

# 2024

## **Sustainability Report**

Zangge Mining Company Limited Stock Code: 000408

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## About this Report

Foreword

This is the third Sustainability Report issued by Zangge Mining Co., Ltd. (the previous two reports are Environmental, Social, and Governance (ESG) reports). It is designed to comprehensively describe the principles and concepts, management methods and achievements of the Company in sustainable development, and systematically respond to the expectations and demands of 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, 2024, to December 31, 2024 (the "Reporting Period"). Certain sections of this Report may extend to previous or subsequent years to enhance comparability and forward-looking perspectives.

### **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.17-Sustainable Development Reports (Trial) issued by the Shenzhen Stock Exchange
- The Guidelines on Self-Regulatory Supervision of Listed Companies No.3-Preparation of Sustainable Development Reports issued by the Shenzhen Stock Exchange
- The Guidelines for Sustainable Corporate Disclosure-Basic Guidelines (Trial) issued by the Ministry of Finance of the People's Republic of China
- The ISSB Sustainability Disclosure Standards IFRS S1 and S2
- The GRI Sustainability Reporting Standards 2021
- Sustainability Accounting Standards Board (SASB) Chemicals Industry
  Standard
- United Nations Sustainable Development Goals (UN SDGs)
- The Ten Principles of the UN Global Compact

### **Data Explanation**

The data, management mechanism and cases in this report are derived from the original operating records or financial reports of the Company. The financial data in this report is denominated in RMB. The financial data are consistent with the annual consolidated statements of Zangge Mining Co., Ltd. In case of any discrepancy between the financial data and the annual consolidated statements of the Company, 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.", "Julong Copper" refers to "Tibet Julong Copper Co., Ltd.", and "Zijin Mining" refers to "Zijin Mining Group Co., Ltd."

### Undertaking of Reliability

This report was unanimously approved and approved for publication by the Board of Directors of Zangge Mining. The Company 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, and in Chinese and English. If there is any conflict, contradiction or ambiguity, the Chinese version shall prevail. 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 greenwashing and fraud reporting on any stakeholders of the supply chain. For related matters, please contact:

Office of the Board of Directors of Zange Mining Co., Ltd.

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## Message from the Chairman

Foreword

The year 2024 marked a year of accumulated strength and vigorous progress for Zangge Mining. Amid profound and transformative shifts in the capital markets in 2024, Zangge Mining demonstrated a strong sense of responsibility by embedding sustainable development principles into its operations. The Company has developed new quality productive forces to become the most distinctive hallmark of high-quality growth, charting a new blueprint for corporate advancement.

## We advance environmentally friendly production and practice long-termism

As a resource development enterprise, we fully recognize the intrinsic connection between our operations and the prosperity of ecosystems and the natural environment. Grounded in a robust environmental management system, we have established green development standards to drive highquality, low-carbon growth. In green mine construction, we have continued to elevate the "three rates" (the exploitation recovery rate, ore dressing recovery rate, and comprehensive recovery rate) to nationally leading levels, emphasizing increased investment in clean technologies, the adoption of green production methods, and circular economy principles. This includes phasing out existing equipment with lowemission, low-energy-consumption alternatives. Besides, we have deepened our commitment to ecological conservation by comprehensively analyzing water extraction pressures and potential environmental impacts of water resource use. Collaborating with academic institutions, we are exploring biodiversity protection initiatives to contribute to the longterm stability of the Qinghai-Tibet Plateau ecosystem.

## We empower employees and neighboring communities for shared success

Guided by the principle of "serving and giving back to society," we are dedicated to building an equitable and inclusive platform for both internal teams and external stakeholders, ensuring mutual growth between the company and society. Within the Company, we prioritized safeguarding employees and fostering their holistic development, diligently uncovering their distinctive value and potential. We reinforced and refined sustainable workplace environment construction, facilitating the comprehensive cultivation of employees' moral integrity and professional competencies, thereby achieving alignment between corporate advancement and staff growth. Externally, while generating economic returns, we proactively performed corporate social responsibilities through dedicated participation in diverse philanthropic initiatives. Our "Zangge Contribution" supported pivotal domains including rural revitalization, educational equity, and emergency disaster relief, with cumulative annual donations amounting to RMB 1.8739 million. Furthermore, we emphasize local employment in our Laos projects, improving livelihoods and supporting development in Belt and Road Initiative countries.

## We uphold compliant operations and engage stakeholders with integrity

As we expanded into new regions, we demonstrated to all partners who trust Zangge our reliable product quality, principled service approach, and integrity-driven corporate conduct. On one hand, we persistently adjusted and optimized internal management. As we obtained the "Integration of Informatization and Industrialization" Grade A Project Management Capability Certification in 2024, the Company's management efficiency has been significantly enhanced. Through conducting specialized "Legal Health Checks", we thoroughly investigated and rectified compliance risk points across all departments, while performing dedicated audits on ethical procurement to strengthen supervision over key risks. Meanwhile, we continuously improved the corporate sustainable development management system, and formulated The Supplier Management Manual in 2024 to proactively guide suppliers in understanding and implementing ESG principles, thereby expanding the Company's sustainable development influence. On the other hand, in the course of production and operations, we accelerated the cultivation and development of new quality productive forces. By actively promoting the "onestep" ultra-low concentration lithium extraction technology

externally, we contributed to enhancing lithium production efficiency from salt lakes. Meanwhile, we advanced the development of potassium and lithium mineral resources in the Qinghai-Tibet region and Laos in a sustainable manner, thereby providing robust assurance for the stable supply of China's strategic mineral resources. Approaching year-end, with advantages in technology, resources, and cost, we received the investment from Zijin Mining Group. Looking ahead, Zijin Mining's substantial financial capabilities and extensive mineral development experience will inject new momentum into our operations, further accelerating the Company's highspeed growth.

## Building upon accumulated strength, we advance steadily while seeking progress

As the new journey of 2025 commences, we will continue to integrate ESG principles throughout corporate strategy, and implement relevant measures. Through broader business expansion, safer and more environmentally friendly production methods, deeper community integration, and more robust corporate governance, we anticipate further enhancing the Company's core competitiveness and strengthening the endogenous drivers for sustainable development. Together with all stakeholders, we will stride confidently toward a brighter future!

Chairman of the Board of Directors of Zangge Mining Co., Ltd.

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## **About Zangge Mining**

Foreword

### **Company Profile**

Zangge Mining Co., Ltd. (stock code: 000408) is a company dedicated to the development and comprehensive utilization of mineral resources. It was listed on the main board of the Shenzhen Stock Exchange in 2016. Always aligning with 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 aspires to become a plateau-based mineral resource development enterprise that thrives through perseverance and innovation, based on the 724.35 square kilometers of mineral resource reserves in the Qarhan Playa in Qinghai. Guided by national strategies, the Company focuses on its core potassium and lithium businesses, ensuring stable production of these resources at the Qarhan Salt Lake while actively seeking new reserves and development opportunities domestically and internationally. In 2019, the Company became the second largest shareholder of Tibet Julong Copper Co., Ltd. with a current holding of 30.78% of its shares. With the formation of an interdependent business structure anchored by three core resources: potassium, lithium, and copper, alongside continuous enrichment of potassium and lithium resource reserves and the mineral asset integration with Zijin Mining Group<sup>1</sup>, the Company has entered a new phase of accelerated development, taking a milestone stride on its journey toward becoming a world-class mining conglomerate.

### **Resource Reserves and Development**

Zangge Mining fully recognizes the critical importance of mineral resources to national strategy and the sustainable development of corporate operations. Guided by national strategic directives, the Company focuses on its core potassium and lithium businesses while steadily maintaining production at the Qarhan Salt Lake in Qinghai, continuously strengthening its competitive edge in mineral resources. In October 2024, the subsidiary Zangge Mining (Laos) Development Co., Ltd. ("Zangge Laos Development") obtained the Certificate of Approval for the Exploration Report of 199.28 square Kilometers of Potash Ore in Setani County and Bahao County and the 157.72 square kilometers of Potash Ore Reserve Certificate in Setani County and Bahao County, Vientiane, Laos issued by the Lao regulatory authority. By the end of this reporting period, Zangge Laos Development holds approximately 984 million tons of potassium chloride resources within the 157.72 km<sup>2</sup> licensed area. This reserve will substantially accelerate the implementation of the Company's five-year (2022-2027) strategic development plan, further expanding potash reserves and enhancing production capacity to safeguard food security.

In July of the same year, Julong Copper increased its copper metal resources, reaching 25.61 million tons of copper, 15,000 tons of silver, and 1.65 million tons of molybdenum by the end of 2024. With the ongoing expansion projects of Julong Copper, it is expected that its annual ore production will exceed 100 million tons by the end of 2025. Against the backdrop of tight copper market supply-demand dynamics, these resource gains and production expansion will stabilize markets and support energy transition and infrastructure development.

### A prospecting license for Mangya zone, Qinghai

#### The potash mine in Jianshi Mountain, Qinghai

• Obtaining a prospecting license for an area of 505.33 square kilometers

#### The eastern section of the deep brine potash mine in the Xiaoliangshan-Dafengshan zone, Qinghai

Obtaining a prospecting license for an area of 516.88
 square kilometers

#### The Heibei Potash Mine in Dalangtan, Qinghai

 Obtaining a prospecting license for an area of 368.52 square kilometers

#### The Qarhan Playa in Qinghai

- Owning a mining license for an area of 724.35 square kilometers
- Annual potassium chloride output of 1 million tons and annual lithium carbonate output of 10,000 tons

#### The Longmu Co Salt Lake, Tibet

- Owning a mining license for an area
- of 100.94 square kilometers • Lithium chloride reserves of about
- 2.1695 million tons



- Owning a mining license for an area of 99.56 square kilometers
- Lithium chloride reserves of about
   2.3069 million tons

#### The Mami Co Salt Lake, Tibet

- Owning a project development license for an area of 115.36 square kilometers
- Lithium chloride reserves of about 2.5 million tons

### The potash mine in Vientiane, Laos

- Obtaining a reserve certificate for
- an area of 157.72 square
- kilometers in Setthani District and
- Pa Oudom District, Vientiane, Laos
- Having recorded potassium chloride resources of about 984
- million tonnes

Mineral Resources Reserve

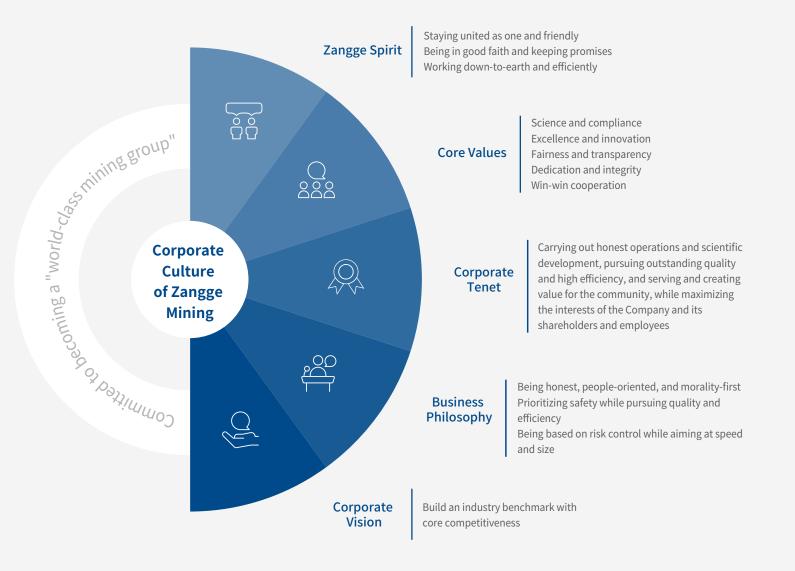
<sup>&</sup>lt;sup>1</sup> All material events shall be subject to the Company's officially disclosed announcements.

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### Corporate Culture

Upholding the corporate mission of "Integrity in **Operations**, Scientific Development, High-quality and Efficiency, Social Service, Value Creation for Society, and Maximizing Benefits for Company, Shareholders, and Employees", Zangge Mining sustainably develops salt lake resources through eco-friendly practices. The company advances the harmonious integration of mineral resource development, ecological preservation, social progress, and Chinese-style modernization, committed to becoming a "world-class mining group".





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### **Business Overview**

Zangge Mining proactively serve national strategies, and has grown into the second largest potassium chloride producer in China after years of sound development. In addition, the Company has strategically expanded into lithium and copper resources, and gradually formed a stable growth model with potassium, lithium and copper as its three pillars, moving towards a mining group with diversified mineral resources.

### Potassium Segment

Zangge Mining focuses on the production of potassium chloride for its potassium segment. It has produced 1.073 million tons and sold 1.045 million tons of potassium chloride in 2024 alone. The Company decisively implements a "going global" strategy for potash fertilizer. It entered into a new Laos project agreement in February 2023, and obtained 157.72 square kilometers of potash ore reserve certificates in Setani County and Bahao County, Vientiane, Laos during the reporting period. The recorded potassium chloride resources are about 984 million tons.

### 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 2024, the Company produced 11,566 tons and sold 13,582 tons of lithium carbonate. The Company's current production capacity of battery-grade lithium carbonate is 10,000 tons/year, representing a 116% capacity utilization. The Mamicuo Salt Lake, which is controlled by Zangge Mining, features lithium carbonate reserves of approximately 2.1774 million tons, and currently a planned annual production of 100,000 tons of lithium carbonate. The Jieze Chaka Salt Lake and the Longmu Co Salt Lake, held by Zangge Mining, boast tota lithium carbonate equivalent reserves of 3.9 million tons, potassium chloride of 28 million tons, and boron (mainly boron trioxide) of 3.3 million tons.

### Copper Segment

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 25.61 million tons of copper resources with the largest proven copper reserves in China. The first phase of the project officially started its operations in 2022, with 166,300 tons of mineral copper in 2024. The second phase of the project for renovation and expansion has been approved by authorities. The project is scheduled to be put into operation by the end of 2025. With a full capacity, the mine will have over 100 million tons of ore to be mined and processed annually, and 300,000-350,000 tons 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

Responsibility

Governance and Values

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 the Early Adopter Partner of International Sustainability Standards Board (ISSB), the TCFD Supporter, and the Corporate Anti-Fraud Alliance, to further promote resource sharing and technical exchanges, and to boost the sustainable development of the entire industry chain.



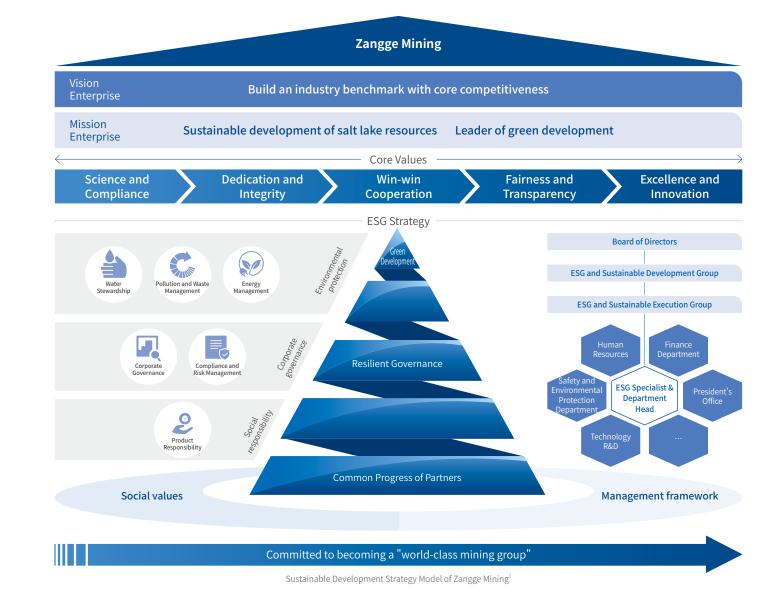
Membership of Zangge Mining in Industry Associations

## **ESG Governance**

Zangge Mining keeps refining its ESG governance system, firmly integrates ESG concepts with corporate development strategies, and fully incorporates ESG concepts into its operations and management. Aspiring to become "a worldclass mining company" in the long run, the Company benchmarks against the world's best practices based on its own development characteristics, to continuously improve the ESG governance system and working mechanism, and enhance the resilience of high-quality development.

### **ESG Strategy**

Zangge Mining is committed to operating its business in a sustainable manner, so as to maximize the environmental, social and economic benefits of its business activities. The Company integrates stakeholder concerns with its core business operations, using ESG risks and opportunities as entry points and sustainable value creation as the guiding principle. It actively responds to the United Nations Sustainable Development Goals (UN SDGs), focusing on the ESG strategic pillars of green development, resilient governance, and collaborative partnerships. Supported by a scientific and robust management framework, the Company drives continuous growth in social value while contributing to global sustainable development through its own actions.



<sup>1</sup> The key issues involved in this model will be updated according to the dual-materiality issues released every year.

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Guided by the *Five-Year (2022-2027) Strategic Development Plan of Zangge Mining* released in 2022, we adopted the ESG management "Tree-Planting Theory" as our ESG strategic planning approach, progressing from simple to complex and advancing ESG management in an orderly manner by combining theory and practice. In 2024, we further refined the ESG management system, focusing on key initiatives such as establishing an ESG digital platform, promoting lean management of energy and carbon emissions, and continuously embedding ESG principles into corporate culture and operations. Through multiple measures, we strengthened the foundation of ESG management.



### 2022-2023

Sort out the state quo of the Company's ESG management and make preparations for building the system

## Phase II

### 2023-2024

Build the ESG management system and establish the foundation of ESG management Phase III

2024-2026

Optimize the ESG management system, improve the ESG management level, and expand the influence of ESG

### 2026-

Phase IV

Deeply integrate ESG with daily management, and make ESG performance benchmark against world-class standards

ESG Strategic Planning Approach of Zangge Mining

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### **ESG Governance**

Deeply integrating the ESG strategy with the Company's strategic development, Zangge Mining has continuously promoted the establishment and improvement of the ESG organizational system and working mechanism. The Company has established a top-down ESG management framework, with the Board of Directors serving as the supreme leadership body, the ESG and Sustainable Development Management Team functioning as the deliberation and decision-making body, and the ESG and Sustainable Development Implementation Team acting as the operational executive body responsible for advancing daily environmental, social, and corporate governance initiatives.

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As the highest leading body of the Company's ESG work, the Board of Directors is responsible for promoting the integration of ESG concepts into the Company's strategic planning and decision-making process, so that the Company can create more value by improving ESG management and performance. The Board of Directors is responsible for determining the Company's ESG development direction, strategic planning and goals, and for the management and supervision of key ESG issues (including climate change and carbon emissions, water resources, occupational health and safety, business ethics and anti-corruption, etc.) to ensure the effectiveness of the ESG management process and ensure that the Company invests sufficient resources to support the development and improvement of ESG performance.

In 2024, the Company released a new *Supplier ESG Manual*, which further clarifies the Company's specific expectations for suppliers in terms of ESG and helps partners in the supply chain and value chain understand and meet the requirements of the Company's sustainable development goals. It provides suggestions for suppliers to continuously improve their ESG performance in the future, aiming to promote suppliers to gradually improve sustainability in the production, management and operation processes. By the end of the reporting period, the Company has formulated 9 sustainable development-related systems, policies and management manuals, which are available on the official website www. zanggekuangye.com.



### Management

Composed of the chairman of the board, president, secretary of the Board of Directors, and the leaders in charge of departments such as EHS and human resources

### Execution

Composed of ESG specialists from various functional departments at the headquarters, subsidiaries, and production bases ESG and Sustainable Development Management Group

**ESG** and Sustainable

Development Execution Group

- Track the latest information on the development of major businesses and the changes in ESG management policies and trends
- Propose a plan to improve the Company's ESG management structure
  Report the Company's ESG work progress to the Board of Directors at least once a year
  Be responsible for the preparation and promotion of the Company's ESG report
  Provide ESG-related training materials to the Board of Directors
  - Regarding major issues affecting the Company's ESG domain within this department, propose recommendations to the management team
    Coordinate and be responsible for the execution and reporting of the ESG plans of their own departments, and regularly evaluate the progress and results
    Be responsible for collecting and reporting the information and data required for various ESG tasks

• Report the actual progress of the Company's ESG work to the management team every quarter

Zangge Mining ESG Management Structure

### er ESG Manual, which further s for suppliers in terms of and value chain understand s sustainable development o continuously improve to promote suppliers to ution management and

 Biodiversity Conservation Policy

## Social

### • Human Rights Policy

- Responsible Purchasing
   Policy
- Supplier ESG Manual

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### Corporate governance

- Management System of Environmental, Social and Corporate Governance
- Board Diversity Policy
- Anti-fraud System
- Whistleblower Protection Policy

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### Stakeholders Engagement

Zangge Mining maintains that robust stakeholder engagement and public transparency form the cornerstone of sustainable operations. These practices cultivate trust with society, unite development forces, and create optimal conditions for shared progress. The Company prioritizes the expectations and demands of all stakeholders, and leverages regular information disclosure and communication channels to conduct stakeholder engagement activities. Through in-depth consultations with government entities, shareholders, clients, employees, business partners, local communities, industry associations, and other stakeholders, we have continuously enhanced internal and external stakeholders' understanding of Zangge Mining. We have integrated the expectations and concerns of various stakeholders into the Company's operations and decision-making, and publicly disclosed them through ESG reports and ESG and sustainability columns on the official website.

			Stakeholder Communic	ation of Zangge Mining in 2024			
Stakeholder	Government and regulatory agencies	Shareholders and investors	Employees	Customers	Suppliers and other partners	Community and public	Industry associations and media
Topic of Concern	<ul> <li>Compliant operation</li> <li>Tax payment in accordance with laws</li> <li>Economic development</li> <li>Drive employment</li> </ul>	<ul> <li>Corporate governance</li> <li>Economic returns</li> <li>Risk management</li> <li>ESG performance</li> <li>Business ethics and transparency</li> </ul>	<ul> <li>Labor rights</li> <li>Remuneration and benefits</li> <li>Development and training</li> <li>Safety and health</li> </ul>	<ul> <li>Product quality</li> <li>Customer service</li> <li>R&amp;D innovation</li> <li>Stable supply</li> </ul>	<ul> <li>Integrity in contract performance</li> <li>Business ethics</li> <li>Sustainable procurement</li> <li>Intellectual property protection</li> </ul>	<ul> <li>Environmental protection</li> <li>Charity and welfare</li> <li>Rural revitalization</li> <li>Community development</li> </ul>	<ul> <li>Product responsibility</li> <li>Technological innovation</li> <li>Industry development</li> <li>ESG performance</li> </ul>
Communication Channel and Frequency	<ul> <li>Working reports (irregular)</li> <li>Government meetings (irregular)</li> <li>Supervision and inspections (irregular)</li> <li>Public consultation (irregular)</li> </ul>	<ul> <li>General meeting of shareholders (annual)</li> <li>Earnings release conferences (annual)</li> <li>Information disclosure (irregular)</li> <li>On-site investigations (irregular)</li> <li>Investor communication platform (real-time)</li> </ul>	<ul> <li>Employee representatives' meeting (annual)</li> <li>Employee satisfaction survey (annual)</li> <li>Employee activities and training (irregular)</li> <li>ESG questionnaires (annual)</li> </ul>	<ul> <li>Customer service hotlines (real- time)</li> <li>Customer return visits (irregular)</li> <li>Customer daily communication (irregular)</li> <li>Customer satisfaction survey (annual)</li> </ul>	<ul> <li>Supplier meetings (irregular)</li> <li>Supplier training (annual)</li> <li>On-site audits (annual)</li> <li>Daily business visits (irregular)</li> </ul>	<ul> <li>Environmental protection activities (irregular)</li> <li>Public welfare activities (irregular)</li> <li>Community events (irregular)</li> <li>Project briefing (irregular)</li> </ul>	<ul> <li>Industry conferences (annual)</li> <li>Company's official website (real-time)</li> <li>Social media platforms (real-time)</li> <li>ESG report (annual)</li> </ul>

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### Case Sharing High-quality Development Practices to Advance Industry Sustainability

Zangge Mining aims to effectively communicate its ESG values and achievements through diversified, regular channels, encouraging more stakeholders to join as partners in sustainable development, thereby contributing to socio-economic sustainability.

Foreword

In June 2024, the Qinghai and Tibet Securities Associations co-hosted a training session on high-quality development for listed companies in Linzhi, Tibet. Mr. Li Ruixue, Board Secretary of Zangge Mining, shared the Company's exploration and practices on the road of high-quality development in recent years, from enhancing core competitiveness, optimizing governance structure and fulfilling corporate responsibilities, and injecting new ideas into the high-quality development of listed companies.

Mr. Li Ruixue introduced that under China's new development philosophy of "innovation, coordination, green development, openness, and sharing," Zangge Mining has gradually built and improved the ESG system, deeply integrated the ESG concept with the Company's development strategy, and fully incorporated it into operation and management. Zangge Mining has worked to become a high-quality company that actively shoulders social responsibilities. Going ahead, the Company will continue to work with investors and all walks of life to jointly create a new chapter of high-quality development and contribute wisdom to improving the ESG management level and performance of the industry.



Zangge Mining Shows Its ESG Practices



Special Topic

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### Material Issues Management

Foreword

The material issues that stakeholders are concerned about are the starting point and purpose of Zangge Mining's ESG strategic planning, risk and opportunity management, and high-quality information disclosure. The Company carries out an analysis of material issues once a year. In 2024, with the development of the Company and the changes in the external environment, based on the Guidelines on Self-Regulatory Supervision of Listed Companies No.17 - Sustainable Development Reports (Trial) issued by the Shenzhen Stock Exchange, the International Financial Reporting Sustainability Disclosure Standard No.1 -General Requirements for the Disclosure of Sustainability-related Financial Information (IFRS S1), GRI Sustainability Reporting Standards (GRI Standards) and other latest international disclosure standards, the Company updated the evaluation methodology. The Company carried out a double materiality assessment for the first time, incorporating the financial materiality and environmental, social and economic impacts of various ESG issues into the evaluation and consideration. have incorporated ESG-related risks and opportunities into the enterprise risk management (ERM) process to better respond to and mitigate the adverse effects of ESG-related risks on Company operations and stakeholders.

During the reporting period, the Company followed the following steps to conduct stakeholder engagement from the two dimensions of the risks and opportunities of ESG issues to the Company (i.e. financial materiality assessment) and the Company's impact on ESG issues (i.e. impact materiality assessment).

### Step 1

## Identification of material issues

Zangge Mining systematically identifies material ESG topics by analyzing the 2024 policy landscape and industry trends, while benchmarking against domestic disclosure requirements and global standards including IFRS S1&S2, GRI, and SASB. This rigorous process, aligned with corporate strategy, establishes our prioritized ESG issue list to guide sustainable decision-making.

Dimension of issue	Name of issue	Change from last year
Environmental (8 issues)	<ul> <li>Response to Climate Change</li> <li>Energy Management</li> <li>Environment Management</li> <li>Water Stewardship</li> <li>Pollution and Waste Management</li> <li>Biodiversity Protection</li> <li>Construction of Green Mine</li> <li>Resource Reserves and Comprehensive Development</li> </ul>	<ul> <li>"Pollutant management" and "waste management" are combined into "pollution and waste management" to facilitate the overall management of the two</li> <li>"Biodiversity" is changed to "biodiversity protection" to facilitate understanding and promotion</li> </ul>
Social (9 issues)	<ul> <li>Occupational Health &amp; Safety</li> <li>Chemical Safety</li> <li>Labor Rights</li> <li>Employee Development and Training</li> <li>Community Engagement and Contribution</li> <li>Responsible Supply Chain</li> <li>Product Responsibility</li> <li>Innovate and Develop New Quality Productive Forces</li> <li>Information Security</li> </ul>	<ul> <li>"Social responsibility and community relations" is changed to "community engagement and contribution", which simplifies the wording and places more emphasis on community responsibility actions</li> <li>"Responsible supplier management" is changed to "responsible supply chain", which simplifies the wording and closely adheres to the concept widely concerned by the international community</li> <li>"Customer service and satisfaction" is changed to "product responsibility", incorporating customer service into the scope of the Company's product liability management</li> <li>"Product quality and innovation" and "intellectual property protection" are combined into "innovate and develop new quality productive forces", emphasizing the leading role of scientific and technological innovation in the development of new-quality productivity and injecting new impetus into the Company's development</li> </ul>
Corporate governance (5 issues)	<ul> <li>Corporate Governance</li> <li>Compliance and Risk Management</li> <li>Business Ethics and Anti-Corruption</li> <li>ESG Management</li> <li>Stakeholders Engagement</li> </ul>	<ul> <li>"Compliance management" and "risk management" are combined into "compliance and risk management" to facilitate the overall management of the two</li> </ul>

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### Step 2

## Stakeholders engagement

Based on the principle of double materiality, two sets of research questionnaires applicable to the assessment of "financial materiality" and "impact materiality" were respectively developed, and internal and external stakeholders of the Company were invited to evaluate the materiality of issues. A total of 479 valid questionnaires were collected in the 2024 research. The survey objects covered a total of 9 types of stakeholders, including members of the Company's Board of Directors, middle and senior management, employees, government and regulatory agencies, shareholders and investors, customers, partners such as suppliers, local communities and public welfare organizations, industry associations and chambers of commerce, and the media, etc.

