vs. Apprentice Agreement for the onboarding of 2023 college students in August, 2023 to accelerate the Company's talent training and promote the Company's high-quality development. The Head of the Human Resources Department of the Company introduced the purpose and significance of the signing ceremony, and made a detailed and in-depth interpretation of the Master vs. Apprentice Agreement. The master representative of the Technology Research and Development Department warmly welcomed the young and energetic apprentices, and made the commitments that the masters would teach them by example and down to their last dime, take good care of them when they encounter difficulties, and fully fulfill their responsibilities under the Agreement. The apprentice representative said that ZGM has a highly cohesive and socially responsible staff team, the Company's Master vs. Apprentice training model has brought hope and confidence for new comers, enabling new college students to be more quickly qualified for work and adapting to the pace of work.

This signing ceremony once again highlights the attention of the Company on talent training. The Company has always paid attention to the development of employees, and the Master vs. Apprentice model could help new employees tap their own potential, realize their own value, and bring more talent training results for the Company.



Caption: Signing Ceremony of the Master vs. Apprentice Agreement

O Job Training

Based on the Strategic Plan of Zangge Mining Co., Ltd. for Five-Year (2022-2027) Development, the Environmental, Social and Corporate Governance Management Regulations and our development in 2022, the Company has developed a training plan to provide job development training and business knowledge training for employees, aiming to help employees master the job skills in their respective fields, accelerate employee growth and satisfy the Company's development needs. In 2023, Zangge Mining organized a number of company-wide skills training and competitions to further enhance the professional skills of employees and effectively promote the mutual development of Zangge Mining and our employees.



Case: Results of Production Post Training and Competition Activities

During the reporting period, the Company carried out a number of production post training and competition activities, helping to improve the skills and overall quality of employees.

In April 2023, the Party Work Group of Zangge Mining organized the Labor Skills Competition 2023 with the theme of "Strengthening Skills, Improving Safety, and Promoting Talent Development for Company Development". A total of 404 employees involved in nine types of work, including large trucks, electricans, electrical fitters, excavators, loaders, product quality, locomotives, KCL production process and cooking, participated in the competition.





Caption: Labor Skills Competition



Results of Production Post Training and Competition Activities (continued)

In May 2023, the Transportation Department of Zangge Potash Fertilizer invited experts from the Safety and Quality Inspection Office of Golmud Track Maintenance Division of China Railway Qinghai-Tibet Group Co., Ltd. to provide the "Safety Training for On-line Track Maintenance of Zangge Potash Fertilizer Special Railway Line". This aimed to help employees in relevant positions systematically learn about the norms and procedures for on-line operation, and deepen their understanding of on-line operation protection, platform operation safety, relevant national laws and regulations, and relevant rules and management regulations on railway. A total of 29 persons involved in on-line operations, including section chief, transport staff, safety staff, crossing guards and staff from Chengdu Xilu Railway Maintenance Service Co., Ltd., participated in the training.





Caption: Safety Training for On-line Track Maintenance of Special Railway Line

In July 2023, the Technology R&D Department of Zangge Mining organized an ore dissolving technology training activity for selected employees from the Production Management Department and the Technology R&D Department in combination with the Company's actual situation. Approximately 30 employees participated in the training. Focusing on the theme of "ore dissolving production", the training was carried out under the guidance of actual production, by effectively integrating theoretical knowledge with practical work experience. It covered six aspects: resource verification, distribution, dissolving and mining technology analysis, and solid-liquid transformation. The training aimed to effectively enhance employees' professional technical skills, and improve their understanding and mastery of ore dissolving technology, our mine resource planning and other related knowledge.



Caption: Special Training on Ore Dissolving Technology

Case: Results of On-the-Job Training for Non-production and Non-Technical Staff

The Company also places great importance on the skills development and professionalism improvement of non-production and non-technical staff. We actively organize relevant training activities to effectively improve their understanding and mastery of relevant knowledge.

In May 2023, Zangge Mining organized a 5-day internal control training activity for staff from the Risk and Legal Affairs Department to strengthen internal control management and raise awareness of risk prevention.

In June 2023, Zangge Mining, at the request of Qinghai Securities Association, arranged more than 20 staff members from the Board Office, General Manager's Office, Legal Affairs Department, Finance Department, Internal Control Department, Audit Department and other relevant departments to participate in the Warning and Education Exhibition for Violation of Securities Laws jointly organized by Qinghai Securities Regulatory Commission, Qinghai Securities Association and Golmud Financial Service Office, aiming to effectively strengthening the participants' understanding of securities laws and regulations.





Caption: Warning and Education Exhibition for Violation of Securities Laws

In November 2023, Zangge Mining launched a series of training activities on "New Mining Regulations". The leaders of Zangge Mining. Zangge Potash Fertilizer, and Zangge Lithium and the heads of the Technology R&D Department, Finance Department, Production Management Department, General Manager's Office and Legal Affairs Department participated in the training. Through interpretation and analysis of the new mining regulations, these activities greatly enhanced the leaders' and department heads' understanding of new mining regulations, and improved the legal risk prevention and control of the Company.



Caption: "New Mining Regulations" Training Activities

Community Participation and Contribution

In pursuit of "serving the society with great dedication" and guided by the tenet of "supporting those in need and serving the public for a better world", Zangge is actively participating in community development, rural revitalization and charity projects, fulfilling its corporate social responsibilities, and seeking shared interests of the Company and the society. During the reporting period, the Company invested RMB 10,189,000 in community participation, rural revitalization and public welfare.

Partnership with Communities

Zangge has formulated and put into force the Social Responsibility Management Regulations, which clearly stipulate that the Company should actively participate in environmental protection, education, culture, science, health, community building, poverty alleviation and other social welfare activities within its capacity in the regions where it operates, so as to effectively promote regional social and economic development. During the reporting period, the Company boosted community progress and development by building community partnerships, promoting local employment and business development, and organizing sustainable development seminars, thereby achieving a win-win situation for business and society.

Building community partnerships

In active response to the reasonable demands of community partners, the Company is committed to building mutually beneficial cooperation with the local communities where it operates to create a better community home.



Case: Zangge Potash Fertilizer Signs a Party Building Cooperation Agreement with the Community

To fully leverage the advantages of platform sharing and mutual assistance of resources, and promote common development through party co-building, Zangge Potash Fertilizer signed a Party Building Cooperation Agreement with the General Party Branch of Tiexi Community in Huanghelu Sub-district during the reporting period, aiming to deepen the cooperation of the two sides in party building and reach a win-win situation of business operation and community development.



Caption: Party Building Cooperation Agreement with the General Party Branch of Tiexi Community in Huanghelu Sub-district

Promoting local employment and business development

Creating employment and business opportunities for the local communities where projects are located is an important way for the Company to share the fruits of economic development with local communities. The Company strives to create equal and diversified employment and business opportunities for the local communities where it operates, thereby improving the local employment. By the end of the reporting period, the Company has created 205 new jobs in the local communities where it operates.

Case: Zangge Promotes the Potash Exploration Projects in Laos, Boosting Local Employment

Zangge's Potash Exploration Project in Laos is located in Sathani County and Bayo County, northeast of the capital city of Vientiane. Sathani County has a potash mine covering an area 198.97 square kilometers, for which a Technical Service Contract of Potash Mine Exploration Project has been signed with a third party. At present, the mine is under field exploration according to the exploration plan. Bayo County has a potash mine covering an area of 199.28 square kilometers. The field exploration for the entire mine has been completed; the Exploration Report has been prepared and officially submitted to the Lao government for review; and the Feasibility Study Report is being prepared. At the end of the reporting period, the Potash Exploration Project in Laos had a total of 46 employees, of which there were 12 Lao employees, accounting for 26%.



Caption: Signing Ceremony of Zangge Potash Exploration Project in Laos

Enhancing exchange of experience in sustainable development and construction

The Company has actively cooperated with the local governments of Sathani County and Bayo County to organize information sessions on the potash exploration projects of Zangge Sathani (Laos) Mining Co., Ltd. and Zangge Mining (Laos) Development Co., Ltd. for local communities, aiming to enhance the understanding of the projects among community residents and promote the exchange of experience in sustainable development and construction.



Case: Zangge Organizes Information Session on the Potasl Exploration Projects in Laos

In July 2023, Zangge held information sessions on the potash exploration projects of Zangge Sathani (Laos) Mining Co., Ltd. and Zangge Mining (Laos) Development Co., Ltd. in Bayo County and Sathani County respectively, in order to improve the awareness and understanding of the potash exploration projects among relevant stakeholders. The information sessions introduced in detail the cooperation between Zangge and the Lao government under the "Belt and Road Initiative", and expounded the scientific rationality, feasibility and sustainability of the projects, thus helping the local residents and village heads have a better judgment and understand of the projects.

Furthermore, the information sessions also provided a good opportunity for interaction and communication between the Company and stakeholders, allowing for addressing the concerns of stakeholders and listening to reasonable suggestions and demands from stakeholders. During the information sessions, the Company emphasized its commitment to environmental protection in decision-making, and the importance of green mining practices and sustainable development. By promoting effective communication and cooperation, the information sessions not only help to establish a positive corporate image, but also enhance the mutual trust and willingness to cooperate between the Company and local community.





