

# 2023 ESG Report

Environmental Protection Of Mining Win-win Cooperation



内蒙古大中矿业股份有限公司  
Inner Mongolia Dazhong Mining Corp.,Ltd.

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# About this Report

## ☆Introduction

This is the first Environmental, Social and Governance Report (hereinafter referred to as the "ESG Report") issued by Inner Mongolia Dazhong Mining Co., Ltd. and discloses the Company's ongoing efforts and achievements in actively responding to the opportunities and challenges of sustainable development and integrating ESG development into the Company's operations and management.

## ☆Time range

January 1, 2023 to December 31, 2023, with portions retroactive to prior years.

## ☆Coverage

Inner Mongolia Dazhong Mining Co., Ltd. and its subsidiaries

## ☆Release date

March 18, 2024

## ☆Reporting period

The present report is an annual report.

## ☆References

This report was prepared in accordance with the *Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies* and Annex I *Requirements for Disclosure of Social Responsibility Reports of Listed Companies* of the *Shenzhen Stock Exchange Listed Companies Business Handling Guideline No. 2 - Matters Relating to Disclosure of Periodic Reports*.

### The Report has been prepared with primary reference to the following standards:

United Nations Sustainable Development Goals (SDGs);

Global Reporting Initiative (GRI): *Sustainability Reporting Standards* (GRI Standards);

International Organization for Standardization (ISO): *ISO 26000: Guidelines for Social Responsibility (2010)*;

China's national standard: *Guidance on social responsibility reporting (GB/T 36001-2015)*;

*China Corporate Social Responsibility Reporting Guidelines (CASS-ESG 5.0)* by the ESG Expert Committee of China Social Responsibility 100 Forum.

## ☆Sources of information

The data is derived from internal documents and relevant statistical data of Inner Mongolia Dazhong Mining Co., Ltd., and partly from third-party data.

## ☆Title of the Report

In this report, "Dazhong Mining", "the Company" and "we" refer to Inner Mongolia Dazhong Mining Co., Ltd.

## ☆Reliability assurance

The Company guarantees that there are no false records, misleading statements or material omissions in this Report.

## ☆Acquisition channel

This Report can be viewed and downloaded from the Company's official website (<http://www.dzgf.com/>) or the website of the Shenzhen Stock Exchange.

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## Chairman's Message

Mineral resource is an important material basis for economic and social development, and the development of the mining industry has a bearing on national economic development. With the gradual deepening of global carbon emission reduction and the steady advancement of China's "carbon peaking and carbon neutrality goals", the demand for strategic mineral resources related to new energy and new materials continues to grow, and the pace of the transformation and upgrading of the mining industry in terms of low-carbonization and intellectualization is accelerated. Therefore, building green mines and intelligent mines has become an important issue for the high-quality development and sustainable development of the mining industry. Thus, ESG development has become an inevitable path for the high-quality, sustainable blueprint of the mining industry.

Dazhong Mining has been ranked among the "Top 50 Metallurgical Mining Enterprises in China" for many consecutive years. Since our establishment, we have firmly established the concept of responsible enterprise, and adhered to the corporate culture of "environmental protection first and follow green development". We constructed green mines, intelligent mines, and safe mines, and shared the wealth with our employees, partners, and the region to create a benchmark for shouldering social responsibility in the industry. In 2023, we grasped the new trend of industry development. We benchmarked against the United Nations Sustainable Development Goals, domestic and international ESG standards and rating indicators, combined with our development goals and strategies, and experience in social responsibility practices, comprehensively created an ESG system, formulated ESG goals and strategies, built an ESG management structure, and strengthened ESG risk management and control. We aim to integrate ESG development with enterprise operation and development in depth, coordinate and comprehensively promote ESG, and thus promote the building of long-term enterprise value with ESG development.

We persist in optimizing corporate governance, targeting strategic mineral resources, and successfully laying out lithium carbonate mining, processing, and metallurgy. We further improve the environmental management system, safety management system and quality management system, and interpret the mission and principle of "nature first, environmental protection first" and "life first, safety first" with practical actions. The Company's four main mines are national green mines, of which two are national AAA-level tourist attractions, namely the Iron Mine Cultural Park of Anhui Jinrisheng Company under Dazhong Mining and the Dazhong Mining Industrial Tourism Scenic Spot. With the goal of common prosperity, we join hands with our partners to promote the intelligent and low-carbon development of the industry, and achieve value co-creation and sharing; we continue to create employment opportunities and economic benefits for the local communities and residents; and we take on our social responsibilities, and sustain a leading role in the industry in the areas of rural revitalization, charitable donations, public welfare activities, etc. We won the "Kumquat Award - Pioneer Listed Company in the ESG Era", the "China Red Cross Medal of Universal Love", the "2023 Advanced Group of Public Welfare and Charity", the "Healthy Enterprise", etc., demonstrating the achievements of our ESG development. These are highly recognized by the industry, society, and the public, as well as urge and encourage our future development.

The journey starts from the cloud and travels far from here. Looking ahead to the new year, we will continue to forge ahead, deepening and fulfilling our commitment to ESG. We will solidify our internal strengths, enhance our governance capacity, improve operational efficiency, strengthen the cultivation of high-quality talents with the courage to strive and take responsibility and make the corporate colors of green mines, intelligent mines, and safe mines brighter with high-technology and informationization as the driving force. We will adhere to the public welfare road of co-development with the region, win-win with partners, and progress with the society to create more value for all stakeholders and contribute to the development of the industry and society.



Guofeng NIU, Chairman of Inner Mongolia Dazhong Mining Co., Ltd.

# Annual ESG Compliance Highlights

## E: Environmental Performance

Dazhong Mining had **no** environmental emergencies or environmental events that were subject to state administrative penalties.

Annual environmental protection investment of CNY **172.5** million.

The comprehensive environmental protection inspection was carried out **31** times, the special environmental protection inspection was carried out **29** times, and the rectification rate reached **100%**.

The total water intake was **2,193,900** tons in 2023, achieving recycling of wastewater without external discharge.

The general solid waste utilization rate was **100%**; the hazardous waste compliance rate was **100%**.

The four major mines are all national green mines; the Iron Mine Cultural Park of Anhui Jinrisheng Company under Dazhong Mining and the Dazhong Mining Industrial Tourism Scenic Spot were assessed as national **AAA**-level tourist attractions.

## S: Social Responsibility Performance

In 2023, there were **1,229** new employees, of which **1,043** were recruited from the society and **87** were graduates.

The labor contract signing rate is **100%**, and the incidence rate of child labor and forced labor is **0**.

The total annual employee training hours were **16,576.83** hours, and the average annual training hours for a single employee was **4.3** hours.

Continuous employee support and care

The Company successfully landed a **lithium project** in Linwu County, Chenzhou City, Hunan Province, China, and completed the signing of **"three sets of TBMs"** and strategic cooperation with China Railway Engineering Equipment Group Co., Ltd., which firstly applied to lithium mine in China.

During the year, the Company successfully **incorporated Dazhong Singapore Company** and the newly-established company received the first international trade order of iron ore.

The Company continues to create economic benefits for its region, leading the development of industries in neighboring regions.

The Company was awarded the **"China Red Cross Fraternity Medal"** by the Red Cross Society of China, the **"2023 Advanced Group of Public Welfare and Charity"** by the Bayannur Charity Federation of Inner Mongolia Autonomous Region, and the first batch of **"Healthy Enterprises"** in Bayannur, Inner Mongolia in 2023.

## G: Corporate Governance Performance

**13th** place in **"Top 50 Metallurgical Mining Enterprises in China"** by Metallurgical Mining Association of China Member.

Establishment of **ESG** management system and mechanism.

The Company held **7** general meetings of shareholders, **21** board meetings, and **13** supervisory board meetings.

The Company accepted investor investigations **6** times and replied to SZSE Interactive Ease questions **158** times, with a response rate of **94.05%**.

During the reporting period, there were **no incidents** in which the Company was penalized for violating the *Anti-monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*.

To enhance security management, the Company conducted **78** emergency safety drills.

Adhering to the leadership of the CPC, the company held the annual party congress for **4** times.

Achieved operating income of CNY **4.003** billion, net profit attributable to shareholders of CNY **1.141** billion.

The Company strictly fulfills its disclosure obligations and enhances the depth and breadth of voluntary information disclosure, with **156** announcements and **87** documents on the Internet during the year.

The Company has strengthened its supplier management **by incorporating ESG factors into its supplier access and evaluation system**, with **516** qualified suppliers by the end of 2023.

The number of incidents in which penalties were imposed for publicity violations during the year was **0**.

# 01

## About Dazhong Mining

- ③ 1.1 Company Profile
- ③ 1.2 Development System
- ③ 1.3 Business Conditions
- ③ 1.4 Industry Chain
- ③ 1.5 Honors



## 1.1 Company Profile

Inner Mongolia Dazhong Mining Co., Ltd. (hereinafter referred to as "Dazhong Mining"; stock code: 001203. SZ) is formerly known as Inner Mongolia Dazhong Mining Limited Liability Company. The Company was established on October 29, 1999, and changed to a joint-stock company by Dazhong Limited on May 29, 2009, and was officially listed on the main board of the Shenzhen Stock Exchange on May 10, 2021. During the reporting period, changes in the legal representative, business scope, and registered capital were conducted.



Legal representative: Pusheng LIN

Before change	Registered capital	After change
CNY 1,508,000,000		CNY 1,508,021,588
1,508,000,000 shares	Capital stock	1,508,021,588 shares

Licensed items: mineral resources (non-coal mines) mining; road management and maintenance; road cargo transportation (excluding dangerous goods). General items: mineral processing; metal ore sales; metal materials sales; metal products sales; mineral washing and processing; non-metallic minerals and products sales; ferrous metal casting; tourist attractions management; import and export of goods; construction materials sales; construction stone processing; construction engineering machinery sales; mining machinery sales.

### Business scope

Licensed items: non-coal mining mineral resources mining. General items: mineral processing; metal ore sales; metal products sales; non-metallic minerals and products sales; tourist attraction management; import and export of goods; construction materials sales; construction stone processing.