### Step 3

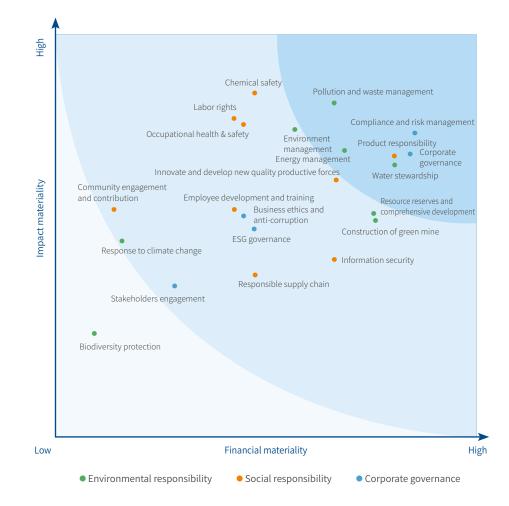
## Analysis and ranking of material issues

According to the results of the valid questionnaires, the feedback from internal and external stakeholders was quantified and weighted. After assigning values, we obtained the total score indicating the level of attention from stakeholders for a single issue. By combining macro policies and industry hotspots, the capital market trends, peer experiences, key focus areas of experts, etc., the impact materiality of the issues was adjusted, the priority order of each issue was determined, and a materiality matrix was generated.

Step 4 Approval of material issues

The Company's management and the Board of Directors reviewed the results of the materiality analysis level by level. The Board of Directors approved the materiality matrix for this year and provided guidance and suggestions on the key points of disclosure in this report and the subsequent issue management work.

Based on the above steps, Zangge Mining identified a total of 22 ESG-related material issues, among which 6 issues have a high degree of double materiality and are listed in the form of a matrix as follows.



Double Materiality Matrix of Zangge Mining in 2024

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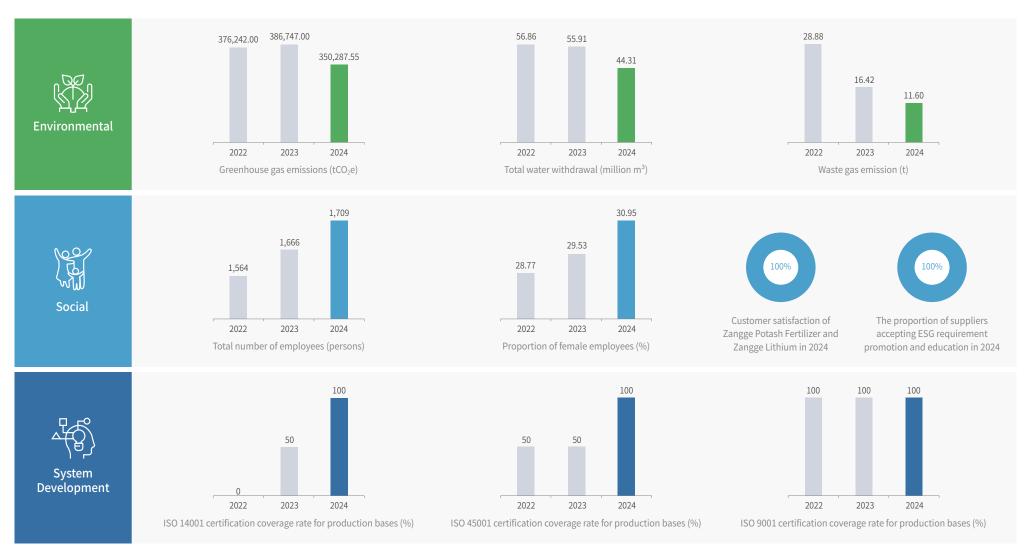
In order to better respond to and mitigate ESG-related risks and effectively expand the positive impact, the Company's management will regularly evaluate the ESG and sustainable development performance, supervise the implementation and fulfillment of the ESG development direction, strategic objectives, and major external commitments, and safeguard the interests of all parties across the board. For issues with a high degree of double materiality, we summarized the information such as their main impact scope, impact cycle, corresponding SDGs, and the corresponding disclosure chapters of management and actions as follows, so as to facilitate overall understanding and content positioning.

Scope of impact		Scope of impact		Scope of impact							Correspondin
lssue	Upstream	Internal operations	Downstream	Potential risks and opportunities	Potential financial impacts	Impact period	SDGs	disclosure chapters			
Energy Management	V	V	V	<ul> <li>Potential risk: Production capacity depends on continuous power supply. Improper energy management may cause delivery delays and operating losses, and fluctuations in energy market prices will directly affect the Company's production costs</li> <li>Potential opportunity: Through high-efficiency energy management, procurement of energy-saving equipment, and combined with policy support, companies can further reduce energy consumption, reduce energy costs, and meet market demand for green and low-carbon products to improve market competitiveness</li> </ul>	Potential risks:         Increased production and management costs         Decreased operating income         Potential opportunities:         Reduced production costs from decreased energy consumption         Increased operating revenue from rising demand for low-carbon products	Mid- and long- term	13 EUNITE Activa	Response to Climate Change			
Water Stewardship		V	V	<ul> <li>Potential risk: The management and use of water resources directly affect product quality and production efficiency. If improperly managed, it will lead to production problems such as reduced product pass rate and reduced production capacity, and lead to adverse effects such as regulatory penalties and public backlash</li> <li>Potential opportunity: Optimizing allocation and efficient utilization of water resources through compliance management, which will help the Company reduce water consumption, reduce water costs, and strengthen their environmental protection image and brand reputation.</li> </ul>	Potential risks:         Increased production and management costs         Increase in non-operating expenses such as fines         Potential opportunities:         Reduced production costs from decreased water consumption         After being recognized as a water-saving enterprise, the Company can enjoy policy incentives	Mid- and long- term	6 CLEANNAILE AND SAME ULEY IND MARKET AND MACRUSERY AND MACRUSERY	Water Stewardship			
Pollution and Waste Management		V	~	<ul> <li>Potential risk: Violating laws and regulations on pollution and waste management may bring compliance risks, resulting in financial losses such as fines, and affecting the Company's reputation and image</li> <li>Potential opportunity: By seizing the opportunities for resource utilization, the Company can reuse various wastes generated during the mining and ore dressing processes, reducing waste treatment costs, effectively reducing production costs, and enhancing the Company's image and reputation in environmental protection and emission reduction.</li> </ul>	Potential risks:         Increased disposal and management costs         Increased non-operating expenses such as fines         Potential opportunities:         The resource utilization of waste materials leads to lower disposal costs and lower input and expenditure of production materials	Short- term	12 ELEPTINEE AND PRODUCTION	Emissions and Waste Management			
Product Responsibility	V	V	V	<ul> <li>Potential risk: If the product does not meet the quality standards or there are safety risks and the rights and interests of customers are damaged, the Company will bear the corresponding legal responsibilities, and the product liability issue will seriously affect the Company's brand image and market reputation, resulting in a decrease in market share</li> <li>Potential opportunity: Through strict product responsibility management, the Company can improve product quality and reliability, enhance brand image and market competitiveness, and help promote products to enter new markets with strict access requirements and expand sales</li> </ul>	Potential risks:           Product quality disputes lead to increased litigation costs           Decreased operating income           Potential opportunities:           Increased operating revenue from rising demand for products and services           Improved product reliability can reduce after-sales costs and improve profit margins	Long- term	12 RESPONSE LIDGULF FRA AND PRODUCTION	Product and Service Management			
Corporate Governance	V	V	V	<ul> <li>Potential risk: Improper corporate governance may lead to opaque or unscientific decision-making processes, cause strategic mistakes, and affect the operational efficiency and long-term sustainable development of the Company</li> <li>Potential opportunity: A well-established corporate governance can improve the transparency of enterprises and enhance the trust of various stakeholders. By strengthening corporate governance companies will better balance the relationship between short-term interests and long-term sustainable development to stay competitive</li> </ul>	Potential risks:     Improved corporate governance leads to higher compliance and operating costs in the short term     Potential opportunities:     Improve the overall financial operating performance and reduce the cost of equity capital     Enhance the confidence of investors and creditors and reduce financing costs	Long- term	16 PEACE. JUSTICE AND STRONG INSTITUTIONS INSTITUTIONS	Corporate Governance			
Compliance and Risk Management	V	V	V	<ul> <li>Potential risk: If a company fails to strictly comply with relevant laws and regulations, it may face legal consequences such as administrative penalties and fines, resulting in direct or indirect economic losses to the company</li> <li>Potential opportunity: By strengthening compliance and risk management, the Company can better adapt to market changes and policy adjustments, reduce the impact of uncertain factors on production and operation, and thus improve the company's comprehensive value and long-term competitiveness.</li> </ul>	Potential risks:           • Improper compliance management leads to an increase in non- operating expenses such as fines           • The establishment or optimization of the risk management system leads to increased operating costs           Potential opportunities:           • Proper compliance management can reduce the cost of legal litigation and penalties           • Proper compliance management can help the Company reduce financial losses caused by emergencies	Long- term	16 PEACE AUSTRAL BETTURNS STUTUENES	Compliance an Risk Manageme			

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### **ESG Performance Overview**

### Performance Highlights



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### Honors and Awards

### **ESG Honors and Awards in 2024** Issuer ESG Model Enterprise Excellent Green Innovation Syobserve.com Award ESG Model Enterprise—ESG Innovation Award Guancha.cn "Vitality ESG" Social Responsibility Award SFC Quanjing Investor Relations Gold Award-Outstanding Quanjing.com **ESG Value Communication Award** Times Responsibility Forty 2024 Five-Star Gold Award for Social Responsibility of People Forum Think Tank Listed Companies in China's Manufacturing Industry Network Special Contribution to Public Welfare Award Syobserve.com Public Welfare Case Study Award Syobserve.com 2024 Beat Practice Case Study of Sustainable China Association for Public **Development for Listed Companies** Companies Golden Light Social Responsibility Award Securities Market Weekly Zhiyuan Award—ESG Pioneer Award Cailian Press

### • ESG Ratings<sup>1</sup>



<sup>1</sup> Unless otherwise stated, ESG ratings/scores and related information are derived from public information available as of March 29, 2025.

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### **Special Topic**

## New Quality Productive Forces Activate Sustainable Engines for Zangge

Against the backdrop of an increasingly complex global landscape and profound domestic reform and development tasks, Zangge Mining, guided by the development of new quality productive forces, continues to steadfastly advance high-quality development and practice new development philosophy. It seizes the opportunities brought by new quality productive forces as "new momentum," persistently drives technological innovation, accelerates the transformation of technological achievements into innovative productive forces, and strengthens green manufacturing. These efforts aim to cultivate clean productive forces amid the wave of informatization.



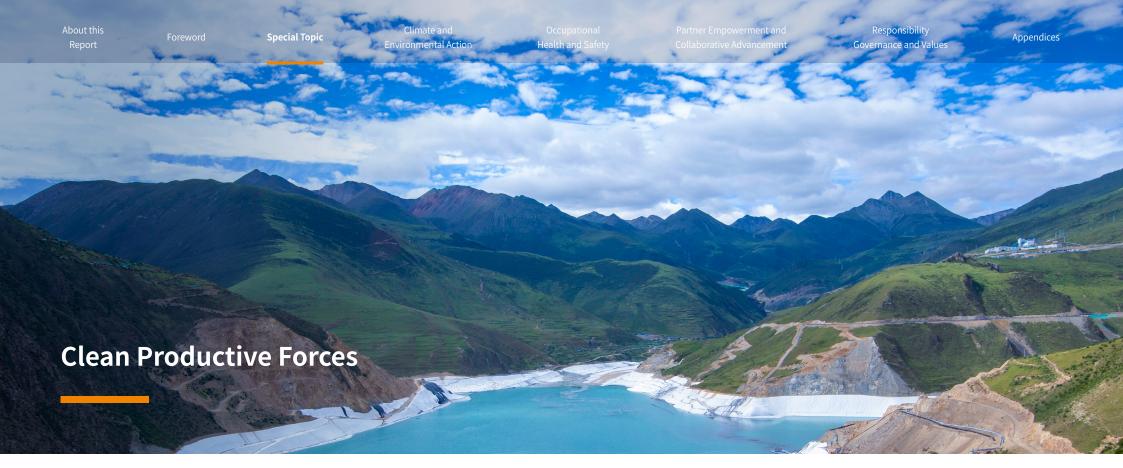
Scientific and technological innovation is the main driving force of new-quality productivity, which can promote the evolution of productivity towards a more efficient model. Since its early development stages, Zangge Mining has regarded technological innovation as a critical support for large-scale mining development and sustainable utilization. It has continuously accumulated technical expertise, cultivating a professional team long engaged in the development and utilization of salt lake resources and specializing in lithium extraction technology. From the breakthrough of the solid-toliquid conversion technology in the potassium chloride production process to overcoming the challenges of extracting lithium from ultralow-concentration brine in salt lakes, technological innovation has become the core support for the Company to maintain its market position and competitiveness.



Salt lakes are an important and abundant source of lithium resources. However, their complexity and diversity have always posed high barriers to lithium extraction technology. The lithium-ion concentration in the eastern section of the Qarhan Salt Lake where Zangge Mining is located is only about 50mg/L, which is the lowest industrial grade for the mining of lithium ore in salt lake brine, and even drops to the boundary grade in winter.

Facing this global problem, the project team of Zangge Lithium successfully developed the technology of producing battery-grade lithium carbonate from ultra-low concentration lithium-containing brine by the "one-step method", which includes a series of key core technologies such as continuous adsorption, multi-stage membrane refining + deep resin impurity removal, etc. It features a short process, high yield, and easy control. The yield of a single reaction is over 90%, which is higher than 75% of the traditional synthesis method. The lithium carbonate produced contains less than 50 ppm of calcium, magnesium, and boron, below 100 ppm of chlorine, below 300 ppm of sodium, and below 100 ppb of magnetic substances, meeting the Type I product standards of the national standard GB/T 23853-2022 Lithium Carbonate from Brine.

Zangge Lithium has successfully applied the "one-step" battery-grade lithium carbonate purification technology and achieved industrial-scale production, enabling high-yield, low-cost lithium extraction. This breakthrough provides engineering design basis for low-cost battery-grade lithium salt production and optimizes brine lithium extraction processes. In 2024, Zangge Lithium promoted this technology to Tibet Ali Mami Co Mining Development Co., Ltd., and supported lithium extraction development in the low-concentration salt lake regions of eastern Qaidam. The technology was registered as a scientific achievement in Qinghai Province and recognized by the Qinghai Department of Science and Technology as internationally leading, earning the Second Prize of the Qinghai Provincial Science and Technology Progress Award.



Developing new quality productive forces is a critical pathway to synergistically advance carbon reduction, pollution control, and ecological expansion. Zangge Mining consistently maintains an environmentally responsible approach, leveraging new technologies to drive the transformation of mining practices toward cleaner and greener production. The Company vigorously promotes green mine construction, and reduces resource consumption through optimized processes and equipment configurations. It aims to integrate cuttingedge technologies and produce cleaner products as the foundation for its green transition.

### **Construction of Green Mine**

Since the 18th National Congress of the Communist Party of China, the construction of green mines has become a powerful tool for advancing ecological civilization in the mining sector and a key measure for high-quality development. As a mineral-based enterprise and a national pilot unit for green mines, Zangge Mining recognizes the importance of green mine construction. It revised the original *The Administrative Measures Green Mine Construction*, adjusted the leadership team, and further improved the management mechanism. Zangge Mining employs sustainable production and operation models, implementing multi-faceted measures to enhance green mine construction capabilities. The Company fully implements *The Mine Geological Environmental Protection and Land Reclamation Plan* during project planning, operation, and post-closure phases, ensuring sustainable ecological development.

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			Measures	or The Construction of Gree	en Mine				
Environmental restoration and governance	<ul> <li>"development th</li> <li>In 2024, the Co environment. I</li> <li>The internal m</li> </ul>	mough protection, and protectio mpany moved projects forward i During the reporting period, a tot	onmental restoration and governance of t n through development". including land leveling in the lake area, ba al of 230 million yuan was invested in gove npany includes 53 spot rectifications, shap	he mine, strengthens the whole-proc ckfilling of the collapsed area, and re ernance funds, and 145.04 square kilc	ess governance in the early, middle and later stag	ptimized the roads in the salt fields and the	surrounding		
Comprehensive utilization of resources	<ul> <li>In terms of the for iodine extra</li> <li>In terms of har efficient conve</li> <li>In terms of imp</li> </ul>	<ul> <li>The Company has continuously promoted the comprehensive utilization of resources, improved the resource utilization rate, reduced the environmental impact, and accelerated sustainable development.</li> <li>In terms of the comprehensive utilization of associated resources, it has jointly studied the comprehensive utilization technology of bromine (iodine) resources with cooperative companies. Using the process of "specific adsorbent adsorption for iodine extraction + oxidation adsorption for bromine extraction", it has improved the extraction efficiency of associated resources in deep brine and facilitated the formation of a diversified industrial chain.</li> <li>In terms of harnessing technological innovation to empower resource development, through regularly carrying out process discipline inspections, the Company has ensured the stability of the ore dissolution process and guaranteed the efficient conversion of solid-liquid resources and the stability of brine supply.</li> <li>In terms of improving the comprehensive utilization rate of resources, the Company maintained a 100% comprehensive utilization rate of liquid waste in 2024 by means of recycling and reusing old brine, recycling tail liquid, optimizing process parameters such as slurry concentration, reagent dosage, and the ratio of ore to water.</li> </ul>							
Implement Energy- Saving and Emission Reduction	<ul><li>production of the</li><li>In 2024, the Co</li></ul>	The Company has continuously promoted energy conservation and efficiency improvement, pollution reduction and carbon reduction measures. These efforts aim to achieve low consumption, low emission, and low pollution in the production of the mining area, ensure clean production in the mining area and minimize pollutant emissions.  In 2024, the Company focused on improving energy management efficiency and carrying out energy conservation actions. Through a series of measures such as energy compliance management, promotion of accurate measurement, technical transformation and optimization of energy conservation, and implementation of employee training, the Company has comprehensively improved the energy management level.							
Technological innovation and digitalization	<ul> <li>Taking the construction of high-end, intelligent green mines as the focus, the Company has actively engaged in the research, application and promotion of mine scientific and technological technologies, so as to continuously improve the levels of intelligent construction, green and safe production.</li> <li>In 2024, Zangge Potash Fertilizer, a subsidiary of the Company, successfully obtained the evaluation certificate for the construction of Class A project management ability of the "Integration of Informatization and Industrialization" management, system, effectively promoting deep integration in the fields of technology, products and management, and laying a solid foundation for new industrialization.</li> <li>During the reporting period, Zangge Lithium upgraded and transformed the control system and set goals, in a bid to achieve the functions of black screen management and unattended operation. In the upgrade and transformation plan, the Company carried out software integration and implementation of digital monitoring of raw material consumption, water consumption and electricity consumption in stages.</li> </ul>								
Harmonious Enterprise-Local Relationships	the Company an <ul> <li>Since 2013, the</li> </ul>	d the local area and make progree Company has signed assistance	ess together.	vns including Xiangride River Zhuyu \	ility work in the communities where it operates. I fillage in Dulan County, Haixi Mongol and Tibetan /				

Meanwhile, in order to enhance the resource utilization efficiency of mines, the Company has strictly implemented the national and regional regulations on the exploitation recovery rate, ore dressing recovery rate, and comprehensive recovery rate ("Three Rates") for the development and utilization of salt lake resources, such as *The Requirements for the 'Three Rates' of Mineral Resources*. It has also continuously improved the technologies and processes for the comprehensive recovery and deep processing of resources, so as to achieve national-leading "Three Rates".

Year	Zangge Pota	sh Fertilizer	Zangge	Lithium
Indicator	2024	2023	2024	2023
Exploitation recovery rate (%)	84.63	85.07	/	/
Ore dressing recovery rate (%)	62.24	65.32	/	/
Comprehensive recovery rate (%)	100	100	100	100

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### Clean Technology Opportunities

The global energy structure is transitioning towards low-carbon and clean energy in an accelerated way. The rapid development of the new energy vehicle industry has further driven the growth in demand for power batteries. As a key raw material, lithium's market value and strategic position have become increasingly prominent. Riding on this wave and leveraging the advantages of its salt lake resources, Zangge Mining has invested in building a lithium carbonate production line since 2018. Innovatively using the non-reusable brine from potash fertilizer production for lithium salt extraction, the Company has improved the comprehensive utilization efficiency of mineral resources. At the same time, it has accelerated the layout of the industrial chain and expanded into areas related to clean energy.

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### Lithium Resource Development and Circular Utilization

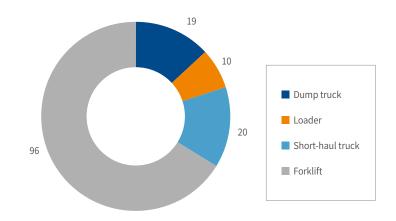
As the core material of new energy batteries, lithium has become an important support for the global energy transition, driven by the rapid growth of the new energy vehicle and energy storage markets. By extracting lithium salts from the non-reusable brine of potash fertilizer production, Zangge Mining has improved the comprehensive utilization rate of mineral resources and water resources, and promoted the efficient circular utilization of resources. In 2024, the Company produced 11,566 tons of lithium carbonate. It has continuously optimized its investment strategy in clean technologies. Through diversified means such as industrial funds, equity mergers and acquisitions, and public auctions, it has accelerated the layout of lithium resource reserves and extended the industrial chain.

### Xinge New Energy: Developing New Energy Transport Capacity to Empower Green Transportation

Amid the rapid development of the new energy vehicle industry, Zangge Mining and Sunwoda Electronic Co., Ltd. jointly established "Xinge New Energy Technology (Shenzhen) Co., Ltd." in 2023. Focusing on the field of green power transportation, it constructs a smart energy system with "transport capacity + batteries" as the core. Centering on areas such as new energy heavy trucks, charging and swapping facilities, transport capacity management, and battery recycling and utilization, the Company has built a comprehensive transport capacity solution integrating "people, vehicles, stations, batteries, and finance". Through the construction of integrated stations for photovoltaics, energy storage, charging, inspection, and swapping, it has promoted the transformation of the energy structure in the mining area and industrial parks. In the future, the Company will continue to deepen the operation mode of new energy transport capacity, promote the green and low-carbon upgrading of key industries such as mining areas, steel plants, and ports, and help achieve China's "dual carbon" goals. It will also work hand in hand with upstream and downstream enterprises in the industrial chain to jointly seize the opportunities of clean technologies and achieve win-win cooperation.

### New Energy Infrastructure Construction

To further promote the construction of a green mining area, the Company has actively engaged in the construction of new energy infrastructure to optimize the energy structure of the mining area. In the lake area, the Company has initiated the construction of charging stations and laid out a charging network for new energy vehicles to meet the future demand for the replacement of new energy vehicles. During the reporting period, the Company has installed 41 charging piles. Through scientific planning of the layout of charging piles, the Company has not only provided the necessary support for the promotion of new energy vehicles, but also laid the foundation for the construction of a low-carbon transportation system. The Company has also promoted the upgrade of clean transportation in the entire mining area through strengthened cooperation and management. Currently, the Company has rented a total of 145 new energy vehicles and machinery from outsourced units.



Number of new energy vehicles and machinery from outsourced units (vehicles/machines)

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### **Clean Production Practices**

Foreword

As a company located in the special geographical environment of the Qinghai-Tibet Plateau, Zangge Mining has operated in compliance with the requirements of laws, regulations and regulatory documents such as *The Cleaner Production Promotion Law of the People's Republic of China* and *The Notice of the List of Enterprises Subject to Cleaner Production Audits in Haixi Prefecture in 2024*, and continuously promoted multi-category technological transformations related to cleaner production. Based on the requirements of protecting the ecological environment, the Company has promptly optimized the technical route, applied green production technologies and the principles of circular economy, and effectively promoted the realization of cleaner production goals.

### **Key Performance**

By the end of this reporting period

### Zangge Lithium has passed the national-level green factory certification

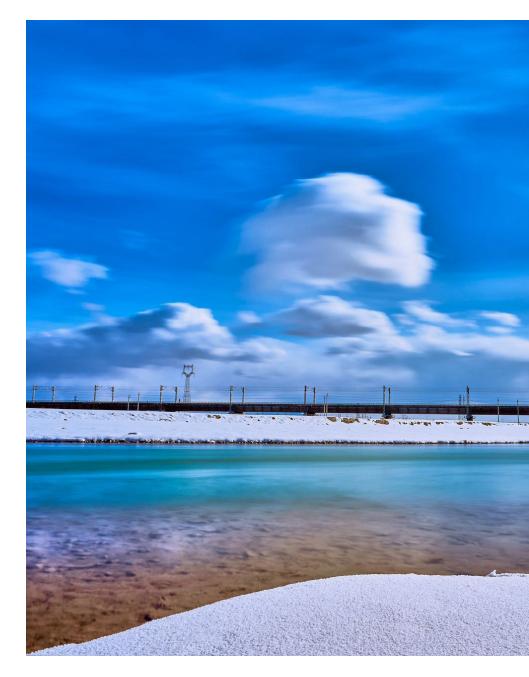
and completed the annual supervision and audit work of the green factory for 2024

Zangge Potash Fertilizer has launched the second round of cleaner production audit and is expected to pass the cleaner production audit in 2025



### Zangge Potash Fertilizer replaces energy-saving and carbon-reducing technical equipment

To address the imbalance between energy supply and demand in the Qarhan area, while improving production efficiency, reducing production and operation costs, and enhancing equipment safety, Zangge Potash Fertilizer planned to invest 32 million yuan in promoting advanced energy-saving and carbon-reducing technical equipment during the reporting period. By the end of this reporting period, Zangge Potash Fertilizer has invested 12.0438 million yuan in equipment renewal. This project is of great significance in terms of optimizing resource allocation, reducing costs and increasing efficiency, saving energy and protecting the environment, and safety control. As calculated, once the project is put into operation, it can save electricity equivalent to a comprehensive energy consumption of about 490 tons of standard coal per year, and achieve an economic benefit of about 1.7 million yuan per year.



## **Digital Intelligence Productive Forces**

Case

In the process of promoting innovation and cleaner production, digital and intelligent productivity, as a key force to improve production efficiency and sustainable development, is gradually becoming the core of the Company's industrial transformation and upgrading. Through the deep integration of digital and intelligent technologies, the Company's DCS (Distributed Control System) construction is applied in multiple production links.

Automation upgrade and intelligent transformation	<ul> <li>In the lithium segment, the Company carried out automation upgrades for 20 series in five major areas of the adsorption workshop. The automation integration of the 6 series has been successfully completed, achieving the simultaneous promotion of the optimization of the operation interface and the improvement of the automation production level.</li> <li>At the same time, the automation level of the MVR (Mechanical Vapor Recompression) system in the nanofiltration workshop has been significantly enhanced through equipment upgrades, process optimization, and the modernization of the automatic control program.</li> </ul>
Innovative process and risk control	• Through innovative process design and equipment upgrades in the nanofiltration workshop, such as the addition of ORP (Oxidation-Reduction Potential) monitoring and the modification of nanofiltration membranes, the technical transformation of the electrodialysis system has successfully addressed the long-standing challenge of electrodialysis membrane oxidation in chlorinated salt systems used for lithium extraction from salt lakes. This improvement has also significantly reduced the risk of equipment corrosion.
Precise control and system integration	<ul> <li>In the application of the DCS system in the potash fertilizer production line, the Company has achieved precise control of the production process through real- time data collection, display, and analysis.</li> <li>The interlock control and early warning functions of the DCS system effectively enhance the real-time monitoring ability during the production process, ensuring the stable operation and safety guarantee of the production links.</li> </ul>

Measures for Digital and Intelligent Transformation and Upgrading

The accumulation and empowerment of new quality productive forces are inseparable from the iterative upgrade of means of labor. Zangge Mining is actively embracing the industry's shift toward digital transformation by vigorously advancing the adoption of digital, networked, and intelligent production technologies. The Company is accelerating the development of digital workshops and smart manufacturing demonstration plants, while closely tracking the progress of cutting-edge digital technologies such as artificial intelligence, big data, the Internet of Things, and the industrial Internet. Through these efforts, Zangge Mining is steadily driving forward its digital transformation journey. Zangge Potash Fertilizer was awarded the evaluation certificate for the construction of Class A project management ability of the "Integration of Informatization and Industrialization" management system

In March 2024, Zangge Potash Fertilizer passed the system certification audit of *The Requirements for the Integration Management* System of Informatization and Industrialization (*GB/T 23001-2017*) and *The Grading Requirements for New Capabilities of the* Integration Management System of Informatization and Industrialization (*GB/T 23006-2022*) issued by the Ministry of Industry and Information Technology of the People's Republic of China, obtained the evaluation certificate for the construction of Class A project management ability of the "Integration of Informatization and Industrialization" management system, and received special subsidy funds issued by the Department of Industry and Information Technology of Qinghai Province.