Caption: Information Sessions of Potash Exploration Projects in Laos

Optimizing the education resources in local community

The Company actively cooperates with the local community to optimize the educational resources and quality of local schools through donations to Shanghai Adream Foundation, integrate high-quality educational resources, strengthen the understanding of all-round education among local schools and residents, and cultivate students' spirit of innovation and practical ability.



Caption: Certificate of Donation from Shanghai Adream Foundation

那最近年度转移市政府发展。如2020年12月1日共成2018年11日以下 海市加度多线产品的技术,但或者自当体 或与信任无奈,基思公战略上与市民行,我们在一起,联结参加的力量,同世性的灵其创一个自信,从客。有每严约未来。

Respecting the rights of indigenous people

Mining area development inevitably involves land occupation, development and restoration. During exploration and mining area construction, Zangge has always complied with all applicable laws, regulations and regulatory requirements in the regions where our projects are located. In this regard, we highly respect the right to know and participate of local residents, properly address incidents concerning land invasion and deterioration, and minimize the adverse impact of related incidents on the production and livelihoods of indigenous people, striving to safeguard the legitimate rights and interests of indigenous people and stakeholders.

| Rural Revitalization

Over the years, Zangge has actively responded to China's call for implementing the rural revitalization strategy. To this end, we actively fulfill our responsibility by promoting paired-up assistance, donations and rural education, thus making great contribution to consolidate and expand the connection between poverty alleviation achievements and rural revitalization.



Case: Actively Promoting Paired-up Assistance in Poverty Alleviation

In September 2023, Zangge signed a collective economic assistance agreement with Chana Village, under which Zangge agreed to invest RMB 300,000 to support the collective economic development in Chana Village. In the same year, Zangge continued to provide paired-up assistance for two households in Xinhua Village, Guozhen Town. We effectively solved the employment problems of poverty-stricken households and made visits to them with gifts and greetings at every festival, so as to timely understand and solve their difficulties and vigorously support rural revitalization.



Caption: A Visit to Targets of Paired-up Assistance in Xinhua Village



Case: Donating Electronic Devices to Support Rural Information Construction

With an aim to support the information construction of Chana Village, Zangge Lithium held a donation ceremony in its office building in July 2023 to donate computers, printers and other electronic devices to Chana Village in Dagele Township. This donation activity will help to improve the infrastructure construction in rural areas, and enhance the quality of life of rural residents.



Caption: Donation Ceremony of Electronic Devices

To further support education and help financially disadvantaged students, the Company launched the "Zangge Mining Yixing Hongguang" public welfare project in 2023. This project aims to donate money for education, promote the development of rural education, and helped more financially disadvantaged students to successfully complete their studies. During the reporting period, the Company invested a total of RMB 776,000 in public welfare funds to support rural educational revitalization.



Case: "Zangge Mining Yixing Hongguang" Public Q Welfare Project

In December 2023, the Company signed a donation agreement with Beijing United Charity Foundation-Fangcun Special Fund. In January 2024, the Company and Fangcun Special Fund jointly visited the poverty-stricken mountainous areas in Datong County, Qinghai Province, and Kangle County, Gansu Province to carry out the "Corporate Assistance for Education" project. During this activity, a total of RMB 270,000 was distributed to 45 children from impoverished families in Datong County, Qinghai Province and 45 impoverished high school students from Kangle Middle School in Gansu Province.

In addition, the Company provided a one-time cash subsidy of RMB 5.000 to each of 12 families in Datong County and Kangle County, who were in extreme poverty due to serious illness, domestic calamity, unstable income, parental divorce or other factors, aiming to alleviate the burden on impoverished families and help financially disadvantaged students to better complete their studies.



Caption: Donation for Education in Datong County, Qinghai Province



Caption: Donation for Education in Kangle County, Gansu Province



Public Welfare

Upholding the rule of "helping the needy and giving back to society", Zangge constantly increases social welfare support in education, medical care and environmental protection, fulfills its social responsibilities and creates social value. During the reporting period, 7 volunteers of the Company provided volunteer services for a total of 70 hours.

In response to natural disasters, the Company fully assumes its social responsibilities and actively provides support and assistance. After a 6.2-magnitude earthquake occurred in Jishishan County, Linxia Prefecture, Gansu Province in December 2023, the Company made a donation of RMB 5.6 million in cash and in kind through Lanzhou Red Cross Society and Qinghai Red Cross Society to support earthquake relief and post-disaster reconstruction in the earthquake-stricken area.



Certificates of donations to disaster-hit areas



Case: Relief Efforts for Earthquake-Stricken Area in Jishishan County, Linxia Prefecture, Gansu Province

On December 18, 2023, a 6.2-magnitude earthquake occurred in Jishishan County, Linxia Prefecture, Gansu Province, resulting in severe damage in Gansu and Qinghai. Immediately after the earthquake occurred, Zangge activated its disaster relief plan to learn about the disaster situation in the affected area at once and provide support according to the actual needs of the affected area.

It is reported that the Company donated a total of RMB 5.6 million in cash and in kind to the earthquake-stricken area in Jishishan County, Linxia Prefecture, to help the affected people tide over the difficulties with practical actions.







Caption: Donation to the Earthquake-Stricken Area in Jishishan County.



Sustainable Value Resilience

developing salt lake resources and becoming a has continuously consolidated the foundation of advanced risk prevention and control framework chain partners, aiming to enhance sustainable

The SDGs responded to in this chapter:









Material topics covered in this chapter:



Corporate Governance

Excellent corporate governance is a cornerstone for sustainable development, and also a key for maximizing the interests of stakeholders. Zangge fully integrates the concept of high-quality sustainable development into its strategy and management, continuously strengthens standardized operation, vigorously improves the quality of Board operation, and effectively optimizes the composition of the Board and its special committees, aiming at enhancing corporate governance.

Corporate Governance Structure

In strict accordance with the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, Articles of Association and other relevant laws, regulations and regulatory requirements. Zangge has established a governance structure consisting of the General Meeting. Board of Directors and its special committees. Board of Supervisors and senior management, ensuring a sound decision-making mechanism. The Board of Directors rules four special committees, i.e., Strategy Committee, Nomination Committee, Audit Committee and Remuneration and Appraisal Committee, to assist the Board of Directors in performing its duties, thereby promoting compliant, scientific and efficient corporate governance.

The Board of Supervisors is a As the highest authority of the permanent supervisory organ Company, the General Meeting will composed of shareholder representatives and employee laws and regulations to make representatives. It is responsible for decisions on major issues of the improving the Company's internal supervisory mechanism and reporting its work to the General Meeting. Number of meetings: 2 Number of meetings: 1 Independent directors Number of meetings: 5 account for 50%. Number of meetings: 1 Independent directors account for 67% Number of meetings: 1 Independent directors account for 67%. Number of meetings: 4 Independent directors account for 67%

Caption: Zangge Governance Structure

99

In order to further improve its internal management system and operating mechanism, and promote institutionalized, standardized and scientific operation, the Company, after repeated discussions by relevant departments and strict review under the three-level power structure, revised and updated its internal control system from the beginning of October 2022 to the beginning of 2023. This update covers 46 rules and regulations, including but not limited to the Detailed Rules for the Audit Committee of the Board of Directors, Management Rules for Holding Subsidiaries, Management Measures for Remuneration and Performance of Senior Executives, Articles of Association, Management Measures for Remuneration, Allowance and Performance of Directors and Supervisors. Rules of Procedure for the Board of Directors. Working Rules for Independent Directors and Management Rules for Information Disclosure, thus forming a more scientific and complete institutional system. Meanwhile, the Company formulated the Environmental, Social and Corporate Governance Management Regulations, which reflect the firm commitment and determination of the new Board of Directors to follow the ESG principles in strategic planning, investment decision-making and operational practice

Proposal on Formulation and Release of ESG Policies

According to the relevant provisions of its Environmental, Social and Corporate Governance Management Regulations, Zangge clearly designates the Board of Directors as the authority assuming the ultimate responsibility for the Company's sustainable development and ESG work. In order to systematically promote ESG management, the Company approved a Proposal on the Formulation and Release of ESG policies at the 11th (interim) meeting of the 9th Board of Directors in January 2024, and disclosed six ESG-related policies such as the Human Rights Policy, Whistleblower Protection Policy, Responsible Procurement Policy, and Biodiversity Protection Policy to continuously promote ESG management in a standardized and efficient manner.

Diversity and independence

Board diversity and independence is a key to protecting the rights and interests of shareholders and maintaining the stable development of the Company. When selecting the Board members, the Company pays close attention to the diversity and independence of Board members, and treats the increasing diversity as an important factor that affects the achievement of its strategic goals and sustainable development. During the reporting period, the Company formulated and issued the Board Diversity Policy. With regards to the composition of the Board of Directors, the Company takes into full consideration the benefits of diversity in various aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge, service term and other regulatory requirements





The members of Zangge's Board of Directors have diverse professional backgrounds, such as mining development, financial accounting, capital market, risk management, legal compliance, sustainable development, etc. They have the skills and knowledge needed to perform their duties, and also the ability to integrate the concept of sustainable development with corporate strategy.

🛱 Key Performance:

As at the end of the reporting period, Zangge's Board of Directors had:

3 female directors, accounting for 33 %:

101

3 independent directors,

accounting for 33

5 professionals, accounting for

56 %.