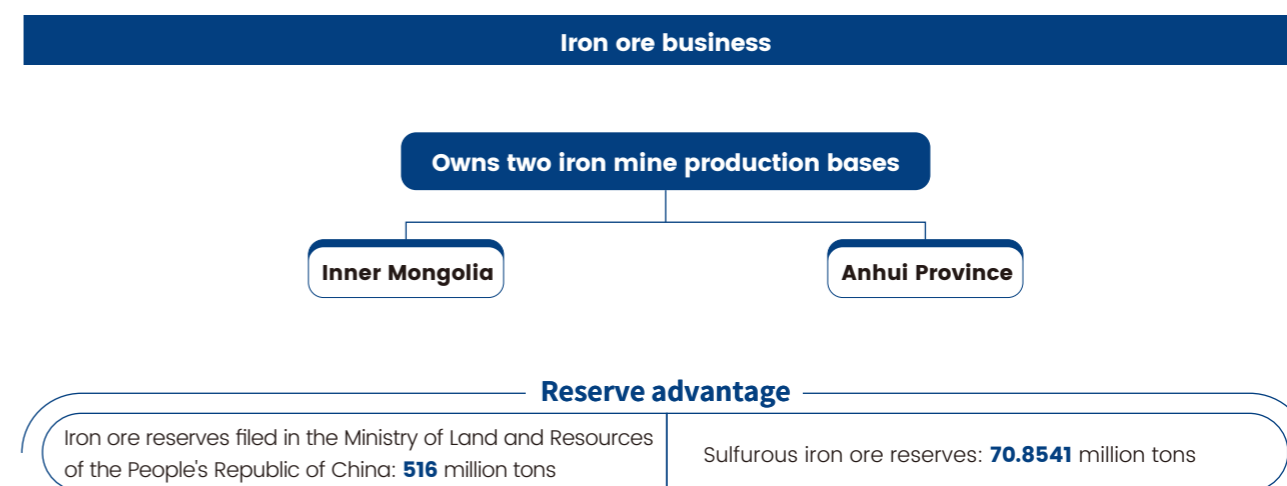
The company has been awarded "Top 50 Metallurgical Mining Enterprises in China" by the China Metallurgical Mining Enterprises Association for many consecutive years, and ranked 13th among the "Top 50 Metallurgical Mining Enterprises in China in 2022", which is 5 places higher than before.

The business scope of the company is the solid mineral resources mining industry. Its main business is iron ore mining, production and sales of iron ore concentrate and pellets, and processing and sales of mechanism sand and gravel as by-products. Its main products are iron ore concentrate and pellets. The company has two iron ore production bases in Inner Mongolia and Anhui Province, with the advantage of rich mineral resources and mining technology accumulated over the years. It is a large-scale iron ore mining and processing enterprise in China.

Under the background of "implementing dual-carbon policy and promoting green development", the Company chose to enter the lithium new energy industry to resist the cyclical risk of the iron ore industry and enhance the company's profitability. In 2023, the Company acquired the control right of lithium-bearing polymetallic mineral resources in the Jijiaoshan Mining Area in Linwu County, Hunan Province, and the prospecting right of the Jiada Lithium Mine in Sichuan Province through an auction, which provided strong support for the Company's new energy transformation. The Company is actively promoting the administrative licensing procedures of the relevant projects to lay the foundation for the implementation and construction of the projects.

## Main Business, Layout, and Advantages

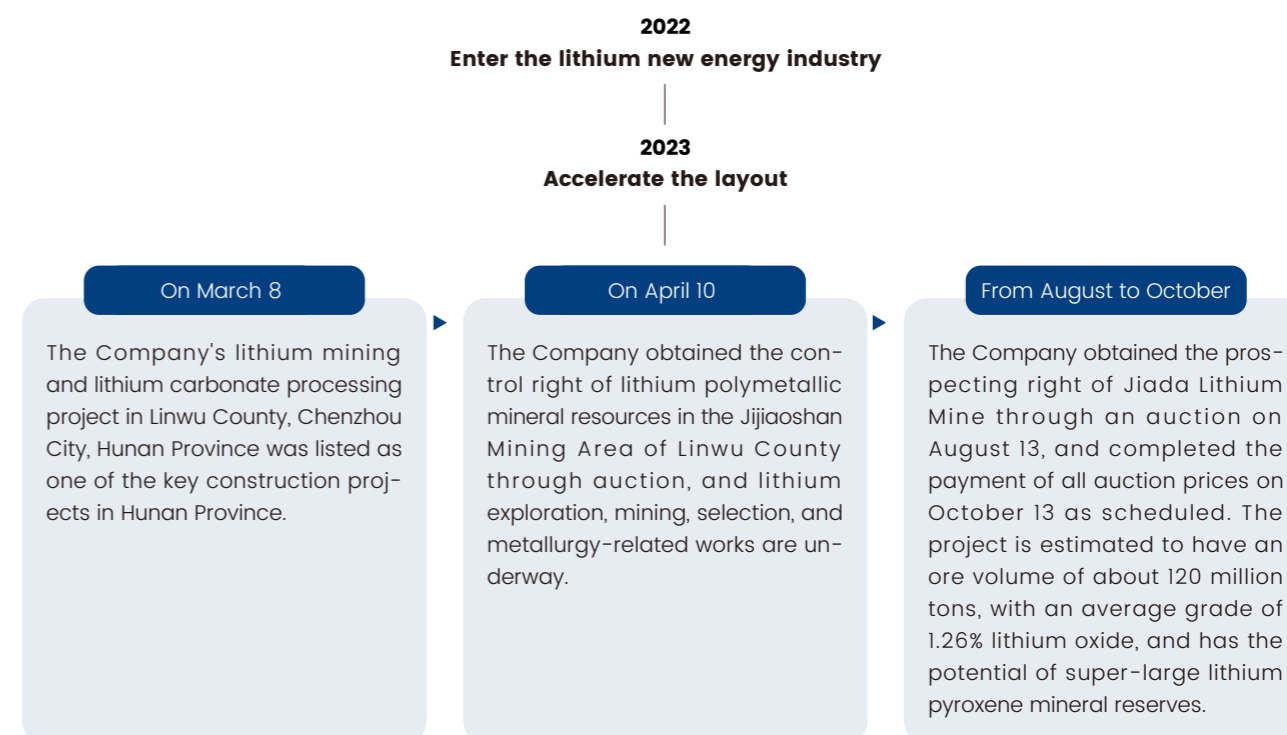
### Main business: Iron ore mining



### Excellent quality of iron ore

The average grade of TFe not less than 28.87% of the mineral resources: **≥80%**

### Layout of new energy mineral resources and development of new energy business in lithium mining



## 1.2 Development System

Dazhong Mining adheres to the company's long-term, sustainable development as the guide, and "to be a mining group recognized by employees, well-known in the industry and respected by the society" as the company's development vision, deeply plowing into the main business of iron ore. Based on its advantages in mining, processing and metallurgy, the Company continues to explore opportunities of the new energy industry of "decarbonization", and actively lays out new energy mineral resources such as lithium, expanding its new energy business. The Company has set clear development goals and directions from the top level, and constructed a complete cultural value system to promote the development of the Company from the two strategic levels of "endogenous growth" and "external expansion".



### Development vision

To be a mining group recognized by employees, well-known in the industry, and respected by the society.



### Cultural value system

#### Enterprise spirit

Conquer difficulties and operate with innovation

#### Enterprise mission

Unswervingly support the leadership of the Communist Party of China, and actively respond to General Secretary Xi's call for the realization of the great rejuvenation of the "Chinese Dream", and work hard for it.

Nature first,  
environmental  
protection first

Life first,  
safety first

Common wealth is  
the original  
aspiration of  
Dazhong Mining

Buoyed by the rise of the  
Belt and Road Initiative  
to build a century-long  
greater China mining  
company

### Objectives

#### Persist in industry and stay true to the original aspiration

Industry is the root of national prosperity! The industrial prosperity of Dazhong Mining contributes to the prosperity of China! We take the Company's development vision as the long-term goal, adhere to the concept of industrial development, and always take innovation as the important hand. By introducing a new management model, we advocate a new corporate culture of "happy work, happy life". We reform and implement the partnership system, and promote "everyone is an operator, everyone is a partner" in the company. We develop together with our employees and contribute value to our employees, the industry, the industrial chain and the society while realizing our value.

#### Adhering to the innovation drive, innovating management and business models, and leading the digitalization and upgrading of industries

We always take innovation as the engine to drive the development of the enterprise, and reconstruct the enterprise operation and management mode with the Internet thinking, to help the operation and management level continue to improve. We actively embrace new technologies such as big data, cloud computing, and artificial intelligence to digitally upgrade and transform the production, sales, supply chain of the enterprise. We explore new ways such as Internet platforms, and online and offline integration, to innovate the business development model, improve profitability, and expand development space, thus to be the leader in the digital transformation and upgrading of the industry.

#### Adhering to asset securitization, leveraging capital and feeding industry

We take the road of integration of "capital" and "production" development, adhere to the mode of industry-based, capitalized path to develop our industry. Steady promotion of capital specialized management and specialized investment. We should widely communicate with the capital market industry benchmarking, cultivate newcomers to the enterprise securities, the introduction of partners, leverage peer professionals, master cutting-edge information, and play the company's advantages in industrial operations, to make up for the shortcomings of the capital operation, jointly explore and cultivate projects, and jointly develop the capital market.

### Strategies

#### Endogenous growth strategy

To enhance production capacity, improve quality, reduce costs, increase efficiency, develop new products, and integrate resources on the basis of existing iron ore resources to achieve stable growth in benefits, thus consolidating the leading position in the private iron ore industry.