The "Integration of Informatization and Industrialization" refers to the high-level and in-depth combination of industrialization and informatization. It is an important measure taken by the Ministry of Industry and Information Technology of the state to break through the current bottleneck of digital transformation and development of domestic enterprises and promote industrial transformation and upgrading. It helps to improve the production efficiency and management level of enterprises through the intelligence, automation, and digitization of production and management. Through the construction and implementation of the "Integration of Informatization and Industrialization" management system, Zangge Potash Fertilizer has promoted deep integration in the fields of technology, products, and management, accelerated the development of industrialization supported by informatization, and laid a solid foundation for new industrialization.



Zangge Potash Fertilizer's Evaluation Certificate for the Construction of Class A Project Management Ability of the "Integration of Informatization and Industrialization" Management System Special Topic

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# 01**Climate and Environmental Action**

Climate change ranks among the major challenges of our time and is one of the most pressing non-traditional security issues confronting contemporary society. To address climate change and mitigate its impacts on society, Zangge Mining strictly fulfills its environmental protection obligations throughout production and operations, aligns with the growing trend of green operations, and consistently fosters positive synergies between ecological protection and business growth. Meanwhile, the Company actively implements climate change mitigation policies, promotes green and low-carbon development, and contributes to achieving the national goals of carbon peaking and carbon neutrality.

### Material issues covered in this chapter

- Response to Climate Change
- Energy Management
- Environment Management
- Water Stewardship
- Pollution and Waste
- Management
- Biodiversity Protection
  - Construction of Green Mine

### SDGs addressed in this chapter





















Zangge Mining actively responds to the Paris Agreement Temperature Targets and China's "30•60" Decarbonization Goal. The Company closely monitors ongoing developments in global climate change dynamics, gradually establishes a robust climate-governance framework, and integrates climate-change responses into its sustainable development strategy. Through comprehensive identification of climate risks across all business segments, the Company has formulated climate-related targets and key performance indicators, such as energy consumption benchmarks, and advances mitigation and adaptation measures in line with its operational realities.

### **Climate Resilience**

Zangge Mining has established a climate governance structure led by the Board of Directors to manage and oversee climate-related issues. Within this framework, the ESG and Sustainability Management Team sees to discussions and decision-making while coordinating with relevant departments and subsidiaries. During the reporting period, the Company continued adopting the Intergovernmental Panel on Climate Change (IPCC) climate scenario models for its analyses. Notably, the Company encompassed its Laos operation site in its climate risk and opportunity identification system for the first time, and formulated and implemented solutions in collaboration with relevant departments and subsidiaries. We are now gradually using quantitative tools to strengthen the measurement and analysis of climate-related financial information.

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### Physical Risks

We have performed a scenario analysis using two Representative Concentration Pathways (RCPs) adopted by the Intergovernmental Panel on Climate Change (IPCC)—namely 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 Type	Risk Level	Potential Impacts	Countermeasure						
Acute Risks									
Extreme Precipitation	Medium	<ul> <li>Reduced mineral formation rates, affecting production volume and product quality</li> <li>Damage or malfunction of equipment and infrastructure, resulting in production interruptions, reduced production efficiency, and additional costs for repairs or replacements</li> <li>Disruption to logistics and supply chains, causing logistics delays or delayed delivery of orders, ultimately impacting business continuity and customer satisfaction</li> </ul>	<ul> <li>Optimize resource reserves beyond the salt lake regions and develop a rational mineral resource development plan</li> <li>Implement an Emergency Response Plan for Environmental Emergencies, Production Safety Emergency Response Plan, and Flood Control Emergency Response Plan, establish a flood control emergency response team, and conduct annual flood control drills</li> <li>Regularly inspect and eliminate potential hazards, and prepare sufficient flood control materials (like sandbags, pumps, raincoats, rainboots, etc.)in advance</li> <li>Optimize water supply and drainage facilities and install cutoff valves at discharge points</li> </ul>						
	1	Chronic Risks							
Water Shortage	High	<ul> <li>Prolonged drought may lead to a shortage of production water, affecting the continuity and stability of production</li> </ul>	<ul> <li>Continuously optimize production processes and upgrade water-saving equipment to enhance water use efficiency</li> <li>Scientifically schedule production activities and strictly enforce water use strategies</li> </ul>						
Warming Trend	- High	Increased water demand in production processes, raising operational costs	<ul> <li>Reduce water losses through evaporation and improve water resource efficiency by reducing open pit operations, enhancing water-saving technologies, and recycling wastewater</li> </ul>						
Drying Trend	ngn	<ul> <li>Higher expenses to maintain optimal temperature and humidity levels in the production environment</li> </ul>	<ul> <li>operations, enhancing water-saving technologies, and recycling wastewater</li> <li>Strengthen insulation performance of equipment to enhance climate control efficiency</li> </ul>						
Wet Trend	Medium	<ul> <li>Product quality degradation due to moisture absorption during storage</li> <li>Accelerated corrosion of equipment and facilities in humid environments</li> </ul>	<ul> <li>Use dehumidifiers to lower humidity in storage areas and adopt waterproof packaging to prevent moisture damage to products</li> <li>Conduct routine maintenance and timely repair corroded components</li> </ul>						

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### **③** Transition Risks and Opportunities

Against the backdrop of the global green industrial transformation and China's national "Dual Carbon" strategy, climate-related policies and regulations, technological innovations, market sentiment, and shifting consumer preferences pose potential compliance risks and cost pressures for enterprises. In response, Zangge Mining has identified and assessed transition risks based on factors including its business development, external policy changes, and industry trends and has formulated preliminary corresponding solutions. At the same time, the Company has also identified opportunities in the market and technologies arising from the low-carbon transition, formulated targeted strategic development plans, and adjusted them accordingly to ensure continuous and steady growth.

Туре	Risk/ Opportunity Type	Potential Impacts	Countermeasure
	Policies and regulations	<ul> <li>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</li> <li>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</li> <li>The Company's exported products may face future carbon tariffs, carbon footprint requirements, and other related policy requirements or restrictions</li> </ul>	<ul> <li>Closely monitor international and domestic environmental and carbon-related laws and regulations. Conduct annual carbon footprint accounting and verification and gradually pursue actions such as product carbon footprint certification</li> <li>Strengthen environmental management and internal compliance controls to avoid or reduce carbon emission and energy use violations</li> </ul>
Risk	Technologies	<ul> <li>Failure to invest in low-carbon technologies can make us lag behind our peers and miss out on development opportunities</li> <li>Tighter carbon footprint requirements for upstream and downstream products may force early replacement of high-energy consumption equipment</li> </ul>	<ul> <li>Enhance technology reserves and conduct thorough feasibility studies of new technologies to ensure their rationality and applicability</li> <li>Focus on building a robust R&amp;D team to effectively enhance our R&amp;D capabilities and technological expertise</li> <li>Conduct energy efficiency assessments, set energy saving and carbon reduction targets and pathways, plan low carbon technology roadmaps, and implement them in phases</li> </ul>
	Market	<ul> <li>Climate change can affect rates and quality of the ore formation, subsequently leading to decreased product yield and quality and potentially harming the Company's reputation</li> <li>Customer demand for low-carbon products and stricter requirements for suppliers' ESG performance may affect product competitiveness in the market</li> <li>Climate change may result in regional power or water restrictions and higher electricity prices, leading to increased production and operating costs</li> </ul>	<ul> <li>Actively optimize resource reserves and develop a rational mineral resource development plan</li> <li>Integrate the philosophy of sustainable development into the full product life-cycle management. Proactively engage in energy saving and emission reduction efforts to meet customer demand for low-carbon products</li> <li>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</li> </ul>
	Reputation	<ul> <li>Corporate ESG performance becomes a continuous focus for regulators, investors, customers and other stakeholders. Failure to provide appropriate responses can damage corporate reputation, erode brand value, hinder financing, and create operational risk</li> </ul>	<ul> <li>Proactively address stakeholders' concerns regarding our climate-related matters through ESG reports, information disclosure via the official website, and responses to questionnaires</li> </ul>
Opportunity	Market	<ul> <li>Government incentives such as subsidies for carbon emission reduction</li> <li>Growth in lithium carbonate demand in the battery sector due to the global industrial transition and the growth of the new energy vehicle industry</li> <li>Climate change-induced natural disasters and extreme weather events may impact food production and quality, heighten market concerns about food production, storage, and security, and drive potash fertilizer demand</li> </ul>	<ul> <li>Conduct feasibility studies on carbon emission reduction projects, adapt projects to local conditions, and promptly apply for relevant subsidies</li> <li>Stay updated on the development trends in emerging industries (e.g., new energy), expand the business scope, promptly launch relevant businesses, enhance resource reserves, and advance resource development</li> <li>Adjust the overall development strategy of the potash fertilizer and lithium salt businesses in response to changes in the internal and external environments</li> </ul>
	Technologies	<ul> <li>Advances in industrial energy-efficiency technologies and equipment present opportunities for us to lower costs and enhance efficiency</li> <li>The Company's high-quality lithium salt products align with lithium battery technologies. Integration with the fast-growing battery sector can unlock new commercial avenues</li> </ul>	<ul> <li>Employ high-efficiency production equipment to boost resource recovery rates and further reduce energy and resource consumption costs</li> <li>Closely monitor changes in the lithium battery industry and adjust the overall development strategy for the lithium salt business accordingly</li> </ul>

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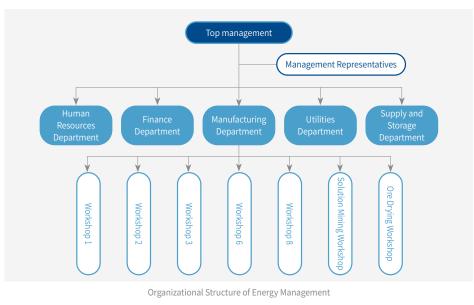
### **Energy Management**

Energy use is a key leverage point for mitigating climate change. Zangge Mining is committed to advancing energy conservation and emissions reduction initiatives, identifying items to be improved in management, and steadily enhancing its energy and carbon management capabilities.

### Governance

Zangge Mining strictly adheres to the *Energy Conservation Law of the People's Republic of China* and other relevant regulations. We have developed and actively implemented several procedural documents, such as the *Energy Management Regulations, Energy Consumption Measuring Management System, Energy Saving Incentive Scheme, Energy Performance Parameter Control Procedure,* and *Energy Manual,* and established an energy management system under ISO 50001. By the end of the reporting period, both the Company's production bases, Zangge Potash Fertilizer and Zangge Lithium, have achieved the ISO 50001 energy management system certification. To ensure compliance with the energy management system, we conduct internal audits annually and undergo third-party external audits every three years. Each year, we set energy management goals and implement a range of energy saving measures to realize these targets.

To further strengthen energy governance, we have established a three-tier energy management system. This network promotes the active participation of everyone within the Company in energy management affairs. Additionally, the Company has established an energy management leading group headed by the President responsible for oversight and decision-making related to energy management.



### Risk, Impact, and Opportunity Management

Risk	Countermeasure		
Low energy efficiency of legacy equipment may lead to high energy consumption in production processes, resulting in increased operational costs	Gradually replace outdated motors and transformers with energy-efficient and new models. Install smart meters to implement comprehensive measurement of energy		
Inadequate energy management in operation or production processes may cause energy waste and reduce energy usage efficiency	and energy-consumed medium and ensure accurate measurements		
Opportunity	Countermeasure		
National policies that promote energy conservation and emissions reduction offer incentives for optimizing energy management, and meeting the market's growing demand for low-carbon chemical products enhances our brand image and competitiveness	Regarding personnel management, set clear energy-saving targets and implement incentive schemes to strengthen employees' engagement in energy conservation. Launch a		
Introducing advanced energy management systems and energy saving technologies, such as intelligent energy consumption monitoring platforms and high-efficiency, energy-saving equipment, can improve energy usage efficiency and reduce production costs	<ul> <li>series of energy saving technology enhancement project and plan the development of a digital energy managem platform to enable more precise monitoring of energy consumption</li> </ul>		



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### Strategy and Management Method

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The Company upholds an energy policy focused on "legal compliance, continuous improvement, innovative development, cost reduction, and efficiency enhancement" and continuously refines its energy-management capabilities. We conduct company-wide energy saving assessments to fully explore energy saving opportunities and lower energy use costs while enhancing efficiency. This year, Zangge Potash Fertilizer also completed a comprehensive energy management audit covering production workshops, mining workshops, office areas and auxiliary facilities. Drawing on assessment and audit findings, we are striving to fully elevate our energy management through measures such as strengthening compliance oversight and improving measurement accuracy, undertaking energy saving technological enhancements and optimizations, and strengthening employee training in energy conservation.

	nent Enhancements		Training for New Employees at Energy-Using Units	Internal Daily Training for Energy-Using Units	Energy Management Center Training	
<ul> <li>Energy compliance management</li> <li>Gradually replace obsolete equipment</li> <li>Identify, acquire, and update applicable energy regulatory requirements and incorporate them into the management system promptly</li> <li>Conduct annual compliance evaluations</li> </ul>	<ul> <li>Energy-saving incentives</li> <li>Establish an energy-saving incentive mechanism. Incorporate 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.</li> </ul>	Target Trainees	New employees at energy-using units	Energy operation staff	Members of the Company's three- tier energy management leadership team, energy management directors/ deputy directors of each unit, energy management engineers, energy administrators, and energy consumption statisticians	
nergy-saving goals Set targets for energy consumption per unit of product and output value, as well as total energy consumption goals. Sign the <i>Letter of Responsibility for Energy</i> <i>Management Objectives</i> with relevant departments.	Employee training <ul> <li>Conduct regular energy management employee training         and energy-saving publicity and awareness campaigns         Tr         Ob</li> </ul>		To help new personnel quickly adapt to their work environment and transition smoothly into their roles	To enhance employees' energy-saving awareness and operational skills while deepening their understanding of energy- related knowledge	To strengthen foundational energy- saving knowledge, technical expertise, and management capabilities of energy management leadership across all units	
Energy-Sa	aving Actions					
Accurate measurements Implement comprehensive measurement of energy and energy-consumed medium, install smart meters, and conduct regular inspections, management, and maintenance of measuring instruments to ensure	<ul> <li>Energy-saving technological enhancements and optimization</li> <li>Gradually replace outdated motors and transformers with energy-efficient and new models</li> <li>Apply advanced energy-saving and carbon footprint reduction technologies and equipment</li> </ul>	Training Content	Definition of energy, operational protocols for energy equipment, and methods for energy conservation	National guidelines on energy development, energy skills and knowledge, etc.	Knowledge related to energy management, national and local energy- related laws and regulations, and best practices from leading enterprises in energy management	
accurate measurements <ul> <li>Establish an energy statistics reporting system with</li> </ul>	<ul> <li>Upgrade lighting systems and improve the use of natural light</li> </ul>		Zangge Lithium Energy Management Training System			
nonthly level-by-level reporting and analysis of energy consumption data Plan and develop a digital energy management platform or precise monitoring of energy use newable energy Purchase renewable electricity Conduct feasibility studies for rooftop photovoltaic projects Gradually adopt electric and new energy transportation machinery	<ul> <li>Optimize equipment operation and management processes to reduce unnecessary energy consumption</li> <li>Upgrade heating technology in buildings</li> <li>Utilization of waste heat: <ol> <li>Use workshop waste heat for office heating;</li> <li>Use workshop waste heat for office heating;</li> <li>Use workshop waste heat for office heating;</li> <li>Utilize water-source heat pump heat exchangers to transfer heat from workshop tail brine to desalinated water, serving as a hot water supply for workshops</li> </ol> </li> </ul>					

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### Metrics and Targets

In 2024, both Zangge Potash Fertilizer and Zangge Lithium established detailed energy management objectives. Additionally, Zangge Lithium signed the *Letter of Responsibility for Energy Management Objectives* with all relevant energy management personnel to promote the achievement of energy-saving and emission-reduction goals. Furthermore, Zangge Potash Fertilizer and Zangge Lithium set energy control indicators for 2024, covering metrics such as comprehensive energy consumption and electricity consumption per unit of product, thereby strengthening energy performance management. By the end of the reporting period, the progress toward energy management objectives is as follows:

Zangge Potash Fertilizer Energy Management Targets						
Target	Achievement status for 2024					
By the end of 2024, improve energy efficiency in production processes by 15% through equipment upgrades	Achieved					
By the end of 2024, reduce energy consumption per unit of product by 10% through the introduction of advanced energy-saving technologies and management measures	Achieved					
By 2026, reduce fuel consumption of company-owned vehicles by 20% through the adoption of new energy vehicles and optimization of transportation routes	Achievable					
By 2027, lower overall factory energy consumption by 5%, while completing energy audits and energy-saving technological enhancements	Achievable					
Zangge Lithium Energy Management Targets	Zangge Lithium Energy Management Targets					
Target	Achievement status for 2024					
Target       Reduce the comprehensive energy consumption per RMB 10,000 output value by 2% in 2024 compared to 2023	Achievement status for 2024 Not achieved*					
Reduce the comprehensive energy consumption per RMB 10,000 output value by 2% in 2024 compared to 2023	Not achieved*					

\* In 2024, due to a decrease in brine concentration, energy consumption increased to ensure production quality, resulting in the failure to meet this objective.

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### Key Performance

During the reporting period,

The Company procured **266,725.21** MWh of green electricity. Zangge Potash Fertilizer utilized **57,756** Green Electricity Certificates, and Zangge Lithium utilized **44,000** Certificates, equivalent to a total reduction of approximately **54,600** tons of carbon dioxide emissions.

Energy Type	Unit	2024	2023	2022
Natural Gas	10,000 cubic meters	1,543.58	2,051.58	2,326.96
Diesel	10,000 L	296.48	232.84	215.26
Gasoline	10,000 L	45.27	42.55	35.03
Purchased Electricity	GWh	388.49	425.81	420.72
Total Direct and Indirect Energy Consumption	tons of standard coal equivalent (tce)	103,064.41	113,460.92	111,512.75

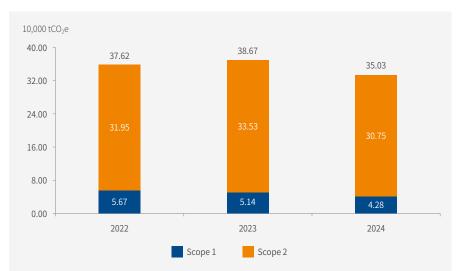
Zangge Mining Energy Consumption Overview

### **Carbon Emission Management**

To align with national requirements for a green and low-carbon transition and contribute to the realization of the "Dual Carbon" goals, Zangge Mining effectively manages its greenhouse gas emissions by establishing clear metrics and targets.

The Company 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, the Company conducted its first Scope 3 carbon emissions assessment, covering Business Travel (Category 6) and Employee Commuting (Category 7). Looking ahead, we plan to progressively refine the value chain carbon footprint accounting, expanding coverage to additional Scope 3 categories, to encourage upstream and downstream partners to collectively advance toward low-carbon development and achieve a green transition.

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Zangge Mining Carbon Emissions (Scope 1 and Scope 2) Data

Category	Scope 3 Emissions (tCO <sub>2</sub> e) <sup>1</sup>
Category 6 Business Travel	186.61
Category 7 Employee Commuting	1,359.83
Total Scope 3 Emissions	1,546.44

<sup>&</sup>lt;sup>1</sup> The emission coefficient sources for business travel (Category 6) are ICAO and US EPA-2022; the emission coefficient sources for employee commuting (Category 7) are the Carbon Incentive Program for Low-carbon Travel in Beijing (2024) and the Carbon Incentive Program for Low-carbon Travel in Beijing (2023).

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## **Environmental Management System**

Upholding the environmental management principles of "priority to protection, emphasis on prevention, integrated governance, public participation, and liability assumption", Zangge Mining continuously optimizes its environmental management system, increases investment in environmental management, and reduces pollutants discharge, resource consumption, and material usage throughout the entire product lifecycle. Simultaneously, efforts are made to strengthen environmental risk prevention and response capabilities and actively protect the ecological environment of the regions in which we operate.

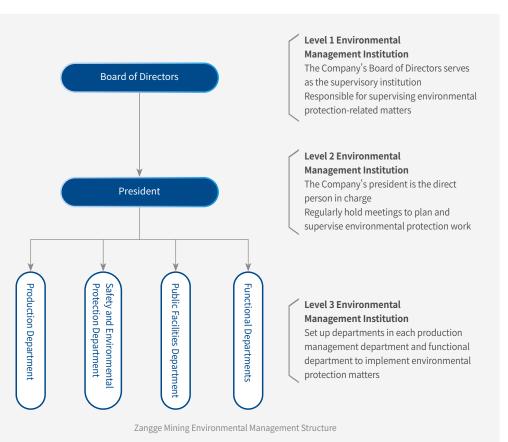
## Management System and Structure

Zangge Mining consistently strengthens its management of environmental protection and resource utilization while strictly adhering to the Environmental Protection Law of the People's Republic of China and other relevant environmental regulations at project sites. The Company has established an ISO 14001-based environmental management system and developed management systems including the Environmental Protection Policy, Environmental Protection and Safety System, and **Operation Management of Environmental-Protection** Facilities, which are applicable across all production bases to ensure compliance in environmental management. During the reporting period, Zangge Lithium engaged a third-party certification body to conduct an on-site audit of its environmental management system, with results verifying the system's sustained effective operation. Additionally, Zangge Potash Fertilizer achieved ISO 14001 environmental management system certification for the first time. By the end of the reporting period, the environmental management system certification coverage rate across the Company's production bases (Zangge Potash Fertilizer and Zangge Lithium) reached 100%.





Environmental Management System Certification Certificates for Zangge Potash Fertilizer and Zangge Lithium In terms of Zangge Mining's environmental management structure, the Board of Directors oversees environmental protection matters, and the President is directly responsible for environmental management, including convening regular EHS meetings to supervise, inspect, and plan related work. Specific implementation of environmental responsibilities is carried out by relevant departments, including the Safety and Environmental Protection Department, Public Facilities Department, and Production Department.



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	Key Performance During the reporting period, the Invested a total of RMB <b>230.</b> environmental protection			system, un targets. Fur with those <i>Protection.</i> indicators i	environmental management targets, we hav der which employees receive rewards or pen thermore, our safety and environmental pro of our subsidiaries, sign an annual <i>Letter of F</i> This letter outlines our environmental prote nto the employee performance evaluation sy tives. In 2024, Zangge Mining achieved all en	alties based on the achievement of thes tection management departments, alon Responsibility for Security and Environm ction goals for the year and integrates re ystem to ensure the effective implement	se ng nental elevant
	Restored and managed an environ <b>145.04</b> square kilometers Recorded <b>Zero</b> major environ incidents	5		of Respon	ental incident control targets in Zangge sibility for Security and Environmental nce of environmental pollution accidents compliance rate of outfall discharge	-	
					tandardized disposal rate of hazardous wast	e	
	No.	AN LOR	Amala		COLO made		

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### Environmental Risk Management

Zangge Mining conducts project construction in full compliance with environmental impact assessments and rigorously implements the "Three Simultaneities"<sup>1</sup> environmental protection principle. Upon project completion, we promptly conduct environmental protection inspections to ensure safe production, protect employee health, prevent safety incidents, and implement safety production policies. To continuously enhance environmental governance, the Company conducts internal safety and environmental protection audits across all production bases every six months. Additionally, third-party organizations are regularly engaged to perform external audits, enabling comprehensive identification of weaknesses and potential risks in environmental management. Identified issues are promptly addressed to minimize the potential impact of environmental risks.

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The Company rigorously complies with laws and regulations such as the *Emergency Response Law of the People's Republic of China* and the *Guidelines for Emergency Response Drills*. We have also developed and implemented environmental risk management policies, including the *Environmental Protection and Safety System*. During the reporting period, Zangge Potash Fertilizer conducted a thorough review of its facility layout and updated the *Response Plan for Environmental Emergencies*. This update included identifying categories of hazardous substances and organizing environmental incident response drills. These drills tested the refined emergency response plan while reinforcing employees' understanding of the new emergency protocols, thus further strengthening the Company's overall environmental risk response capabilities.

### Case Zangge Lithium environmental emergency drill

On May 25, 2024, Zangge Lithium conducted an emergency response drill simulating a hydrochloric acid leak under its *Response Plan for Environmental Emergencies*. Upon receiving and verifying the environmental incident alert, on-duty personnel promptly notified the response team. The team swiftly arrived at the site, evacuated personnel, sealed the leak point, and diluted airborne chemicals using firefighting water. Subsequently, the response team assessed the hazard, built sand barriers to contain further spread, collected materials, and used absorbent pads to address residual liquids. Contaminants were promptly cleared, and the finishing procedures were conducted swiftly, effectively eliminating environmental risk hazards.



Emergent Closure of the Hydrochloric Acid Storage Tank's Leaking Valve

### Case Zangge Mining's World Environment Day activities

In celebration of "World Environment Day" on June 5, Zangge Mining conducted environmental protection training sessions at two production bases, with the theme of "Comprehensively Promoting the Construction of a Beautiful China". Additionally, the Company displayed banners to raise environmental protection awareness at the lake area office building. These efforts enhanced employees' awareness of ecological and environmental protection, and strengthened their understanding of legal regulation.



Zangge Mining World Environment Day Publicity and Training Activities

<sup>1</sup> The "Three Simultaneities" Principle: Article 41 of The Environmental Protection Law revised in 2014: The facilities for preventing pollution in a construction project shall be designed, constructed, and put into use simultaneously with the main project.

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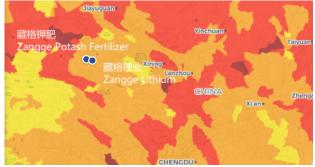
# Water Stewardship

Foreword

Water is an indispensable resource for fostering and sustaining economic health and prosperity, ensuring human health and wellbeing, and maintaining the balance of ecosystems. Zangge Mining strictly complies with the *Water Pollution Prevention and Control Law of the People's Republic of China*, and applicable national and local water consumption and drainage standards. We place significant emphasis on the environmental impact of water resource consumption, remain dedicated to water resource protection, and actively enhance water recycling and reuse. We also take multiple measures to reduce the pressure from our production and operations exert on local water resources.

## Impact, Risk, and Opportunity Management

Zangge Mining actively identifies and assesses water-related risks every year, and implements corresponding management measures to mitigate associated risks. This year, the Company continued to assess water security risks for water abstraction at domestic production bases (Zangge Potash Fertilizer and Zangge Lithium) and review water stress in production and operations. We have used the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI) and the Water Risk Filter developed by the World Wildlife Fund (WWF) to identify and assess water stress levels at water withdrawal sites. The results show that water risk scores of the withdrawal sites at both domestic production bases are below 3, indicating they are not in high or extremely high water risk areas. During the reporting period, no incidents of noncompliance related to water resource utilization were recorded.



Analysis Results of the Aqueduct Water Risk Atlas developed by WRI



Analysis Results of the Water Risk Filter Developed by WWF

Zangge Mining prioritizes the rational utilization of water resources and continuously strengthens water resource recycling and reuse. In accordance with water resource-related laws and regulations in the regions where projects are located, we focus on managing water usage and discharge. We have established internal policy documents such as the *Water Conservation Management System and the System for Protecting Ecological Water Use* to reinforce our management of water conservation, efficient utilization, and wastewater recycling, thereby lowering water resource risks.

We have developed a water resource management structure with the Board of Directors serving as the highest supervisory and evaluative body. The ESG and Sustainability Management Team is responsible for managing performance and targets, and the business units at production bases are the implementing entities. By clearly delineating responsibilities at all levels, we have established an efficient and streamlined water management framework to continuously enhance water management effectiveness. This year, we conducted our first specialized analysis of the potential risks that water withdrawals may pose to local communities and ecosystems. This analysis aims to effectively evaluate the dependency and impact of our production activities on water resources and offers theoretical support for enhancing water resource management. Details are presented in the table below.

Impact Type	Impact Pathway		
Water Resource Utilization	Excessive water withdrawal may reduce local water reserves and affect the water levels and flow of rivers, lakes, and groundwater, there exerting pressure on aquatic ecosystems, agricultural irrigation, and residential water use.		
Water Quality Changes	Water withdrawal processes may introduce pollutants or alter the physical and chemical properties of water, impacting water quality and adversely affecting drinking water sources and agricultural water use.		
Ecological Environment	Over-extraction may lead to river flow interruptions or wetland desiccation, disrupting habitats for aquatic organisms.		
Socioeconomic Impacts         Water withdrawals may compete with local agricultural, industrial, and residential water demands, causing water allocation conflic           Additionally, the construction and operations of water withdrawal facilities may influence the local economy.			
Sustainability	Long-term excessive water withdrawal could result in unsustainable water use, threatening local development in the long run.		

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## Strategy and Management Method

#### Water Use Management

In terms of risk management, the Company strives to reduce reliance on water withdrawal through measures such as conducting water resource risk analyses, performing water balance tests, optimizing production processes, and setting water use targets. Additionally, an annual comprehensive water use plan is formulated and allocated to subsidiaries and production workshops. We have established water management indicators and targets, preprared ledgers for energy-saving and waterconserving equipment, and conducted monthly water-saving statistics and analysis as well as quarterly performance reviews.