Name Background	Xiao Ning	Xiao Yao	Fang Li	Zhang Ping	Qian Zheng	Xu Lei	Wang Zuoquan O	Liu Ya O	Hu Shanying O
Chemical industry	~	~	~	~					~
Enterprise management	~	~	~		~	~			
Strategic management	~	~							
Financial management					~			~	
Risk management							~		
Legal affairs							~		
Investment		~			~	~			
Engineering				~					
Sustainable development									~

Note: Background of Members of Zangge's Board of Directors

11. "Professionals" refer to financial experts and industry experts, subject to the MSCI ESG Ratings.

| Executive compensation

In order to establish an incentive and restraint mechanism compatible with the modern enterprise system and improve the efficiency of operation and management, Zangge has formulated and put into force the Management Measures for the Remuneration and Performance of Senior Executives in accordance with the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, and the Articles of Association. According to the Management Measures, the Company follows the principle of overall consideration in remuneration and performance management, links the remuneration and performance of senior executives with the Company's operating performance and the achievement of business objectives, and combines short-term benefits with long-term benefits. In addition, the Management Measures set the salary standard of senior executives, that is, the basic annual salary depends on the rank of senior executives. In principle, the basic annual salary of the general manager should not exceed four times the average annual income of all employees of Zangge Mining and its subsidiaries related to the main business, and the basic annual salary of deputy general manager should not exceed three times the average annual income of all employees of the Company.

Related Party Transactions

In order to regulate related party transactions and guarantee the fairness and reasonableness of related party transactions, Zangge has formulated and put into force the Management Regulations for Related Party Transactions according to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, and other applicable laws, regulations and normative documents in force, defining the scope of related parties and related party transactions. In addition, the Company regularly inquires about whether any Board member is employed by another company or serves as a board member of another company, and annually discloses major related party transactions in its annual report to effectively safeguard the interests of shareholders and other stakeholders.



dent director t directors

Investors Communication

Zangge places great emphasis on investor relations management and regards shareholders as crucial investors for its cooperative operation. Zangge's Board of Directors strictly implements the relevant laws and regulations such as the Measures for the Administration of Information Disclosure and the rules and regulations like the Management Regulations for Investor Relations. It makes information disclosure in a truthful, accurate, complete, timely and fair manner on the principles of fairness, openness and integrity, actively strengthens the communication with investors through irm.cninfo.com.cn, company email, telephone, investor survey and other means, and strives to enhance the management of internal information reporting and insiders, thus consistently improving the quality of information disclosure and the management of investor relations.

🛱 Key Performance:

announcement.

During the reporting period, the Company held 6 investor performance briefings, hosted 10 on-site surveys by investment institutions, and participated in 24 brokers' strategy meetings, 18 teleconferences and 49brokers' reverse roadshows. Besides, the Company released 136 announcements on the stock exchange platform, and achieved zero errors and zero corrections in the



Compliance and Risk Management

Compliance with laws and regulations is the prerequisite and foundation of sustainable development. Faced with the constantly changing business environment and potential risks, Zangge always pursues lawful and compliant operations, actively optimizes the internal control and risk prevention and control mechanism, and earnestly implements the ESG concept throughout the process of production and operation, aiming to further enhance the risk resistance and lay a solid foundation for achieving the strategic objectives.

Compliance management

Zangge always adheres to national laws and regulations and international practices, and on this basis, actively establishes its own compliance risk management system. According to the Basic Norms for Internal Control of Enterprises and Supporting Guidelines for Internal Control of Enterprises, the Company has formulated a series of internal control rules and regulations such as Management Measures for Internal Control Evaluation and Management Regulations for Internal Audit to define and regulate the core links of operation, thereby continuously improving the internal control management system and effectively enhancing compliance management.

Consistently strengthen the Monitor and inspect the business Report audit results to the Board construction of compliance activities related to funds and of Directors and senior management systems and finance on a monthly basis to management in a timely manner, processes based on the identify compliance risks provide guidelines through business needs and suggestions Engage third-party professional communication, and arrange for from internal organizations institutions to conduct external relevant departments to follow Consistently promote systematic up the implementation progress. work style, and improve the During the reporting period, the information system primarily Company conducted all-round based on SAP, striving to daily audits on the Group and its achieve full coverage in all subsidiaries to promote aspects of business improvement and strengthen Prepare internal control compliance management documents for core business processes such as safety, environmental protection, and product quality; strengthen all employees' sense of responsibility in respect to internal control by setting control objectives and determining control frequencies and responsible departments Provide training on organization and management knowledge for persons chiefly in charge of compliance and internal control to enhance the professionalism of internal staff

Caption: Zangge's Compliance Management Process

Risk Management

A sound and efficient risk management mechanism is the cornerstone of sustainable and healthy development and also the only way for the Company to promote high-quality development. Zangge has established and continuously improved a strict risk management process. Based on its actual situation and such documents as the Basic Norms for Internal Control of Enterprises and Guidelines for the Application of Internal Control of Enterprises, the Company has formulated and put into force the Management Measures for Risk Assessment. We actively carry out risk prevention, risk identification and assessment, and risk response in strict accordance with the three basic procedures, i.e., goal setting, risk identification and risk analysis, so as to continuously enhance our risk resistance.



Caption: Zangge's Risk Management Process

In order to further optimize the allocation of our resources and protect the rights and interests of stakeholders, we have thoroughly identified and analyzed all potential and existing key risks in the process of production and operation in recent years, based on our risk management process and taking into consideration both internal and external factors¹², and have developed targeted countermeasures, which are summarized and analyzed as follows:

Risk C	ategory	Risk considerations and impacts	Solutions
	Work safety risk	Unexpected incidents caused by natural disasters, dereliction of duty by contractors, inadequate supervision or other factors, may result in casualties or damage to production equipment, and even adversely affect the surrounding production and living facilities and the natural environment. This may further obstruct the Company's normal production and operation, thus resulting in direct economic losses, accident indemnity, fines, and negative social impacts.	Establish a safety concept in an all-round way, strengthen the safety awareness, and actively organize safety training and emergency drills Take multiple measures to identify and control potential risks and thereby hold the bottom line of safety
External factors	Environ mental risk	The production of potash fertilizer and lithium carbonate is accompanied by generation of waste liquid, waste residue, sewage and dust. With the development of the times, the environmental awareness is constantly increasing, environmental protection policies are gradually improving, and standards and regulatory requirements are becoming stricter. In this context, the Company may face higher costs in meeting potential environmental requirements in the future.	Pay close attention to industry policie and identify national laws and regulations and local policies on environmental protection to meet new environmental requirements Analyze the environmental impact of each link from the source and vigorously promote emission reduction technologies Optimize the production process, increase investment in environmental protection, and minimize the discharg of wastewater, waste residue, waste gas and dust Strengthen the process management product design, development, production, sales, storage, transportation, use, recovery and disposal, and leverage the advantage of industry chain to recycle waste Invest sufficient funds in environment protection according to environmental protection laws, regulations and standards
	Market risk	As basic raw materials, potassium and lithium products are susceptible to many factors such as economic cycle, supply-demand relationship, market expectation and policy changes. Hence, their prices are highly volatile.	Take constant measures, including improving technology R&D, fine management, process management, cost control and production efficiency, so as to maintain the leading edge of high quality and low cost

^{12.}In order to further optimize the allocation of our resources and protect the rights and interests of stakeholders, we have thoroughly identified and analyzed all potential and existing key risks in the process of production and operation in recent years, based on our risk management process and taking into consideration both internal and external factors, and have developed targeted countermeasures, which are summarized and analyzed as follows:

Risk Ca	tegory	Risk considerations and impacts		Solutions
Internal factors	Resource reserve risk	The exploration and development of mineral resources feature long cycle, heavy investment, high complexity and many uncontrollable factors. Consequently, the Company may face the risk that the reserves of mineral resources are less than expected.	•	The exploration and reserve of mineral resources play an important role in promoting the Company's sustainable development. The Company will follow the concept of sustainable development, abide by relevant regulations on mineral resources exploration, improve the professional skills of exploration personnel, select suitable operating units, and make good preparations Further optimize the scheme of reserves verification, development and utilization, and effectively improve the mining efficiency of mineral resources
	Uncertai nty risk of new projects	The Company will start the first phase of a 50,000t lithium carbonate project in Mamicuo Salt Lake in Ngari, Tibet through the industry fund. Located on the Qinghai-Tibet Plateau with an average elevation of more than 4,300 meters, the project may face constraints such as extremely cold weather, oxygen deficiency and fragile ecology, resulting in unexpected adverse impact on the construction progress, production plan and market demand.	•	Adjust and optimize the technical route according to the unique geographic environment and highland ecology in Tibet, and adopt green technologies to achieve the goal of clean production and meet the high standards and requirements of environmental protection in Tibet. Set up a team with rich project construction experience and professional skills, effectively promote project management and continuously cultivate professional talents.

To further strengthen risk prevention and emergency response, the Company has set up an emergency management office and an emergency response team, which are mainly responsible for formulating contingency plans, organizing emergency response, and guiding and coordinating the construction of emergency management systems of various departments. With its business expansion in the overseas market, the Company has developed an emergency warning and response plan for overseas projects, aiming to achieve effective warning and quick and orderly response to emergencies.

Business Ethics

Zangge is committed to establishing and maintaining high standards of business ethics. We carefully supervise and strictly regulate the issues related to business ethics such as fair competition. anti-corruption, related party transactions and tax payment in strict accordance with the Company Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other relevant laws and regulations, and in the principle of "fair competition and anti-corruption", so as to fulfill our commitment to organizational integrity and business ethics.