#### Extensive expansion strategies

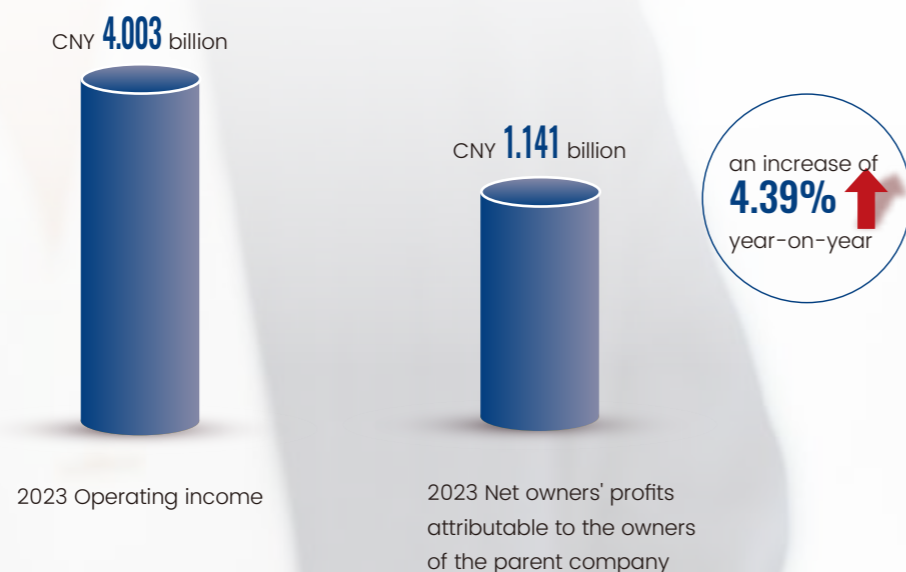
To expand iron ore reserves and to develop new lithium ore energy industries through domestic and foreign acquisitions and mergers. We aim to build a leading domestic iron ore enterprise and a highly competitive new energy lithium mining enterprise.



## 1.3 Business Conditions

In 2023, the Company actively promoted the completion and commissioning of the expansion projects of the re-gathering mine, the Zhouyoufang Mine, and the Guyang Mine. The Company's annual raw ore mining capacity was further increased, and the profitability was expected to grow further.

### After adjustment



Basic EPS  
CNY **0.76**/share

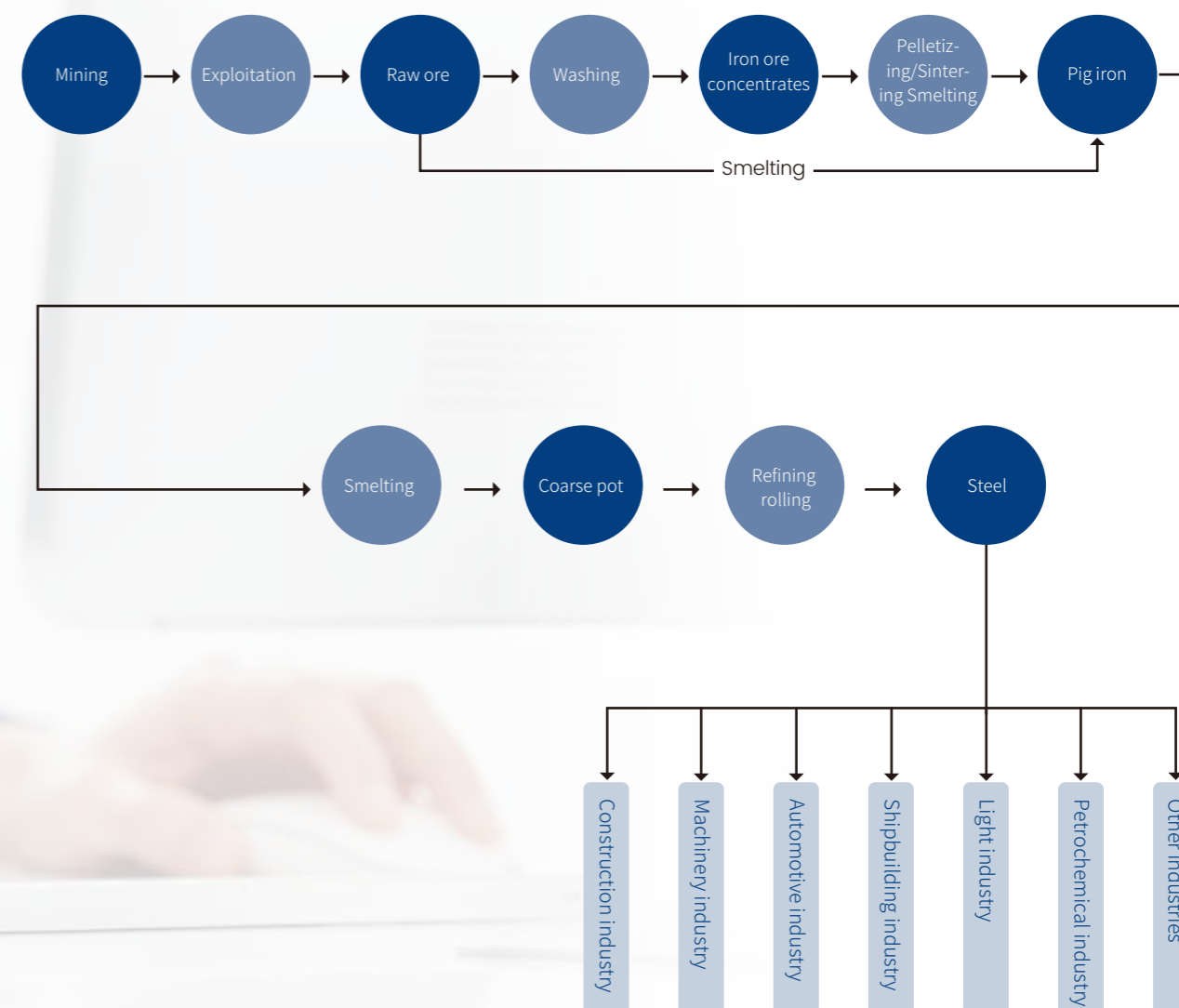
Net cash flow from operating activities  
CNY **1.607** billion

## 1.4 Industry Chain

### 1.4.1 The iron ore industry chain

The Company is currently at the forefront of the industry chain, and its business at this stage involves iron ore mining, the production and sale of iron ore concentrate and pellets, and the processing and sale of mechanism sand and gravel as by-products. We provide raw materials for the iron and steel industry, thereby providing strong support for such industries as construction, machinery, automobile, shipbuilding, and light industry. China contributes the vast majority of the incremental increase in global crude steel production, and drives the continued strong global demand for iron ore. Currently, the proportion of steel used in construction in China has remained at 63-64%, and steel used in the machinery industry has been at 19-20%.

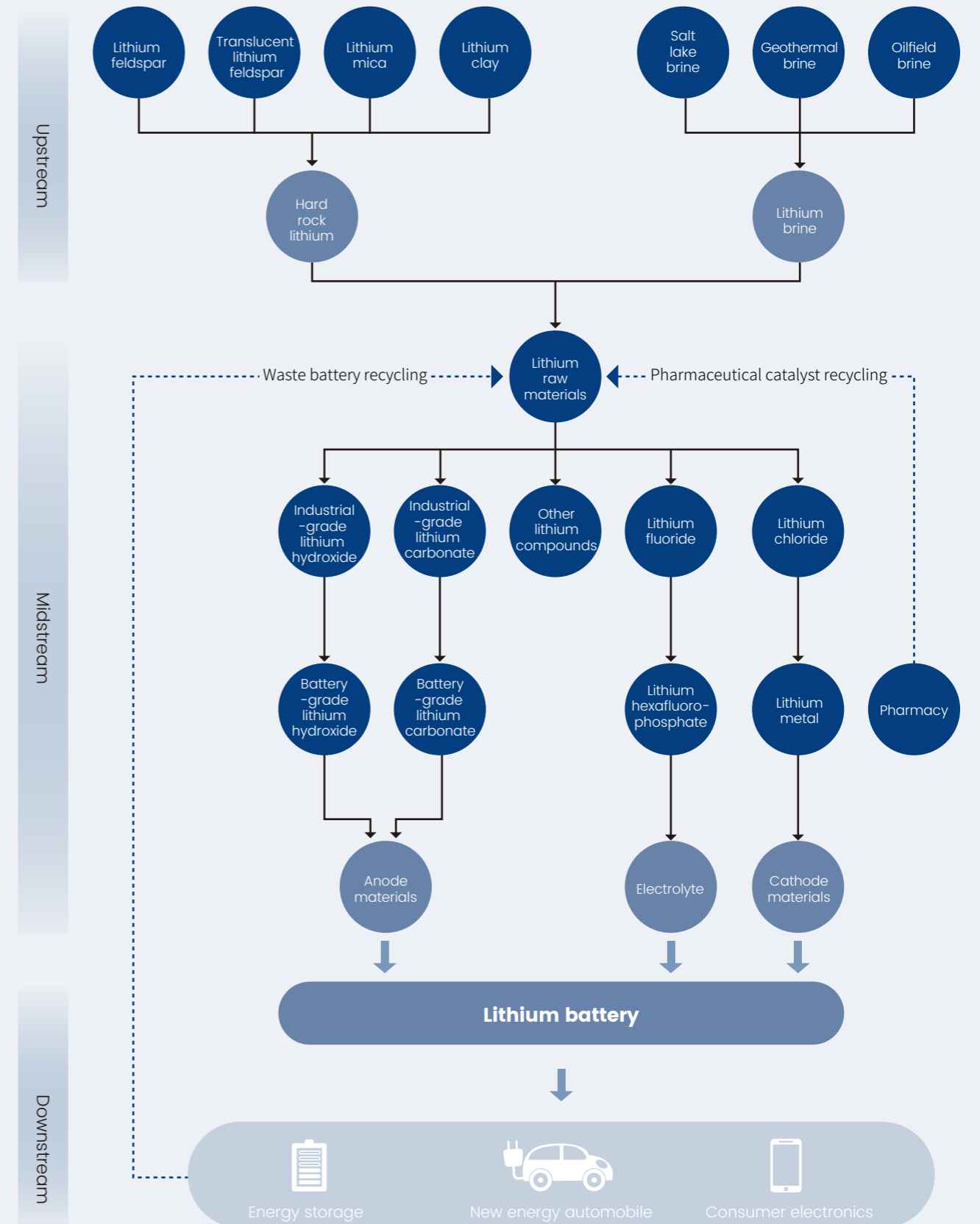
### Industry chain



### 1.4.2 Lithium industry chain

Lithium is an important raw material for the new energy industry. China has a high dependence on external lithium resources, including imported lithium pyroxene and carbonate. The Company is actively exploring the lithium mining industry, contributing to the enhancement of lithium resources' self-sufficiency rate in China. The Company is at the forefront of the upstream of the industry chain, covering lithium mining, mineral processing, lithium salt preparation of the three major business segments, and the implementation of an integrated strategy. The main product is battery-grade lithium carbonate, by-products for feldspar powder and sodium sulfate. The Company has two lithium mines, Hunan Jijiaoshan Lithium Mine and Sichuan Jiada Lithium Mine, respectively, on the supply side, with huge reserves of lithium resources. It is expected that the output of lithium powder can fully meet the demand for the production of lithium carbonate by self-mining.