Besides stringently regulating production water use, we also actively enhance employees' water conservation awareness through regular campaigns and promote knowledge of water conservation and related products to encourage employees to reduce household water usage.

Pre-project construction stage UC Ww it Production and operations stage

hydrogeological conditions, groundwater, and surface water quality of the project location, comprehensively evaluates indicators such as the rationality of water intake and use, the quality of water resources, and the potential impact of production and business activities on local water bodies. Combining the reserve water source and emergency system, it prevents emergencies such as water supply interruptions and sudden drops in water quality

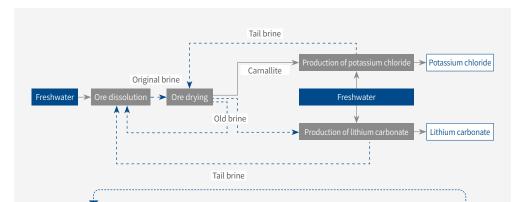
In the environmental impact assessment

stage, the Company analyzes the

To track the water quality of the water source and the water intake situation, we have installed flow meters at the water source to manage the use of water resources from the perspective of water intake end indicators

#### Water Conservation Management

Given the relative scarcity of water resources in the Qinghai-Tibet Plateau region where the Company operates, coupled with the high water dependency on chemical production, Zangge Mining leverages the adjacency of its two production bases to strengthen water recycling and reuse between them. By establishing a comprehensive tailing fluid utilization flow, the Company has improved the efficiency of both water and mineral resource utilization and effectively conserved water resources.



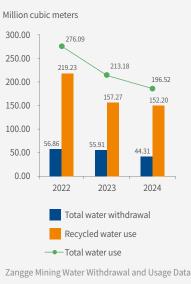
# Ore dissolution

Solid to Liquid Conversion: Use the bittern mixing process to extract the potassiumcontaining original brine from the solid rock formation Carnalite Precipitation: Transport the original brine to the ore drying pond for spreading and drying. Through the triple steps of enrichment: the sodium salt pondadjustment pond-ore formation pond, the sodium chloride impurities are removed and the carnallite is precipitated

#### and treatment of tail brine

Production of potassium chloride: After spreading and drying, the precipitated carnallite is transported to the potassium chloride production workshop to start the production of potassium chloride Treatment of potassium chloride non-reusable brine: The nonreusable brine after the production of potassium chloride is transported to the ore drying pond and mixed with the original brine to enter the ore drying link again

Production of lithium carbonate: The non-reusable brine remaining in the ore pond after ore drying is transported to the lithium carbonate production workshop to start the production of lithium carbonate Lithium carbonate non-reusable brine: The non-reusable brine after the production of lithium carbonate is transported to the ore dissolution area and mixed with fresh water in a certain proportion, and then used again as the ore dissolution water for the bittern mixing process **Metrics and Targets** 





Zangge Mining's Water Risk Management Measures

Circulation production of tail brine

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# **Emissions and Waste Management**

Zangge Mining rigorously manages pollutants and waste by controling emissions throughout the entire process from the source to production and end treatment. The Company has created and refined ledgers for the management system of solid waste, waste gas, wastewater, and noise, ensuring that pollutant and waste emissions comply with relevant standards. We also continuously explore more efficient emission reduction methods to enhance environmental governance.

### Governance

Zangge Mining strictly adheres to the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Integrated Wastewater Discharge Standard, 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 applicable national and local waste gas emission standards and regulations. We have developed and implemented systems related to the "three wastes"—wastewater, waste gas, and solid waste, such as the Hazardous Waste Management System, to enforce stringent management of wastewater, waste gas, and waste materials.

## Impact, Risk and Opportunity Management

Risk	Countermeasure	
Improper management of wastewater, waste gas, and solid waste ("three wastes") may lead to soil, water, and air pollution. For instance, leakage of hazardous waste could contaminate groundwater, and non-compliant wastewater discharge could pollute water bodies	The Company adheres to "three wastes" discharge standards, installs tail gas treatment devices on production facilities, and conducts regular monitoring to ensure compliance in waste gas emissions. Production wastewater is fully recycled internally, thus eliminating pollution risks caused by wastewater discharge. Waste is scientifically stored and handed to qualified processors to prevent pollution risks	
Failure to comply with waste management laws and regulations could result in substantial fines, lawsuits, and damage to corporate social image		
Opportunity	Countermeasure	
Participation in waste recycling projects can secure government subsidies and tax incentives	The Company actively recycles waste materials such as tail salt and transfers them to qualified processors to reduce raw material consumption, conserve production resources, and significantly enhance resource utilization efficiency	
Waste recycling can effectively reduce resource consumption and improve resource utilization efficiency		

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### Strategy and Management Method

Foreword

#### Waste Gas Management

Zangge Mining strictly observes the Law of the People's Republic of China on the Prevention and Control of Air Pollution and applicable national and local waste gas emission standards. The Company employs pollution treatment methods such as flue gas purification facilities, bag filter dust collectors, cyclone dust collectors, and water bath dust treatment to effectively manage particulate matter, nitrogen oxides, and other major atmospheric pollutants generated during production. These measures contribute to reducing air pollutant emissions and protecting the environment surrounding the production sites. During the reporting period, third-party agencies conducted 15 monitoring sessions of production and domestic waste gas emissions in the plants, and emissions at all monitored sites complied with standards.



#### Zangge Potash Fertilizer Upgraded to Low-Nitrogen Burners to Reduce Nitrogen Oxide Emissions

In May 2024, Zangge Potash Fertilizer replaced the burners in key production equipment with low-carbon, environmentally friendly low-nitrogen burners to achieve efficient, stable, and clean fuel combustion. Four low-nitrogen burners were installed, and calculations indicated a 2-3% decrease in operating energy consumption per burner and an effective reduction in the emission concentrations of carbon monoxide and nitrogen oxides.

#### Wastewater Management

Zangge Mining enforces rigorous control over production and domestic wastewater. As for the production wastewater, we enhance the management of pollution prevention and control facilities and increase wastewater reuse to improve water resource utilization efficiency. Domestic wastewater is collected and treated in integrated sewage treatment facilities until it meets the Class 1 standard of the *Integrated Wastewater Discharge Standard (GB8978-1996)*. Treated wastewater is then directed to impermeable evaporation ponds for natural evaporation or reused in ore dissolution to ensure zero external discharge. In 2024, we conducted 15 water quality monitoring sessions on four wastewater indicators, with all results meeting standards. To prevent water pollution accidents, we have also implemented anti-seepage and containment measures for temporary waste water storage pools.

By the end of the reporting period, Zangge Mining achieved 100% recycling of industrial wastewater and zero external discharge.

#### Zangge Mining Wastewater Management Practices

Production Base	Wastewater Type (Including Condensate)	Treatment Method to Enhance Water Efficiency	Outcome
Zangge Potash Fertilizer	Discharge wastewater	Upgrade wastewater treatment facilities from underground to aboveground	Better aligned with the Company's wastewater treatment needs, enhancing treatment efficiency
	Steam Mechanical Vapor Recompression (MVR) evaporation condensate	Recycle condensate and direct it to lithium carbonate crystallization washing or adsorption units	Reduced desalinated water usage
Zangge	Reverse osmosis water	Reuse in steam and hot water systems	Reduced freshwater consumption
Lithium	Discharge wastewater and rinse water	Recycle plant-wide discharge wastewater and rinse water, plan the water treatment system, and enhance water use and reuse through series connections	Optimized plant-wide water balance and maximized water conservation

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#### Waste Management

Foreword

Zangge Mining follows the principles of "minimization, resource utilization, and harmless disposal" and handles different types of waste in accordance with laws and regulations. We keep detailed waste ledgers to classify and manage waste across its generation, storage, and transfer processes. This approach ensures effective oversight of waste disposal compliance and enhances waste management efficiency based on the ledgers.

For hazardous waste management, the Company establishes clear requirements for hazardous waste management responsibilities including labeling, reporting, registration, classification, transfer manifests, and waste ledger maintenance. Based on these requirements, we developed the *2024 Hazardous Waste Management Plan* to identify types of hazardous waste generated during production and operations, formulate reduction and transfer plans, and clarify storage conditions and disposal measures. This year, the Company replaced the hazardous chemical octadecylamine with three-in-one flotation reagents which are more environmentally friendly, safe, and efficient. This reduces the volume of hazardous waste generated from octadecylamine packaging.

#### Zangge Mining Waste Categories

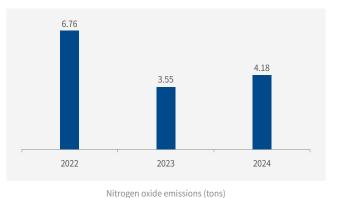
Waste Type	Waste Category	Disposal Method	
Non-Hazardous Waste	Tail salt	Stockpiling and reuse in production	
Non-Hazardous waste	Waste woven bags, plastic packaging, etc.	Regularly recycled by manufacturers	
Hazardous Waste Waste engine oil, waste hazardous chemical containers		Transferred and disposed of by qualified third parties in a compliant manner	

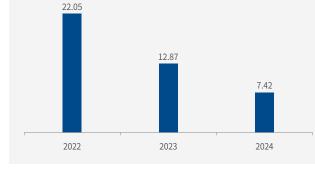
During the reporting period, Zangge Potash Fertilizer completed the construction of a hazardous waste storage facility in the Qarhan mining area. This facility adopts concentrated management of hazardous waste and waste materials' storage. This facility meets China's latest hazardous waste storage requirements, which improves waste storage compliance. Zangge Potash Fertilizer also provided its personnel with professional hazardous waste management training, strengthening their environmental awareness and operational skills to ensure the effective implementation of management policies. Meanwhile, Zangge Lithium continuously improves the management of its hazardous waste storage rooms, ensuring standardized waste storage with clear and accurate labeling.



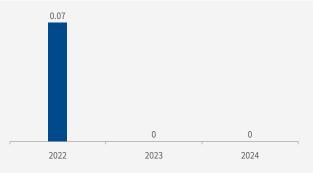
Newly Constructed Hazardous Waste Disposal Room at Zangge Potash Fertilizer

## **Metrics and Targets**









Sulfur oxide emissions (tons)



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# **Ecological Protection and Land Management**

Zangge Mining is committed to the principle that "lucid waters and lush mountains are invaluable assets" and places great importance on the impact of its operations and operations on the surrounding ecological environment. We actively identify potential impacts of our production and operations on the ecosystems and promote green mining and ecological protection education. This ensures that corporate growth does not come at the expense of the environment and remains in harmony with the local natural environment.

Strengthening ecological protection is a critical resaponsibility for sustainable corporate development. Therefore, we integrate environmental management considerations throughout the lifecycle of mineral resource development to minimize our impact on biological habitats. With the Board of Directors as the highest oversight body, management documents such as the Biodiversity Conservation Policy provide guidelines for achieving ecological protection in production and operational activities. We also actively encourage all partners, suppliers, and contractors to jointly implement ecological protection measures.

#### Our commitments to biodiversity conservation

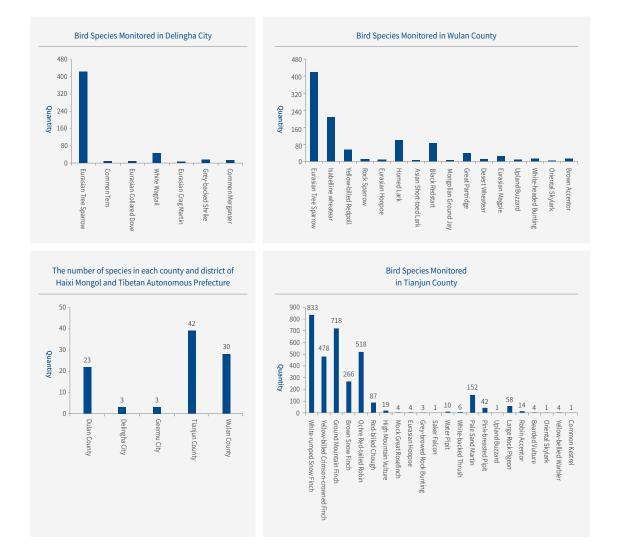
- Give priority to biodiversity conservation in economic development, integrate biodiversity conservation into the site selection, design, construction, operation and maintenance of relevant projects in each business sector, implement effective protection of important ecosystems, biological species and genetic resources, and maintain ecological security.
- Strictly comply with the requirements of biodiversity conservation in the operating areas to avoid or reduce ecological impacts.
- Refrain from developing projects in World Heritage Areas or International Union for Conservation of Nature (IUCN) Protected Areas Categories I-IV without government approval.
- Uphold the environmental management principles of "protection priority, prevention first, comprehensive management, public engagement and damage accountability" in the process of project site selection, design, construction, operation and maintenance, highlight ecosystem protection and minimize the potential adverse impacts of operational activities on the maintenance of biodiversity.
- Use natural resources and raw materials in a more sustainable manner, limit and phase out non-environmentally friendly raw materials and processes, minimize the generation of polluting emissions, and facilitate ecological restoration where practicable.
- · Encourage employees of the Company to participate in biodiversity conservation activities, strengthen cooperation with government agencies and regulatory authorities, suppliers, contractors, industry associations and other stakeholders, raise awareness of biodiversity conservation, and support initiatives and actions related to biodiversity conservation where practicable.

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In 2024, the Golmud Forestry and Grassland Bureau, using the taxonomic classification system in the Catalogue of Life China 2023 Annual Checklist, combined with historical data and years of field research, conducted a preliminary survey. The survey shows that the Haixi Mongol and Tibetan Autonomous Prefecture in Qinghai Province harbors 423 wild animal species across 82 families and 218 genera, and 1,175 plant species across 313 genera. This region underscores significant biodiversity conservation value.



In 2024, we collaborated with Qinghai University on a scientific research project to enhance our engagement in ecological protection and fulfill our ecological responsibility. During this partnership, we organized specialized ecological protection training for ESG specialists across departments. Tailored to the ecological characteristics of the Qinghai-Tibet region, the training covered saline-alkali land management, vegetation restoration, biodiversity conservation, and dynamic monitoring of plateau ecosystems, and it deepened the understanding of ecological and biodiversity protection in our operational areas.



# Collaboration of Zangge Mining and Qinghai University on the saline-alkali land restoration project

In July 2024, Zangge Mining signed a research collaborative agreement with Qinghai University, supporting the "State Key Laboratory of Plateau Ecology and Agriculture" in research on ecological restoration in the Qinghai-Tibet Plateau. This collaboration has explored sustainable resource development and ecological restoration models through innovative projects. The study has investigated the effects of ridge-furrow film mulching and non-woven fabric coverage on vegetation restoration in saline-alkali lands within the Qaidam region, contributing to improved environmental quality in the Qinghai-Tibet area.

Looking ahead, we will continue to proactively tackle climate change and ecological degradation challenges and contribute to the development of ecological civilization through deepened academic collaborations.





Researchers Applying Mulch Film to Saline-alkali Land

Researchers Measuring Species Richness



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# 02

# Occupational Health and Safety

Zangge Mining views occupational health and safety as a crucial social responsibility and a cornerstone of sustainable development. We constantly uphold the safety policy of "safety first, prevention as the priority, and comprehensive governance" and follow the environmental management principles of "priority to protection, prevention as the priority, comprehensive governance, public participation, and liability assumption". By firmly establishing a development philosophy centered on safety and environmental protection, we strengthen foundational efforts, enhance on-site supervision and management, and deepen inspection and rectification of hidden dangers. We are committed to providing a safe and healthy working environment for all employees, partners, neighboring communities, and any other stakeholders affected by our production and operations.

#### Material issues covered in this chapter

Occupational Health & Safety

Chemical Safety

#### SDGs addressed in this chapter



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# Safety Management System

Zangge Mining has long prioritized production safety standardization and strives to establish a comprehensive and robust safety management system. We have formulated and issued key documents, including the *Three-Year Action Plan to Address the Root Causes of Work Safety (2024-2026)*, the *Implementation Plan for Large Scale Safety Inspections*, and the *Special Rectification Plan for Hazardous Chemical Safety Production*. By actively organizing safety awareness training and promotion activities, we have continuously raised the safety management capabilities of all employees and contractors and fostered a strong safety culture.

# Safety System Development

Zangge Mining abides by relevant laws and regulations such as the *Production Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Fire Control Law of the People's Republic of China* as well as the Occupational Health and Safety Management System standards issued by the International Organization for Standardization (ISO). We have formulated and implemented production safety-related policies and documents including the *Production Safety Management Regulations* and the *Environmental Protection and Safety* Regulations, applicable to all domestic production bases, employees, and contractual employees. These policies cover key issues such as safety responsibility assessments, contractor management, hazardous chemical safety management, potential risk identification and rectification, risk assessments, occupational disease prevention, and emergency response, providing guiding principles for the management of each production base. By the end of the reporting period, Zangge Mining achieved 100% ISO 45001 Occupational Health and Safety Management System certification coverage across its production bases (Zangge Potash Fertilizer and Zangge Lithium), with internal and external audits of the management system conducted annually to ensure certification validity.







Occupational Health and Safety Management System Certificates for Zangge Potash Fertilizer and Zangge Mining

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#### Management Structure

The Company has established a three-tier safety management system. The Safety Production Committee (SPC) serves as the highest decision-making and coordination body for occupational health, safety production, and fire management, with the President acting as the first person responsible for production safety. Department heads and workshop directors are the first persons responsible for their respective departments and workshops. It strictly implements the full-employee safety production responsibility system based on the principles of "local management" and "the person in charge being the person responsible". Additionally, contractors fulfill their safety production obligations under project contracts and safety management agreements within the Company's integrated safety management system, subject to unified safety supervision and management by Zangge Mining.



Zangge Mining Safety Production Management Structure

Major Responsibilities within Zangge Mining's Safety Production Management Structure

Level	Major Responsibilities
Safety Production Committee	First-tier safety management organization, with the President serving as the first person responsible for production safety. As the leading organization, it organizes, guides and coordinates the production safety-related matters of various departments.
Safety Production Office	Set under the Safety Production Committee to coordinate daily production safety works of the Company. The Safety Supervisor & Engineer is responsible for planning and implementing specific safety tasks and making regular reports on safety management progress.
Safety Production Steering Groups	Second-tier safety management organization, with Heads of each production management department serving as the first person responsible for production safety. They are in charge of the daily production safety works of various production departments.
Full-time or Part-time Safety Specialists	Third-tier safety management organization, with the Directors of each workshop serving as the first person responsible for production safety. Specialists are tasked with assisting workshop directors in carrying out production safety works at the workshop level.



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safety work

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#### Targets and Assessments

To further strengthen safety production and occupational health and safety management, Zangge Mining establishes occupational health and safety production targets every year to guide the prioritization, planning, and implementation of production safety management. Meanwhile, we formulate the *Safety Objectives and Responsibility Letter* and require all employees to sign it. Based on this Letter of Responsibility, we conduct quarterly performance assessments of department heads. 100% of employees at Zangge Mining's production bases have signed the Letter of Responsibility on Safety and Environmental Protection in 2024. Additionally, we improve the fire safety responsibility system by clarifying duties at all levels, securing 398 signed Fire Safety Responsibility Agreements, and formulating or refining 12 provisions in Fire Safety Management Procedures.

#### Achievement of Production Safety Targets

Safety production targets of Zangge Mining	Annual progress in 2024		
Potassium Segment			
0 fire accidents	Achieved		
Mechanical equipment noise compliance	Achieved		
0 boundary noise exceedances in annual monitoring	Achieved		
0 vehicle incidents	Not Achieved*		
Lithium Segment			
0 fatal accidents	Achieved		
0 incidents of major equipment accidents	Achieved		
0 fire accidents (over RMB 500)	Achieved		
0 explosion accidents	Achieved		
0 traffic accidents when parties hold equal liability	Achieved		
Major injury rate of less than 1%	Achieved		
Minor injury rate of less than 5%	Achieved		

\* In 2024, the Company recorded four vehicle safety incidents. Specific details and response measures are disclosed below.

To fully implement the primary responsibility for workplace safety and ensure the successful achievement of production safety targets, Zangge Mining establishes a robust safety responsibility assessment mechanism. A dedicated Safety Production Responsibility Assessment Team is formed, and it uses an evaluation approach combining process and results to conduct quarterly and annual assessments of company leadership, functional departments (workshops), and operational crews. Each year, we hold an SPC Review and Evaluation Meeting to evaluate each production unit's achievement of safety targets of the year and give rewards and punishment accordingly with a view to improving safety management performance continuously.

The Company specifies production safety responsibility assessment standards and scoring criteria within the *Production Safety Management Regulations* and the *Performance Assessment Guidelines*, encompassing personnel responsible for production safety, including the Chairman, President, Safety Director, Head of Safety and Environmental Protection Department, and safety specialists. Assessment results are directly tied to 10-30% of employees' quarterly safety bonuses. Moreover, for violations such as illegal operations, illegal command, violation of labor discipline and improper rectification of safety hazards based on the inspection results, we adhere to internal policies such as the *Company Performance Assessment Guidelines*, conduct monthly assessments of relevant departments based on safety inspection outcomes and integrate these into the annual assessment system.

#### Excerpt from the Production Safety Management Regulations

Chairman and President Production Safety Responsibility Assessment Items		
<ol> <li>Execution of the safety production responsibility system</li> </ol>	5. Safety education, training, and planning	
2. Target management	6. Safety assurance measures	
3. Investment	7. Handling of occupational injury incidents	
4. Supervision and inspection of production	8. Democratic evaluation and public	

supervision

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#### Contractor Management

Zangge Mining regards contractor safety and health as the core of daily operations. We have formulated and implemented internal policies such as the *Outsourced Construction Safety Management* and the Business Outsourcing Management System to regulate processes including contractor pre-qualification and selection, pre-construction preparations, and onsite supervision. Additionally, we have established the Safety Production Management Agreement, in which specific safety responsibilities are defined for both parties. Contractors are required to sign this agreement before commencing construction or operations and undergo safety training and assessments. All contractor employees must provide health examination reports. For outsourcing contractors, we incorporate the Letter of Responsibility on Safety Objectives as a contract annex, striving to ensure a risk-controlled, safe, and healthy working environment for our contractors.

## Safety Management

Strengthening Safety Responsibilities and Enhancing Vehicle Safety Controls

#### Accident overview

In 2024, the Company recorded four production safety accidents, all vehiclerelated, resulting in direct economic losses of RMB 780,700. Three accidents involved contractors, while one occurred within the Supply and Storage Department. In response, the Company placed a high priority on these accidents and stuck to the handling principles of "Four No Exemptions" (i.e., no closure until the cause is identified, responsible parties receive due accountability, corrective measures are implemented, and education is provided to relevant personnel). Assessments were conducted for the involved units and responsible individuals, with RMB 86,000 in total deducted from the safety performance bonds of the accountable units.

#### Accident handling and accountability

Upon each incident, the Safety and Environmental Protection Department immediately initiated the accident investigation. Designated personnel were dispatched to the accident site to collect evidence and document statements, and an investigation report was then compiled. For responsible individuals, the Company issued a notice of criticism and mandated participation in safety education and training to enhance safety awareness and prevent recurrence. Concurrently, we have rigorously enforced a safety accountability system, centrally managed by the Safety and Environmental Protection Department at the company level. Within each department, a safety performance assessment mechanism is established. The safety performance bond of the relevant department is deducted after each incident, with corresponding internal penalties applied to raise safety responsibility awareness among management personnel and employees at all levels.

#### Accident prevention and safety management enhancement

To prevent similar safety accidents, the Company implements a series of enhanced measures in road traffic safety management, including:

- Targeted rectification actions: The Company conducted road traffic safety special rectification actions to address vehicle safety risks. 36 violations were identified, with warnings, education, and assessments administered to involved personnel.
- Regular safety training: Based on the annual safety training plan, the Company regularly organizes safety education sessions for drivers and relevant operational staff to strengthen safe driving awareness and improve driving skills.
- Road safety management upgrades: The Company tightens road traffic safety controls by enforcing strict speed limits for vehicles and installing speed bumps in accident-prone areas to reduce driving hazards.
- Dynamic safety alert system: During adverse weather or wet road conditions, the Safety and Environmental Protection Department issues safety alerts to all departments to raise drivers' vigilance.
- Inspections and supervision: Designated personnel from the Safety and Environmental Protection Department conduct patrols, continuously monitor vehicle safety management, and promptly identify and resolve road safety hazards.

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

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# Safety Culture Cultivation

To improve employees' production safety awareness, Zangge Mining has implemented the *Safety Education and Training Management* and other internal policies, covering safety training and safety work permits for all employees, including new hires, temporary workers, contractual employees, external interns, and other personnel. Each year, we develop annual safety education and training plans at both the company and workshop levels and conduct specialized training and themed activities including three-tier safety education, fire safety training, emergency first-aid knowledge training, Safety Production Month initiatives, and safety knowledge competitions. All these measures contribute to fostering the culture of occupational health and safety production. Special operation personnel and special equipment operators are required to hold relevant professional qualificationn certificates, while new employees must complete the three-tier safety training before starting work.

#### **Company Safety Education and Training System**

#### Three-level Safety Education

- For newly recruited employees, including transferred employees, external personnel, interns, etc.
- Organize company-level safety education, workshop-level safety education, and team-level safety education before taking up the post
- They can only take up the post after obtaining the Certificate of Qualification for Three-level Safety Education and Training of Newly Recruited Employees

# Safety Management Training

- For leaders at all levels, safety management personnel, etc.
- Organize special safety training by a professional and qualified training institution
- They can take up the post only after passing the assessment and obtaining the safety qualification certificate (such as the Certificate of Competence in Work Safety Knowledge and Management Ability)

#### Special Operations Training

- For employees engaged in special types of work, such as electricians, welders, etc.
- Formulate the Regulations on the Management of Special Operations and provide safety education and training to ensure that they obtain the Operation Qualification Certificate for Special (Equipment) Operations before taking up the post

#### Reinstatement Training

 For personnel who have been away from their jobs for more than half a year

**Key Performance** 

During the reporting period, the Company

Reaching **1,976** participants

Conducted **169** safety education and training sessions

 Reorganize the workshop-level and team-level safety education and training for resuming work and taking up the post, and they can take up the post again after passing the assessment

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#### New Process and Equipment Training

- For all employees
- Conduct special safety education and training for relevant personnel before the commissioning of new processes, new technologies, etc., and after the implementation of process improvement and equipment renovation projects

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Zangge Potash Fertilizer Conducted Diverse Training Activities to Raise Production Safety Awareness

#### Railway section safety inspection training

In May 2024, to enhance the safety skills and awareness of railway workers, Zangge Potash Fertilizer's Transportation Department organized safety inspection training for locomotive trainees in the railway section. Trainees have deepened their understanding of safety considerations and inspection items critical to locomotive operations, thus improving their safe operation ability.



On-site Safety Inspection Training



#### "Safety Production Month" knowledge competition

In June 2024, to strengthen safety management and emergency response capabilities, Zangge Potash Fertilizer hosted a safety knowledge competition themed "Everyone Pays Attention to Safety, Everyone Knows How to Respond to Emergencies—Maintaining Clear Exit Passageways". The competition covered safety production laws and regulations, on-site emergency response measures, fire safety, and special operations, engaging 12 teams from departments including Transportation, Production Management, and Technology R&D Departments. This activity further bolstered employees' safety responsibility awareness and self-protection skills, guiding them to comprehensively master safety production knowledge.



#### Zangge Lithium Hosted the 2024 "Ankang Cup" Safety Knowledge Competition

In June 2024, to foster a culture of "Safety Management, Everyone's Responsibility," Zangge Lithium organized the "Ankang Cup" Safety Knowledge Competition, with six teams competing. This engaging, educational event promoted a wide range of safety knowledge and elevated employees' safety precaution awareness and accident response capabilities.



On-site Safety Knowledge Competition

#### Third quarter safety education training

In July 2024, to reinforce foundational safety production, the Safety and Environmental Protection Department conducted a safety education training session focused on fire and explosion emergency plans as well as safety for special operations and supervisory personnel. The training included an in-depth analysis of recent safety accidents and covered the roles and responsibilities of supervisory personnel, special operation standards, and confined space operations. With 157 employees participating, the session aimed to enhance the emergency escape capabilities of on-site workers and the safety precaution awareness of supervisory personnel.



On-site Safety Education Training

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# Safety Risk Prevention and Control

Foreword

Zangge Mining integrates safety risk management into all aspects of its production and operations. Safety production compliance is enhanced through diverse approaches, such as implementing a two-tier risk prevention mechanism and establishing standardized emergency procedures, to safeguard the physical health and lives of all employees.

Key Performance

During the reporting period, the Company performed various production safety hazard inspections and discovered 1,266 problems.

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**100**% of these problems have been rectified within the prescribed time limit.

# **Risk Management System**

To continuously mitigate safety and health risks, Zangge Mining has developed and implemented a series of policies, 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. We implement safety production policies by minimizing incident risks, preventing major and critical accidents, and reducing minor and serious injuries, to ensure the safety and property of employees.

