

Zangge Mining Co., Ltd.

## Responsible Purchasing Policy



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# **Responsible Purchasing Policy of Zangge Mining Co., Ltd.**

## **Article 1 Preface**

Mining and trading of mineral resources helps to promote economic development and social prosperity, and can build mutually beneficial relationships among enterprises, local governments, dependent communities and partners. The continuous awareness of sustainability and the increase of environmental and social risks worldwide give rise to more attention on the social and environmental dimensions compared to economic benefits for supply chain management.

Zangge Mining Co., Ltd. (the “Company”) values the long-term stable cooperation with suppliers, dedicates to the building of a responsible supply chain, and deems responsible purchasing as a strategic objective of supply chain operation. The Company works with its suppliers on the basis of mutual value creation and the purchase of reliable raw materials, technology products and services at competitive prices, and is committed to practicing sustainability in all aspects of its business operation. When purchasing products and services in all categories and regions, the Company, in addition to economic benefits, considers business ethics, labor rights, environmental friendliness and other social and environmental factors, and strives to build a compliant, green and responsible purchasing system.

## **Article 2 Purpose**

The purpose of this policy is to specify the Company’s policy of publicizing responsible purchasing and promoting responsible business practices.

## **Article 3 Scope of Application**

This policy applies to all personnel within the Company and all its subsidiaries, and those engaging in salt lakes, exploration sites, production sites and other projects on which the Company has operational control, and all partners, suppliers and contractors are required to comply with the requirements of this policy.

#### **Article 4      Commitments**

As a supplier of mineral resources products, the Company aims to integrate sustainability into supply chain management, constantly improves its own supply chain management system to prevent supply chain risks, and actively urges external suppliers to fulfill their social and environmental responsibilities to create a sunny, win-win and sustainable supply chain by working with upstream and downstream partners.

#### **Article 5      Policy Practice**

In order to fulfill the above commitments on responsible purchasing, the Company has formulated the policy on the following practices:

##### 1. Supplier access

By formulating purchasing systems and procedures such as Purchasing Management System and Bidding Management System, upholding the principles of open, fair and impartial purchasing, and clarifying the management system to ensure standardized purchasing processes, the Company conducts systematic access evaluation and audit on suppliers and contractors in terms of their basic qualification, production and technology, product quality, delivery, service and ESG performance.

The Company requires suppliers to comply with the applicable laws, regulations and other relevant provisions of the country or region in which they operate in all business actions and decisions, carries out continuous monitoring of selected suppliers, and terminates cooperation with the suppliers who are confirmed with violations after investigation. The Company conducts strict audit of selected suppliers, understands supplier information from, *inter alia*, supplier submissions, authoritative business information system inquiry in the country or region, and field visits to prevent illegal suppliers from being selected.

Every year, the Company conducts a follow-up review of suppliers to verify their operating conditions, improve supplier file management, and ensure the effectiveness of supplier information.

## 2. Supply chain management

In accordance with the Regulations on Supplier Management, the Company integrates responsible purchasing into the supply chain management process and the supplier code of conduct, including:

(1) Legal compliance: When conducting business with and/or on behalf of the Company, suppliers must fully comply with all applicable laws and regulations of the country or region in which they operate.

(2) Business ethics: Suppliers shall conduct business activities and business dealings in good faith, and must meet, without limitation, the following requirements:

- Anti-bribery and anti-Corruption: Suppliers are required to comply with all applicable anti-bribery and anti-corruption laws and regulations and international treaties in the country or region in which they operate. They shall never offer to give, give, promise to give or authorize to give, directly or indirectly, to any government agency, company, enterprise or other organization or body, government official, or non-state agency employee, any compensation, gifts and other valuable goods, treats or benefits contrary to applicable laws and regulations or the rules and regulations of the entity in which it operates, in order to acquire or retain business, or to seek transaction opportunities or competitive advantages, or to obtain any improper advantage.
- Anti-money laundering: Suppliers are required to comply with all applicable anti-money laundering laws and regulations and international treaties in the country or region in which they operate and are strictly prohibited from participating in or supporting money laundering.
- Antitrust and fair competition: Suppliers are required to comply with all applicable antitrust and fair competition laws and regulations of the country or region in which it operates, to avoid engaging directly or through other entities or persons in any unfair competition, and not to enter into any

agreement, formally or informally, to unlawfully restrict competition.