Lithium carbonate is the core raw material for both new energy vehicle power batteries and energy storage batteries and the company's main products. The price fluctuations have a huge impact on the downstream enterprises, and act as the main component of the cost of lithium batteries. In 2023, the penetration rate of new energy vehicles in China exceeded 30%, and the development of the industry ushered in an accelerated period. According to the market mainstream organizations, it is expected that the average annual growth rate of the market demand for new energy vehicles will be maintained at more than 20% in the next five years. The accelerated layout of the Company in the lithium mining industry contributes to the stability of the new energy vehicle power battery supply market in China, reduces production costs, and boosts the growth of new energy vehicles and related industries in China.



## 1.5 Honors

### 1.5.1 Honors related to ESG

- ❖ 2023 **"Kumquat Award - Pioneering Listed Companies in the ESG Era"**
- ❖ **"China Red Cross Fraternity Medal"** by the Red Cross Society of China
- ❖ **"2023 Advanced Group of Public Welfare and Charity"** by the Bayannur Charity Federation of Inner Mongolia Autonomous Region
- ❖ The first batch of **"Healthy Enterprises"** in Bayannur, Inner Mongolia in 2023
- ❖ The Hunan Lithium New Energy Project of Dazhong Mining was listed as one of the **"Key Construction Projects in the Hunan Province in 2023"** by the General Office of Hunan Provincial Government.
- ❖ Dazhong Mining was awarded a **"Class A Taxpayer in Tax Credit Rating"** by the Urad Front Banner Tax Bureau of the State Administration of Taxation for three consecutive years from 2020 to 2022.
- ❖ It was recognized as a **science popularization and demonstration base in Inner Mongolia** by the Department of Science and Technology of the Inner Mongolia Autonomous Region.
- ❖ **"Energy Innovation Pioneer Enterprise"** by China Energy News and China Energy Economics Research Institute (2021)
- ❖ The labor unions of the mining sites of the Company and Anhui Jinrisheng Mining Co., Ltd. were both awarded the title of **"National Model Workers' Home"** by the All-China Federation of Trade Unions
- ❖ Awarded the title of **"Workers' Vanguard"** and **"Top Ten Model Workers' Houses of Private Enterprises in the Region"** by the Federation of Trade Unions of Inner Mongolia
- ❖ **Top 50 Metallurgical Mining Enterprises in China in 2022** by China Metallurgical Mining Enterprises Association

### 1.5.2 Honors for executives

- ❖ Since 2018, LIANG Baodong, Director of the Company, has served as the **"Vice Chairman of the Inner Mongolia Democratic Revolution Entrepreneurs Association"**.
- ❖ In August 2022, LIN Lairong, the Actual Controller of the Company, was elected as **"Vice Chairman of the Federation of Industry and Commerce of Inner Mongolia Autonomous Region"**.
- ❖ In January 2023, LIN Pusheng, Director and General Manager of the Company, was elected as **"Deputy to the People's Congress of Inner Mongolia Autonomous Region"**.

### 1.5.3 Company qualification

- ❖ The Company and Anhui Jinrisheng Mining Co., Ltd. are both **high-tech enterprises**.
- ❖ The Shujigou Iron Mine and Dongwufenzi Iron Mine have been successively recognized as **"the Second Batch of National Green Mine Pilot Units"** and **"the Fourth Batch of National Green Mine Pilot Units"**, and both of them have been recognized as **"National Green Mines"** by the Ministry of Land and Resources of the People's Republic of China.
- ❖ The Technology Center of Inner Mongolia Dazhong Mining Co., Ltd. obtained the **certification of Enterprise Technology Center of Inner Mongolia Autonomous Region**.
- ❖ Anhui Jinrisheng Mining Co., Ltd. was included in the **List of Green Factories (the third batch) of Lu'an City, Anhui Province**.
- ❖ The Iron Mine Cultural Park of Anhui Jinrisheng Company under Dazhong Mining and the Dazhong Mining Industrial Tourism Scenic Spot were assessed as **national AAA-level tourist attractions**.

### 1.5.4 Association qualification



# 02

## ESG Management

- ③ 2.1 ESG Objectives and Strategie
- ③ 2.2 ESG Management Structure
- ③ 2.3 ESG Risk Management
- ③ 2.4 Stakeholder Communication
- ③ 2.5 Material Topics



## 2.1 ESG Objectives and Strategies

Dazhong Mining has incorporated ESG management into its development and operational objectives. The development system of Dazhong Mining shows that the Company's vision and objectives have taken ESG factors into full consideration, and it has formulated relevant strategies around ESG development.

### Company vision/ESG vision

To be a mining group recognized by employees, well-known in the industry, and respected by the society

### Planning

In 2025, it is planned to make two national AAA-level tourist attractions, namely Dazhong Mining Industrial Tourism Scenic Spot and Iron Mine Cultural Park of Anhui Jinrisheng Company under Dazhong Mining, into national AAAA-level tourist attractions.

### Strategic performance dimensions

#### Responsibility for Governance

Build a governance structure of three boards and one layer, establish and continuously improve the governance system, adhere to the leadership of the Party, focus on the development of the main business, protect the rights and interests of investors, strengthen investor communication and exchanges, enhance the transparency of information disclosure, and safeguard the bottom line of business ethics.



#### To Be a Green Pioneer

Adhere to the environmental protection concept of "Nature first, environmental protection first", assume environmental responsibility, persist in industry, create wealth, and contribute to realizing the Chinese dream. Respect nature, follow nature and protect nature. Fully implement the green mine development strategy, and strive to build a tourist-oriented mine. The Company respects, conforms to, and protects nature, integrating the responsibility of ecological construction and the awareness of environmental protection into its production structure and mode.



#### To Be a Safety Benchmark

Adhere to the safety concept of "Life first, safety first", uphold the business purpose of safe production, and implant safety concepts, safety thinking, safety mentality, safety knowledge, and safety skills into the corporate culture, which is reflected in the operation; correctly handle the relationship between safety and development, adhere to the red line that development can never be achieved at the expense of safety, and implement safe production; uphold the principle of "people-oriented, safety first", and give priority to solving safety issues, supplying safety materials, and guaranteeing safety funds; increase investment in safety to save manpower with mechanical and information technology, and enhance intrinsic safety; construct a safety management system, and improve safety with intelligent means and systematic management.



#### To Be a Responsible Employer

Adhere to the concept of being people-oriented, develop with employees, focus on staff training, promote employee growth, activate employee motivation, create value and share value with employees, create favorable working conditions and atmosphere for employees; care for employees' livelihoods, solve employee difficulties and create a happy mine.



#### To Be a Social Duty Bearer

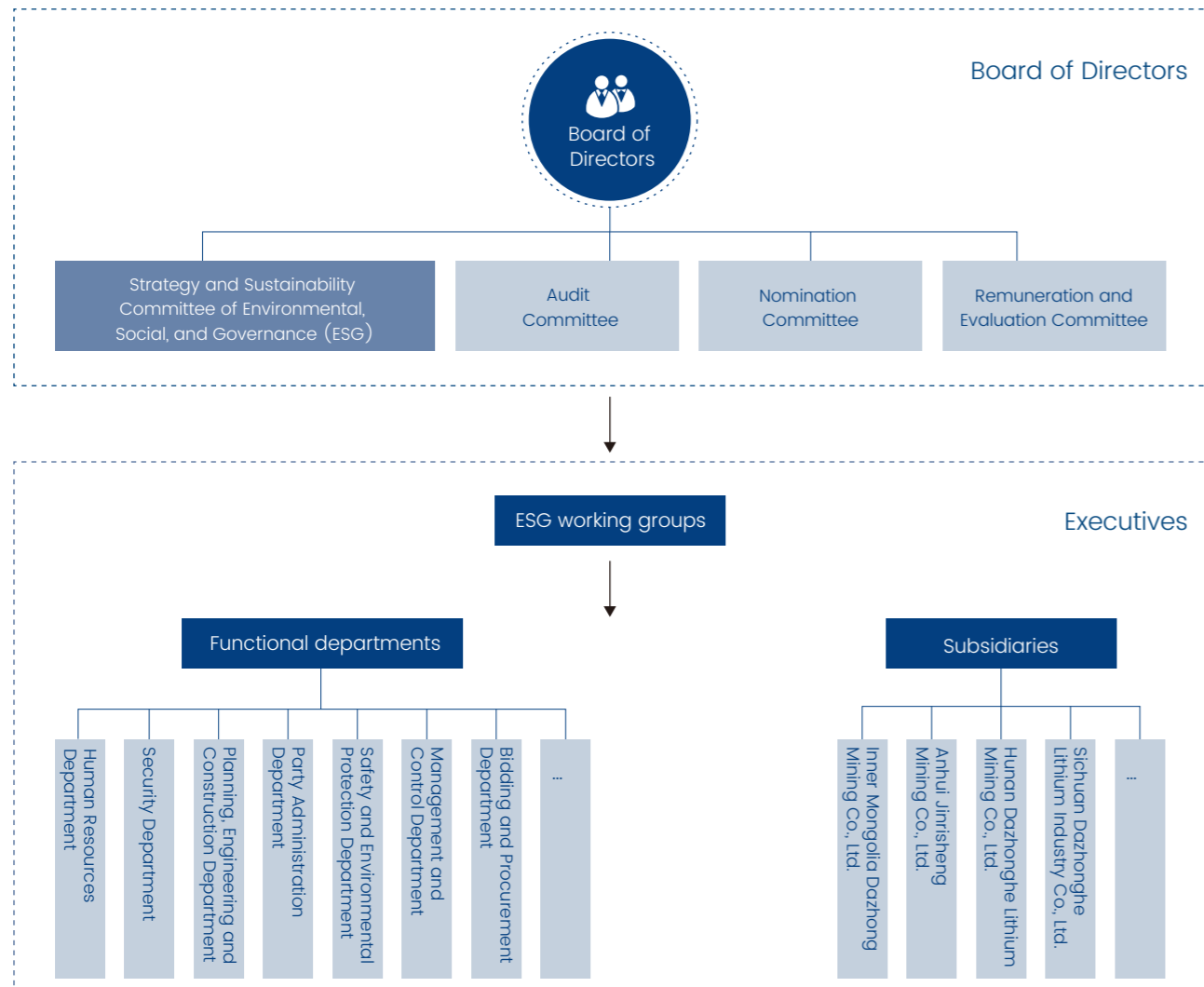
Adhere to the common prosperity, continuously explore and innovate the development mode of common prosperity, promote the common development of the enterprise and the community, and the common prosperity of the region, serve the Belt and Road Initiative, and positively respond to public welfare responsibilities to show the social responsibility of the Company.