Anti-corruption and anti-fraud

Zangge has set the Audit Committee (as the evaluation agency) and the Audit Department (as a permanent body), which are responsible for the supervision and management of issues related to business ethics and corruption. Meanwhile, Zangge revised the Anti-Fraud Rules in 2022. According to the Anti-Fraud Rules, the Audit Department is responsible for managing the hotline and email address for reporting cases related to professional ethics and frauds, and publishing the hotline number and email address as a channel for all stakeholders to reflect and report the violations of professional ethics, or to report and expose actual or suspected fraud cases. In daily management, Zangge requires anti-fraud training and education on laws, regulations and integrity ethics for new employees, and enhances employees' moral awareness and standardizes their professional behavior by tools such as employee handbooks, training and publicity.

In July 2023, the Company was officially accepted as a member of the Enterprise Anti-Fraud Alliance after qualification review. As a result, the Company will receive assistance and guidance from the Alliance in many aspects such as anti-fraud technology, anti-fraud system and anti-fraud resource sharing, which will further improve the anti-fraud work.



Caption: Zangge Mining Officially Joined the Enterprise Anti-Fraud Alliance





Key Performance:

During this reporting period,

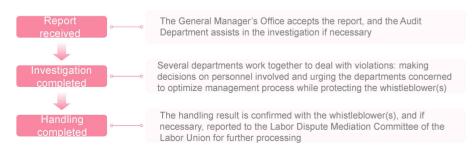
- A total of 136 employees were trained on business ethics, with a total training duration of 2.312 hours.
- The Company received O complaints; no lawsuit related to corruption and bribery was recorded.

Anti-unfair Competition

Zangge strictly complies with the Anti-Unfair Competition Law of the People's Republic of China, the Demonstration Provisions on Protection against Unfair Competition and other relevant laws, regulations and standards, and sticks to the bottom line in production and operation. Zangge does not damage the goodwill, reputation or credit of other enterprises or their activities, and does not mislead the public. It is committed to maintaining a fair and just competition environment. In the past three years, the Company had no lawsuit related to unfair competition.

| Complaints and Reports Mechanism

Complaints and reports management is an important way to improve the management of the Company. Zangge safeguards employees' right to expose and accuse any act in violation of laws, and supports and encourages employees and stakeholders to report fraud, corruption and other matters that harm the Company's interests. If any report is proved to be true and have positive impact on corporate governance, Zangge will recognize or reward those who participate in and make contribution to the reporting and investigation.



Caption: Reports and Complaints Handling Process



- Tel.: +86-0979-8950668
- E-mail: liangwenke@email.zanggekuangye.com

Whistleblower Protection

Zangge supports and encourages all employees, customers, contractors, suppliers and other stakeholders to report misconducts. In order to safeguard the legitimate rights and interests of whistleblowers and enable whistleblowers to safely and legally expose any matters they want to expose, Zangge formulated and issued the Whistleblower Protection Policy during the reporting period. Zangge's Board of Directors is responsible for monitoring the implementation of the policy. The policy applies to all staff of the Company, the Company's subsidiaries, and the salt lakes, exploration sites, production bases and other projects under the control of the Company, and to third parties with business dealings with the Company.

Whistleblowers are encouraged to provide contact information, so as to enable Zangge to clarify or request further information for follow-up investigation. If any whistleblower is unwilling to reveal his identity, anonymous reporting is allowed (anonymous reports may also be accepted if feasible). Any person who reports according to the policies and procedures will be protected from unfair dismissal, persecution and disciplinary action; even if it is later found that there is no conclusive evidence of the matter reported. For any person who threatens or retaliates upon a whistleblower, Zangge will give a punishment such as disciplinary action, dismissal or transfer to the judicial organ according to the seriousness of the case.



Occupational health and safety

Empowerment and mutual development

Sustainable Value Resilience

Appendix

Sustainable Value Chain

In pursuit of win-win cooperation with partners, Zangge is committed to consistently strengthening the resilience of its value chain through responsible procurement and supply chain management strategies, and sharing its concept of sustainable development with supply chain partners, thus playing a positive and sustainable role in the entire value chain.

Supply chain management

For Zangge, sustainable supply chain management is an important factor that empowers sustainable development and deepens low-carbon transformation. Zangge actively integrates the concept of sustainable development into its supply chain management, and attaches great importance to improving the management in each link. Internally, it constantly improves the supply chain management system, and focuses on prevention of supply chain risks; externally, it actively urges upstream and downstream suppliers to fulfill their responsibilities, thus jointly creating a win-win responsible supply chain.

O Supplier access

Attaching great importance to building long-term stable partnerships with suppliers, Zangge has formulated and actively put into force the Supplier Management Regulations, which clarify the management processes and requirements of supplier investigation, review and performance evaluation. The Company arranges personnel to examine and investigate suppliers on samples and test reports according to the Supplier Evaluation Form to select appropriate suppliers, and has established a List of Qualified Suppliers. Additionally, the Company applies classified management to suppliers from various aspects, especially quality and environmental effects of products. The Company annually evaluates all the suppliers to verify their operations and update the suppliers' files to keep information effective and accurate.



Suppliers management

According to the Supplier Management Regulations, Zangge integrates the principle of responsible procurement into the supply chain management process and the Supplier Code of Conduct, which covers considerations of ESG-related factors such as suppliers' compliance with laws and regulations, fair employment, and environmental protection. If a candidate or supplier is found to have any act in serious violation of laws and regulations in respect to environmental protection, society or business ethics in supplier screening or review, Zangge will refuse to cooperate with that candidate or terminate the cooperation with that supplier. To improve procurement efficiency and flexibility, the Procurement Department will develop a unified procurement plan according to the production plan and the needs of each department. For bulk materials and important equipment, a strategy of centralized review and decentralized procurement will be adopted, and suppliers and purchasing prices will be determined through bidding, negotiation or price comparison based on the List of Qualified Suppliers determined by the Company.

O Supplier removal

Zangge requires all suppliers to abide by the applicable laws, regulations and other relevant provisions in the countries or regions where they operate in all their business activities and decisions, and constantly monitors the performance of suppliers in the List of Qualified Suppliers, including making queries through the authoritative industrial and commercial registration systems of the countries or regions where they operate and conducting on-the-spot investigation. If any violation is found through investigation, the Company will terminate the cooperation with the supplier involved.

Responsible procurement

Regarding responsible procurement as a core strategy in supply chain operation, Zangge has formulated several procurement rules and procedures such as Procurement Management Regulations and Bidding Management Regulations. During the reporting period, the Company developed and released the Responsible Procurement Policy which reaffirms the principles of openness, fairness and impartiality, and stipulates that the Board of Directors should be responsible for monitoring the implementation and the policy, thus regulating the procurement process based on clear management systems.

In addition to economic benefits, the Company also takes into account ESG-related factors such as business ethics, labor rights and environmental friendliness when purchasing products or services of any category in any region, striving to build a compliant, green and responsible procurement system. Additionally, the Company continuously improves the sense of responsibility of the procurement team through regular training to make the concept of responsible procurement go deep into the hearts of people. For violations in procurement, the Company will take serious measures according to relevant policies to further reduce corruption and fraud in procurement and supply chain management.



Caption: Considerations for Responsible Procurement

Integrity procurement

Clean procurement is the core part of our supply chain management. We aim to establish a transparent and clean business environment and a compliant and moral supply chain, and to promote honest cooperation with suppliers, thus laying a solid foundation for long-term cooperation. According to Zangge's Responsible Procurement Policy, suppliers are required to carry out business activities and business dealings with the Company in good faith, and abide by business ethics regarding anti-bribery, anti-corruption, anti-money laundering, anti-monopoly, fair competition, etc. In addition, suppliers are required make every effort to avoid and prevent conflicts of interest, record business information honestly, and put an end to insider trading. Once a supplier is found to have any act that violates business ethics, the Company will immediately terminate cooperation with that supplier.

(C) Local Procurement

With our business expansion in overseas areas such as Laos, we actively promote the strategy of localized procurement, giving priority to materials with geographical advantages and focusing on supporting the development of local suppliers. This strategy not only takes into full account the needs of local communities, but also helps to promote the development of local enterprises and makes positive contribution to the economic prosperity of local communities. By the end of the reporting period, Zangge Potash Fertilizer achieved a localized purchase rate of 97%.

Product Responsibility and Innovative Development

Fulfilling product responsibility and promoting innovative development are an important guarantee for enterprises to maintain their competitive advantage and achieve sustainable development. Zangge constantly enhances its sustainable value resilience by strengthening resource reserve and development, improving product management, promoting technological innovation and intensifying information security construction, and actively shares the fruits of development with industry partners, laying a solid foundation for long-term steady development.

Resource Reserves and Development

Zangge Mining proactively aligns its business goals with national strategies, concentrating on its main business involving potassium chloride and lithium carbonate. We recognize that mineral resource reserves are the cornerstone of our business development and performance growth. Timely exploration and reserve development are crucial for the Company's sustained growth. Building on the stable production of potash and lithium at Qarhan Playa in Qinghai, the Company persistently pursue the exploration and development of potash and lithium mineral resources both domestically and internationally, aiming for steady annual production increases.