To manage risks, we annually update the Risk Identification and Assessment Form, determine control priorities, and implement corresponding response measures. For hidden danger investigation, we have formulated and published the *Reward and Punishment System* for Safety Hazard Inspection. A bonus will be awarded to the person who has identified hidden danger or submitted a valid, rational proposal. Additionally, we invite qualified third-party institutions to conduct major hazard assessments at least once every two years and demand our branches, subsidiaries and production workshops to maintain a major hazard record to effectively manage and prevent potential safety risks.

- Confirm the scope of risk identification, that is, the scope of all activities, products, and services of the Company
- Identify the nature of hazard sources and their potential hazards from four dimensions: unsafe states, unsafe behaviors, potential occupational diseases, and management deficiencies

Hidden danger

investigation

Risk

identification

· Daily investigation

holidays

Comprehensive investigation

Investigation before key periods and

Analogous accident investigation

· Investigation before resuming production

· Professional investigation

· Seasonal investigation

- · Establish a risk assessment team
- Confirm the risk assessment methods, such as the safety checklist method, job hazard analysis method, etc.
- It is divided into four management levels based on dimensions including the possibility of an accident occurring, the situation of exposure to a dangerous environment, and the severity of the accident

Risk

evaluation

>>

- Formulate a risk control plan, determine the order of priority control, take control measures item by item, form a control measure list, and establish safety management objectives accordingly
- Regularly or promptly review the hazard source identification and risk assessment



- Hold a production dispatching meeting or safety regular meeting every month to implement the hidden danger investigation and rectification work of the previous month
- Make and issue rectification notice slips, supervise relevant departments to complete the rectification items on schedule, and take relevant punishment measures for those that cannot be completed

Two-tier Risk Prevention Mechanism

Hidden danger rectification

Make a hidden danger rectification checklist

elements" (fixed point, fixed person, fixed

• Each department formulates a specific plan

and implements the rectification work

according to the principle of "five fixed

time, fixed quality, fixed quantity)

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Accident

Investigation

Accident Closure

Responsibility Governance and Values

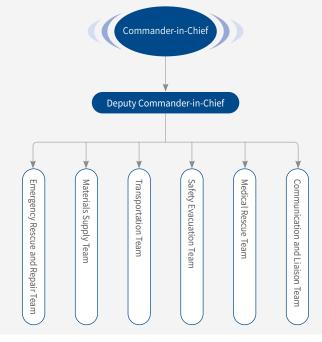
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## Safety Emergency Management

Zangge Mining complies with relevant laws and regulations, such as the *Emergency Response Law of the People's Republic of China* and the *Regulation on Emergency Responses to Work Safety Accidents*. The Company has also formulated and implemented internal policies including the *Production Safety Emergency Response Plan* and *Emergency Rescue Management Regulations*, which specify the emergency response procedures. These efforts aim to minimize losses or harm caused by accidents while continuously enhancing the standardization of emergency management.

#### Management Structure

Zangge Mining has set an emergency organization system at the levels of the Company and workshop and developed its emergency command structure, which is responsible for preparing emergency response plans, organizing emergency drills, conducting emergency team mobilization and resource allocation, and facilitating coordination at the accident scene to secure efficient emergency response.



Zangger Mining Emergency Response Command Structure

#### System Construction

ident Report

In accordance with laws and regulations such as the *Work-Related Injury Insurance Regulations* and the *Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents*, Zangge Mining has formulated the internal *Work Safety Accident Reporting and Investigation Management Measures*. This policy defines accident classification levels and management processes, ensuring timely reporting, recording, investigation, and handling of potential production safety incidents to facilitate the adoption of effective preventive measures.

When an accident occurs to an employee or a contractor, the general situation of the accident should be immediately reported to the relevant department
Designate a special person to protect the scene and quickly take effective measures to rescue people and property to prevent the accident from worsening

- Prepare an accident investigation report, publicly announce the handling results, and establish a safety accident management file
- Conduct statistical analysis of safety accidents every six months and report them to the company's competent department in a timely manner

- Establish an accident investigation team and carry out accident investigations according to the accident level
- Find out the accident occurrence process, cause, casualty situation, and direct economic loss, and put forward handling opinions, rectification, and preventive measures
- Adhere to seeking truth from facts, distinguish between liability accidents, non-liability accidents, and sabotage accidents
- Establish principles to determine accident liability, and sort out various situations and specific punishment measures that need to bear liability

Handlin

 Handle it in accordance with relevant national, local, and company regulations

Del

 According to the division of accident liability, punish the accident responsible persons and responsible units. The forms of punishment include administrative sanctions and economic penalties

Safety Accident Reporting and Investigation Process

Besides, we have also developed an 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, falls from height, crane injury, and collapses. Routine drills are conducted to validate these plans. 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.

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#### Emergency Response Practices

The Company annually formulates an emergency drill plan and regularly conducts diverse emergency drills, including comprehensive drills, specialized drills, on-site response drills, and fire emergency drills. These activities continuously enhance the emergency response and rescue capabilities of our teams and boost employees' emergency awareness, knowledge, and handling skills, while strengthening their self-rescue, mutual assistance, and emergency response abilities. Furthermore, we perform effectiveness evaluations of on-site response protocols twice a year, refining emergency plans and response measures based on drill outcomes to effectively safeguard employees' lives.

#### Key Performance

During the reporting period, the Company organized a total of **9** emergency drills for comprehensive, specialized, and on-site response scenarios

**Emergency Drill** 



**Diverse Emergency Drills at Zangge Mining Production Bases** 

#### Zangge Potash Fertilizer Conducted a Comprehensive Production Safety Accident Emergency Plan Drill

In September 2024, to enhance emergency response capabilities and practical rescue skills for production safety incidents, Zangge Potash Fertilizer organized a comprehensive emergency plan drill simulating crane malfunctions, fires, and electricity shocks. Each phase from accident reporting to on-site rescue, evacuation to medical treatment, and external assistance to follow-up actions—proceeded according to the emergency plan. Combining tabletop simulation and live drills, this activity tested the effectiveness and applicability of the Company's emergency plan while improving employees' emergency response and practical rescue skills.





Zangge Potash Fertilizer On-site Emergency Drill



# Zangge Lithium Conducted a Specialized Fire Incident

In June 2024, to familiarize all employees with basic firefighting knowledge, Zangge Lithium conducted a fire drill, covering the correct use of fire extinguishers and fundamental escape techniques. This drill improved employees' firefighting knowledge and ability to handle emergency scenarios, with over 100 participants.



Zangge Lithium On-site Fire Drill

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# Chemicals Management

Foreword

Zangge Mining strictly complies with laws and regulations related to hazardous chemical management, including the Law of the People's Republic of China on the Safety of Hazardous Chemicals, the Regulations on the Safety Management of Hazardous Chemicals, and the Regulation on the Administration of Precursor Chemicals. We have formulated and implemented internal policies such as the *Hazardous Chemicals* Safety Management and the Precursor Chemicals Management System to clarify safety protocols for the procurement, storage, loading, unloading, use, transportation, and disposal of hazardous chemicals. The Quality Management Department conducts weekly specialized safety inspections on hazardous chemicals, with results shared with the Safety and Environmental Protection Department for coordinated management. Additionally, the Responsible Procurement Policy stipulates that suppliers follow laws and customer requirements that prohibit or restrict specific substances in manufacturing or product design, thereby reducing or avoiding the use of hazard substances.

Procurement	Loading, unloading and transportation	Storage and preservation	Collection and usage	Scrapping
Strictly review	Transport by a unit with	There is a special	Formulate safety	Formulate thorough safety
the qualification	relevant qualifications,	warehouse for	instructions for the	guarantee measures, and carry
certificates of the	and take fire	hazardous chemicals,	use of hazardous	out scrapping treatment after
supplying units, and	prevention, explosion	which is managed by	chemicals, train	being approved by relevant
require them to provide	prevention, poisoning	a warehouse keeper	the operators, and	departments such as the
the chemical safety	prevention, and other	who has obtained	require them to wear	technology department, safety
technical instructions	measures according to	a certificate after	special protective	department, and production
and safety labels of the	its nature	professional training,	equipment before	department (the destruction
purchased products		and is strictly classified	working	disposal of precursor
		and stored separately		chemicals should be approved
		according to the		by the public security
		regulations		authorities and the work safet
		_		supervision department)

Zangge Mining Hazardous Chemical Management Process

By referencing regulations such as the Inventory of Hazardous Chemicals, List of Precursor Chemicals, and List of Explosive Precursor Chemicals, the Company identified and managed the risks of chemicals used in production. The Company has maintained internal documents like the Hazardous Chemicals List and Hazardous Chemicals Characteristics Table detailing physio-chemical properties, health hazards, emergency response, and protective measures. We also keep a hazardous chemical management ledger, to continuously conduct hazard assessments for substances and chemicals used in production and operations.

In hazardous chemical usage, 100% of all chemical raw and auxiliary substances are registered. Hydrochloric acid and sodium hydroxide are primarily used, and we have obtained the purchase record certificate for Precursor Chemicals in Category II and III. We strictly regulate storage conditions and standard handling procedures while regularly training relevant personnel on hazardous chemical knowledge to ensure a safe and standardized production environment. During the reporting period, none of the chemicals used by the Company were listed as SVHC (Substances of Very High Concern) or SIN (Substitute It Now).

#### **Key Performance**

As of the end of the reporting period, the Company has achieved **100**% identification and regulation coverage for all chemicals in use

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#### Zangge Lithium Conducted Specialized Hazardous Chemical Training

Foreword

From August to September 2024, Zangge Lithium delivered a series of training sessions on hydrochloric acid as a precursor chemical for relevant employees, covering risks and characteristics, procurement management, storage, usage, disposal, and emergency response. With 90 participants, this series aimed to enhance employees' safety awareness and management skills regarding hydrochloric acid.



Zangge Lithium On-site Chemical Training

Zangge Mining upholds chemical management laws and regulations in its operational regions and remains alert to international standards, such as the EU Regulation on the *Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH)*. We continuously track the usage and management of substances of concern. Alongside identification, assessment, and management efforts, we actively pursue a plan for phasing out chemicals of concern by seeking substitutes to reduce and eliminate hazardous material use. Progress on chemical use reduction and substitution is as follows:

#### Zangge Mining Chemical Reduction and Phase-Out Progress

Start of Phase-Out/ Substitution	Chemical Substance	Measures	Progress
2023	Hydrochloric Acid (Production Auxiliary)	Introduced triple flotation agent in 2023, phasing out hydrochloric acid on a large scale Adopted YC-85 collector in 2024, free of hazardous components like hydrochloric acid	Partial Substitution
2023	Powdered Sodium Hydroxide (Production Auxiliary)	Replaced with safer, eco-friendly liquid sodium hydroxide to avoid scalding risks for workers	Full Substitution

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# Occupational Health Protection

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Zangge Mining strictly complies with the requirements of laws and regulations such as the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, and has formulated internal management policies including the Occupational Health Management Systems and the Occupational Hazard Monitoring Systems. Guided by the principle of "Prevention First, Integrated Prevention and Control, Classified Management, and Comprehensive Governance," we continuously optimize and upgrade production equipment and occupational disease prevention facilities while regularly conducting occupational hazard monitoring and assessments to ensure a healthy, safe, and stable work environment.

## **Occupational Health Management**

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We have established an Occupational Health Steering Group in charge of the supervision and administration of occupational health. On top of the Steering Group, full-time occupational health personnels have been assigned to assist in occupational health examination, hazard factor monitoring, production site inspection, occupational health education and training.

#### Improve various management systems related to the prevention and treatment of occupational diseases, and at the same time carry out education and training work on the prevention and treatment of occupational diseases and the use of labor protection supplies

Regularly carry out occupational disease hazard monitoring work every month, and inform each workshop and each position of the test results in a timely manner to ensure that employees understand the occupational health hazards of their positions and create a healthy and safe working environment for employees

Organize all employees of the company to conduct the 2024 annual occupational health examination to ensure the physical health of employees

Focuses of the Occupational Health Steering Group in 2024

## **Health Protection Measures**

To effectively prevent, control, and eliminate occupational disease hazards, we actively implement health protection measures, including hazard factor identification, enhanced labor protection, and health examinations, to safeguard the health and related rights of all employees.

#### Hazard Factor Identification

According to relevant laws and regulations, 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. Moreover, the company-wide status quo assessment of occupational hazards has been conducted once every three years.

In 2024, Zangge Mining's production bases engaged third-party institutions to perform occupational hazard factor monitoring, covering dust, chemical hazards, 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, routine status quo inspections of equipment and facilities were organized to fulfill main occupational hazard prevention responsibilities. During the reporting period, Zangge Lithium placed particular emphasis on health inspections, and 51 major health inspections were completed throughout the year. 1,218 issues were identified and rectified with a 100% compliance rate. We also diligently oversee departments and contractors to ensure proper storage of raw materials, auxiliary materials, and construction materials, as well as effective waste materials and garbage disposal.

#### Key Performance

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 specified in national standards, indicating a position compliance rate of

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#### Labor Protection Enhancement

The Company has provided employees exposed to occupational hazards with effective personal protective equipment that complies with national standards, including safety helmets, insulating protective equipment, gas masks, dust masks (respirators), and ear protection devices, while overseeing their proper use to prevent occupational illnesses. Labor protection cards, which detail the labor protection equipment required for each type of work, have also been distributed to all production team employees.

#### Key Performance

In 2024, **100**% of the operation sites of the Company have been provided with personal protective equipment

For areas involving toxic or hazardous substances, we install prominent warning signs displaying occupational health risks and protective measures. In locations with corrosive substances like acids or alkalis, we provide leakproof and flushing facilities, and relevant employees are equipped with eyewash equipment and other protective items. For workplaces prone to common hazards like dust and noise, we implement dust removal systems, soundproofing, and noise-absorbing measures to control these hazards at their source and during transmission.

#### Health Examination

Qualified medical facilities capable of making the diagnosis of occupational diseases have been engaged by the Company to provide employees in roles exposed to occupational hazards with occupational health examinations and regular health examinations on an annual basis. The occupational health surveillance archives have been established for employees. In addition, we have arranged employees' working hours based on their health condition and carried out position swaps on a regular basis to prevent employees from repetitive strain injuries.

#### Key Performance

During the reporting period, the Company

**O** incidents of occupational disease

**100**% of employees are covered by occupational health examination



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# 03

# **Partner Empowerment and Collaborative Advancement**

Zangge Mining firmly integrates high-level Corporate Social Responsibility (CSR) into its corporate strategy, core values, and operational practices. Upholding the principle that "talent is the key driving force for corporate development", the Company is dedicated to creating a diverse, empowering, and inclusive working environment. This commitment not only ensures compliance with employment regulations but also safeguards employees' legitimate rights and interests. By establishing a systematic talent development framework, Zangge Mining promotes mutual growth for both employees and the organization. Moreover, Zangge Mining enhances collaborative partnerships with suppliers to elevate product quality and service excellence. As a socially responsible enterprise, Zangge Mining proactively embraces its social responsibilities while partnering with value chain stakeholders to promote sustainable development in both industry and community contexts.

#### Material issues covered in this chapter

Labor Rights

- Product Responsibility
  - Community Engagement

Employee Development

# and Contribution

- and Training
- Responsible Supply Chain

#### SDGs addressed in this chapter







10 REDUCED

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11 SUSTAINABLE CITIES



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12 RESPONSIBLE CONSUMPTION

AND PRODUCTIO

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

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# **Diversity, Equity and Inclusion**

Zangge Mining is wholeheartedly committed to creating a working environment that is diverse, inclusive, and equitable. The Company places a high premium on fully respecting the cultural backgrounds and individual needs of every employee, recognizing that this respect is a powerful catalyst for igniting creativity and unleashing the potential of its workforce. By nurturing such a workplace culture, Zangge Mining positions itself to swiftly and effectively identify and meet the increasingly diverse and personalized demands of the market, while promoting sustainable development and social diversity and inclusivity.

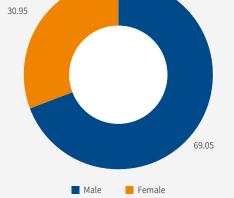
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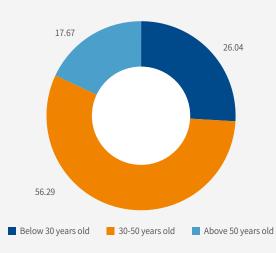
## **Diversity-Driven Empowerment**

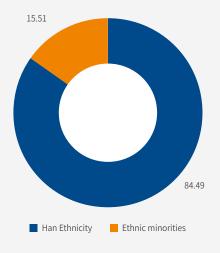
Zangge Mining fully respects the diversity among its employees. The Company is dedicated to attracting and hiring talent from various backgrounds and with different expertise, embedding the principles of diversity throughout the entire processes of recruitment, training, and employee development. In parallel with these efforts, we continuously strengthen our employee care initiatives which foster empathy among employees as well as enhance their sense of belonging within the organization. This approach aims at cultivating a workforce that exemplifies gender balance, ethnic unity, and cultural richness. As of the end of the reporting period, the Company had a total of 1,709 employees.

#### Key Performance

As of the end of the reporting period, the Company had a total of **110** positions related to STEM (Science, Technology, Engineering, and Mathematics), and women accounted for **23.64**% of these positions







The Company's Employee Structure by Gender in 2024

The Company's Employee Structure by Age in 2024

The Company's Employee Structure by Ethnicity in 2024

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## Equity and Inclusion

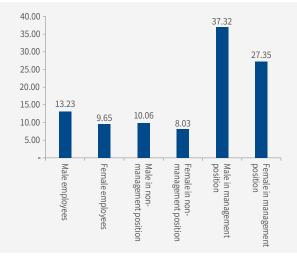
Zangge Mining is committed to a peopleoriented approach and adheres to fair employment principles, ensuring equal treatment for all employees regardless of nationality, gender, ethnicity, race, religion, education background, or physical disabilities in all aspects of recruitment, compensation, and promotion. The Company has a strict zero-tolerance policy against child labor, forced labor, workplace harassment, and bullying to maintain equitable and just operational management practices.

#### Anti-Discrimination, Anti-Harassment and Anti-Bullying

Zangge Mining is dedicated to eliminating employment and occupational discrimination and upholding a zerotolerance policy toward all forms of bullying, harassment, and discrimination. This includes, but is not limited to, gender-based and non-gender-based discrimination, racial discrimination, disability discrimination, and unfair treatment related to pregnancy or postpartum status. Employees who encounter incidents of bullying or harassment, as defined by the Company, are encouraged to promptly report such cases to the Labor Union, President's Office, or Internal Control Department. They may also utilize dedicated channels such as the Presidential Complaints Mailbox for reporting. Upon receiving a report, we will swiftly initiate an independent and thorough investigation to ensure that the issue is addressed in a timely manner. During the reporting period, the Company recorded zero incidents of discrimination, harassment, or bullying.

#### Protection of Women's Rights and Interests

The Company strictly adheres to the Law of the PRC on the Protection of Rights and Interests of Women. To this end, we have formulated internal rules and regulations such as the Special Regulations on Labor Protection for Female Employees and the Special Collective Agreement on Labor Protection for Female Employees, ensuring that the lawful rights and interests of our female workforce are fully safeguarded. We embrace the principles of gender equality and equal pay for equal work, and we maintain rigorous oversight of gender-based pay disparities. Additionally, we offer lactation breaks for breastfeeding mothers and strive to the extent which is reasonably feasible, to accommodate the career development aspirations of our female employees, aiding them in realizing personal value enhancement and professional growth. Furthermore, we have designed a series of tailored extracurricular activities for female employees, distributed seasonal gift packages, and hosted regular health knowledge seminars. These initiatives reflect our commitment to delivering comprehensive care for physical and mental well-being, thereby fostering a warm and harmonious workplace environment.



2024 Gender-Specific Average Compensation by Tier (All Employees, Management and Non-Management) (Unit: RMB 10,000)<sup>1</sup>

# Case

#### International Women's Day Health Seminar

In March 2024, the physicians from Zangge Potash Fertilizer United Hospital collaborated with physicians from a local hospital to organize a seminar titled "Safeguarding Women's Health: Walking Together in Solidarity". The seminar aimed to educate and guide female employees to prioritize their physical health by covering topics such as "Two Major Health Concerns" specific to women, "Four Dietary Restrictions" tailored to women's physiological needs, and safety protocols and care considerations for elderly women. Following the seminar, the two lecturing physicians patiently and meticulously addressed the questions raised by the female employees, providing personalized solutions and preventive measures. The health knowledge seminar for International Women's Day was attended by over 70 female employees from both the lakeside operations and administrative departments. In addition, the Company's union distributed gift cards to 406 female employees, expressing their care and festive greetings to the female workforce.



#### Support for Vulnerable Groups

In response to the national "14th Five-Year Plan" for the protection and development of individuals with disabilities, the Company refers to the *Three-Year Action Plan for Promoting the Employment of Persons with Disabilities (2022-2024)*. We actively participate in job fairs tailored for persons with disabilities, and continuously strive to optimize the employment environment and elevate the income levels of individuals with disabilities at our operational sites. Furthermore, we comprehensively safeguard the legitimate rights and interests of our disabled employees. Special emphasis is placed on creating working environments that accommodate their physical conditions and strengthening labor protection measures. This not only ensures the health and safety of our disabled workforce but also assists them in achieving self-worth and recognition through their employment. As of the end of the reporting period, the Company had 11 disabled employees.

#### Localized Management of Employees

Zangge Mining places a high priority on crosscultural management, fully respecting the laws and regulations of the regions in which it operates, as well as the religious beliefs and cultural practices of local employees. The Company develops a salary and benefits system for local employees based on the price levels and cost of living in those regions. Additionally, we organize New Year celebrations and recreational activities to foster trust and facilitate mutual growth with local employees. As of the end of the reporting period, the Company had a total of 265 ethnic minority employees.

<sup>1</sup> The average salary of male employees is higher than that of female employees for several reasons: 1. Currently, senior and middle management positions within the Company are predominantly held by male employees. These roles typically offer higher salaries, which significantly elevates the overall average salary for male employees. 2. Female employees are more heavily represented in non-management positions, where the salary benchmarks tend to be lower. This concentration contributes to a reduced average salary for female employees. 3. Due to the technical structure of the industry, high-paying technical positions—such as those in electrical and chemical engineering—are primarily occupied by male employees. In contrast, female employees are often found in auxiliary or logistical support roles that typically offer lower compensation. This disparity further impacts the overall salary level of female employees. The statistical scope of average compensation for management personnel includes both base salary and cash incentives, whereas the average compensation for non-management employees consists solely of base salary.

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# **Talent Introduction** and Retention

Foreword

Zangge Mining strictly adheres to employment and labor rights regulations in its operational areas, continuously optimizing its compliant employment management mechanisms and expanding talent recruitment channels in alignment with corporate strategy and business needs. Additionally, the Company formulates and enhances its employee career development management system as well as its remuneration and benefits system, providing diverse communication channels to stimulate employee enthusiasm for their work and strengthen corporate cohesion.

## **Talent Attraction**

Zangge Mining values the development of a diversified talent pipeline and continuously promotes the recruitment of diverse talents. Based on market conditions and the manpower cost budget, the Company actively plans its campus and social recruitment efforts to ensure a sufficient reserve of external candidates, thereby maintaining the stability of its talent pool. During the reporting period, the Company experienced an employee turnover rate of 9.38%.

Employee

Recruitment

Channels

#### Campus recruitment

The Company recruits fresh graduates by participating in the dualselection fairs at major universities, opening online application links, and accepting email submissions. We select candidates according to the recruitment standards and provides onboarding training for new hires.

#### Social recruitment

The Company recruits employees with certain work experience. The channels include public recruitment in the talent market, recruitment by talent intermediary companies, joint training with education and training institutions, and self-recommendation by applicants.

#### Case Zangge Mining's 2025 Campus Recruitment Program

In the 2025 campus recruitment program, Zangge Mining introduced a trainee program aimed at fresh graduates from various fields, including chemical engineering, mining geology, electromechanics, construction engineering, safety and environmental protection, languages, finance, law, and general management. This initiative not only provides quality employment opportunities for a wide range of students but also injects fresh talent into the Company, bringing new vitality and enthusiasm. During the reporting period, we visited over 40 partner institutions and participated in more than 80 campus recruitment fairs.



**Campus Recruitment Poster** 

School-enterprise collaboration between Zangge Potash Fertilizer and Qinghai University

In July 2024, Zangge Potash Fertilizer and Qinghai University initiated a new model of school-enterprise cooperation. Forty-one interns from the Department of Chemical Engineering at Qinghai University visited Zangge Potash Fertilizer's Qarhan Salt Lake Potash Fertilizer Production Base to engage in internship activities that integrate educational practice with industry application.

This internship consists of two components, which includes theoretical learning and practical learning. During the theoretical learning phase, internal experts from the Company conducted technical lectures, addressing key issues in the development of the potash fertilizer industry and providing answers to participants' questions. During the practical learning phase, Zangge Potash Fertilizer arranged for the interns to visit the mining workshop and the potash production workshop, where they participated in handson activities related to front-end resource development and product quality testing. This internship program signifies a new stage in the school-enterprise cooperation between the Company and underscores its strong commitment to talent development and reserve.

School-Enterprise Collaboration between Zangge Potash Fertilizer and Qinghai University

#### **Key Performance**

Case

During the reporting period, the Company successfully recruited a total of **86** fresh university graduates

**Key Performance** 

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## **Compliant Employment**

Zangge Mining strictly adheres to the *Labor Law of the PRC*, the *Trade Union Law of the PRC*, the *Law of the PRC on the Protection of Rights and Interests of Women*, the *Regulations on the Prohibition of the Employment of Children*, as well as relevant laws and regulations in the locations where it operates. The Company has formulated and implemented the *Employee Recruitment Management System* and the *Labor Contract Management Regulations*, rigorously following legal procedures and company management systems in labor management processes such as recruitment, renewal, termination, and dissolution of employment relationships, ensuring that these processes are open, fair, and impartial. During the reporting period, the Company achieved a 100% labor contract signing rate.

As of the end of the reporting period, Zangge Mining has consecutively been recognized as a **Grade-A** Labor

Law-Abiding and Credible Enterprise by the Qinghai Provincial Department of Human Resources and Social Security for **4** years

#### Human Rights Protection

The Company strictly complies with all applicable laws and regulations in its operational jurisdictions and adheres to international human rights instruments, including the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Voluntary Principles on Security and Human Rights. We have formulated and published the Human Rights Policy on our official website to promote human rights protection across our operations, suppliers, contractors, and all other partners, thereby achieving sustainable business operations. During the reporting period, the Company did not experience any human rights violations related to child labor, forced labor, etc.



Main Contents of the Human Rights Policy

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## **Remuneration and Benefits**

Foreword

Zangge Mining adheres to the remuneration principles of "fairness and justice", as well as "value embodiment", in accordance with the principle of equal pay for equal work. The Company implements a market-competitive remuneration and benefits system at its operational locations and has introduced employee shareholding incentives along with other non-salary benefits to share the achievements of the Company's development with its employees.

#### Compensation and Performance Management

In accordance with the *Remuneration Management Measures* and the *Remuneration and Performance Management Measures for Senior Management Personnel*, the Company has established three compensation structures, including an annual salary system, a position-based performance system, and a special talent compensation system. Based on job classification, position evaluation, and performance management, we determine compensation by aligning it with the relative value of positions as well as the competency and performance of incumbents. Employee performance assessments are conducted in accordance with the Mercer International Position Evaluation (IPE) System to ensure standardized, objective, and comprehensive evaluations. The results of these assessments are systematically applied to salary adjustments, performance bonuses, promotions, and career development opportunities.

#### **Employee Compensation Model**

Compensation Model	Applicable Personnel Scope	Compensation Structure
Annual salary system	Operations & management positions	Basic annual salary, performance- linked annual compensation, special incentives, allowances & subsidies, benefits, etc.
Position-based performance system	Professional management & specialist track positions	Position wage, performance-based wage, special incentives, allowances & subsidies, benefits, etc.
Special talent compensation system		Remuneration is implemented in accordance with the terms agreed upon in the contract.

#### Employee Benefit Packages

Zangge Mining closely monitors employees' needs in both their work and personal lives. The Company strictly implements statutory benefits, including the Five Social Insurances and One Housing Fund (endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and the housing provident fund), as well as marriage leave, maternity leave, paternity leave, and bereavement leave. In addition to these statutory benefits, the Company offers a range of supplementary benefits such as length of service allowances, occupational health subsidies, communication allowances, part-time job subsidies, annual bonuses at yearend, and free accommodation and meals. We continuously refine and enhance our employee welfare system with flexibility to meet diverse needs. Furthermore, we continuously optimize our long-term incentive mechanisms and implement an employee shareholding plan to comprehensively enhance employees' enthusiasm for their work and foster their creativity.