## 2.2 ESG Management Structure

The Company has established a top-down ESG management structure under the leadership of the Board of Directors to better coordinate, guide, and implement ESG-related matters. The Board of Directors of the Company is the highest decision-making body for ESG, responsible for reviewing and approving ESG strategies, management policies, and objectives, and reviewing ESG-related matters. As of the date of disclosure of this Report, the Company has upgraded the Strategy Committee under the Board of Directors to the Strategy and Sustainability Committee of Environmental, Social, and Governance (ESG), which is responsible for formulating and promoting ESG strategies, management policies, and objectives, supervising the implementation of ESG strategies and objectives as well as the implementation of ESG-related investments and other ESG-related matters; and has established the ESG Working Group, which is led by the Secretary of the Board of Directors and is under the responsibility of the Securities Department for the overall co-ordination, guidance, and implementation of ESG strategies, objectives, and plans formulated by the Board of Directors and the ESG Committee, as well as ESG-related matters issued by the committees under the Board of Directors, to contribute to the continuous improvement of the Company's ESG performance, the Group's functional departments and subsidiaries in strict accordance with the ESG strategy, objectives and plans, and to incorporate and implement ESG tasks into the daily operation.

**ESG Management Structure of the Company**



## 2.3 ESG Risk Management

The Company attaches great importance to ESG risk management by constructing an environmental management system, a safety management system, a quality management system, a talent management system, a supplier management system, a corporate governance system, etc. The Company identifies, evaluates, and systematically manages the major risks in environment, social, and governance, and effectively guides and coordinates all departments and subsidiaries to circumvent or reduce all kinds of ESG risks.



## 2.4 Stakeholder Communication

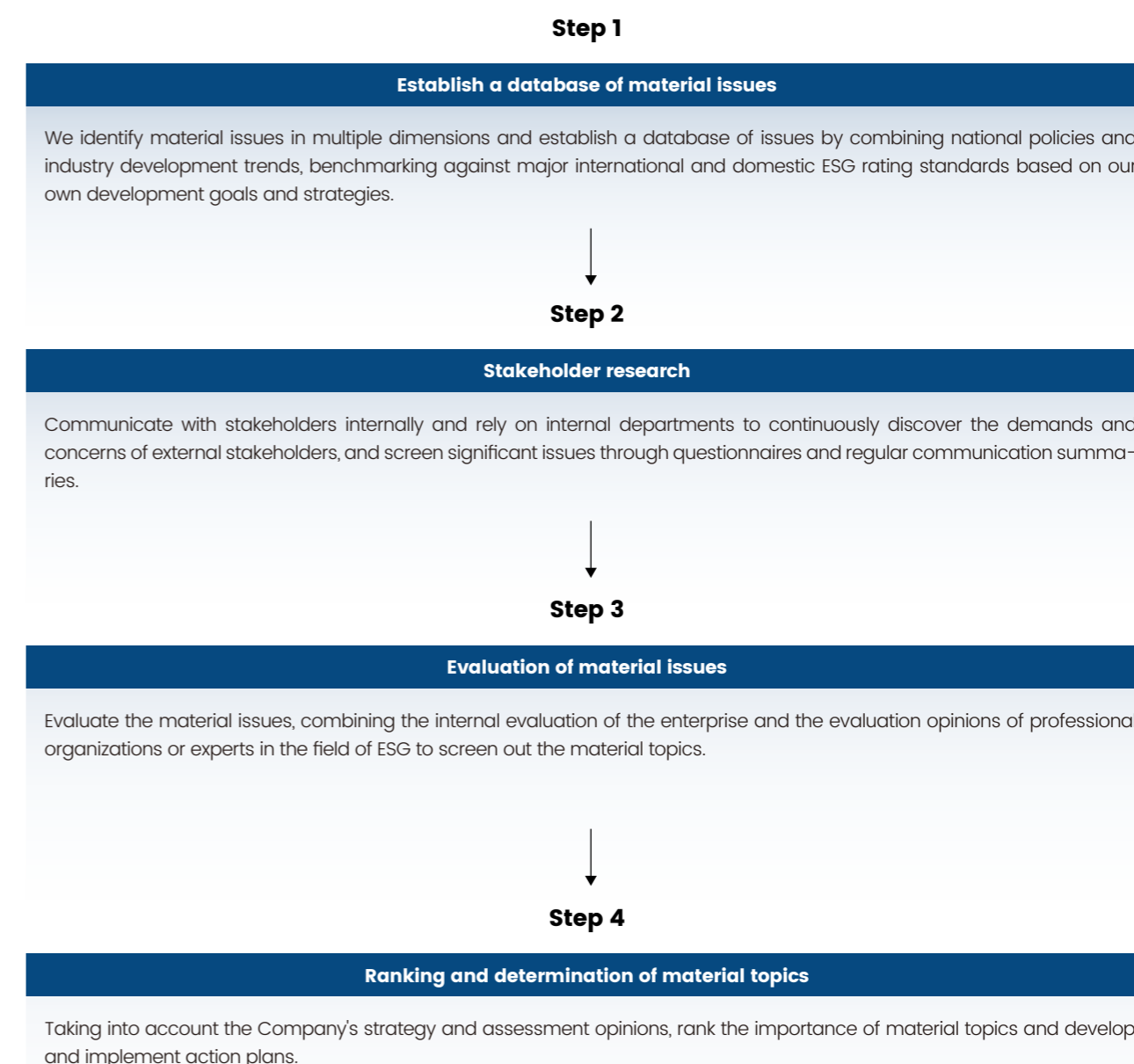
The Company highly respects the demands of stakeholders and has established a regular communication mechanism with stakeholders based on the principles of honesty, interaction, equality, and transparency. Through diversified communication methods, the Company continuously discovers the concerns and demands of stakeholders, which serves as an important basis for the Company in determining the material topics and formulating the ESG strategies, and carries out the performance of its responsibilities around the substantive issues and following the ESG strategies, and continuously responds to the concerns and demands of stakeholders, to enable stakeholders to participate in the Company's ESG governance.

Stakeholders	Focus	Communication
 Shareholders and investors	Performance robustness Shareholder returns Completeness of disclosure Open investor communication Compliance Sustainability Risk resilience	General Meeting of Shareholders Performance briefing Information disclosure Investor exchange platform
 Customer	Ore quality Occupational Health and Safety Risk resilience	Satisfaction survey Customer visit Service hotline After-sales service
 Employee	Protection of rights and interests Compensation and benefits Occupational health and safety Equal rights and development	Employee Council Employee complaint or feedback channels Employee satisfaction survey Internal meetings
 Government and regulatory authorities	Legal business Paying taxes in accordance with the law Regional development Policy response Social responsibility	Stock exchange meetings Government meetings Information disclosure platform Government investigation, visit, and guidance
 Partners	Occupational health and safety Business Ethics Openness and transparency Integrity and win-win	Strategic cooperation Supplier training and communication
 Community & philanthropy/ social organizations	Regional economic development Facilitating employment Human rights protection Community development Public welfare development	Community visits and exchanges Recruitment fair Cooperation with public welfare organizations
 Natural environment	Climate Change Water management Biodiversity Emissions management	Mining construction Environmental protection cooperation Environmental protection publicity
 Media	ESG achievements Brand reputation	Media communication Official publicity Omni-channel investor relations

## 2.5 Material Topics

### 2.5.1 Analysis of material topics

The Company has formed a complete material topics assessment process, which benchmarks international and domestic standards and combines the concerns of stakeholders to identify ESG material topics, integrate stakeholders and their concerns into operations and decision-making, and incorporate relevant issues into actual ESG work, thereby realizing the combination of ESG and daily operations.



## 2.5.2 List of material topics

Content	Issues	Material topics management (presented in the Report)
E: Environmental management	Carbon emission	4.4.2 Low-carbon development
	Atmospheric protection	4.3.1 Prevention and management of air pollution
		4.5 Construction of green mines
	Water resource protection	4.2 Water management
		4.5 Construction of green mines
	Waste management and recycling	4.3.2 Prevention and management of waste
		4.5 Construction of green mines
	Management of hazardous waste	4.3.2 Prevention and management of waste
		4.5 Construction of green mines
	Land resources protection	4.5.1 Environmental management of construction projects
		4.5.2 Land resources and ecological conservation
		4.5 Construction of green mines
	Ecological protection surrounding the mine	4.5.1 Environmental management of construction projects
4.5.2 Land resources and ecological conservation		
4.5 Construction of green mines		
Biodiversity	4.5.2 Land resources and ecological conservation	
	4.5 Construction of green mines	
Environmental compliance	4.1 Environment management system	
	4.5 Construction of green mines	
Investment in environmental protection facilities and improvement of processes	4.1.2 Environmental protection facilities management	
	4.5 Construction of green mines	
S: Social management	Occupational Health and Safety	3.5.1 Supplier management
		5.4.1 Occupational health and safety management system
		5.4.2 Safety management training
	Labor rights and interests	6.2 Employee rights and interests
	Diversity and equal opportunity	6.2.1 Law-based employment
6.2.2 Diversity in employee structure		
6.3 Promoting employee development		