To ensure the sustainability of our production operations, we have established the Production Department's Key Objectives 2024-2026, setting a strategic goal to produce 1 million tons of potash fertilizer annually over the next three years. Currently, the Company holds mining rights for an area of 724.35 square kilometers at Qarhan Playa in Qinghai. Additionally, through public auctions and equity acquisitions, we have secured nearly 1,800 square kilometers of exploration rights in various domestic and international locations. We have commissioned professional agencies to conduct thorough explorations of these areas. With detailed geological data, we plan to apply for the conversion of these exploration rights into mining rights. In the future, we aim to expand our resource reserves through proactive exploration and strategic acquisitions, thereby bolstering the Company's core competitive edge for sustained growth. Additionally, to mitigate the risk of mine reserves falling short of projections, we will rigorously adhere to the applicable regulations governing mineral resource exploration. By selecting top-tier operational units, meticulously planning and verifying reserves along with exploitation and utilization plans, we strive to continuously enhance the efficiency of our mineral resource exploitation.

^{13.}Localized purchase rate = number of suppliers from Qinghai Province/total number of suppliers×100%



As the world's largest consumer of potash fertilizer, China relies heavily on imports due to resource constraints. This dependency underscores the critical importance of a stable fertilizer supply for national food security. Zangge Mining stays focused on its main business and embraces its mission with determination. As the nation's second-largest producer of potash fertilizer, we proactively respond to the State's call for strategic potash fertilizer reserves, breaking through regional sales limitations by synchronizing our production and distribution channels. This ensures that we can ramp up production when needed, thus contributing to maintain a steady fertilizer supply and support agricultural growth. In January 2023, Zangge Mining's potash fertilizer received a glowing endorsement from the Ministry of Industry and Information Technology of the People's Republic of China (MIIT), along with a heartfelt letter of appreciation.



Caption: Zangge Potash Fertilizer received a letter of appreciation from the MIIT.

| Product Management

Guided by the quality policy of "care for customers with higher quality, all involvement for continuous improvement; greater value for a better society", Zangge Mining has established a sound quality management system and fortified quality risk controls to consistently enhance our end-to-end quality safety management, ensuring our product metrics meet and exceed industry-leading standards. Regarding product quality management framework, we've developed a three-level management structure led by the Deputy General Manager, while optimizing technical quality specifications via "self-improvement and self-correction" for the standardized and systematic management on quality objectives, quality standards and process control.

Quality Management

In accordance with the Law of the People's Republic of China on Product Quality and the Standardization Law of the People's Republic of China, along with relevant local laws, regulations and industry standards, Zangge Mining has established a robust quality management system, supported by a suite of procedural documents governing quality management, including the Quality Safety Management System, Quality Management System, Corrective Action Control Procedures, Letter of Responsibility on Quality Objective, Incoming Material Inspection System, and Outgoing Product Inspection System. Responsibility for maintaining product quality safety is distributed across multiple departments: the Technical R&D Department, Production Management Department, Utilities Management Department, Quality Management Department, and Sales Department. This interdisciplinary collaboration ensures meticulous regulation of end-to-end product quality management, encompassing key stages such as saltern operations, procurement, production and sales, thereby effectively mitigating product quality risks.

The Company set a The Company compiled The Company set the key The Company percentage of pass for the Regulations on indicators for manufacturing established the raw ore resources. Incoming Material and optimizes the process Ex-warehousing and conducted regular Acceptance to define the quality control Acceptance inspections to urge the quality standards of The Company recognized the Regulations to workshops below the purchased materials. potential quality problems via quarantee the quality benchmark to take The Company carried self-inspection, re-inspection of products at the time corrective and out annual statistics and and reporting for inspection to of ex-warehousing and preventive measures evaluation of the quality identify potential risks of delivery The Company keeps of incoming materials as product quality on weekly The Company invited monitoring salterns in the reference for basis for quality assurance customers to evaluate the whole process qualified suppliers, thus The Company made annual the production especially the changes fundamentally improving statistics and analysis on information like of brine formed the quality of raw quality objectives (percentage packaging, content, quality archives for of pass and defective rate), weight and logo to each saltern with conducted quarterly promote the product monthly verification. performance appraisal, and rectified the products or The Company production process that failed conducted annual to meet control requirements internal audit for The Company formulated the problems on products management measures for and implementation to chemicals to avoid the use of strengthen quality toxic chemicals and controlled management. the use of hydrochloric acid and other chemicals through index assessment to guarantee product quality and

Caption: End-to-End Quality Management System





Thanks to the successful implementation of our quality management practices, both Zangge Potash Fertilizer and Zangge Lithium have obtained ISO 9001 quality management system certification. Notably, in 2014, Zangge Potash Fertilizer was awarded the National Well-known Trademark certification. During the reporting period, Zangge Lithium undertook several technological enhancements to improve the quality and yield of our lithium carbonate products. These enhancements included the installation of electrodialysis equipment (phase 2), a resin-based boron removal unit (phase 3), and a complete set of magnetic removal system for lithium surry. The total investment for these improvements was RMB 35,815,405. As a result, the quality of our finished lithium carbonate now meets the Type I standards specified in the GB/T23852-2022 Lithium Carbonate Made of Brine.

Over the past three years, the Company has maintained an impeccable record with no significant quality incidents and no product recalls or complaints associated with safety and health concerns.

♯ Key Performance:

During the reporting period

Number of non-compliance incidents related to the health and safety

impacts of products and services: 0

Economic losses arising from legal actions related to product safety:

RMB 0

O Customer service

Zangge Mining has always put customer needs first, making safeguarding customer rights a cornerstone of our business tenet. We've established relevant policies, regulations and procedure documents such as the Customer Management System and Customer Satisfaction Measurement Procedures to refine our customer service quality and complaint handling processes. Furthermore, we've actively fostered open lines of communication, striving for ongoing improvement in our customer service quality.

Pre-sale service Daily management After-sale service

- Organize and analyze user data, and identify the demands of customers indifferent regions
- Provide product detailed introduction



- Visit and talk with customers regularly to learn about their needs and suggestions
- Organize and work with customers to organize team building activities periodically to further deepen partnership
- Manage customer relations including contract with SAP information system and improve operation and service efficiency
- Organize regular sales and customer service training to improve the quality of customer service



- Create customer service archives of information and demands
- Send questionnaires to customers each quarter or actively communicate with customers; receive customer feedback through telephone,fax, business letter, video conference and other sources
- Respond to customers' demands within 24 hours and cope with the customer complaints with the department in charge of quality to the satisfaction of customers

Caption: Customer Service Flow

≅ Key Performance:

Key Performance:

Number of customer complaints: 0; customer satisfaction - Zangge Potash

Fertilizer: 97.04%, Zangge

Lithium: 100%

Number of adverse events related

to customer health and safety: $oldsymbol{0}$



| Technological Innovation

Our vision is to "grow into a competitive industry leader". Zangge Mining places immense value on technological research and development, guided by the spirit of "hardworking, pioneering and innovation". We leverage our innovative capacity to drive technological advancements, continuously upgrading the technologies for producing potassium chloride and battery-grade lithium carbonate. Additionally, we're committed to strengthening our R&D and innovation management system to boost production efficiency and minimize cost overheads. In terms of R&D management enhancement, the Company has established a number of R&D management regulations like Management Rules on Project Research and Development and Measures of Performance Appraisal and Incentive for R&D Personnel to inspire employees and increase earnings to the Company. Additionally, we've established a specific R&D management structure featuring "General Manager-Chief Engineer-Department in Charge of Technological R&D". Besides, we strive to introduce professional and technical talents with the support of R&D laboratories to complete the R&D system, fueling our innovative growth with greater momentum.

R&D Management

The Company has established a number of R&D management regulations like Management Rules on Project Research and Development and Measures of Performance Appraisal and Incentive for R&D Personnel to elevate its R&D and innovation capability. Under the leadership of the General Manager, our R&D management leverages the expertise of our R&D laboratory to attract professional and technical talent, thus creating a robust R&D system. In addition, the Company will ensure that its top management keeps abreast with the latest trends in technology development by organizing regular reporting on R&D matters. This move aims to bolster the R&D internal management process.



Case: Pioneering Proprietary Technologies to Boos

As a key player in the development of the Qarhan Playa in Qinghai, Zangge Mining leverages the playa's resources to delve deep into their comprehensive exploitation and utilization. With potassium chloride production and sales as its backbone, the Company has garnered widespread market acclaim by extracting lithium carbonate from ultra-dilute brine. Through industry-university-research collaboration with universities and research institutions, the Company has harnessed solid-to-liquid conversion technology to rationally exploit low-grade solid potassium minerals from the playa. Our proprietary "one-step" purification technology for battery-grade lithium carbonate has tackled the global challenge of lithium extraction from ultra-dilute brine. This achievement has stabilized lithium recovery rates at over 95%, markedly boosting resource efficiency.

(C) Innovation Culture

Innovation culture acts as a dynamic force driving high-quality growth of an enterprise. To bolster this culture. Zangge Mining is ramping up the expertise of R&D personnel through a blend of internal and external training. Also, we actively participate in industry conferences to stay abreast of the latest R&D achievements and industrial trends. Moreover, to ignite employee drive and foster autonomous innovation among our skilled professionals, we've implemented incentive structures geared towards technological innovation. This includes crafting a suite of protocols such as the Innovation Incentive Rules and the Research Project Management Measures, which outline reward principles and distribution standards.