- Conflict of Interest: Suppliers are required to avoid all conflicts of interest and circumstances that may give rise to potential conflicts of interest, including any circumstances in which the interests of any individual (including the interests of relatives and friends of such individual) conflict with the interests of the Company and may lead to a potential conflict of interest.
- Business records: Suppliers are required to complete, document, report, retain and process business information and records honestly, accurately and in full compliance with applicable laws and regulations.
- Insider trading: Suppliers are required not to engage in or support insider trading or otherwise induce or advise others to engage in insider trading.

(3) Information security: Suppliers shall comply with applicable laws and regulations regarding privacy/data protection and information security, safeguard and properly use confidential information, and ensure that the privacy of all employees and business partners is effectively protected.

(4) Intellectual property rights: Suppliers are required to comply with all applicable laws and regulations regarding intellectual property rights and respect and protect the intellectual property rights of the Company and third parties.

(5) Employment and fair employment: Suppliers shall comply with the laws and regulations and international conventions on labor, employment and fair employment of the country or region in which they operate, and shall meet, *inter alia*, the following requirements:

- Voluntary labor: Suppliers are required to respect human rights, ensure that all employees work on a voluntary basis, and prohibit all forms of human rights violations, including but not limited to child labor, forced, involuntary or indentured labor, slavery, human trafficking and corporal punishment.

- Anti-discrimination and anti-harassment: Suppliers are required not to discriminate against any employee on the basis of, *inter alia*, sex, age, ethnicity, race, nationality, marriage, physical disability or religious belief, or tolerate any form of bullying, harassment and discrimination (including but not limited to gender and non-gender discrimination and harassment, racial discrimination, disability discrimination, pregnancy discrimination, post-natal discrimination or other unfair treatment).
- Working hours and wages: Suppliers are required to comply with applicable laws and regulations regarding working hours, overtime, and wage rates, and provide all statutory benefits.
- Freedom of association and collective bargaining: Suppliers are required to recognize and respect the rights of their employees to associate freely and bargain collectively to the extent permitted by applicable law.
- Occupational health and safety: Suppliers are required to comply with applicable laws and regulations regarding occupational health and safety, provide a safe and healthy working environment, and prevent accidents and illnesses in the workplace.

(6) Community relations: Suppliers shall not cause a significant negative impact on dependent communities during their operations. The Company encourages suppliers to actively participate in activities that contribute to the development of dependent communities and global society.

(7) Environment and supply chain: Suppliers shall be committed to the protection of the ecological environment, and due diligence management of the supply chain, and shall meet, *inter alia*, the following requirements:

- Environmental protection: Suppliers are required to comply with environmental protection laws and regulations of the country or region in which they operate, including but not limited to laws and regulations governing hazardous substances, atmospheric emissions, water discharges

and waste disposal, as well as laws and regulations and customer requirements regarding the prohibition or restriction of the use of specific substances in product manufacturing or product design. Suppliers shall minimize negative impacts on the environment by managing greenhouse gas emissions, energy consumption, and waste generation, improve resource efficiency, and strive to prevent pollution. In addition, suppliers shall protect biodiversity as much as possible and curb and prevent biodiversity loss.

- Conflict minerals: Suppliers are required not to procure conflict minerals and to ensure that the products or services they provide do not directly or indirectly finance armed conflicts or other inhumane actions. Suppliers shall, as appropriate, be responsible for conducting due diligence on conflict minerals in their supply chains and providing the results of their investigations to and at the request of the Company.

#### **Article 6 Reporting of Suspicious and/or Illegal Acts**

The Company encourages suppliers and their representatives to report any suspicious acts or possible violations of this policy to their contacts in the Company, or report suspected violations of this policy to the Company through the reporting hotline (+86-0979-8950668) or email (liangwenke@email.zanggekuangye.com).

The Company prohibits and does not tolerate any retaliation against individuals who report in good faith a suspected violation of this policy. Upon receipt of a report of a potential violation, the Company will conduct a thorough investigation of the report and respond appropriately to the extent possible.

#### **Article 7 Monitoring and Review**

1. The Board of Directors of the Company shall be responsible for monitoring and ensuring the implementation of this policy.
2. The Company shall review this policy in due course to ensure that it is effective.
3. The Company shall regularly organize internal personnel training activities to

enhance employees' awareness of responsible purchasing and their professional ability.

#### **Article 8 Disclosure**

The summary of this policy and the key programs and actions related to responsible purchasing shall be disclosed in the Company's Environmental, Social and Corporate Governance Report and posted on the Company's website for public access.

#### **Article 9 Supplementary Provisions**

1. This policy, together with its amendments, shall come into force after being reviewed and approved by the Board of Directors.

2. This policy shall be interpreted and amended by the Board of Directors of the Company.

3. In the event of any conflict between the policies previously issued by the Company and this policy, this policy shall prevail.