Content	Issues	Material topics management (presented in the Report)
S: Social management	Elimination of child and forced labor	6.2.1 Law-based employment
	Employee communication and democratic management	6.2.6 Democratic management
	Product quality assurance	5.2 Quality management system
	Technology and process innovation	5.2 Quality management system
		5.3 Construction of smart mines
	Safe production	5.1 Safety management system
		5.4 Construction of safe mines
	Intelligent and digital transformation	5.3 Construction of smart mines
	Intellectual property protection	5.3.2 Intellectual property protection
	Information security	5.3.3 Information security
	Win-win cooperation	7.1 Win-Win development of industry chain
	Maintaining a favorable market environment	3.5.3 Anti-unfair competition
	Charitable donations	7.2.2 Practicing public welfare responsibility
	Regional development	7.2.1 Regional economic contribution
	Rural revitalization and common prosperity	7.2.2 Practicing public welfare responsibility
	Policy support and response	4.4 Climate change management
		4.5 Construction of green mines
5.3 Construction of smart mines		
G: Corporate Governance	Investor relation management	3.4.3 Investor returns
		3.4.4 Investor communication
	Responsible purchasing	3.5.1 Supplier management
	Integrity management	3.5.1 Supplier management
		3.5.2 Integrity management
Information disclosure	3.4.1 Responsible disclosure	
Compliance Management	3.4 Compliance Management	

 Very important
  Important
  Ordinary



# 03

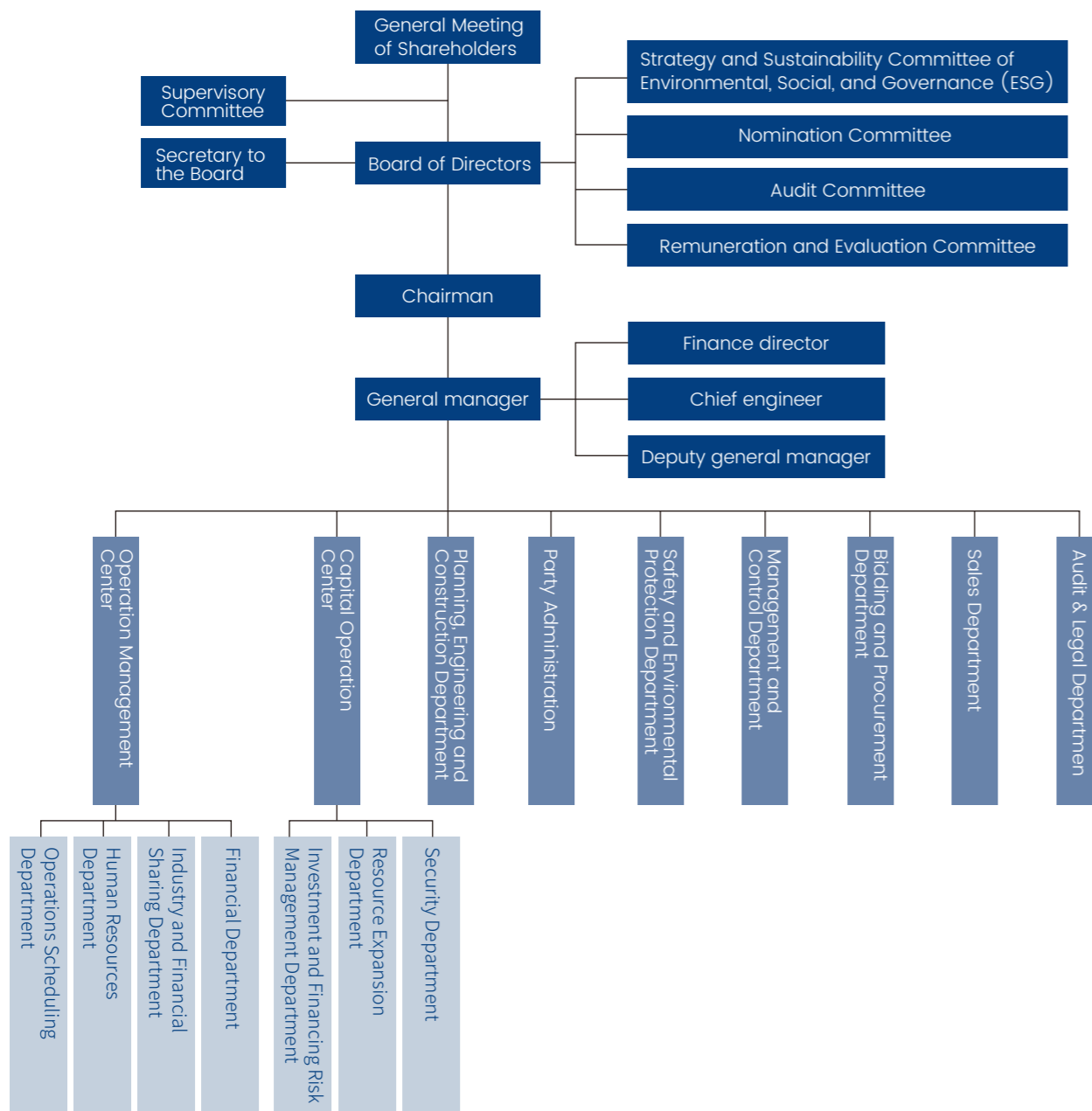
## Responsibility for Governance

- ③ 3.1 Governance System and Mechanisms
- ③ 3.2 Leadership in CPC Construction
- ③ 3.3 Diversity Management
- ③ 3.4 Compliance Management
- ③ 3.5 Business Ethics

### 3.1 Governance System and Mechanisms

The Company has established a corporate governance organizational structure of "three boards and one layer" of shareholders' meetings, board of directors, supervisory board, and management layer, with clear division of powers and responsibilities and mutual supervision and constraints. The Board of Directors consists of the Audit Committee, the Strategy and Sustainability Committee of Environmental, Social, and Governance (ESG), the Nomination Committee, and the Remuneration and Evaluation Committee. The Company has optimized and enhanced its governance.

**Organizational Structure of the Company**



#### Operational norms of the three boards



The Shareholders' General Meeting, comprising all shareholders, is the highest authority of the Company and is responsible for making decisions on the Company's major operational matters. During the reporting period, the Company standardized the convening, holding, and voting procedures of the shareholders' general meeting to ensure that all shareholders had equal status and fully exercised their rights, and ensured the legality of the convening, holding, and voting procedures, to safeguard the lawful rights and interests of the Company and the shareholders.



As the Company's operational decision-making body, the Board of Directors is responsible for the General Meeting of Shareholders. The Board of Directors of the Company consists of seven directors, with three independent directors. The Independent Directors of the Company can carry out their work in accordance with the *Rules for Independent Directors of Listed Companies*, the *Rules of Procedure of the Board of Directors*, the Working System of Independent Directors, and other laws and regulations. In 2023, the Independent Directors of the Company issued 11 independent opinions and 2 pre-approval opinions on major matters of the Company throughout the year, fully safeguarding the legitimate rights and interests of the Company and its shareholders, especially the small and medium-sized shareholders.



The Supervisory Committee, as a standing supervisory body of the Company, performs supervisory functions on behalf of the general meeting of shareholders. The Supervisory Board of the Company consists of three supervisors.

**In 2023**

- the General Meeting of Shareholders was held **7** times
- The Board of Directors held **21** meetings, with an average attendance rate of **100%** for directors.
- The Supervisory Board held **13** meetings, with an average attendance rate of **100%** for supervisors.

The Company has formulated internal management-related systems such as the Information Disclosure Management System, the Management System for Informants of Insider Information, the *Investor Relationship Management System* and the *Internal Reporting System for Material Information* in strict accordance with the requirements of the *Company Law*, the *Securities Law*, the *Guidelines for the Governance of Listed Companies*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange* and other laws and regulations in order to continually improve the internal management and control system.

## 3.2 Leadership in CPC Construction

As of the end of 2023

the Party Committee of Dazhong Mining has **1** basic Party committee, **2** general Party branches, and **16** Party branches. There were 254 Party members, accounting for **6.66%** of full-time employees. Currently, there are **8** reserve Party members and **42** party activists among the employees. The annual general meeting of Party members was held **4** times

To promote the study and implementation of Xi Jinping's thought of socialism with Chinese characteristics in the new era in private enterprises, on October 25, 2023, the Party Committee of Dazhong Mining held the second phase of thematic study and training meeting on the theme of education for studying and implementing Xi Jinping's thought of socialism with Chinese characteristics in the new era. Members of the General Party Branch of Inner Mongolia Dazhong, the secretaries of seven party branches, and the secretaries of the General Party Branches of subsidiaries attended this meeting. This special meeting conveyed the theme education implementation plan, emphasized the progress of party-building tasks and objectives of each basic-level party organization, and focused on studying the *Regulations on the Education and Management of Party Members of the Communist Party of China*.



## 3.3 Diversity Management

### 3.3.1 Diversity of the Board of Directors

The Company actively promotes diversity management of the Board of Directors by eliminating all discrimination on gender, age, religious beliefs, ethnicity, etc., and actively promotes gender equality, focusing on diversity in the field of specialization, educational background, knowledge reserve, and skill level to enhance corporate decision-making and management. The Board of Directors of the Company consists of seven directors, with one female director, accounting for 14.29%.

#### ► Profile of Directors of Dazhong Mining in 2023

<b>Lairong LIN</b>	Age 55	Male	Specialty: Economy, mining, management, investment	Professional title: Senior economist
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Resume: In 1995, he founded Wuhai Zhongxing Coal Co., Ltd. and served as the Chairman of the Board (later changed to INNER MONGOLIA Wuhai Zhongxing Coal Group Co., Ltd.). In 1999, he founded the predecessor of the Company, Dazhong Limited. He served as the Chairman of the Board of the Company from May 2009 to July 2016, and is currently a director of the Company. Lin Lairong was awarded by the Inner Mongolia Wuhai City Government as "Wuhai City Ten Outstanding Young Entrepreneurs"; by the Inner Mongolia Autonomous Region Government as "Township Meritorious Entrepreneurs" and "Outstanding Township Entrepreneurs" for four consecutive years. In 2006, he was awarded the "Eighth Ten Outstanding Youths of Inner Mongolia Autonomous Region" by the Organization Department of the Party Committee of the Inner Mongolia Autonomous Region and other departments; in 2008 and 2010, he was awarded the "Integrity Character of Enterprises in Inner Mongolia Autonomous Region" by the Propaganda Department of the Party Committee of the Inner Mongolia Autonomous Region, the Financial Affairs Office, the Development and Reform Commission and other departments; and in 2013, he was awarded the "May 1st Labor Medal of the whole region" by the Federation of Trade Unions of the Inner Mongolia Autonomous Region. In August 2022, he was elected as "Vice Chairman of the Federation of Industry and Commerce of Inner Mongolia Autonomous Region".