Collaborative Innovation

With over two decades of development, the Company boasts a seasoned technical team specializing in salt lake resource development and proficient in lithium extraction technology. Simultaneously, we forge close partnerships with various industry associations, research institutions and equipment suppliers. This collaborative effort enables us to harnesses their research prowess to continually elevate our technological acumen and innovation capacity. Furthermore, recognizing the pivotal role of standardization, we actively contribute to the formulation of national and industry standards. This drive promotes the establishment of industry-wide norms and propels high-quality development.

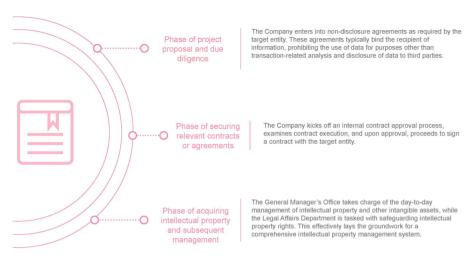
Intellectual property protection

Zangge Mining has always placed a high priority on intellectual property efforts, recognizing the crucial role of intellectual property in fostering and safeguarding independent innovation. To effectively handle the development, management and protection of intellectual property, the Company has established the Management Measures on Intellectual Property Rights and the Intangible Asset Management System. Relevant business units oversee the entire process of intellectual property work from inception to acquisition. Additionally, the Company concludes non-disclosure agreements with key technical staff to safeguard R&D achievements. We also collaborate with external professional agencies over the long term to promptly identify potential infringements. Regular audits of intellectual property measures are conducted to ensure compliance across all stages of the intellectual property management process.









Caption: Intellectual Property Management Strategy

The Company remains steadfast in its commitment to technological innovation, ramping up R&D investment to bolster its innovation capability. Special initiatives are undertaken to optimize technical processes and enhance equipment operational efficiency in manufacturing potassium chloride and lithium carbonate products. As of the end of the reporting period, the Company has secured 4 invention patents and 5 utility model patents, with 7 technology patents undergoing substantive examination.

During the reporting period, the Company invested RMB

2,356 million in R&D innovation.

The Company undertook 6 research projects

during the reporting period, with 18 new patents filed.

By the end of the reporting period, the Company holds a total of $\frac{9}{2}$ patents, including $\frac{4}{2}$ invention patents.

Information security

As digital transformation continues to evolve, bolstering the development of an information security system stands out as a pivotal focus in the Company's management strategy. Zangge Mining rigorously adheres to pertinent laws and regulations such as the Personal Information Protection Law of the People's Republic of China, Cybersecurity Law of the People's Republic of China and Data Security Law of the People's Republic of China. In line with these laws and relevant information security management systems, the Company has established a series of information security management protocols, outlining clear procedures for information acquisition, usage, storage and transmission. This ensures the comprehensive implementation of safeguards for network information security and privacy protection.

In addressing information security risks, the Company amalgamates its own practices with regulatory requirements and best industry practices to undertake unified construction and deployment of company network and allocate network resources accordingly. We timely identify and effectively respond to potential information security and privacy breaches, safeguarding the data and privacy of customers, employees, suppliers and other stakeholders. Furthermore, to boost employees' awareness and preparedness regarding information security, the Company regularly conducts training sessions and drills focused on information security, thereby reinforcing employees' awareness of information security and privacy protection. During the reporting period, the Company did not encounter any significant data losses or other data leakages, nor did it face any complaints or legal actions related to privacy infringement or leakage.

ESG Data Overview 14

Economic Performance

Indicators	Unit	2023	2022	2021
Economic Performance				
Operating revenue	RMB10,000	522,572.12	819,391.35	362,259.43
Net profit attributable to shareholders of the listed company	RMB10,000	341,988.09	565,497.19	142,733.99
Basic earnings per share	Yuan	2.18	3.57	0.73
Total assets	RMB10,000	1,409,158.46	1,354,004.11	1,062,452.03
Ratio of Liabilities to Assets	%	7.39	10.44	11.02
Weighted Average ROE	%	27.62	50.09	16.39
Income tax	RMB10,000	45,395.55	93,803.77	26,758.27
Product output				
Potassium chloride	Ten thousand tons	109.42	130.67	107.78
Lithium carbonate	Ten thousand tons	1.21	1.05	0.76

Environmental Performance

Indicators	Unit	2023	2022	2021
Investment in environmental	management and	l protection		
Number of meetings by environmental management institutions/organizations	Times	18	12	8
Coverage of environmental protection training on employees	%	100	100	100
Number of environmental punishments due to excessive or illegal discharge of pollutants	Case	0	0	0

14. During the reporting period, the Company further refined its data collection and statistical system, resulting in some changes to certain data compared to previous years. In each table, "/" indicates that the relevant data for that year was either undisclosed or not accounted for.

Indicators	Unit	2023	2022	2021
			2022	2021
Investment in environmental	management and prote	ection		
Amount of environmental punishments due to excessive or illegal discharge of pollutants	RMB10,000	0	0	0
Total investment in energy saving	RMB10,000	299	126	93
Total investment in pollution control	RMB10,000	246.47	10	10
GHG emissions data 15				
Direct emissions (Scope I)	tCO ₂ e	51,402	56,722	66,147
Indirect emissions (Scope II)	tCO ₂ e	335,344	319,520	297,516
Total GHG emissions (under Scope 1 and Scope 2)	tCO ₂ e	386,747	376,242	363,663
GHG emissions per unit of income (under Scope 1 and Scope 2)	tCO ₂ e per RMB 10,0000 of revenue	0.7416	0.46	1.00
Energy consumption				
Natural gas	ten thousand cubic meters	2,051.58	2,326.96	2,759.29
Diesel	Ten thousand liters	232.84	215.26	216.40
Gasoline	Ten thousand liters	42.55	35.03	37.63
Purchased electricity	GWh	425.81	420.72	412.40

^{15.}GHG emission data compilation encompasses Zangge Mining and its three wholly-owned subsidiaries: Zangge Potash Fertilizer, Zangge Lithium and Zangge Mining Investment. Direct emissions (Scope I) refer to GHG emissions from consumed natural gas, diesel, and gasoline, while indirect emissions (Scope II) are those from purchased electricity, steam, and hot water. The emission factors are selected based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 revision) and the Announcement of Ministry of Ecology and Environment and the National Bureau of Statistics on the Release of the 2021 Power Grid CO Emission Factors, which specifies the national grid average emission factor for 2021 as 0.5568 kgCO/kWh.

^{16.} In 2023, the market price of lithium carbonate slumped, leading to a revenue decline. This resulted in a substantial change in GHG emissions per unit of revenue compared to the previous year.

Foreword

Indicators	Unit	2023	2022	2021
Water resource consumption				
Surface water withdrawn	Ten thousand tons	31.99	31.51	32.76
Groundwater withdrawn	Ten thousand tons	8.46	9.77	6.4
Tap water withdrawn	Ton	374.00	470.80	231.6
Other organizational water withdrawn ¹⁷	Ten thousand tons	15.47	15.59	12.7
Total water withdrawal	Ten thousand tons	55.91	56.86	52.0
Volume of water for cycle use 18	Ten thousand tons	157.27	219.23	90.2
Total water use	Ten thousand tons	213.18	276.09	142.2
Water cycle utilization rate19	%	73.77	79.41	63.4
Water consumption per unit of potassium chloride produced	Cubic meters/ton	184.69	203.86	124.2
Water consumption per unit of lithium carbonate produced	Cubic meters/ton	919.28	920.39	1,102.6
Percentage of total water withdrawn in regions with high or extremely high baseline water stress	%	0	0	
Percentage of total water consumed in regions with high or extremely high baseline water stress	%	0	0	
Air emissions				
Nitrogen oxides (NOx)	Ton	3.5520	6.76	14.72
Sulfur oxides (SOx)	Ton	0	0.07	0.1
Particulates	Ton	12.87	22.05	41.2
Waste discharge				
Total waste volume	Ton	105.54	16	17.4

Indicators		2023	2022	2021
narge				
General industrial solid waste		021	16	12
Hazardous waste		105.5422	0	5.40
materials				
Total packaging material consumption		2,406.75	2,965.46	1,644.12
source utilization	metrics			
Mining recovery rate	%	85.07	85.02	
Mineral processing recovery rate	%	65.32	66.27 100	
Overall recovery rate	%	100	100	
Overall recovery rate	%	100		
ntal certification				
Coverage of ISO14001:2015 certification		50	0	(
	materials material consumption source utilization of the source utiliz	I solid waste Ton Ton materials material consumption Ton source utilization metrics Mining recovery rate % Mineral processing recovery rate % Overall recovery rate % Overall recovery rate % and a certification	Ton 021 Ton 105.5422 materials material consumption Ton 2,406.75 source utilization metrics Mining recovery rate % 85.07 Mineral processing recovery rate % 65.32 Overall recovery rate % 100 Overall recovery rate % 100	Solid waste Ton O21 16

Labor Performance

Indicators		Unit	2023	2022	2021		
Workforce composition							
Workforce co	omposition	Person	1,666	1,564	1,524		
By gender	Percentage of male employees	%	70.47	71.23	72.11		
	Percentage of female employees	%	29.53	28.77	27.89		
	Percentage of employees aged below 30	%	27.85	26.79	27.12		
By age	Percentage of employees aged between 30 and 50	%	56.30	59.97	61.36		
	Percentage of employees aged above 50	%	15.85	13.24	11.52		

^{21.}General industrial waste, such as used woven bags and plastic packaging, is recycled by manufacturers.
22.In 2023, the Company significantly increased the disposal of hazardous waste such as waste oil drums and waste paint, leading to a notable change in disposal volume compared to the previous year.