Accommodation	Cultural and	Retirement	Gift	Holiday Benefits
and Food Subsidy	Recreational Activities	Benefits	Benefits	for Women
The employee meal subsidy is RMB 450 per month Provide housing subsidies for personnel who meet the standards of relocating talents	<ul> <li>The production plant area is equipped with a gym, basketball court, football field, table tennis court, billiard room, employee activity room, rest places, etc</li> <li>Organize activities such as employee sports meetings</li> </ul>	<ul> <li>Issue exclusive retirement gifts, covering 38 retired employees</li> <li>Invested RMB 10,800</li> </ul>	<ul> <li>Provide daily benefits and holiday gifts, such as holiday fees, holiday gifts, cake recharge cards, etc., with a 100% employee coverage rate</li> <li>Invested RMB 1,099,850</li> </ul>	<ul> <li>Carry out interesting activities on International Women's Day and issue shopping cards and other gifts, covering 406 female employees</li> <li>Invested RMB 75,516</li> </ul>

The Company's Non-statutory Employee Benefits in 2024

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 ${\it Zangge Potash Fertilizer's \ continuous \ optimization \ of \ the \ employees' \ working \ and \ living \ environment}$ 

In 2024, the Company completed the construction of a new dormitory building, adding a total of 396 new rooms. In addition, five employee canteens were built, creating nine living areas of varying sizes. These improvements aim to enhance employees' living conditions and increase their daily convenience.

During the relocation process, the Company carefully considered all necessary facility configurations for the dormitory building to provide comprehensive living support for employees. To safeguard employees' health, the Company implemented air quality protection measures one month prior to the relocation. These measures included daily ventilation by opening windows and assigning dedicated personnel to conduct formaldehyde testing, ensuring that the indoor air quality met safety standards and allowing employees to move in with peace of mind. During the reporting period, the new dormitory building was successfully put into operation and is functioning well.

The upgrade of the dormitory not only optimized the living experience for employees but also enhanced the sense of belonging and happiness among those who have been stationed at the mining site for an extended period. In the future, the Company will continue to deepen its employee care initiatives and create a better working and living environment to enhance employee satisfaction and further promote sustainable development.

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#### Zangge Potash Fertilizer held the 12th Employee Sports Meeting

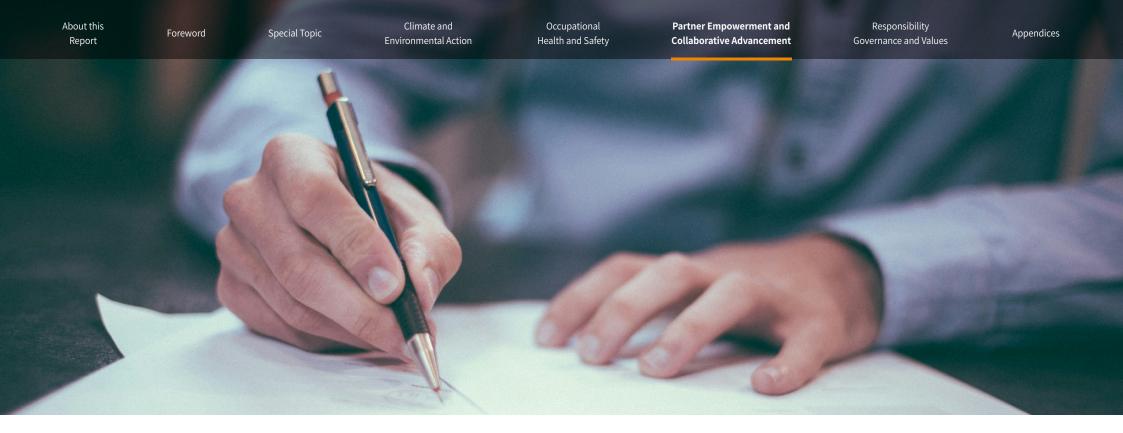
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On June 14, Zangge Potash Fertilizer hosted its "Youth Flourishes in Striving, Health Thrives in Sports" Employee Sports Meeting. This event aimed to strengthen the Company's spiritual civilization and cultural development while enriching employees' sports and cultural life. The Sports Meeting lasted until October, featuring a series of events including badminton, table tennis, chess, basketball, and hiking. This event not only provided employees with opportunities for physical and mental relaxation amidst their busy work schedules but also instilled a spirit of unity, cooperation, courage, and determination in everyone. Moreover, it reflected the Company's commitment to caring for employees' physical and mental well-being.



The 12th Employee Sports Meeting of Zangge Potash Fertilizer





#### Communication and Engagement

Zangge Mining respects employees' rights to freedom of assembly and association in accordance with the law. We attach great importance to communicating with employees and have established various channels and forms of employee communication, including the Trade Union and Workers' Congress, employee satisfaction surveys, internal management research, and digital employee communication platforms. These mechanisms actively solicit employee feedback to enhance workplace satisfaction and foster a sense of belonging among employees. Furthermore, the Company continuously refines its employee grievance protection mechanisms by formulating the Whistleblower Protection Policy. This policy encourages employees and stakeholders to report any suspected fraud, corruption, or actions they reasonably believe to be detrimental to the Company's interests. The Company safeguards the legitimate rights of whistleblowers and promises to promptly investigate and seriously address any threats or retaliatory actions directed at them.

The Company adheres to the principle of "prioritizing talent as a cornerstone for corporate development" and actively sought employee feedback through its inaugural comprehensive employee satisfaction survey. A total of 563 employees participated, including 465 long-term employees stationed in mining areas and 98 staff based at headquarters. Notably, approximately 80% of respondents have contributed to the Company for over three years. The Company's initiatives to continuously optimize the production environment, enhance the employee care system, and standardize management practices have received full recognition from employees. Additionally, the Company has gathered 211 pieces of feedback from employees regarding the production area and 130 suggestions for improvements in living conditions. The Company is committed to enhancing both production and living conditions based on this positive feedback, fostering a collaborative growth environment with employees.

#### Key Performance

During the reporting period

The employee coverage rate of the Company's labor union stands at 85%, while the employee representatives at the congress cover 99% of staff (excluding new hires)

The Company conducted an employee satisfaction survey, with an average satisfaction score of 87.69

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# Employee Development and Training

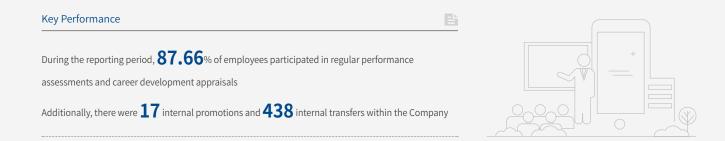
Guided by the philosophy that "talent is the cornerstone of corporate growth", Zangge Mining continuously refines its career development framework and internal promotion mechanisms. In addition, based on business needs and employees' demands, the Company considers employees' career development stages, work priorities, and challenges. We have formulated diverse talent development systems and employee training programs that include campus recruitment training, professional skills training, management and leadership development training, joint programs with external institutions, as well as further education and professional qualification enhancement. These efforts aim to help employees enrich their professional knowledge and expand their horizons.

## **Career Development Space**

Zangge Mining has formulated and implemented the *Employee Career Development Management Measures (Trial)* and the *Position Management Measures*, along with other career development management systems. These systems outline the job responsibilities, promotion mechanisms, and career development paths for five functional areas: administration, technical research, functional business, marketing, and production operations. The Company also continues to optimize the vocational ability rating mechanism to encourage employees to translate their knowledge and skills into performance, facilitating promotions and salary increases. Additionally, Zangge Mining has established clear guidelines and procedures for staff transfers and secondments. In alignment with strategic planning, operational needs, organizational restructuring, and changes in workforce size, the Company makes timely adjustments to job roles to foster mutual growth for both employees and the organization.

#### **Employee Career Development Tracks**

Functional Career Track	Scope of Application	Career Development Pathways	Professional Competency Assessment
Professional career track	Personnel from the Company's Human Resources Department, Finance Department, Audit Department, Director's Office, and other related departments	<ul> <li>Position Promotion: Employees who have received an annual performance rating of A for two consecutive years are eligible to apply for a transfer from a lower-level position to a higher-level position. The Company will prioritize these applications based on the availability of positions and the applicant's professional qualifications.</li> <li>Skill Development: This refers to the gradual advancement of professional capability levels within the same position, progressing from entry-level to senior-level proficiency.</li> </ul>	<ul> <li>Professional Competency Grading Standards: The standards are structured as a multi-tiered framework that includes behavioral criteria, knowledge benchmarks, competency attributes, and experience thresholds.</li> <li>Employee Professional Competency Level: This tier is dynamically adjusted based on annual performance review results. Employees meeting specific criteria may apply for promotions to a higher professional competency level.</li> </ul>
Management career track	Management personnel from various departments of the Company		



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# **Talent Training System**

Zangge Mining has established staged development objectives for its talent training system, which is designed to align with employees' career development needs and ensure that they receive timely training support at each stage of their careers. The Company has implemented tailored employee training programs for various job levels and positions, offering targeted training and development opportunities for new hires, production employees, and management personnel.

Foreword

#### **Key Performance**

During the reporting period, a total of **1,380** employees participated in training activities, accumulating **3,529** training hours The Company invested a total of RMB **458,500** in these training programs

#### Campus Recruitment Development Program

The Company places a high priority on training workplace newcomers, including campus recruits. It has developed the 2024 Campus Recruitment Development Program, and enhanced internal talent cultivation mechanisms. This program aims to continuously improve graduates' professional competencies and technical skills, facilitating their rapid integration into the workplace environment.

#### 2024 Campus Recruit Orientation Program

**Probationary Period** -**General Training Stage** 

- Participate in onboarding orientation, whose courses include company introduction, personnel rules and regulations and code of conduct, product knowledge, corporate culture, etc.
- Visit the production workshop to understand the company's business and environment.
- · Sign a master-apprentice agreement.
- The Company conducts training inspections by organizing theoretical examinations and requiring campus recruits to submit reflection reports.

#### **Probationary Period** -**Department Probation Stage**

- The mentor formulates a training plan for the probationary period and carries out job knowledge and skill training and practical training according to the training plan. The mentor also conducts inspection and evaluation in combination with theoretical examinations, practical examinations, etc.
- The human resources department organizes general training, whose courses include career planning, time management, office software, professional etiquette, etc.
- The head teacher communicates at least once a month to understand the ideological dynamics and assist in solving problems in life and work.
- · Campus recruits submit a probationary period work report, and the employing department and the human resources department jointly evaluate whether to transfer to the probationary period.

## Apprenticeship Period

- The employing department and the mentor arrange daily work and special tasks to examine work performance.
- The human resources department organizes general training, including iob qualifications, rank systems, etc., which can be carried out online or offline.
- At the end of the probationary period, campus recruits write a probationary period work report, and the employing department and the human resources department jointly evaluate whether they meet the requirements for fixed positions.

Zangge Mining organized a three-day orientation program for its 2024 campus recruits from August 14 to 16, 2024. The training encompassed mentor meetings, theoretical instruction, and production site visits. This program is designed to help campus recruits swiftly familiarize themselves with company operations, integrate into teams, and develop into future key talents with outstanding professionalism, teamwork skills, and sustainable growth potential.



Mentor Meeting for 2024 Campus Recruits

Contents of Each Stage of the Company's Campus Recruitment Development Program

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#### Professional Skills Training

The Company conducts a variety of professional skills training programs and labor skills competitions aimed at enhancing employees' skill levels and overall competencies. Additionally, Zangge Mining places a high priority on the skill development and professional competency enhancement of non-production and non-technical employees, such as those in the Board Office, financial media relations, and crisis public relations. The Company actively organizes targeted training programs to strengthen their knowledge acquisition and mastery in these specialized areas.



#### Professional skills training for technicians and frontline workers

To further enhance the technical proficiency of the Company's technical personnel and frontline staff, Zangge Mining organized a comprehensive production technology training program in July 2024. This program targeted the Production Management Department (Mining Workshop), Safety and Environmental Protection Department, R&D Department, as well as newly hired employees for 2024. The training covered key topics including Fundamentals of Aqueous-Salt Phase Diagrams, Phase Diagram Construction Techniques, Brine Solar Evaporation Process for Qarhan Salt Lake, and Calculations for Salt Field Solar Evaporation Phase Diagrams. Through diverse teaching methods, the training effectively integrated theoretical knowledge with practical operations. This approach enabled employees to gradually master the application of relevant technologies in production, significantly enhancing the professional skills of both technicians and frontline workers.



Professional Skills Training Programs

#### Joint Training by External Organizations

Zangge Mining places a strong emphasis on employees' professional growth and career development. The Company provides comprehensive and systematic training opportunities by collaborating with various enterprises, professional training institutions, and other third-party organizations. This approach stimulates employees' enthusiasm for learning and ensures that their educational needs are fully met.



#### Visit to Qinghai Salt Lake Zhiyun Logistics Co., Ltd. for learning exchange

In November 2024, the Company organized key position employees to visit Qinghai Salt Lake Zhiyun Logistics Co., Ltd. for an exchange and learning experience, aimed at deepening their understanding of standardized special railway construction during the on-site visit. The learning exchange activities focused on the construction of a standardized special railway, encompassing areas such as freight operations, equipment maintenance, operational standardization, and personnel management. These activities enhanced the key staff's understanding of the standardized operating processes, regulations, and safety awareness related to railway cargo transport. As a result, they positively impacted the service quality of the Company's dedicated railway operations.



Learning Exchange Program

#### Improvement of Academic and Professional Qualifications

The Company encourages employees to enhance their academic and professional qualifications, facilitating their in-depth study of industry-related knowledge and the improvement of their professional competencies. We actively review the enrollment requirements for the College of Continuing Education at Qinghai University, encouraging employees to engage in on-the-job education to upgrade their academic qualifications. As of the end of the reporting period, 55 employees had successfully enrolled in Qinghai University's continuing education program. Furthermore, during this reporting period, one employee from Zangge Mining was recognized as a senior engineer, while another from Zangge Potash Fertilizer attained senior engineer status. Additionally, one employee obtained a master's degree in management from Chongqing University, another earned a master's degree in business administration from Sichuan University, and two employees achieved the Certified Public Accountant (CPA) certification.

#### Eadership Training

In line with the business characteristics and training needs of each department, subsidiary, and production base, the Company has developed a range of diversified leadership training programs for management. These programs aim to systematically enhance decision-making, leadership abilities, and production and operations management skills among leaders. In 2024, the Company launched a "Lean Production and Operations Management Practical Training Program". This initiative is designed to enhance leadership capabilities within management teams while promoting the application of lean methodologies in potash fertilizer production, thereby significantly improving operational efficiency.

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# Sustainable Supply Chains

Zangge Mining adheres to the principles of responsible purchasing and is committed to creating a cooperative environment characterized by equality, respect, transparency, winwin outcomes, and openness. The Company continuously optimizes its supplier management system to provide strong support for its development through a high-quality supply chain. Additionally, Zangge Mining leverages its influence within the value chain to communicate and convey its sustainable development concepts and requirements to partners. By collaborating closely with them, the Company aims to achieve positive environmental and social performance.

## Supply Chain Management

Zangge Mining places a high priority on establishing solid long-term partnerships with its suppliers. The Company has formulated and implemented management documents, including the *Supplier Management Regulations* and the *Procurement Management Regulations*, which clearly outline the management processes and requirements for supplier investigation, evaluation, and performance assessment. As of the end of 2024, the Company had a total of 511 suppliers.

#### Access

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 Designate special personnel to conduct comprehensive assessments and indepth investigations of suppliers based on the *Supplier Evaluation Form*, including factors such as environmental protection compliance, product quality, and human rights risks.
 Require suppliers to provide

- Require suppliers to provide environmental protectionrelated qualification documents or conduct on-site inspections of the production environment and product quality.
- Classify according to the categories of purchased supplies, whether the suppliers have obtained the ISO 9000 quality management system certification, and other standards.

Grading

#### (Monitoring and Evaluation

 Establish a list of qualified suppliers, and take the environmental friendliness of products as an additional scoring item in the supplier assessment.

- Carry out regular rolling quality surveys every year to ensure that suppliers always meet the requirements for admission.
- Enter supplier information into the SAP digital management platform for real-time updates and management.

Supplier Management Process

#### Exit

- Put forward improvement suggestions for suppliers that do not meet the quality, environmental, and social requirements. If the assessment results of the suppliers after improvement are still unqualified, they will be removed.
- If illegal or irregular behaviors of suppliers are found during the investigation, the cooperation relationship with the suppliers involved will be terminated.

The Company is in the process of introducing and establishing risk-oriented due diligence procedures to further integrate ESG requirements into its supply chain management processes. This approach enables timely and effective identification, prevention, mitigation, and management of potential negative ESG impacts. The due diligence process will comprehensively cover the upstream suppliers within Zangge Mining's value chain, including both direct suppliers and indirect partners. The results of this due diligence will be a crucial factor in the Company's collaboration decisions, with priority given to those suppliers demonstrating excellent ESG performance.



Supply Chain Due Diligence Management Process

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## **Responsible Procurement**

Foreword

Zangge Mining integrates the concept of sustainable development into its supply chain management practices. The Company has developed and published its Responsible Procurement Policy on its official website, which incorporates ESG factors such as business ethics, labor rights, and environmental sustainability into the entire supplier management process. Utilizing both online and offline methods, Zangge Mining continuously reviews the latest information about its suppliers and promptly terminates relationships with those that violate ESG regulations. The Board of Directors is responsible for overseeing the implementation and enforcement of this policy. At the contract signing stage, the Company explicitly communicates its requirements to suppliers regarding labor practices, safety standards, environmental considerations, and business ethics, and signs written agreements to formalize these expectations. During the supplier evaluation stage, the Company's assessment criteria incorporate ESG management systems, energy conservation, and environmental protection factors on par with other evaluation criteria. This approach marks a departure from previous relatively simplistic evaluation methods and establishes a more scientific, accurate, and comprehensive supplier assessment system. In the past year, we successfully conducted two comprehensive assessments of our partners based on this assessment system.

Additionally, the Company emphasizes building suppliers' ESG capabilities by communicating the requirements related to environmental and social responsibility, integrity, and business ethics outlined in the contract terms to all suppliers. To enhance suppliers' understanding of ESG standards, the Company publicly released the Supplier ESG Handbook during the reporting period and organized offline workshops with suppliers. These workshops aimed to introduce basic concepts and current developments in ESG, identify gaps in suppliers' ESG management through comparisons with industry-leading practices, and provide a focused interpretation of the manual's expectations and recommendations for improving their ESG management.

Through the Supplier Whistleblower Complaint Mechanism, the Company encourages suppliers to actively participate in monitoring and maintaining a responsible supply chain. This mechanism provides a secure and confidential channel for reporting any potential ESG violations or misconduct related to the Company's business activities. The reporting scope includes environmental violations that breach regulatory standards or company policies, as well as issues such as child labor, forced labor, discrimination, other human rights abuses, corruption, bribery, and other breaches of business ethics. We are committed to maintaining strict confidentiality for all reported information and protecting the identities of all whistleblowers. In cases where disclosure of a whistleblower's identity is necessary for legal reasons or investigative purposes, the Company will inform the whistleblower in advance and take appropriate measures to safeguard their interests.

#### **Key Performance**

Supplier ESG Awareness Training: During the reporting period, **100**% of suppliers participated in training sessions on ESG requirements Integrity-based Procurement: During the reporting period, the signing rate of supplier integrity-based procurement agreements was 49% Local Procurement: As of the end of the reporting period, Zangge Potash Fertilizer's local procurement rate<sup>1</sup> was 5% while Zangge Lithium achieved a local procurement rate of **51**%



#### Zangge Mining developed the Supplier ESG Handbook to drive the ESG transformation of suppliers

During the reporting period, Zangge Mining developed the Supplier ESG Handbook, taking into account global ESG development trends and best practices, as well as aligning with the Company's ESG strategy and supplier management requirements. The manual provides specific suggestions and expectations for suppliers in areas such as environmental management, labor rights, and corporate governance.

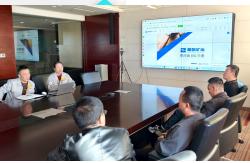
In October 2024, Zangge Potash Fertilizer hosted an offline communication meeting in Golmud with several of its major suppliers to discuss the Supplier ESG Handbook. During this meeting, the Company outlined its ESG management requirements for suppliers and emphasized that suppliers' ESG performance is a critical criterion in its purchasing decisions. This performance is vital for building a sustainable supply chain. The Company also offered specific recommendations for improving the overall status of suppliers' ESG practices and addressing existing issues.



Zangge Mining's Supplier ESG Handbook

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感谢您对藏格矿业的支持。作为国内领先的盐湖等矿产资源开发上 市企业,我们深知供应商在实现企业战略和社会责任中的关键作用,为 了共同推动环境保护、社会责任和公司治理(ESG)目标的实现,我们询 制了这本《藏格矿业供应商ESG手册》 这本手册不仅涵盖了我们对供应商的ESC期待,同时也反映了我们对 负责任采购的承诺。我们希望通过与您携手,建立一个更具透明度、合 规性和可持续性的供应链,为共同创造长期价值打下坚实基础。 在未来的合作中,我们期待与您共同我行ESG理念,实现共赢发展。 希望您在阅读这本手册的过程中,能更好地理解我们的期望与要求,进



Supplier ESG Handbook Training & Exchange Workshop

<sup>&</sup>lt;sup>1</sup> Local procurement rate = (Number of suppliers in Qinghai Province / Total number of suppliers)  $\times$  100%.



Zangge Mining has always adhered to the quality policy of "Customer Focus, Quality Assurance; Total **Employee Participation, Continuous** Improvement; Value Creation, Social Contribution". By establishing a comprehensive quality management system and strengthening quality risk control measures, we continuously enhance the entire process of quality and safety management, ensuring that product specifications meet or exceed industry benchmarks. Furthermore, the Company is committed to protecting the legitimate rights and interests of our customers by building a robust customer service management system. We are dedicated to continuously improving the quality of customer service.

#### Governance

Zangge Mining has established a three-tier management structure with the Vice President as the top executive. We adopt a "Self-optimization and Self-improvement" mechanism to systematically refine technical quality standards, ensuring standardized and process-driven management of quality objectives, benchmarks, and procedural controls.

In terms of quality management, the Company has developed several procedural documents, including the Quality and Safety Management System, the Quality Management System, the Corrective Action Control Procedures, the Quality Objectives Responsibility Agreement, the Incoming Material Inspection Regulations, and the Outgoing Product Acceptance Criteria. These documents facilitate comprehensive quality governance across four core operational stages: brine fields, procurement, production, and sales. Specifically for production processes, our quality control protocols encompass incoming material inspections, traceability labeling for intermediate and finished products, protective measures for finished products as well as standardized testing criteria and Standard Operating Procedures (SOPs). Regarding customer service, the Company adopts a customer-centric approach by establishing a robust customer service management system based on frameworks such as the *Customer Relationship Management System* and the *Customer Satisfaction Measurement Procedures*.

The Company has implemented a comprehensive quality management system with all production sites certified under ISO 9001. We continually enhance our management processes to improve performance in quality management practices. We have completed the 2024 internal quality management system audit to continuously optimize the compliance and effectiveness of our quality management system. To further enhance our quality management capabilities, we have introduced new testing equipment, organized QC group training sessions, and provided supplier quality audit training. These initiatives strengthen our quality control capabilities and promote the ongoing optimization of the overall quality management system.



Certificates of Quality Management System for Zangge Potash Fertilizer and Zangge Lithium



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# Impact, Risk and Opportunity Management

Risks	Countermeasures	
Workshop shutdowns for maintenance may extend production and inspection processes, which can negatively impact the continuity of production operations and compromise quality control.	We have enhanced our product quality inspection management system by strengthening raw material sampling, in-process inspections, and finished product testing. Additionally, we implement targeted corrective actions to address identified quality issues. We continuously advance the research and development (R&D) and commercial application of product purification technologies, while fostering a culture of excellence in quality management.	
As the demand for lithium and other resources in the new energy industry grows and quality requirements increase, it is essential to continually upgrade product purification processes and quality inspection techniques. If the research and development (R&D) of new technologies lag behind, it could impede improvements in product quality.		
Additionally, the lack of a comprehensive and effective customer complaint response mechanism may lead to a loss of trust from customers and other stakeholders. This could trigger negative public sentiment or legal disputes, potentially resulting in administrative penalties from regulatory authorities.	The Company has established a systematic customer complaint response mechanism and standardized handling processes to efficiently address customer claims, protect their rights and interests, and continuously enhance service transparency and the level of responsible governance.	
Opportunities	Countermeasures	
The technological improvements in lithium extraction from salt lakes have begun to yield positive results, enabling the Company to further reduce costs and improve product consistency through technological optimization, thereby enhancing market competitiveness.	We are committed to strengthening research and development in product purification and quality testing. By improving testing methods and procedures, we aim to enhance product quality in a scientific and efficient manner.	
	We have established and continuously optimized diverse customer communication channels—including client forums,	

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## Strategy and Management Method

Foreword

Zangge Mining prioritizes product quality and customer service management as core elements of daily operations. Through diversified practices, including quality inspections, quality culture development, and customer rights protection, we are committed to delivering high-quality and safe products and services to all customers.

## Product Quality Inspection

During the reporting period, Zangge Potash Fertilizer completed a total of 636 batches of finished product sampling inspections and conducted 290 inspections for quality control in the production process to ensure that products meet national and industry standards. In response to issues detected during production-such as insufficient oxygen content, caking, and packaging short weight-the Company actively communicated with customers to address these problems appropriately. Furthermore, to resolve the issue of product caking, the Company optimized its production process by adjusting the structure of the drying kiln and installing additional screens. These measures effectively enhance the stability of product quality. Zangge Lithium has optimized its product quality inspection management mechanism by strengthening raw material sampling, production process inspections, and finished product testing. The Company has updated production equipment, enhanced the production environment, increased the number of testing devices, and improved testing methods. We have refined the inspection process, established clear inspection frequency guidelines, and set data recording requirements. This allows us to timely identify and analyze product quality issues while implementing targeted corrective measures. Through improvements in chemicals and processes, optimization of production parameters and construction cycles, as well as maintenance and replacement of corroded equipment, Zangge Lithium has ensured strong performance in product indicators for calcium, magnesium, and magnetic substances. As a result, the overall quality of its products has been significantly enhanced.



## Quality Culture Development

The Company actively fosters a culture of quality by promoting the integration of quality awareness into daily work through employee training and themed activities. This cultivates an atmosphere where "everyone cares about quality, values quality, and participates in quality-related activities".



## Zangge Potash Fertilizer's 2024 "Quality Management Month" Initiatives

In September 2024, Zangge Potash Fertilizer launched "Quality Month" initiatives through promotional activities, meetings, and various learning formats. The Quality Management Department actively organizes internal training sessions focused on quality issues. Through discussions in meetings about common challenges, the department emphasizes individual accountability in maintaining strict quality control to reinforce the mindset that "Quality Starts with Me" among all employees.

On September 23, Zangge Potash Fertilizer participated in the "Enhancing Quality Awareness for High-Quality Development" campaign organized by the Golmud Market Supervision Administration. The campaign utilized various outreach methods including banner displays, exhibition panels, consultation service booths, and distribution of quality safety leaflets to effectively communicate the critical importance of quality to the public.



"Quality Month" Initiatives

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## Customer Rights and Interests Protection

In terms of customer communication, the Company establishes diverse and effective communication channels. By organizing customer seminars, participating in industry exhibitions, conducting regular follow-up visits, and employing other methods, we promptly understand and address customer needs while providing professional and personalized services. For customer complaints, the Company has clearly defined a complaint response mechanism and processing workflow. This includes steps for receiving feedback, conducting internal verification, analyzing and addressing issues, issuing responses, and providing resolutions. These measures effectively safeguard the rights and interests of our customers.

## Pre-sale Work

- Sort out and analyze user information, and clarify the dynamic customer needs in different regions
- · Provide targeted and detailed product introductions

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#### **Daily Management**

- Regularly carry out customer visits and symposium activities, promptly gain insight into changes in customer needs and collect feedback
- Organize team-building activities with customer units irregularly to create a closer cooperative relationship
- The Company utilizes the SAP information system to manage contracts and other aspects of customer relationships to enhance operational efficiency and service quality
- Regularly carry out training activities for internal sales and customer service personnel to improve service quality

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#### After-Sales Services

- Establish a customer file for after-sales service, and accurately record customer information and their needs
- Send out customer satisfaction questionnaires every quarter, and receive customer feedback through multiple methods and channels such as telephone, fax, business letters, and video conferences
- We ensure that all customer demands are addressed within 24 hours. The Quality Department collaborates closely to handle feedback issues professionally, guaranteeing that all concerns are thoroughly reviewed and resolved



Zangge Mining held a core customer symposium to foster collaborative empowerment and joint growth

In appreciation of the long-standing trust and support from its partners, Zangge Mining hosted a Core Customer Symposium in Sanya, Hainan Province, in November 2024. This event facilitated in-depth discussions on corporate development goals, industry trends, and strategic resource collaboration, further strengthening multilateral partnerships. During the welcome banquet of the symposium, President Xiao Yao of Zangge Mining delivered a speech reaffirming the Company's commitment to safe production, green development, and comprehensive utilization of salt lake resources. He emphasized the group's vision to become a world-class mining conglomerate and expressed optimism about deepening cross-industry partnerships that promote mutual benefits and enhance the prosperity of both the potassium chloride and lithium carbonate sectors.





Mr. Xiao Yao, President of Zangge Mining, delivered a speech at the welcome banquet.