<b>Guofeng NIU</b>	Age 47	Male	Specialty: Finance, economics, management, capital operations
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Resume: From 2001 to 2009, he served as Assistant Director, Director and Executive Director of the Investment Banking Headquarters of Guotai Junan Securities. From 2009 to present, he has been a Director of Zhongxing Group; from March 2011 to April 2020, he was the Secretary of the Board of Directors of the Company; from 2012 to 2013, he was in charge of the Company's Inner Mongolia Mines; from 2014 to 2016, he was concurrently the General Manager and the Chairman of the Board of Directors of Anhui Jinrisheng Mining Co., Ltd.; from 2017 to 2019, he was in charge of the strategy, financing and operation management of the Company, and is currently the Chairman of the Company.

<b>Baodong LIANG</b>	Age 53	Male	Specialty: Economy, management	Professional title: Economist
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Resume: From 1989 to 1994, he studied at Baotou Iron and Steel College. From 2002 to 2007, he studied at Peking University, specializing in MBA and the Chairman's Advanced Training Course on Management Philosophy and Corporate Strategy. From 1995 to 1998, he was the Director of the Baotou office of Wuhai Zhongxing Coal Co., Ltd. and participated in the founding of the Company's predecessor, Dazhong Limited in 1999; he served as the Vice Chairman of the Company from May 2009 to July 2016, and the Chairman of the Board of Directors of the Company from July 2016 to April 2020, and is currently a Director of the Company. LIANG is currently the Chairman of the Bayannur Mining Association of Inner Mongolia and the Vice Chairman of the Inner Mongolia Democratic Revolutionary Entrepreneurs' Association.

<b>Pusheng LIN</b>	Age 33	Male	Specialty: Mining, safety, management
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Resume: He has served as an underground safety officer, mining production staff, technician, dispatcher, manager of the human resources department, the director of operation center, and the general director of the pellet project of Anhui Zhongsheng Metal Pellet Co., Ltd.; received training at Jingye Iron and Steel Co., Ltd. and Sinosteel Trading Company Limited. He is currently the Director and General Manager of the Company, the General Manager of the Company's Pellet Branch, the General Manager of Hunan Dazhonghe Lithium Mining Co., Ltd., the Chairman of Inner Mongolia Jinhui Rare Ore Co., Ltd. and the Director of Zhongxing Group Co. In January 2023, LIN Pusheng was elected as a deputy to the People's Congress of the Inner Mongolia Autonomous Region.

<b>Lixiang WANG</b>	Age 41	Female	Specialty: Accounting, taxation	Professional title: Certified Public Accountant, Senior Accountant, Certified Tax Accountant
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Resume: From 2004 to 2012, she served as a cashier, accountant and treasurer of Inner Mongolia Xishui Venture Company Limited and its subsidiaries; from 2013 to 2017, she served as the finance manager of Inner Mongolia Division of Tomorrow Holding Company Limited; from 2017 to 2019, she served as deputy director of finance of Zhongxing Group Company Limited; from 2019 to 2020, she served as an accountant of Zhongxu Accounting Firm in Hohhot; from 2020 to present, she served as a project partner of Inner Mongolia Zhonglu Huacai Accounting Firm (Special General Partnership). Currently, she serves as an independent director of the Company.

<b>Wenbing LU</b>	Age 56	Male	Specialty: Economy, investment, management, capital operation	Professional title: Senior economist
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Resume: Famous entrepreneur and expert in enterprise capital operation and management in China He is currently the Chairman of Inner Mongolia Minfeng Seed Co., Ltd., the Chairman of Inner Mongolia Yinshan Youmai Food Co., Ltd., the Chairman of Inner Mongolia Tengary Investment Co, Ltd., Independent Director of Jinhe Biotechnology Co., Ltd., Independent Director of Inner Mongolia MengDian HuaNeng Thermal Power Corporation Limited, a member of the Executive Committee of the Inner Mongolia Federation of Industry and Commerce, Vice Chairman of the Ulanqab City Federation of Industry and Commerce, Visiting Professor of Inner Mongolia University, Visiting Professor of Inner Mongolia University of Finance and Economics, and Visiting Professor of Inner Mongolia Agricultural University. He serves as the Vice President of Inner Mongolia Mengniu Dairy (Group) Co., Ltd. and CEO of Inner Mongolia Little-Sheep Catering Chain Co. Currently, she serves as an independent director of the Company.

<b>Yuan WEI</b>	Age 68	Male	Specialty: Electrical power
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Resume: He served as the Deputy General Manager of Datang International Power Generation Co., Ltd., General Manager of Datang Huayin Electric Power, LTD., Director of Tangshan Power Plant, and Director of Qinhuangdao Thermal Power Plant. Currently, she serves as an independent director of the Company.

### 3.3.2 Diversity of operations

The Board of Directors consists of the Audit Committee, the Strategy and Sustainability Committee of Environmental, Social, and Governance (ESG), the Nomination Committee, and the Remuneration and Evaluation Committee. The specialized Committees are accountable to the Board of Directors and perform their duties following the Company's Articles of Incorporation and the authorization of the Board of Directors, and submit proposals to the Board of Directors for consideration and decision. The members of the specialized Committees are all directors, with a majority of independent directors serving as convenors of the Audit Committee, Nomination Committee, and Remuneration and Evaluation Committee; the convenor of the Audit Committee is an accounting professional among the independent directors, and the members are directors who do not serve as senior management of the Company. The Board of Directors is responsible for formulating the working procedures of the specialized Committees and regulating the operation of the specialized Committees. The specialized Committees perform their duties within their respective terms of reference.

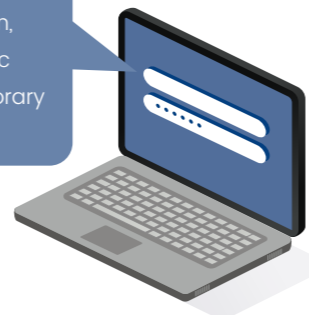
Specialized committees	Responsibilities
Audit Committee	It is responsible for reviewing the Company's financial information and its disclosure, monitoring and evaluating of internal and external audits, and internal control and communication between the internal and external audits.
Strategy and Sustainability Committee of Environmental, Social, and Governance (ESG)	It is responsible for conducting research and making recommendations on the Company's medium- and long-term development strategies and major investment decisions; responsible for formulating and promoting ESG strategies, management policies and objectives, supervising the implementation of ESG strategies and objectives, as well as the implementation of ESG-related investments and other ESG-related matters.
Nomination Committee	It is responsible for formulating criteria and procedures for the selection of candidates for directors and senior management of the Company, making selections, and making recommendations.
Remuneration and Evaluation Committee	It is responsible for formulating assessment standards for directors and senior management of the Company and conducting the assessment; responsible for formulating and reviewing the remuneration policies and programs for directors and senior management of the Company.

## 3.4 Compliance Management

### 3.4.1 Responsible disclosure

The Company has formulated relevant systems such as the *Information Disclosure Management System*, the *Management System for Informants of Insider Information*, the *Investor Relationship Management System*, and the *Internal Reporting System for Material Information*, etc., and discloses information truthfully, accurately, completely, and promptly in strict accordance with the requirements of the relevant laws and regulations and the Company's system to ensure that all shareholders have equal access to information. During the reporting period, the Company voluntarily disclosed the progress of major projects and favorable matters, and took the initiative to improve the depth and breadth of voluntary information disclosure to provide sufficient information for investors' value judgment. The employees of the Securities Department of the Company proactively participated in the training organized by the Shenzhen Stock Exchange, China Listing Association, and Inner Mongolia Securities Regulatory Bureau to enhance the professional level of information disclosure.

During the reporting period, the Company issued **156** announcements and **87** documents on the Internet. Among them, there were **4** periodic reports and **152** temporary announcements.



### 3.4.2 Strict internal control

The Company continuously improves its internal management system; refines various business processes and management measures; formulates comprehensive and perfect business processes and management systems in procurement, sales, engineering, asset management, capital management and investment management; and strictly regulates the approval authority to avoid operational risks. In December 2023, the Company revised and issued the *Articles of Association*, *Rules of Procedure of the Board of Directors*, *Rules of Procedure of the General Meeting of Shareholders*, *Rules for the Work of Independent Directors*, *Management System for External Guarantees*, *Management System for Connected Transactions* and other rules in accordance with the latest laws and regulations and the actual situation of the Company.

The scope of the Company's audit includes fund operation and management, procurement and payment management, sales and collection management, production process and cost control, external investment management, external guarantee management. The Audit Committee of the Board of Directors considers and approves the Company's annual, semi-annual, and quarterly internal audit work plans.

### 3.4.3 Investor returns

The Company has actively rewarded its shareholders since its listing and shared the operating results of the Company's development with them. The Company made two cash dividends, namely, CNY 603 million in the half-year of 2021 and CNY 447 million in 2022; the cumulative cash dividends amounted to CNY 1.05 billion, and the ratio of dividends to net profit was 41%.

To make investors feel more confident, the Company has invested a total of CNY 268 million in cash by the end of 2023 to repurchase 21.0833 million shares of the Company, accounting for 1.4% of the Company's current total share capital.



### 3.4.4 Investor communication

The Company has established diversified investor communication channels, both online and offline, through regular performance briefings, roadshow activities, SZSE Interactive Ease, investor calls and letters, research activities to answer questions and solve problems for investors promptly, to convey the Company's value, to fully protect the investors' right to know, to keep a detailed record of investor's opinions and suggestions, and to report them to the management regularly.

Year 2023



A total of **6** times to host investor investigations

The online investigation was **2** times

The offline investigation was **4** times



Responded to CSI Interactive Ease questions **158** times

with a response rate of **94.05%**.