^{17. &}quot;Other organizational water withdrawn" includes purchased reclaimed water and hot water.

^{18. &}quot;Circulating water consumed" includes recycled old brine and tail liquid.

19. Water cycle utilization rate = Volume of water for cycle use / Total water use x 100%.

20. Data compilation encompasses Zangge Potash Fertilizer; Zangge Lithium reports no NOx emissions.

Indicato	rs	Unit	2023	2022	2021
Workforce	e composition				
By ethnicity —	Percentage of employees of Han nationality	%	84.93	85.53	84.6
by еппіску —	Percentage of employees from other ethnic groups	%	15.07	14.47	15.3
Employees wit	th disabilities	Person	13	14	1
Employee	turnover				
Number of nev	w hires	Person	244	192	32
Recruitment o	f university talent	Person	82	41	1
Total turnover rate		%	8.08	9.85	17.5
Benefits					
Employee well	fare coverage	%	100	100	9
Employee well	fare spending	RMB10,000	438.38	373.82	240.
Average welfare spending per employee		Yuan	2,714.43	2,390.15	1,5 81.
Employee	satisfaction				
Employee satisfaction rating		ſ	95.60	95	Ş
Participation rate in employee satisfaction surveys ²³		%	98	98.5	,
Employee	growth and training				
Internal promo	itions	Person	42	19	:
Internal transfers		Person	532	807	69
Employee training attendance		Person times	3,090	1,384	2,31
By job level	Average training hours for mid-level management	Hours	26	27	,
	Average training hours per senior management	Hours	25	16	
nunctment in	employee training	RMB10,000	87.84	32.94	11.

Indicators	Unit	2023	2022	2021
Occupational safety and heal	th			
No. of people with lost working hours accidents	Case	2	0	1
Number of transport incidents	Case	0	0	0
Number of injuries/deaths due to work	Person	2	0	0
Number of working days lost due to work-related injuries	Day	90	0	365
Number of employees receiving occupational disease examination	Person	862	85	868
Duration of safety training	Hours	3,983	94	94
Coverage of safety training	%	100	100	100
Total investment in occupational safety and health	RMB10,000	2,981.56	720.11	1,764.08
Investment in safety production	RMB10,000	2,805.60	705.11	1,716.48
Investment in occupational health	RMB10,000	175.96	15	47.60

Product Liability Performance

Indicator	'S	Unit	2023	2022	2021
Product m	nanagement				
Product recalls and health con		I	0	0	0
Customer com	plaints	Piece	0	0	0
Customer	Zangge Potash Fertilizer	%	97.04	98.25	Ī
satisfaction	Zangge Lithium	%	100	100	1
R&D and i	nnovation				
Investment in R&D and Innovation		RMB10,000	2,356	2,054	1,736
Number of pate	ents owned	Project	9	9	8

Supplier Management Performance

Indicators		Unit	2023	2022	2021
Supplier					
Total number o	f suppliers	1	734	614	497
Local	Zangge Potash Fertilizer	%	45	40	36
procurement ratio	Zangge Lithium	%	97	95	97

Community Relations Performance

Indicators	Unit	2023	2022	2021
Community investment				
Investment in public welfare funds	RMB10,000	1,018.90	441.30	139.2
Volunteer Work				
Number of volunteers	Person	7	77	0
Hours spent volunteering	Hours	70	6,116	0



Corporate Governance Performance

Indicators	Total	Non-indepen dent director	Independent directors	Female directors
Composition of the Board				
Number of Board members	9	6	3	3
Percentage	100%	67%	33%	33%

GRI index

GRI index	Disclosure Reference	e Page/Remark
	2-1 Organizational details	P7-10
	2-2 Entities included in the organization's sustainability reporting	P1
	2-3 Reporting period, frequency and contact point	P1-2
	2-4 Restatements of information	P123-124
	2-5 External assurance	N/A
	2-6 Activities, value chain and other business relationships	P7、P9-10、P111-118
	2-7 Employees	P73-78
	2-8 Workers who are not employees	N/A
	2-9 Governance structure and composition	P13、P99-100
	2-10 Nomination and selection of the highest governance body	P13、P99-100
Reference Page/Remark	2-11 Chair of the highest governance body	P100-101
	2-12 Role of the highest governance body in overseeing the management of impacts	nt P13、P99-100
	2-13 Delegation of responsibility for managing impacts	P13、P101
	2-14 Role of the highest governance body in sustainability reporting	P13
	2-15 Conflicts of Interest	P102-103
	2-16 Communication of critical concerns	P103
	2-17 Collective knowledge of the highest governance body	P100-101
	2-18 Evaluation of the performance of the highest governance body	P102
	2-19 Remuneration and policies	P78
	2-20 Process to determine remuneration	N/A
	2-21 Annual total compensation ratio	N/A

GRI index	Disclosure	Reference Page/Remark
	2-22 Statement on sustainable development strategy	P11-12
	2-23 Policy commitments	P13、P99-100、P102
	2-24 Embedding policy commitments	P104
GRI 2:	2-25 Processes to remedy negative impacts	P82、P109-110
General Disclosure	2-26 Mechanisms for seeking advice and raising concerns	P109-110
	2-27 Compliance with laws and regulations	P38-39、P109、P117、P124
	2-28 Membership of associations	P10
	2-29 Approach to stakeholder engagement	P14-15
	2-30 Collective bargaining agreements	P81-82
	3-1 Process to determine material topics	P16-17
GRI 3: Material	3-2 List of material topics	P16-17
Topics -	3-3 Management of material topics	P16-17
	201-1 Direct economic value generated and distributed	P123
GRI 201:	201-2 Financial implications and other risks and opportuniti change	ies due to climate P23-26
Economic Performance	201-3 Defined benefit plan obligations and other retirement	t plans P80
	201-4 Financial assistance received from government	P26
GRI 202: Market Performance	202-1 Ratios of standard entry level wage by gender companinimum wage	ared to local N/A
Tonormanoc	202-2 Proportion of senior management hired from the local	al community N/A
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	P89-96
	203-2 Significant indirect economic impacts	P31-32、P89-96
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	P113

GRI index	Disclosure Reference Page	ge/Remark
	205-1 Operations assessed for risks related to corruption	N/A
GRI 205: Anti-corrupt ion	205-2 Communication and training on anti-corruption policies and procedures	P108-109
1011 -	205-3 Confirmed incidents of corruption and actions taken	P109
GRI 206: Anti-competitive Behaviour	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P109
	207-1 Approach to tax	P108
GRI 207: Tax	207-2 Tax governance, control and risk management	P108、P123
	207-3 Stakeholder engagement and management concerns related to tax	P14, P17
	207-4 Country-by-country reporting tax data	N/A
GRI 301:	301-1 Materials used by weight or volume	P125
Materials	301-2 Recycled input materials used	N/A
	301-3 Reclaimed products and their packaging materials	N/A
	302-1 Energy consumption within the organization	P33
GRI 302:	302-2 Energy consumption outside of the organization	N/A
Energy	302-3 Energy intensity	N/A
	302-4 Reduction of energy consumption	P27-33
	302-5 Reduction in energy requirements of products and services	P27-33
	303-1 Organization's interactions with water as a shared resource	P36-42
CDI 202: \\/-t	303-2 Management of impacts related to water discharge	P42
GRI 303: Water and Effluents	303-3 Water withdrawal	P36-40
	303-4 Water discharge	P42
	303-5 Water consumption	P36-40、P42
GRI 303: Water and	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
Effluents	304-2 Significant impacts of activities, products, and services on biodiversity	P46-48

Foreword

GRI index	Disclosure Refe	erence Page/Remark
	304-3 Habitats protected or restored	N/A
GRI 304: Biodiversity	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
	305-1 Direct (Scope 1) GHG emissions	P27
	305-2 Energy indirect (Scope 2) GHG emissions	P27
	305-3 Other indirect (Scope 3) GHG emissions	N/A
GRI 305:	305-4 GHG emissions intensity	P27
Emissions	305-5 Reduction of GHG emissions	P27
	305-6 Emissions of ozone-depleting substances (ODS)	N/A
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other signi air emissions	ficant P43-44
	306-1 Waste generation and significant impacts of waste	P44-45
	306-2 Management of significant impacts of waste	P44-45
GRI 306: Waste	306-3 Waste generated	P44-45
	306-4 Waste diverted from disposal	P45
	306-5 Waste directed to disposal	P45
GRI 308: Supplier	308-1 New suppliers that were screened using environmental crit	teria N/A
Environmental Assessment	308-2 Negative environmental impacts in the supply chain and actions taken	P112
	401-1 New employee hires and employee turnover	P78
GRI 401: Employment	401-2 Benefits provided to full-time employees (excluding tempor part-time employees)	rary or P79-P80
	401-3 Parental leave	N/A
GRI 402: Labor/Manageme nt Relations	402-1 Minimum notice periods regarding operational changes	N/A
GRI 403:	403.1 Occupational health safety management system	P53-54
Occupational Health and	403-2 Hazard identification, risk assessment and incident investig	gation P60-63
Safety -	403.3 Occupational health services	P68-70