Core Client Symposium

## **Metrics and Targets**

#### Key Performance

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During the reporting period, the Company's

Number of violations involving health and safety impacts related to products and services: m 0

Economic losses due to product safety-related lawsuits: RMB

Number of customer complaints: m 0, number of negative incidents related to customer health and safety: m 0

Customer satisfaction: **100**% for Zangge Potash Fertilizer **100**% for Zangge Lithium

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# **Community Involvement and Contribution**

Zangge Mining Co., Ltd. adheres to the pursuit of "serving society and giving back to society", alongside the purpose of "supporting the elderly and vulnerable, assisting the disabled, providing disaster relief, promoting public welfare, engaging in philanthropy, and benefiting all under heaven". The Company has established and effectively implemented the *Social Responsibility Management System* that fully considers community and public interests in its production and business operations. It actively engages in community participation, rural revitalization, and public welfare initiatives, demonstrating corporate responsibility through modest yet impactful efforts. In 2024, our external donations for community participation, rural revitalization, and public welfare totaled RMB 1,873,900.

## Key Performance

From 2022 to 2023, the Company was consecutively awarded the "Contribution Award of the Red Cross Society of China" by the Red Cross Society of China.

In July 2024, Zangge Mining's "Yixing Hongguang Public Welfare Project in Support of Rural Revitalization Strategy" was recognized with the "Vitality ESG" Social Responsibility Award from Southern Finance Omnimedia Corp. (SFC).

In January 2025, the Company received both the "Public Welfare Special Contribution Award" and the "Public Welfare Case Award" at the 14th Public Welfare Festival & 2024 ESG Influence Annual Conference, in recognition of its long-term philanthropic contributions.



"Vitality ESG" Social Responsibility Award from the SFC

## **Connecting Communities**

While providing stable products and high-quality services, Zangge Mining remains committed to community building and communication. By improving educational resources within communities and promoting local employment and employment in overseas operations, the Company continues to strengthen community partnerships both domestically and internationally, supporting community culture, education, and social welfare. As of the end of the reporting period, the number of local employees in the communities where the Company operates reached 1,054.

## Empowering Community Education

The Company is deeply committed to youth development. By organizing and participating in philanthropic initiatives as well as providing financial and material support, the Company aims to deliver quality educational resources to young people. This effort enhances educational resources and standards in our operating regions while promoting equitable access to quality education.

## Donating School Supplies to Students at Zhanqian Road Primary School

In October 2024, during the "Party-Building Integration: Lighting Up Micro Wishes" public welfare campaign, Zangge Mining fulfilled the wishes of four students from Zhanqian Road Primary School by providing them with school supplies including backpacks, markers, pencil cases, ballpoint pens, and stationery sets. This initiative conveyed warmth and care. This initiative not only ignited hope for students but also exemplified the Company's commitment to actively fulfilling its social responsibilities under Party-building guidance.



School Supplies Donation Ceremony at Zhangian Road Primary School

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## Enhancing Overseas CSR Implementation

Foreword

In our overseas business expansion, Zangge Mining promotes local economic and social development through local procurement, local employment, and tax contributions. Additionally, we actively implement the Belt and Road Initiative by launching two potash mining projects in partner countries. Throughout this process, we respect local customs and cultural heritage while actively participating in community economic development and exchange programs. This fosters mutual understanding and trust with local residents, consistently enhancing Zangge Mining's brand reputation and goodwill abroad.

#### Promoting Local Employment

In February 2023, two wholly-owned subsidiaries of Zangge Mining— Chengdu Chuanliao Juyuan Industrial Co., Ltd. and Zangge Mining (Laos) Development Co., Ltd.—signed the Vientiane Xaythany-Pakngum Potash Exploration Agreement with the Lao government. This agreement secured exploration rights for mining areas as well as authorization for technical engineering and residential construction. This initiative not only advances the Company's localized mineral exploration, extraction, and processing operations in Laos but also ensures compliance with local labor regulations by implementing mandated local employment quotas. As of the end of the reporting period, Zangge Mining has created a total of 13 local jobs in Laos<sup>1</sup> contributing to improved quality of life and skills for local residents.

#### Promoting Multi-party Exchanges

Zangge Mining actively collaborates with government departments in overseas operational regions, peer companies, and project construction units to participate in various seminars and symposiums, such as the International Symposium on Potash Resource Development in Laos. These efforts enhance the understanding of all parties within the value chain regarding the current status and future prospects of potash fertilizer development, as well as the progress of various potash fertilizer projects. This collaboration also promotes exchanges of business experiences and economic development.



#### Participation in the International Symposium on Potassium Resource Development in Laos

In October 2024, Zangge Mining participated in the International Symposium on Potassium Resource Development in Laos, hosted by the China Inorganic Salts Industry Association (CISIA) in Vientiane. Representatives from Zangge Mining engaged in discussions with over 200 participants, including overseas potash project developers, corporate delegates, traders, research institutions, design firms, consulting agencies, as well as domestic downstream enterprises specializing in potassium mining investment, extraction, granulation, production and sales. The exchanges focused on topics such as Laos' potash mineral resources, ongoing project developments, processing technologies, and industry trends.



Avenue of the International Symposium on Potassium Resource Development in Laos



#### A Government Delegation from Laos Conducted an Official Inspection and Research Visit to the Company

In March 2024, a government delegation led by Mr. Athsphangthong Siphandone, Mayor of Vientiane, Laos, visited Zangge Mining's headquarters. The two parties engaged in detailed discussions about the progress of Zangge's Laotian potash mining project and the operational status of its potassium fertilizer business. The delegation also undertook a thorough field investigation at the Qarhan Salt Lake mining area, where they engaged in technical discussions with company representatives regarding salt lake resource development technologies.

In April 2024, Mr. Athsphangthong Siphandone sent a letter of appreciation to Zangge Mining expressing gratitude for the hospitality extended during their visit. He praised this exchange activity for its significant contribution to enhancing Sino-Laotian relations and cooperation.



Laos Government Delegation Exchange Venue



Letter of Appreciation from the Mayor of Vientiane, Laos



#### Football Friendship Match with Vientiane Department of Energy and Mines

In September 2024, Zangge Mining (Laos) Development Co., Ltd. organized a football friendship match with the Vientiane Department of Energy and Mines at ALOHA Stadium in Vientiane. This football match not only enriched employees' sports activities by enhancing their physical fitness and teamwork skills but also fostered communication and interaction between the Company and local government authorities. This helped to strengthen mutual understanding and trust.



Football Friendship Match Venue

<sup>1</sup> This data scope covers company-owned employees only and currently excludes contractor/construction teams.

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## **Rural Revitalization**

Zangge Mining actively responds to the national call for implementing the rural revitalization strategy by promoting paired assistance, donating materials and funds, and focusing on rural education. These efforts contribute to the "Three Rural Issues" (agriculture, rural areas, and farmers) and play a positive role in ensuring effective connections between consolidating poverty alleviation achievements and advancing rural revitalization. During the reporting period, the Company invested RMB500,000 in rural revitalization initiatives.

## Village-Enterprise Pairing

Under the "Hundred Enterprises Revitalize Hundred Villages" initiative, Zangge Mining has been continuously strengthening its efforts in paired assistance programs between enterprises and rural communities. Since 2013, the Company has signed assistance agreements with over a dozen villages and towns—including Zhuyu Village in Xiangride River Basin (Haixi Mongolian and Tibetan Autonomous Prefecture), Xinhua Village in Guolemude Town (Golmud City), and Chana Village in Dagele Townshipto implement economic construction support as well as cultural initiatives that focus on building livelihood projects to improve living environments.



In 2024, Zangge Mining funded the construction of a dining hall at "Xinhua Village Mutual Support Happiness Home", providing warm and comfortable dining space for left-behind children and elderly residents. On October 28, 2024, Xinhua Village held a grand opening ceremony for its new community dining hall. The village presented a silk banner inscribed with "Enterprise-Village Joint Development for a Harmonious and Beautiful Countryside" to express their recognition of Zangge Mining's achievements in its village-enterprise pairing assistance programs.



#### "Qihong Comprehensive Service Hub" Project in Chana Village

In 2024, Zangge Mining donated RMB200,000 to support Chana Village's infrastructure development aimed at strengthening its collective economy. With these donated funds, Chana Village developed and implemented the "Qihong Comprehensive Service Hub" project. This initiative stimulated local economic innovation while diversifying income sources for residents, ultimately creating sustainable livelihood opportunities within the community.



Opening Ceremony of "Xinhua Village Mutual Support Happiness Home"



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## Practicing Philanthropy with Steadfast Commitment

Foreword

Zangge Mining is dedicated to becoming a compassionate and socially responsible enterprise. By adhering to the principles of "staying true to our original aspirations, sharing prosperity, aiding those in need, and giving back to society", we integrate these values across various domains including volunteer services, disaster relief, health initiatives, and public welfare. Through tangible actions, we fulfill our social responsibilities with a spirit of dedication, spreading warmth and making meaningful contributions to society.

## "Yixing Hongguang" Public Welfare Project

Since the launch of the "Yixing Hongguang" public welfare project by Zangge Mining in 2023, we have deeply engaged in the education sector by providing comprehensive support to rural students in impoverished areas across all academic stages—from kindergarten through university. This initiative has facilitated improvements in teaching facilities at rural schools through donations while also launching educational programs in Huangnan Prefecture, Golmud City, Tianjun County, and Yuxi City in Yunnan Province. These efforts include scholarships, environmental protectionthemed activities for kindergartens, and scientific research grants—together advancing rural education development. Zangge Mining's sustained commitment to the "Yixing Hongguang" public welfare project exemplifies its unwavering support for educational equity while showcasing a profound sense of social responsibility and accountability.

## Key Performance

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As of the end of this reporting period, Zangge Mining's "Yixing Hongguang" public welfare project has cumulatively donated over RMB**4** million, directly benefiting more than **1,900** individuals This includes over **400** students and children supported through educational grants as well as improvements made to activity spaces Yixing Hongguang

In November 2023, the Company made donations to two children's growth centers. In April 2024, 7 volunteers were sent to the children's growth centers to participate in the center's renovation and decoration, directly benefiting more than 100 children.

funds to support the education of about 200 students in difficult situations from 5 middle schools, including Tianjun County Nationality Middle School in Qinghai Province, Huangnan Prefecture Senior High School, and Kangle County Nationality Middle School in Gansu Province.

The Company established a link for donating



In July 2024, in cooperation with the Scopic Charity Fund of Beijing United Charity Foundation, the Company donated teaching materials such as computers, printers, books, and toys to the Kunlun Community Kindergarten in Golmud, Qumalai County, Qinghai Province, and held a far-reaching environmental protection education activity.



In July 2024, in cooperation with the Qinghai Gesanghua Education Foundation, the Company donated education assistance funds to 123 students in difficult situations from three schools, namely Huangnan Prefecture Nationality Middle School, Tianjun County Nationality Middle School, and Tianjun County Nationality Senior High School in Qinghai Province. It also visited and learned about the family situations of 12 students in extremely difficult situations, with a total donation of more than 360,000 yuan. In August 2024, the Company joined hands with the large-scale public welfare activity of the Xingdao 69 team, together with several enterprises, visited Caoyuan Central Primary School and Mazong Primary School in Caoyuan Township, Huili City, Liangshan Prefecture, Sichuan Province, and donated 50,000 yuan of materials. In September 2024, the Company jointly carried out the "Gesanghua Flower Protection Action" with the Qinghai Gesanghua Education Foundation, bringing a far-reaching adolescent sexual education course to about 1,500 adolescent girls in the Tibetan area of Qinghai. It also distributed sanitary pads to the participating girls, and donated 108,000 yuan.



Key Educational Support Initiatives of the "Yixing Hongguang" Public Welfare Project in 2024

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## Health-focused Public Welfare

Foreword

While ensuring occupational health and safety for all employees, Zangge Mining collaborates with partners through foundation donations and health-focused public welfare initiatives to collectively safeguard public health.



## Funding the 2nd Pediatric Scar Summer Camp at Beijing Children's Hospital in 2024

In July 2024, Zangge Mining donated RMB280,000 to the Beijing Children's Health Foundation to fund the 2nd Pediatric Scar Summer Camp at Beijing Children's Hospital.

In August of the same year, the Company dispatched three volunteers to the summer campsite, where they collaborated with a professional team to provide carefully designed art therapy sessions and outdoor activities, helping children affected by burns or scalds heal their emotional trauma. Additionally, a professional medical team provided free clinic services for these children, offering scientific diagnoses and guidance for their injuries. This initiative allowed them to experience both professional care from healthcare workers and the warmth of community support.



Avenue of the 2nd Pediatric Scar Summer Camp at Beijing Children's Hospital

## Volunteer Service

Zangge Mining encourages its employees to become pioneers in fostering positive social trends and advocates for social civility, actively organizing and participating in diverse volunteer activities to tackle social issues through practical actions. During the reporting period, the Company's volunteer service engagements totaled 18 participants, contributing a cumulative service duration of 304 hours.

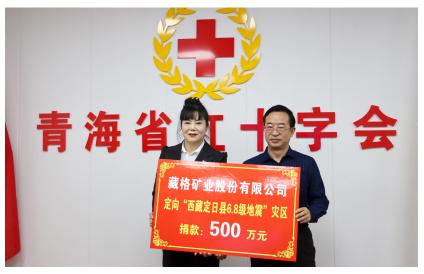
## Emergency Disaster Relief Assistance

In response to various natural disasters and major calamities, the Company consistently acts swiftly, providing immediate relief support. We closely monitor disaster situations and assess relief needs, contributing both financial and material resources to assist local disaster response efforts and support post-disaster reconstruction. Our goal is to help affected areas restore normal production and daily life as quickly as possible.



#### Emergency Response and Relief Efforts for the Dingri County Earthquake in Tibet

On January 7, 2025, a devastating 6.8-magnitude earthquake struck Dingri County, Shigatse City, Tibet, resulting in significant casualties and widespread destruction of buildings. Following the earthquake, Zangge Mining immediately activated its emergency response mechanism and donated RMB5 million through the Qinghai Red Cross, specifically earmarked for emergency relief and post-disaster reconstruction efforts in the affected areas. The donated funds will primarily be utilized for procuring emergency relief supplies and equipment, as well as supporting the rapid restoration of damaged infrastructure. This will ensure the basic living needs of affected residents are met and help them resume normal production and daily life as soon as possible.



Providing Financial Support to the Dingri County Earthquake-Stricken Area

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# Responsibility Governance and Values

Guided by its corporate mission of "Continuously Developing Salt Lake Resources and Becoming a Leader in Green Development", Zangge Mining has established a standardized and effective governance framework. It has laid a foundation for compliance and integrity in operations, enhanced information security management, and leveraged technological innovation and digital transformation. Through exemplary corporate governance and innovative management, the Company strengthens its sustainable value resilience.

## Material issues covered in this chapter

- Corporate Governance
- ESG Management
- Stakeholders Engagement
- Compliance and Risk Management
- Resource Reserves and **Comprehensive Development**
- Business Ethics and Anti-Corruption
- Information Security
- Innovation and Development of New Quality Productive Forces

## SDGs addressed in this chapter







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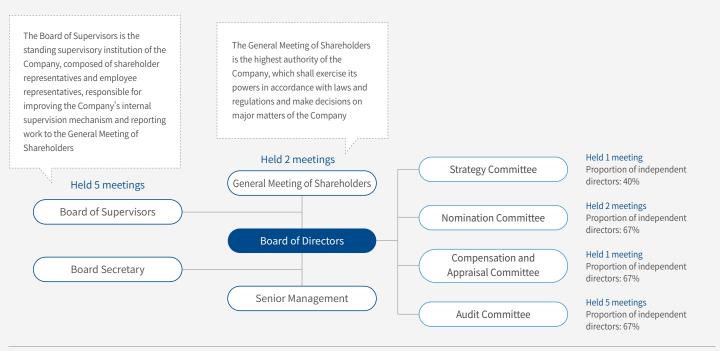
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# Corporate Governance

Zangge Mining steadfastly strengthens its foundation for stable development, aiming for high-quality growth objectives and deeply integrates sustainability principles into its corporate philosophy, strategic planning, and operational management. By enhancing board effectiveness, optimizing governance structures, establishing scientifically coordinated operational mechanisms, and adhering to compliance benchmarks, the Company safeguards the legitimate interests of all stakeholders, thereby ensuring sustainable long-term development.

## **Corporate Governance Structure**

Zangge Mining strictly complies with laws and regulations, including the *Company Law of the PRC*, the *Securities Law of the PRC*, and the *Code of Corporate Governance for Listed Companies*, as well as relevant regulatory requirements. The Company has established a governance framework comprising the General Meeting of Shareholders, the Board of Directors and its special committees, the Board of Supervisors, and the senior management. This ensures a clear division of responsibilities and effective functioning among decision-making, oversight, and executive bodies. In 2024, the Board of Directors convened six meetings, with full attendance from all board members.



Corporate Governance of Zangge Mining

During the reporting period, the Company strictly adhered to institutional frameworks, including the *Articles of Association*, the *Working Rules of the Audit Committee of the Board of Directors*, the *Performance Evaluation and Remuneration Management Measures for Senior Management Personnel*, the *Remuneration, Allowance and Performance Management Measures for Directors and Supervisors*, the *Rules of Procedure for the Board of Directors*, the *Working Rules for Independent Directors*, and the *Information Disclosure Management Measures*. These documents have standardized performance evaluation and incentive mechanisms for directors, supervisors, and senior management to ensure that communication and information disclosure in corporate operations comply with regulatory requirements as well as internal policies.

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## **Diversity and Independence**

Zangge Mining places a strong emphasis on diversity and independence within its Board of Directors. In selecting board members, the Company follows a meritocratic principle by conducting comprehensive evaluations based on objective criteria while holistically considering diversity objectives. These include factors such as gender, age, cultural and educational background, ethnicity, professional experience, as well as other regulatory requirements. The composition of Zangge Mining's Board encompasses professionals with diverse expertise across multiple fields including mining development, financial accounting, capital markets, risk management, legal compliance, and sustainable development. This multidisciplinary approach provides comprehensive perspectives that enhance corporate decisionmaking processes while significantly improving both board competency and overall governance effectiveness.

## Key Performance

As of the end of the reporting period, Zangge Mining's Board of Directors comprised
Female directors: <b>4</b> , representing <b>44</b> % of the Board members
Independent directors: ${f 3}$ , representing ${f 33}$ % of the Board members
Financial professionals <sup>1</sup> : <b>3</b> , representing <b>33</b> % of the Board members

## Zangge Mining's Board Composition

				Specialized Comm	Committee Membership		
Name	Position	Professional Experience	Strategy Committee	Compensation and Appraisal Committee	Nomination Committee	Audit Committee	
Mr. Xiao Ning	Chairman	Chemical industry, finance & financial services	Chair				
Mr. Xiao Yao	President & Vice Chairman	Chemical industry	Member	Member	Member		
Mr. Wang Zuoquan	Independent Director	Legal field	Member		Chair	Member	
Mr. Hu Shanying	Independent Director	Sustainable development	Member	Chair			
Ms. Liu Ya	Independent Director	Finance & financial services		Member	Member	Chair	
Ms. Fang Li	Vice President & Director	Chemical industry					
Ms. Zhu Jianhong	Director	Chemical industry, finance & financial services				Member	
Ms. Zhang Ping	Vice President & Director	Chemical industry					
Mr. Qian Zheng	Director	Chemical industry	Member				

<sup>&</sup>lt;sup>1</sup> The definition of "financial professionals" is consistent with the MSCI ESG Rating Methodology.

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## **Compensation for Executives**

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Zangge Mining has developed and implemented the *Senior Management Remuneration Performance Management Measures* based on the principle of distribution according to contributions and the requirement of aligning responsibilities, rights, and interests. This framework aims to establish a performance appraisal and remuneration management system that integrates the operational performance of the Company's senior management with effective incentive and restraint mechanisms. Zangge Mining adheres to principles focused on asset preservation and appreciation, maximization of shareholder value, and sustainable development. The Company evaluates the operational performance of senior executives in accordance with applicable laws and regulations, using a combined quantitative-qualitative approach for annual assessments of those under an annual salary system.

According to the Executive Compensation Performance Management Measures, senior executives' remuneration is comprised of three components: base salary, performance-linked salary, and excess incentive rewards. The base annual salary for the President shall not exceed four times the average annual income of all employees at Zangge Mining and its primary mining subsidiaries. For Vice President-level executives, this base annual salary shall not exceed three times the average annual income across all employees in the Company. Performance evaluations for senior executives are primarily conducted using a Balanced Scorecard (BSC) methodology, which includes metrics relating to "financial performance, customer relations, internal operations, learning & growth initiatives, and task completion". Performance-linked salaries will be withheld in cases where major legal or regulatory violations occur during an executive's tenure.

## Information Transparency

Zangge Mining strictly adheres to the relevant laws and regulations governing information disclosure for listed companies, along with internal requirements such as the *Information Disclosure Management System.* The Company has established a rigorous information review mechanism to ensure compliance with its disclosure obligations, guaranteeing the truthfulness, accuracy, completeness, and timeliness of all disclosed information. This approach helps prevent unfair disclosures or treatment of minority shareholders and protects the rights and interests of all shareholders and investors.

We uphold principles of fairness, impartiality, and transparency in our operations. The *Related-Party Transaction Management System* defines management procedures and institutional responsibilities for related-party transactions clearly. Standardized requirements are established for the entire process including pre-identification, review, decision-making, information consolidation and reporting, as well as information disclosure. The Finance Department is tasked with controlling and managing relatedparty transactions on a daily basis. This includes confirming the list of related parties, reviewing significant related-party transactions, and conducting periodic reviews of all company-wide related-party transactions. The Board of Supervisors is responsible for overseeing the deliberation, voting on agreements involving related parties, and ensuring compliance during execution. During the reporting period, Zangge Mining did not engage in any competing business or materially unfair related-party transactions with its controlling shareholder or actual controller or other enterprises under their control.

Additionally, the Company prioritizes engagement with investors by implementing an *Investor Relations Management System* that fosters professional investor relations practices to protect their legitimate rights. Zangge Mining has established a variety of communication channels to fulfill its information disclosure obligations. On one hand, the Company utilizes shareholder meetings, emails, and the "Investor Relations" section on its official website to effectively meet disclosure requirements. On the other hand, the Company leverages media platforms such as the Shenzhen Stock Exchange's "Easy IR" Platform, as well as its official WeChat account and video channel, to disseminate the latest corporate updates to investors. This approach significantly enhances the timeliness and accuracy of information communication. Key Performance

During the reporting period, the Company Conducted 10 earnings briefings Answered 128 inquiries via the investor hotline Hosted 36 on-site visits to investment institutions Participated in 52 broker strategy conferences Engaged in 11 conference calls Organized 164 reverse roadshows Published 108 announcements on exchange platforms with zero errors or corrections

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# Compliance and Risk Management

Zangge Mining fully recognizes that compliance is fundamental to sustainable development. The Company has established a robust risk management and internal control system that steadfastly adheres to legal compliance while proactively addressing potential risks in production and operations, to solidify the foundation for achieving strategic objectives steadily.



## Governance

Zangge Mining operates a compliance and internal audit management system under the leadership of its Board Audit Committee. The Committee provides comprehensive oversight of compliance operations within the Company, centrally manages overall risk exposure, and reviews corresponding mitigation measures. The Audit Committee supervises an independent Audit Department that operates in accordance with national laws, regulations, and corporate policies. The Audit Department exercises internal supervisory authority to ensure lawful business operations while enhancing internal controls and risk management frameworks.

The Company has implemented the "Three Lines of Defense" in risk management: First Line: Business units function as primary owners of risk prevention by ensuring adherence to both internal policies and external regulations during daily operations to mitigate associated risks. Second Line: The Internal Control Department serves as a monitoring body responsible for identifying existing or emerging risk exposures while designing effective mitigation measures. Third Line: The Audit Department evaluates control deficiencies through internal control assessments and targeted audits, tracking remediation progress accordingly.

#### **Risk Prevention**

#### Business Departments

- Formulate The Internal Control and Risk Management Target Responsibility Letter for each department, and establish risk management targets covering all employees
- Provide risk control guidance and training including procedures, methods, and measures for subsidiaries

#### Risk Monitoring and Control

#### Internal Control Department

- Use professional tools and methods such as the nine-square grid method, questionnaire survey method, and expert evaluation to carry out risk assessment, classify risks into important, significant, and moderate risks, carry out risk classification management, and adopt a joint approach of multiple departments to ensure the substance of risk management work
- Form a "risk control matrix" internally, and clarify various risk response measures for departments to follow in the daily risk management process

Zangge Mining's Three Lines of Defense in Risk Management

## Risk Response

#### Audit Department

 Regularly carry out internal control evaluations (such as semi-annual and annual internal control evaluations) and special audits every year. For the identified deficiencies, carry out reinspections, track the rectification situation, and complete the risk management closed loop

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## Impact, Risk and Opportunity Management

Zangge Mining closely monitors the latest developments in laws and regulations, evaluating their potential impact on the Company's business planning and operational activities. The Company utilizes internal control procedures and internal audit activities to promptly identify compliance risks. In 2024, Zangge Mining initiated a specialized "Legal Health Check" program, engaging in comprehensive discussions with various business units to assess the current state of compliance. The Company also commissioned professional legal service providers to conduct a thorough examination of potential compliance risk areas.

Building upon this foundation, Zangge Mining has continuously enhanced its enterprise risk management processes. In 2024, the Company revised its *Risk Assessment Management Measures* to strengthen risk prevention by adhering to three core procedures: objective setting, risk identification, and risk analysis. This framework guides the execution of risk prevention strategies along with identification, assessment, and response measures. We prioritize compliance objectives as one of our strategic goals within the context of risk assessment. By integrating external factors—such as market demands, legal regulations, and natural disasters—with internal factors—such as IT systems and employee competency—we conduct holistic risk identification and analysis at both corporate and operational levels. This approach ensures that we continuously evaluate the effectiveness of our risk prevention strategies as well as our response measures to effectively mitigate identified risks.

## Company-level Risks

- Determine the Company's strategic goals and mediumand long-term development plans.
- Collect the risk situations of other companies in the same industry, conduct summary and analysis, and find out the commonalities and differences in risks between the Company and other companies in the same industry.
- By adopting methods such as group discussions, the Company's internal control management department and other relevant management departments identify the factors that have a negative impact on the Company's overall reputation and other aspects, and complete the identification and confirmation of company-level risks.

## Business-level Risks

- Determine the specific factors related to business processes that affect the achievement of the Company's goals.
- Describe the business processes in the form of flowcharts in accordance with the Company's unified description specifications and description tools.
- Taking the business process flowchart as the main line, gradually identify the negative factors that affect the achievement of the objectives in each process and the causes of their occurrence.

Zangge Mining's Risk Identification Process

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## Zangge Mining's 2024 Key Risk Identification List

Risk	Categories	Risk Considerations and Impacts	Countermeasure
	Work safety risks	Sudden incidents caused by natural disasters, negligence of outsourcing units, or inadequate self-management and supervision may lead to casualties, damage to production equipment and facilities, and adverse impacts on surrounding production facilities, living conditions, and the natural environment. This could disrupt the Company's normal operations and result in direct economic losses, accident compensation claims, fines, as well as negative social implications.	<ul> <li>Establish a comprehensive safety-first culture, strengthen accountability awareness among key responsible persons, and actively conduct safety training and emergency drills;</li> <li>Implement systematic hazard identification and rectification measures through a multi-faceted approach to secure a safety baseline.</li> </ul>
External factors	Environmental sewage and dust As environmental awareness continues to grow alongside stricter		<ul> <li>Proactively monitor industrial policies while identifying national environmental protection laws as well as local regulations to adapt to new compliance requirements;</li> <li>Employ a lifecycle approach to assess the environmental impacts across all production stages while vigorously promoting emission reduction technologies;</li> <li>Optimize production processes with increased investments in environmental protection measures aimed at minimizing the discharge of wastewater, solid waste, exhaust emissions, and dust;</li> <li>Strengthen lifecycle management of products from design and development to production, sales, storage, transportation, utilization, recycling, and disposal, and leverage synergies across the industrial chain to enhance sustainability;</li> <li>Ensure the effective allocation and utilization of environmental protection funds in compliance with environmental protection laws, regulations, and relevant standards.</li> </ul>
	Market risks	Potassium and lithium products, as essential primary raw materials, are highly susceptible to fluctuations influenced by economic cycles, supply and demand dynamics, market sentiment, and policy changes, which results in significant price volatility.	<ul> <li>Continuously implement relevant measures, including strengthening technological research and development efforts, enhancing the level of refinement in production processes, optimizing process management, reinforcing cost control measures, and improving overall production efficiency, so as to sustain its competitive edge in delivering high-quality and cost-effective products</li> </ul>
Internal	Resource reserve risks	The exploration and development of mineral resources involve extended timelines, substantial capital investments, and inherent complexities along with a multitude of uncontrollable variables. As a result, the Company faces the risk that actual mineral reserve volumes may fall short of projected expectations during operation.	<ul> <li>The exploration and reserve management of mineral resources play a crucial role in supporting the Company's sustainable development. In line with sustainable development principles, the Company is committed to strictly adhering to regulations governing mineral resource exploration. This commitment includes enhancing the professional expertise of our exploration personnel, selecting qualified contractors through a rigorous evaluation process, and conducting thorough preliminary preparations to ensure optimal outcomes.</li> <li>Further optimize reserve verification and development/utilization plans to effectively enhance mining efficiency.</li> </ul>
factors	Technology and R&D risks	To build a resource-efficient and environmentally friendly enterprise, Zangge Mining shall significantly increase its research and development (R&D) investment in clean and low-carbon technologies. This commitment may result in higher project costs and increased expenditures related to talent development. Additionally, the Company may encounter risks such as R&D failures and the challenges of working with immature technologies.	<ul> <li>Standardize R&amp;D project management processes by conducting rigorous scientific feasibility studies prior to the initiation of projects and maintaining continuous tracking of progress toward R&amp;D goals, as well as evaluating their achievement status;</li> <li>Enhance talent acquisition and retention by fostering internal capability-building initiatives and establishing external partnerships, and systematically upgrade the technical expertise of its R&amp;D team.</li> </ul>

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## Strategy and Management Method

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## Compliance Management

Zangge Mining continuously optimizes its compliance management system, which encompasses organizational structure, management processes, cultural dissemination, and various other areas. During the reporting period, the Company has strengthened financial management and compliance governance significantly. Notable actions include revising the *Company Seal Management Measures* to enhance control mechanisms, improving the contract management system, and reviewing key governance practices such as the *Procedures for Selecting and Appointing Accounting Firms by the Audit Committee of the Board of Directors*. These efforts aim to optimize corporate governance frameworks. Moreover, Zangge Mining successfully completed seven special audits focusing on related-party transactions and major shareholder transactions. The Company also conducted semi-annual and annual internal control evaluations in critical business areas including finance, procurement, and information systems. This systematic approach enables effective identification and management of operational risks while enhancing overall risk management capabilities.

