

Zangge Mining Co., Ltd.  
Management System for Environmental, Social  
and Corporate Governance



January 2024

# **Zangge Mining Co., Ltd.**

## **Management System for Environmental, Social and Corporate Governance**

### **Chapter I General Provisions**

**Article 1** In order to thoroughly put in practice the concept of sustainability in Zangge Mining Co., Ltd. (the “Company”) and fully and actively fulfill the social responsibilities of a modern enterprise, this system is hereby formulated in accordance with the Articles of Association, Self-Regulatory Guidelines No. 1 for Listed Companies on the Shenzhen Stock Exchange: Standardized Operation of Main Board Listed Companies (Revision 2022) and relevant documents on environmental, social and corporate governance.

**Article 2** The Company has established a management structure with the Board of Directors as the highest leading body, the ESG and Sustainability Management Team (the “Management Team”) as the formulation body for strategic planning, and the ESG and Sustainability Implementation Team (the “Implementation Team”) as the specific work implementation body, responsible for driving the Company’s daily work on environmental, social and corporate governance (“ESG”).

On the premise of actively fulfilling corporate social responsibility, and by taking into account of human, social and environmental factors in the process of operation and management, all functional departments and subsidiaries of the Company shall act in good faith, abide by laws, save resources, protect the environment, uphold the principle of people-oriented, strive to achieve balanced development of economy, environment and society, and provide a strong guarantee for the sustainability of the enterprise.

### **Chapter II Organizational Structure and Functional Division**

**Article 3** The Board of Directors is the highest leading body for ESG management, responsible for the systematic integration of ESG into the Company's strategic planning and decision-making process to create more value by improving ESG management and performance. The Board of Directors is responsible for:

1. reviewing the Company's ESG strategic planning and objectives;
2. reviewing ESG proposals from the Management Team and approving the Company's annual ESG report;
3. regularly listen to the ESG work report of the Management Team to understand the potential impact as well as related risks and opportunities of ESG on the business activities of the Company;
4. monitoring major external commitments related to ESG and sustainability and their fulfillment;
5. regularly assessing the Company's ESG and sustainability performance, as well as the responsibilities and tenure of relevant responsible persons as defined herein.

**Article 4** The ESG and Sustainability Management Team is responsible for formulating the ESG strategic planning, objectives and annual work plan, with the Chairman as the leader, the Board Secretary as the deputy leader, and the leaders in charge of safety, environmental protection and supply chain of the Company and its subsidiaries as the members. Other members of the Management Team shall be appointed by the team leader. In case the Chairman and/or the Board Secretary are unable to perform their duties, the Board of Directors shall appoint an officer to perform the duties of the team leader. The Management Team is responsible for:

1. tracking the latest information of major business development and ESG management policies and trends, and formulating ESG strategic planning, objectives and annual work plans in line with the Company's development;
2. Proposing the plan to develop and improve the Company's ESG management structure;
3. reporting to the Board of Directors at least once a year on the Company's ESG progress;
4. supervising, inspecting and regularly evaluating the direction, content, budget and

expenditure of the Company's ESG work and the implementation of objectives;

5. preparing the Company's annual ESG management report and submit it to the Board of Directors for approval in accordance with the work plan;

6. the preparation and publicity of the Company's ESG management report;

7. Other matters authorized by the Board of Directors.

**Article 5** The members of the Management Team may be dynamically adjusted according to the actual situation of the Company.

**Article 6** The Management Team is responsible for inquiring and requesting ESG-related information from all functional departments and subsidiaries of the Company, all employees of the Company are obliged to cooperate in providing the required information, and the departments or employees involved shall submit relevant information on time and shall not refuse, conceal or provide false information.

**Article 7** The ESG and Sustainability Implementation Team is responsible for the implementation and daily management of the ESG-related plans approved by the Management Team, with its members including the heads of various functional departments of the Company, ESG specialists of various departments, ESG specialists of subsidiaries and production bases, etc. The Implementation Team is responsible for:

1. making recommendations to the Management Team on major issues affecting the Company's ESG, including but not limited to optimizing the Company's governance structure, safety management, climate change, water management, social responsibility, etc.;

2. the implementation and reporting of the ESG plan of the department, and maintain close communication with other departments;

3. breaking down the Company's evaluation indicators into each department, and regularly evaluating the progress and results;

4. collecting and reporting information and data required for ESG, assisting in the preparation of the Company's annual ESG report, and participating in ESG ratings;

5. reporting to the Management Team on a quarterly basis on the actual progress of the Company's ESG work.

**Article 8** The necessary expenses incurred by the Management Team in the process of preparing the Company's annual ESG report as a result of the engagement of intermediaries shall be borne by the company.

**Article 9** The Office of the Board of Directors of the Company is the acting body for the daily affairs of the Management Team, responsible for, *inter alia*, daily liaison, meeting organization and ESG plan formulation.

### **Chapter III Rules of Procedure**

**Article 10** The Management Team meetings include regular meetings and temporary meetings, which are convened by the team leader. Regular meetings are held semi-annually, and temporary meetings are proposed by members of the Management Team.

The Management Team shall notify the team members by letter, fax or other legally recognized means three days before the meeting. The meeting shall be chaired by the team leader, or failure of whom, a team member authorized by the team leader.

**Article 11** The Management Team meeting shall be held only when at least two-thirds of the team members are present, each team member shall have one vote; the resolutions made at the meeting shall be valid only after being voted on by all members and approved by more than half of them.

**Article 12** The proposals of the Management Team meeting shall be voted a show of hands or a poll, or by communication with the consent of all members.

**Article 13** Other directors, supervisors and officers of the Company may also be invited to attend the meeting if necessary.

**Article 14** The Management Team may, if necessary, engage intermediaries to provide professional advice for its decision-making at the Company's expense.

**Article 15** The Management Team shall maintain the meeting minutes, which shall be signed by the members or representatives attending the meeting and kept by the Office of the Board of Directors.

**Article 16** The proposals passed by the Management Team meeting and voting results

shall be reported to the Board of Directors in writing.

**Article 17** The participants and attendees of the meeting shall have the obligation to keep confidential the matters discussed at the meeting, and shall not disclose relevant information, nor shall they use the information they know to conduct insider trading for themselves or others.

#### **Chapter IV Supplementary Provisions**

**Article 18** Matters not covered in this system, or otherwise provided by laws, regulations, and normative documents, shall be subject to relevant laws, regulations, and normative documents.

**Article 19** This system shall be interpreted and revised by the Office of the Board of Directors.

**Article 20** This system has been reviewed and approved by the Board of Directors and will be effective as of March 10, 2023.