GRI index	Disclosure Reference	Page/Remark
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	403-5 Occupational health and safety training for workers	P57-58
GRI 403:	403-6 Promotion of worker health	P68-70
Occupational Health and Safety	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relations	P68-70
Salety	403-8 Workers covered by an occupational health and safety management system	P68-70
	403-9 Work-related injuries	P55
	403-10 Work-related illness	P69-70
GRI 404:	404-1 Average hours of training per employee per year	P84
Training and Education	404-2 Employee skill enhancement and transition assistance programs	P85-88
	404-3 Percentage of employees receiving regular performance and career development reviews	N/A
GRI 405: Diversity and Equal	405-1 Diversity of governance bodies and employees	P73-74、P100-101
Opportunity	405-2 Ratio of basic salary and remuneration of women to men	N/A
GRI 406: Non-discri mination	406-1 Incidents of discrimination and corrective actions taken	P75
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	N/A
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
GRI 410: Procurement Practices	410-1 Security personnel trained in human rights policies or procedures	N/A
GRI 411: Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	P92
GRI 413: Local	413-1 Operations with local community engagement, impact assessments and development programs	P89-92
Communiti es	413-2 Operations with significant actual and potential negative impacts on local communities	N/A

GRI index	Disclosure Reference Pa	Page/Remark	
GRI 414:	414-1 Screening of new suppliers using social criteria	N/A	
Supplier Social Assessment	414-2 Negative social impacts in the supply chain and actions taken	P112	
GRI 415: Public Policy	415-1 Political contributions	N/A	
GRI 416: Customer	416-1 Assessment of the health and safety impacts of product and service categories	P115-117	
Health and Safety	416-2 Incidents of non-compliance concerning product and service information and labeling	P117-118	
	417-1 Requirements for product and service information and labeling	P116	
GRI 417: Marketing and Labeling	417-2 Incidents of non-compliance concerning product and service information and labeling	P117-118	
	417-3 Incidents of non-compliance concerning marketing communications	N/A	
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P118	

SASB index

CHG emissions Ton P27 RT-CH-110a.1 Gross global Scope 1 emissions Ton P27 RT-CH-110a.2 Discussion of long term and short term stretegy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets / P25-26, P32-33 Air emissions of the following pollutants:	SASB Code	Indicators	Unit	Reference Page/Remark
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Percentage covered under emissions-limiting regulations RT-CH-110a.2 Discussion of long term and short term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets Air quality Air quality Air emissions of the following pollutants: NOX (excluding N20) Sulfur oxides (SOX) Volutile organic compounds (VOC) Hazardous air pollutants (HAPs) FT-CH-120a.1 Total energy consumed Percentage grid electricity Percentage grid electricity Percentage grid electricity Total self-generated energy Water resource management FT-CH-140a.1 Percentage grid total water withdrawal Total water use Cubic meters P125 RT-CH-140a.2 Number of incidents of non-compliance associated with water stress water stress water stress and incidents of non-compliance associated with water quality permits, standards and regulations RT-CH-140a.3 Description of water management risks and discussion of strategies and practices to mitigate those risks Amount of hazardous waste management Amount of hazardous waste generated Ton P45 RT-CH-150a.1	RT-CH-110a.1 -	Gross global Scope 1 emissions	Ton	P27
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Air emissions of the following pollutants: NOx (excluding N20) Sulfur oxides (SOx) Volatile organic compounds (VOC) Hazardous air pollutants (HAPs) Energy management RT-CH-130a.1 Total energy consumed Percentage grid electricity Percentage grid electricity Percentage renewable Total self-generated energy Water resource management Total water withdrawal Total water use Cubic meters P125 RT-CH-140a.1 Percentage of total oxater withdrawn in regions with high or extremely high baseline water stress Percentage of total oxater with baseline water stress Percentage of total oxater withdrawn in regions with high or extremely high baseline water stress Percentage of total consumed withdrawn in regions with high or extremely high baseline water stress Percentage of total consumed withdrawn in regions water value of total water with a part of total	RT-CH-110a.2	manage Scope 1 emissions, emissions reduction targets,		P25-26, P32-33
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RT-CH-130a.1 Percentage grid electricity Percentage renewable Total self-generated energy % Percentage renewable Total self-generated energy % Percentage renewable % Total self-generated energy % Percentage of total water withdrawal Total water use Cubic meters P125 RT-CH-140a.1 Percentage of total water withdrawn in regions with high or extremely high baseline water stress Percentage of total consumed withdrawn in regions with high or extremely high baseline water stress P237 RT-CH-140a.2 Number of incidents of non-compliance associated with water quality permits, standards and regulations Piece P38-39 RT-CH-140a.3 Description of water management risks and discussion of strategies and practices to mitigate those risks / P37-39 Hazardous waste management Amount of hazardous waste generated Ton P45	Energy manager	ment		
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RT-CH-140a.1 Percentage of total water withdrawn in regions with high or extremely high baseline water stress Percentage of total consumed withdrawn in regions with high or extremely high baseline water stress Percentage of total consumed withdrawn in regions with high or extremely high baseline water stress RT-CH-140a.2 Number of incidents of non-compliance associated with water quality permits, standards and regulations Piece P38-39 RT-CH-140a.3 Description of water management risks and discussion of strategies and practices to mitigate those risks / P37-39 Hazardous waste management Amount of hazardous waste generated Ton P45	Water resource r	management		
with high or extremely high baseline water stress Percentage of total consumed withdrawn in regions with high or extremely high baseline water stress RT-CH-140a.2 Number of incidents of non-compliance associated with water quality permits, standards and regulations Piece P38-39 RT-CH-140a.3 Description of water management risks and discussion of strategies and practices to mitigate those risks / P37-39 Hazardous waste management Amount of hazardous waste generated Ton P45 RT-CH-150a.1			Cubic meters	P125
RT-CH-140a.2 water quality permits, standards and regulations Piece P30-39 RT-CH-140a.3 Description of water management risks and discussion of strategies and practices to mitigate those risks / P37-39 Hazardous waste management Amount of hazardous waste generated Ton P45 RT-CH-150a.1	RT-CH-140a.1	with high or extremely high baseline water stress Percentage of total consumed withdrawn in regions with high or extremely high baseline	%	P37
RT-CH-140a.3 strategies and practices to mitigate those risks / P37-39 Hazardous waste management Amount of hazardous waste generated Ton P45 RT-CH-150a.1	RT-CH-140a.2		Piece	P38-39
Amount of hazardous waste generated Ton P45 RT-CH-150a.1	RT-CH-140a.3		/	P37-39
RT-CH-150a.1	Hazardous waste	e management		
	DT 011 450 4	Amount of hazardous waste generated	Ton	P45
	RT-CH-150a.1 -	Percentage recycled	%	P45

SASB Code	Indicators	Unit	Reference Page/Remark
Community relat	ions		
RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	/	P89-92
Employee health	n and safety		
RT-CH-320a.1	Total recordable incident rate (TRIR)	%	P55
	 Fatality rate for direct employees Fatality rate for contract employees 	%	P55
RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	/	P66-70
Product design f	or use-phase efficiency		
RT-CH-410a.1	Revenue from products designed for use phase resource efficiency	¥	N/A
Safety and envir	onmental stewardship of chemicals		
RT-CH-410b.1	Percentage of products that contain Globally Harmonized System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and	%	P67
	Environmental Hazardous Substances		
		%	P67
RT-CH-410b.2	Environmental Hazardous Substances Percentage of such products that have undergone a	%	P67
	Environmental Hazardous Substances Percentage of such products that have undergone a hazard assessment Percentage of such products that have undergone a		
	Environmental Hazardous Substances Percentage of such products that have undergone a hazard assessment Percentage of such products that have undergone a hazard assessment Discussion of strategy to develop alternatives with reduced human and/or environmental impact	1	P66-67
RT-CH-410b.2	Environmental Hazardous Substances Percentage of such products that have undergone a hazard assessment Percentage of such products that have undergone a hazard assessment Discussion of strategy to develop alternatives with reduced human and/or environmental impact	1	P66-67
RT-CH-410b.2 Genetically mod RT-CH-410c.1	Environmental Hazardous Substances Percentage of such products that have undergone a hazard assessment Percentage of such products that have undergone a hazard assessment Discussion of strategy to develop alternatives with reduced human and/or environmental impact ified organisms Percentage of products by revenue that contain	1	P66-67

SASB Code	Indicators	Unit	Reference Page/Remark
Operational safe	ty, emergency preparedness and response		
RT-CH-540a.1	 Process Safety Incidents Count (PSIC) Process Safety Total Incident Rate (PSTIR) Process Safety Incident Severity Rate (PSISR) 	Piece %	N/A
RT-CH-540a.1	Number of transport incidents	Piece	P55
Activity metrics			
RT-CH-000.A	Production by reportable segment	Ton	P7、P9-10

Reader Feedback

Thank you for reading this 2023 Environmental, Social and Governance (ESG) Report of Zangge Mining Company Limited. In order to provide you and other stakeholders with more valuable information and enhance the capability and efficiency of the Company to fulfill its social responsibilities and sustainable development, we are expecting your comments and suggestions on this Report.



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