In addition, we have actively promoted the development of compliance awareness and fostered a culture of compliance throughout the Company. We have ensured that the latest compliance information is promptly disseminated to all employees via the legal popularization column on Zangge's OA portal. Additionally, based on the specific needs of each department, our legal department, in collaboration with external professional institutions, has conducted targeted legal and regulatory outreach. In 2024, we organized specialized training sessions focusing on key aspects of the new Company Law and the implementation of our compliance management system, to enhance the capabilities of key personnel involved in compliance management.

#### Zangge Mining hosted a specialized training seminar on "Comprehensive Advancement of Corporate Compliance System Construction"

In August 2024, the Office of the Board of Directors hosted a specialized training program titled "Comprehensive Advancement of Corporate Compliance System Construction". This training program featured external specialized attorneys and was primarily aimed at the Company's directors, supervisors, senior executives, mid-level managers, and compliance management personnel with a focus on elucidating the practical implementation aspects of the compliance management system.

The training program covered four dimensions of compliance management and systematically elaborated key points including compliance system construction and certification, risk prevention and control, cultural development, and ESG disclosure. Innovative approaches to leveraging digital tools for compliance risk mitigation were also introduced, offering new perspectives for enhancing corporate governance in compliance matters.

## **Metrics and Targets**

## **Key Performance**

Case

During the reporting period, the Company's business operations achieved **100**% compliance

with **0** recorded violations related to corporate governance

## Risk management

Zangge Mining conducts annual internal control evaluations and special audits to identify control deficiencies and track rectification progress diligently. This practice ensures a robust establishment of the "Three Lines of Defense" in risk management throughout corporate operations as well as across the entire value chain. We actively foster a comprehensive risk culture within the organization by implementing targeted training programs for directors, supervisors, and senior executives while also conducting company-wide awareness campaigns. These efforts systematically enhance our overall risk management capabilities.





## Zangge Mining conducted a specialized training program on criminal compliance risks of listed companies

To address recent legal changes such as the implementation of the *Company Law of the PRC* (Second Revision) and the Amendment XII to the Criminal Law, Zangge Mining held specialized legal compliance seminars in April 2024 focusing on *Criminal Risk Alerts and Enterprise Compliance for Listed Companies* along with the *Key Amendments and Analysis of the New Company Law*. More than 80 participants attended this training program including senior management members, department heads, and key business personnel from subsidiaries, sub-subsidiaries, and holding companies. The training deepened their understanding regarding regulatory revisions while clarifying their implications for corporate operations— thereby enhancing internal control systems and related measures throughout Zangge Mining.

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# **Business Ethics**

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Zangge Mining recognizes that business ethics are fundamental in building and maintaining trust among the Company, its customers, investors, partners, and employees. The Company adheres to the principle of honest and ethical operations, strictly complying with relevant laws, regulations, industry norms, professional ethics, and internal rules and regulations. We exercise rigorous supervision and standardized management over business ethics issues such as fair competition, anti-corruption, related-party transactions, and tax compliance, fostering an atmosphere of integrity, diligence, and professionalism both internally and in external collaborations.

## **Code of Business Ethics**

Zangge Mining strictly complies with laws and regulations, including the *Criminal Law of the PRC*, the *Anti-Unfair Competition Law of the PRC*, and the *Anti-Monopoly Law of the PRC*. The Company has formulated and strictly implemented an anti-fraud system, resolutely resisting business ethics violations such as embezzlement, bribery, fraud, conflict of interest, and tax evasion. A management structure has been established, with the Audit Committee of the Board of Directors serving as the evaluation body and the Audit Department functioning as the standing organization, which is responsible for overseeing the entire process of managing the Company's business ethics and corruption issues.

In fostering a culture of integrity, the Company mandates that all employees fully understand the Code of Conduct, clearly delineating the boundaries between legal and illegal conduct, as well as ethical and unethical behavior. New hires are required to undergo mandatory anti-fraud training that includes education on relevant laws, regulations, and ethical standards. Additionally, employee handbooks, training programs, and awareness campaigns work together to enhance awareness of commercial ethics and standardize professional conduct across the organization. Furthermore, Zangge Mining has signed Integrity Agreements with all qualified suppliers, aiming to prevent any conduct that may compromise fair transactions and jointly promoting a culture of clean business practices.

**Key Performance** 

During the reporting period, the Company

Had **O** commercial ethics litigation cases, and **O** incidents related to corruption or bribery, conflict of interest, money laundering, or insider trading

Business ethics training achieved 100% coverage among board members, management, and all employees

## Grievance and Whistleblowing Mechanism

Zangge Mining has established a fair, transparent, and efficient grievance and whistleblowing mechanism. This mechanism actively encourages all employees, customers, contractors, suppliers, and other stakeholders to report violations of business ethics, encompassing bribery, fraud, corruption, and any other practices that undermine the integrity of our corporate operations. The Company has formulated and publicly released the *Whistleblower Protection Policy* on its official website. This policy underscores our commitment to protecting and rewarding whistleblowers while also imposing penalties for malicious and false reports.

In accordance with the Whistleblower Protection System, the principle of whistleblower protection extends to all compliant reports, regardless of whether substantial evidence is subsequently found. This ensures that whistleblowers are shielded from unfair dismissal, persecution, or disciplinary action. Zangge Mining strictly prohibits any form of threat, intimidation, harassment, or any other actions that infringe upon the legitimate rights and interests of whistleblowers. We promptly investigate and severely punish any acts of retaliation, imposing disciplinary measures on the responsible parties, up to and including dismissal. The Company maintains strict confidentiality regarding the identity of whistleblowers and the information they provide. Without the express written consent of the whistleblower, we will not disclose their identity. Where feasible, the Company accepts anonymous reports.

During the reporting period, Zangge Mining received zero complaints related to business ethics.

Complaint and Whistleblowing Handling Procedures

## Upon receiving a report

It will be accepted by the President's Office, and the Audit Department will assist in the investigation if necessary.

#### Upon completing the investigation

Multiple departments will jointly handle the violations, issue handling decisions for the employees in violation of discipline, and urge the relevant departments involved to improve the management process. During this process, the relevant regulations on the confidentiality of whistleblowers will be strictly implemented.

#### After the matter is handled

Confirm the handling results with the whistleblower. If necessary, it can be reported to the Labor Dispute Mediation Committee of the Labor Union for further handling.

**Reporting Channels** 

Reporting hotline: +86-0979-8950668 E-mail: liangwenke@email.zanggekuangye.com Climate and Environmental Action Occupational Health and Safety Partner Empowerment and Collaborative Advancement Responsibility Governance and Values

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# **Information Security**

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#### **Key Performance**

During the reporting period, the Company recorded  $\mathbf{0}$  incidents of significant data loss or breaches involving major datasets. Additionally, there were  $\mathbf{0}$  complaints or lawsuits related to privacy violations or breaches of confidentiality regulations Zangge Mining fully recognizes the critical importance of continuously developing and enhancing its information security system throughout the digital transformation process. Under the leadership of its President, the Company has established an Information Management Department responsible for strategic IT planning, policy formulation, standard compliance, system construction and operations, as well as technical training. In relevant documents such as the *Information System Management Regulations*, we have clearly defined the requirements for building a robust information security framework. This framework encompasses aspects such as information system security controls (including both logical and physical controls), data confidentiality, system operation and maintenance protocols, and emergency response plans to collectively provide a solid foundation for implementing effective network and information security within the organization.

The Company has established a predictive early-warning mechanism for information system emergencies. Emergency response procedures are categorized based on the duration of any operational interruptions caused by such incidents. In 2024, to further enhance the security and data integrity of our information systems, we initiated a data disaster recovery project to establish a "Two-Site, Three-Center" data center architecture. This structure guarantees dual protection for all business system data; even in situations involving human error or regional disasters, our disaster recovery mechanisms allow us to safely and swiftly restore business systems while maintaining continuity across all services. Additionally, our *Information System Management Regulations* explicitly outline reporting procedures and timelines for incidents related to information security. We have integrated performance metrics related to information security into annual evaluations of relevant employees linking them directly to incentive compensation structures.

During this reporting period, we conducted thorough assessments to identify potential risks in our information security framework. Upon discovering vulnerabilities in our data backup management processes, we proposed targeted solutions that include multi-cloud backup strategies along with comprehensive disaster recovery plans—ensuring both the safety and controllability of our valuable data assets. To augment our capabilities in managing data security effectively, we developed and implemented an extensive disaster recovery plan aimed at bolstering responses to potential data leaks or emergencies. Moreover, Zangge Mining has organized specialized training sessions on information technology for senior executives as well as engineering teams while hosting events such as Al-driven mineral exploration salong side workshops focused on data governance, to strengthen employees' awareness in data security practices while enhancing their skill sets accordingly.

Furthermore, we have intensified our efforts to promote information security awareness among all employees through comprehensive training programs that emphasize adherence to established policies, regulations, and standards governing this domain, structured at operational, technical, and managerial level. A wide range of topics are covered, including information security laws and regulations, information security technologies, fundamental information security knowledge and incident response case studies.

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# Scientific and Technological Innovation

Zangge Mining places a high priority on building independent innovation capabilities and continually refining R&D management and processes. The Company drives innovation across the entire value chain—from product development and process optimization to digital management—accelerating iterative upgrades in core products, such as potassium chloride and battery-grade lithium carbonate, along with related technologies. The Company stimulates innovation vitality through standardized R&D management procedures while leveraging its strengths to collaborate with both upstream and downstream partners, promoting integrated development across the industrial chain.

## **R&D** Management

In terms of innovation governance, Zangge Mining has established a three-tier R&D management structure comprising the President, Chief Engineer, and a Dedicated R&D Department. The President directs the strategic vision of the Company while laboratory professionals conduct in-depth research to empower innovation. Regular progress reporting on R&D initiatives enables management to maintain realtime oversight of cutting-edge technological developments and facilitate data-driven decision-making that aligns with strategic objectives.

To institutionalize innovation practices, Zangge Mining has developed a comprehensive management framework that includes the *Project R&D Management System*, the *Scientific Research Project Management Measures*, the *R&D Personnel Performance Appraisal and Incentive Measures*, and *Innovation Incentive Regulations*. This framework standardizes requirements across all phases—from project initiation through process control to performance assessment effectively fostering an innovation-driven incentive mechanism. It clearly defines reward principles and distribution criteria, thereby fully mobilizing the enthusiasm and initiative of R&D personnel. 😭 👌 List of R&D Innovation Achievements in 2024

#### Zangge Potash Fertilizer:

• The "Integrated Development and Application Technology Research for Deep Brine Resources" project has been successfully approved under the Haixi Prefecture Basic Research Program, resulting in the grant of 2 utility model patents.

#### Zangge Lithium:

- The "Pilot Study on Lithium Extraction from Carbonate-Type Lithium Precipitation Mother Liquor Using Titanium-Based Adsorbents" project has successfully passed the Science and Technology Achievement Evaluation by Qinghai Province.
- The research and application project on Key Technologies for "One-Step" Production of Battery-Grade Lithium Carbonate from Ultra-Low Concentration Lithium-Containing Brine has been certified by the Expert Committee organized by the Department of Science and Technology of Qinghai Province as achieving an internationally leading technological level. This project received: The Outstanding Green Innovation Award at the 3rd International Zero-Carbon Festival, and the Second Prize of Qinghai Provincial Science and Technology Progress Award.
- Completion and acceptance of one key R&D transformation program in Qinghai Province. The project has yielded the following key outcomes: one research paper published, five patent applications filed, including one authorized invention patent, one authorized utility model patent, and one registered scientific and technological achievement.

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## **Industry Development**

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The Company adheres to an open and win-win cooperation philosophy, actively engaging in several initiatives to promote industry advancement. We focus on sharing our cutting-edge technological achievements and participating in the formulation and revision of industry standards. By strengthening collaborations between industry, academia, and research institutions, we have established close partnerships with upstream and downstream enterprises as well as industry associations. Through these collaborative efforts, we effectively contribute to the high-quality development of the industry. In 2024, Zangge Lithium actively participated in developing the national standard for *Lithium Carbonate Made of Brine* (GB/T 23853-2022), contributing suggestions to enhance technical standards within the salt lake lithium extraction industry.

## Intellectual Property Protection

Zangge Mining places significant emphasis on leveraging intellectual property (IP) rights to effectively promote and safeguard independent innovation. The Company has established clear requirements for IP development, management, and maintenance through several foundational documents, including the Intellectual Property Management Measures, the Intellectual Property Management Manual, and the Technical Management System. These documents collectively enhance the framework for IP protection and ensure comprehensive lifecycle management of patents. The Company signs non-disclosure agreements with core technical employees to safeguard the security of R&D outcomes, collaborates with external professional institutions for long-term cooperation to continuously monitor and identify potential infringement risks, and conducts regular intellectual property compliance audits to ensure adherence to regulatory requirements across all intellectual property management processes.

Intellectual Property Management Strategy

#### Project initiation and due diligence in the early stage

The Company will sign relevant non-disclosure agreements according to the requirements of the investees. Such agreements generally restrict the information recipient from using the data and information for purposes other than transaction-related analysis and from disseminating it to other third parties

#### Stage of obtaining relevant contracts or agreements

The Company will initiate an internal contract approval process, review the implementation of the contract, and sign it with the other party only after it is approved.

#### Stage of obtaining intellectual property rights and subsequent management

The President's Office of the Company is responsible for the daily management of intangible assets such as intellectual property rights, and the Legal Affairs Department is responsible for protecting intellectual property rights, so as to effectively establish a sound intellectual property management system.

In 2024, Zangge Lithium undertook a comprehensive optimization of its intellectual property management system, which involved the completion of system documentation for its compliance management system, and successfully achieved certification under the updated national standard Enterprise Intellectual Property Compliance Management System—Requirements (GB/T29490-2023). Consequently, Zangge Lithium was awarded the "Certificate of Intellectual Property Compliance Management System Certification". Furthermore, Zangge Lithium adheres to the principle that "technological innovation drives core competitiveness, while standardized management leads corporate development". In line with this philosophy, the Company has established 3 to 5-year objectives for intellectual property management along with long-term goals, which serves as a benchmark for enhancing the company-wide intellectual property management system.

## Key Performance

As of the end of the reporting period Zangge Lithium held a total of **27** valid patents, including **5** invention patents



Zangge Lithium's Certificate of Intellectual Property Compliance Management System Certification

# **ESG Data Overview**<sup>1</sup>

## **Economic Performance**

Indicator	Unit	2024	2023	2022
	Economic per	formance		
Operating revenue	RMB 10,000	325,080.04	522,572.12	819,391.35
Net profit attributable to shareholders of the listed company	RMB 10,000	257,998.59	341,988.09	565,497.19
Basic earnings per share	RMB	1.64	2.18	3.57
Total assets	RMB 10,000	1,508,328.19	1,409,158.46	1,354,004.11
Ratio of liabilities to assets	%	8.20	7.39	10.46
Weighted average return on net assets	%	19.40	27.62	50.09
Income tax expense	RMB 10,000	13,925.53	45,395.55	93,803.77
	Product o	utput		
Potassium chloride	Ten thousand tons	107.30	109.42	130.67
Lithium carbonate	Ten thousand tons	1.16	1.21	1.05

<sup>&</sup>lt;sup>1</sup> In the tables, a slash (/) indicates that the corresponding annual data is either undisclosed or unrecorded.

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## **Environmental Performance**

Indicator	Unit	2024	2023	2022						
Investment in environmental management and protection										
Number of environmental punishments due to excessive or illegal discharge of pollutants	Case	0	0	0						
Amount of environmental punishments due to excessive or illegal discharge of pollutants	RMB 10,000	0	0	0						
Total investment in energy saving	RMB 10,000	561	299	126						
Total investment in pollution prevention and control	RMB 10,000	170.48	246.47	10						
	Total investment in p	pollution control <sup>1</sup>								
Direct emission (Scope 1)	tCO <sub>2</sub> e	42,798	51,402	56,722						
Indirect emission (Scope 2)	tCO <sub>2</sub> e	307,490	335,344	319,520						
Total greenhouse gas emission (Scope 1 + Scope 2)	tCO <sub>2</sub> e	350,288	386,747	376,242						
GHG emissions per unit of revenue (Scope 1 + Scope 2)	tCO₂e per RMB 10,000 of revenue	1.08	0.74	0.46						
Indirect emission (Scope 3: business travel)	tCO <sub>2</sub> e	186.61	/	/						
Indirect emission (Scope 3: employee commuting)	tCO2e	1,359.83	/	/						

<sup>&</sup>lt;sup>1</sup> The statistical scope of greenhouse gas emissions data of Zangge Mining covers Zangge Mining and its three wholly-owned subsidiaries (Zangge Potash Fertilizer, Zangge Lithium, and Zangge Mining Investment). Direct emissions (Scope 1) refer to the greenhouse gas emissions generated from the consumption of natural gas, diesel, and gasoline. Indirect emissions (Scope 2) refer to the greenhouse gas emissions generated from the consumption of purchased steam, and purchased hot water. The selection of greenhouse gas emission factors refers to the relevant requirements of technical documents such as *The 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 revised edition)* and *The Announcement on the Release of the Carbon Dioxide Emission Factor of Electricity* in 2021 issued by the Ministry of Ecology and Environment and the National Bureau of Statistics, including the average emission factor of the national power grid in 2021, which is 0.5568 kgCO /kWh. The emission coefficient sources for business travel (Category 6) are ICAO and USEPA-2022; the emission coefficient sources for employee commuting (Category 7) are the Carbon Incentive Program for Low-carbon Travel in Beijing (2023).

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	Indicator	Unit		2024	2023		2022
			Energy consumption				
Natural gas		10,000 cubic me	ters	1,543.58	2,051.58		2,326.96
Diesel		10,000 L		296.48	232.84		215.26
Gasoline		10,000 L		45.27	42.55		35.03
Purchased elect	ricity	Gigawatt-hou	rs	388.49	425.81		420.72
		Wa	ter resource consumption				
Surface water w	ithdrawn	Million cubic me	ters	18.25	31.99		31.51
Groundwater wi	thdrawn	Million cubic me	ters	8.68	8.46		9.77
Tap water withd	rawn	Cubic meters	5	446.00	374.00		470.80
Water withdraw	n from other organizations <sup>1</sup>	Million cubic me	ters	17.38	15.47		15.59
Total water with	drawal	Million cubic me	ters	44.31	55.91		56.86
Recycled water	use <sup>2</sup>	Million cubic me	ters	152.20	157.27		219.23
Total water use		Million cubic me	ters	196.52	213.18		276.09
Water recycling	rate <sup>3</sup>	%		77.45	73.77		79.41
Water consumpt	tion per unit of potassium chloride produced	Cubic meters/t	on	173.11	184.69		203.86
Water consumpt	tion per unit of lithium carbonate produced	Cubic meters/t	on	1,023.68	919.28		920.39
Percentage of total water withdrawn in regions with high or extremely high baseline water stress		%		0	0		0
Percentage of total water consumed in regions with high or extremely high baseline water stress		%		0	0		0

<sup>&</sup>lt;sup>1</sup> Water withdrawn from other organizations includes purchased reclaimed water and purchased hot water.

<sup>&</sup>lt;sup>2</sup> The recycled water useincludes the recycled old brine and tail brine.

 $<sup>^3</sup>$  The water recycling rate = Recycled water use / Total water use  $\times$  100%.

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	Indicato	pr	Unit		2024	2023	2022
				Air emissions			
Nitrogen oxides (N	$O_x)^1$		Ton		4.18	3.55	6.76
Sulfur oxides (SO <sub>x</sub> )			Ton		0	0	0.07
Particulate matter			Ton		7.42	12.87	22.05
				Waste discharge			
Total waste volume	e		Ton		103.62	105.54	16
General industrial	waste <sup>2</sup>		Ton		44 0		16
Hazardous waste			Ton		59.62 105.5		0
			Pac	kaging material data			
Total packaging ma	aterial consumpti	on	Ton		2,229.01	2,406.75	2,965.46
			Saltlake r	esource utilization metri	CS		
	N	lining recovery rate	%		84.63	85.07	85.02
Zangge Potash Fer	tilizer M	Aineral dressing recovery rate	%		62.24	65.32	66.27
	C	Overall recovery rate	%		100	100	100
Zangge Lithium	C	Overall recovery rate	%		100	100	100
			Envir	onmental certification	·		
Coverage of ISO 14	001:2015 certifica	ation	%		100	50	0

<sup>&</sup>lt;sup>1</sup> The statistical scope is Zangge Potash Fertilizer, and Zangge Lithium has no nitrogen oxide (NOx) emissions.

 $<sup>^{\</sup>rm 2}$  General industrial wastes such as waste woven bags and plastic packaging are recycled by the manufacturers.

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## Labor Performance

Indicator		Unit	2024	2023	2022
		Workforce co	mposition		
Total number of employees		Person	1,709	1,666	1,564
Dugandar	Percentage of male employees	%	69.05	70.47	71.23
By gender	Percentage of female employees	%	30.95	29.53	28.77
	Percentage of employees aged below 30	%	26.04	27.85	26.79
By age	Percentage of employees aged between 30 and 50	%	56.29	56.30	59.97
	Percentage of employees aged above 50	%	17.67	15.85	13.24
By ethnicity	Percentage of employees of Han nationality	%	84.49	84.93	85.53
by etimicity	Percentage of employees of other ethnic groups	%	15.51	15.07	14.47
Employees with disabilities		Person	11	13	14
		Employee t	urnover		·
Recruitment of university talen	ts	Person	86	82	41
Total turnover rate		%	9.38	8.08	9.85

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Indicate	or	Unit		2024	2023	2022		
		Ge	nder compensation gap <sup>1</sup>					
Average compensation of male emp	bloyees	RMB 10,000		13.23	/	/		
Average compensation of female en	nployees	RMB 10,000		9.65	/	/		
Average compensation of male mar	nagement	RMB 10,000		37.32	/	/		
Average compensation of female m	Average compensation of female management			27.35	/	/		
Average compensation of male non	-management	RMB 10,000		10.06	/	/		
Average compensation of female no	on-management	RMB 10,000		8.03	/	/		
Average gender pay gap <sup>2</sup>		/		1:0.74		/		
			Employee benefits					
Employee welfare coverage		%		100	100	100		
Employee welfare spending		RMB 10,000		406.47	438.38	373.82		
Average welfare spending per employee		RMB		2,378.43	2,714.43	2,390.15		
	Employee satisfaction							
Employee satisfaction rating		/		87.69	95.60	95		

Climate and

<sup>&</sup>lt;sup>1</sup> The statistical scope of average compensation for management personnel includes both base salary and cash incentives, whereas the average compensation for non-management employees consists solely of base salary.

<sup>&</sup>lt;sup>2</sup> The average gender wage gap = Average salary of male employees : Average salary of female employees.

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	Indicator		Unit		2024	2023	2022
			Employe	e development and trai	ning		
Internal promo	otions		Person		17	42	19
Internal transfe	ers		Person		438	532	807
Employee trair	ning attendance		Person-times		1,380	3,090	1,384
Investment in e	employee training		RMB 10,000		45.85	87.84	32.94
			Occup	pational safety and heal	th		
Number of wor	rk-related fatalities		Person		0	0	0
Number of wor	rk-related injuries		Person		1	2	0
Number of lost	t-time injury incidents		Case		1	2	0
Number of trar	nsport incidents		Case		0	0	0
Number of wor	rking days lost due to wo	ork-related injuries	Day		66	90	0
Loss time injur	y frequency rate (LTIFR)		/		0.39	/	/
Number of em examination	ployees receiving occup	ational disease	Person		774	862	85
Duration of saf	ety training		Hours		3,631	3,983	94
Coverage of safety training		%		100	100	100	
Total investme	Total investment in occupational safety and health		RMB 10,000		1,938.75	2,981.56	720.11
Investment in v	work safety		RMB 10,000		1,927.34	2,805.60	705.11
Investment in o	occupational health		RMB 10,000		11.41	175.96	15

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# Product Responsibility Performance

Indicator		Unit	2024	2023	2022
Product recalls due to safety a	nd health concerns	Ten thousand tons	0	0	0
Customer complaints	Customer complaints		0	0	0
Customeration	Zangge Potash Fertilizer	%	100	97.04	98.25
Customer satisfaction	Zangge Lithium	%	100	100	100
		R&D inno	vation		
Investment in R&D and innovation		RMB 10,000	680.55	2,356	2,054
Number of patents granted		ltem	27	9	9

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# Supplier Management Performance

Indicator		Unit	2024	2023	2022
		Supplier classific	cation		
Total number of suppliers		Count	511	734	614
Number of tier 1 suppliers		Count	16	/	/
Number of tier 1 and key su	ppliers	Count	11	/	/
Procurement	Zangge Potash Fertilizer	%	1.60	/	/
expenditure proportion of tier 1 and key suppliers	Zangge Lithium	%	6.29	/	/
Number of non-tier 1 but ke	y suppliers	Count	5	/	/
Number of key suppliers	Number of key suppliers		16	/	/
		Supplier ESG mana	agement	1	1
Number of suppliers evalua	ted	Count	197	/	/
Among them:	Number of key suppliers evaluated	Count	11	/	/
Number of suppliers with si identified via evaluation	gnificant actual/potential negative impacts	Count	2	1	/
	Number of suppliers with improvement plans developed	Count	0	/	/
Among them: Number of suppliers terminated due to significant actual/potential negative impacts		Count	2	/	/
Number of suppliers participating in empowerment programs		Count	120	/	/
Among them:	Number of key suppliers participating in empowerment programs	Count	14	/	/

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	I	ndicator		Unit	2024	2023	2022
				Responsible procu	irement		
Number of supplie	ers signing integ	rity commitment agreements		Count	249	/	/
Number of supplie	Number of suppliers signing ESG agreements			Count	249	/	/
Zangge Potash Fertilizer			%	45	45	40	
Local procuremen	Local procurement ratio Zangge Lithium <sup>1</sup>			%	51	97	95

<sup>&</sup>lt;sup>1</sup> In 2024, the local procurement rate of Zangge Lithium decreased significantly compared with previous years, mainly due to the following reasons: 1. Changes in the structure of technological transformation and newly added suppliers: In 2024, the company promoted the annual technological transformation and expansion projects, and introduced more out-of-province suppliers that meet the technical and quality requirements, resulting in a relative decline in the proportion of local procurement; 2. Adjustment of the suppliers's place of origin: In previous statistics, although the headquarters of some suppliers were located in other provinces, they had offices in Qinghai, so they were classified as local suppliers. In 2024, the Company conducted more stringent statistics based on the actual registered places of suppliers, so some suppliers that were previously counted as local were adjusted to outside the province, leading to changes in the data.

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## **Community Relations Performance**

Indicator	Unit	2024	2023	2022		
Community investment						
Investment in public welfare funds	RMB 10,000	187.39	1,018.90	441.30		
	<u>.</u>	Volunteer service				
Number of volunteers	Person-times	18	7	77		
Total hours of volunteer service	Hours	304	70	6,116		

## **Corporate Governance Performance**

Indicator		Unit	2024	2023	2022
Number of Board members		Person	9	9	9
la des es dest d'as des	Number	Person	3	3	3
Independent director	Percentage	%	33	33	33
	Number	Person	4	3	3
Female directors	Percentage	%	44	33	33

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# **Reader Feedback**

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