## 3.5 Business Ethics

### 3.5.1 Supplier management

The Company's suppliers include equipment and material suppliers and outsourced construction suppliers. The Company has established relevant mechanisms and systems in the areas of supplier admission, supplier procurement, bidding, supplier evaluation, supplier management, of which the equipment and material suppliers are controlled following the relevant requirements of quality control, and the outsourced construction suppliers have increased the management of safety.

As of the end of 2023



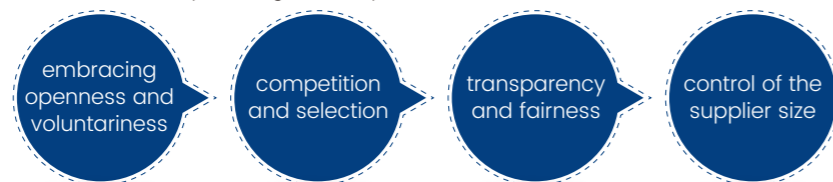
the Company had a total of **516** qualified suppliers

At the beginning of the year, **29** supplier violations (quality issues) were investigated and dealt with at a rate of **100%**

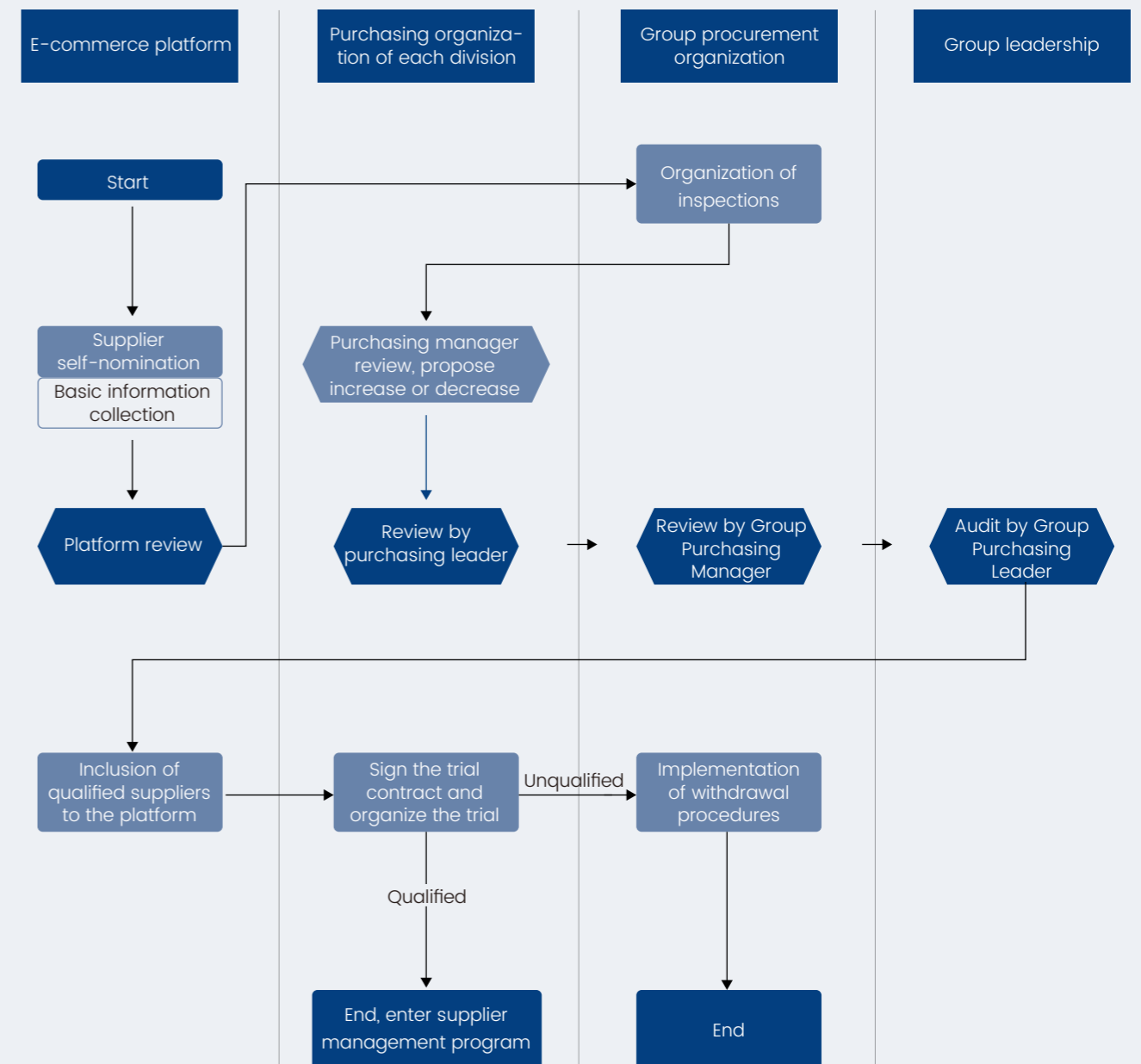


#### Supplier admission

The Company adheres to the principles of "embracing openness and voluntariness, competition and selection, transparency and fairness, and control of the supplier size" in the selection and management of new suppliers. For newly introduced suppliers, the Company requires them to fill in and upload relevant background investigation materials, including *Supplier Background Investigation Form*, *Trial Product Quality Standards*, *Trial Product Qualification Property Rights Attribution Certificate or Authorized Agent Documents*, to carry out due diligence investigations on the basic conditions, including legal person qualification, business licenses, performance capability, scale of operation, product quality, corporate litigation and other conditions, such as the status of certification of the quality, environmental and occupational health and safety management systems.



Supplier access management flowchart



## Supplier evaluation and removal

The Company has strengthened its assessment of supplier performance and formulated relevant assessment mechanisms and rules. A special supplier evaluation team has been set up for suppliers of equipment and materials to assess the performance of qualified suppliers whose deliveries have taken place in the current year, and a supplier tier management system has been established. Based on the annual performance assessment scores of the suppliers and the relevant performance, the Company's Procurement Management Department organizes and convenes an annual supplier performance review meeting to validate the evaluation structure, form an annual supplier performance assessment report, and make adjustments to the division of the supplier tier. Supplier performance evaluation consists of quantitative evaluation, business evaluation, and user evaluation, and the "Annual Supplier Evaluation" is launched in January each year. By strengthening the regular evaluation of supplier performance, the Company promotes the continuous improvement of supplier performance, improves the quality assurance capability of suppliers, and reduces the risk of substandard procurement quality or violation of laws and regulations caused by suppliers' integrity, credibility, performance and other issues. In addition, the Company pushes the results of annual supplier performance evaluation back to suppliers through the e-commerce platform to promote the continuous improvement of suppliers, help suppliers strengthen the whole process of quality control capability, and improve their management system.

The Company scientifically and reasonably removes suppliers that do not meet the Company's supplier access conditions, do not accept or violate the requirements of the Company's Supplier Cooperation Commitment, whose product quality and service capabilities do not meet the on-site requirements, who have been forcibly withdrawn from the supplier evaluation, who have taken the initiative to propose that they will no longer cooperate with the Company, and who have not had business cooperation for three consecutive years, to continually optimize the Company's supplier management system.

## Supplier integrity and ethics management

The Company requires all suppliers to sign a *Supplier Cooperation Commitment Letter*, including integrity clauses and ethical constraints; factors such as environmental protection, safety, and human resources compliance are incorporated into supplier access and management; suppliers shall commit to strictly abide by national laws, regulations and industry self-regulation provisions. For any supplier that violates business ethics, national laws and regulations, or relevant company regulations into the supplier blacklist, each implementation unit of procurement business shall no longer have procurement business with the blacklisted suppliers.

## Responsible purchasing

The Company has established open and strict bidding procedures and formulated *Bidding Management Measures* to strengthen the supervision and management of the bidding business and ensure the openness, fairness, and transparency of the bidding process. Meanwhile, the implementation of the Company's bidding procedures strictly complies with national laws and regulations and the Company's system and is committed to anti-monopoly at source, prohibiting the selection of oligopoly suppliers in the bidding of general-purpose equipment, protecting fair competition in the market, and creating a healthy environment for the sustainable development of the market.

## Building a responsible supply chain

The Company has taken a series of measures to promote the continuous improvement of suppliers, including promoting the improvement of suppliers' performance in ESG, such as helping suppliers to strengthen the whole process quality control capability through on-site audits of suppliers; building an exchange platform between supply and demand, carrying out localization, production, supply, research and other projects, and improving the technical improvement capability of suppliers; actively promoting the e-coordination capability with approved suppliers, and improving the supplier's integrity, efficiency, and rapid response; promoting the establishment of environmental management system and occupational safety and health management system by suppliers, prompting suppliers to choose green resources, promote energy saving and emission reduction, and carry out occupational health in production and operation, and continuously improve the system; holding supplier seminars and professional training sessions from time to time to publicize the Company's procurement policies, supplier management concepts, operation and the latest developments; creating a "clean, open and win-win" procurement supply chain system to promote the common development of both parties.

## 3.5.2 Integrity management

The Company has established relevant integrity management mechanisms and incorporated integrity training as key contents of new employee training, and regularly organizes relevant training every year to enhance the integrity awareness of all employees. During the reporting period, the Purchasing Department and Sales Department of the Company have organized various trainings regarding "integrity, self-discipline, and production safety warning education training" for all employees, and played relevant clean propaganda films, which have played a good role in warning.

## 3.5.3 Anti-unfair competition

The Company fulfills the work requirements of fair trading and integrity and compliance. During the reporting period, there were no incidents in which the Company was penalized for violating the *Anti-monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*.

## 3.5.4 Publicity compliance

The Company strictly complies with the requirements of the relevant laws and regulations of the *Company Law* and the *Advertising Law* for publicity. During the reporting period, there were no incidents of penalties for publicity violations.



# 04

## To Be a Green Pioneer

- ③ 4.1 Environmental Management System
- ③ 4.2 Water Management
- ③ 4.3 Pollutant Management
- ③ 4.4 Climate Change Management
- ③ 4.5 Construction of Green Mines





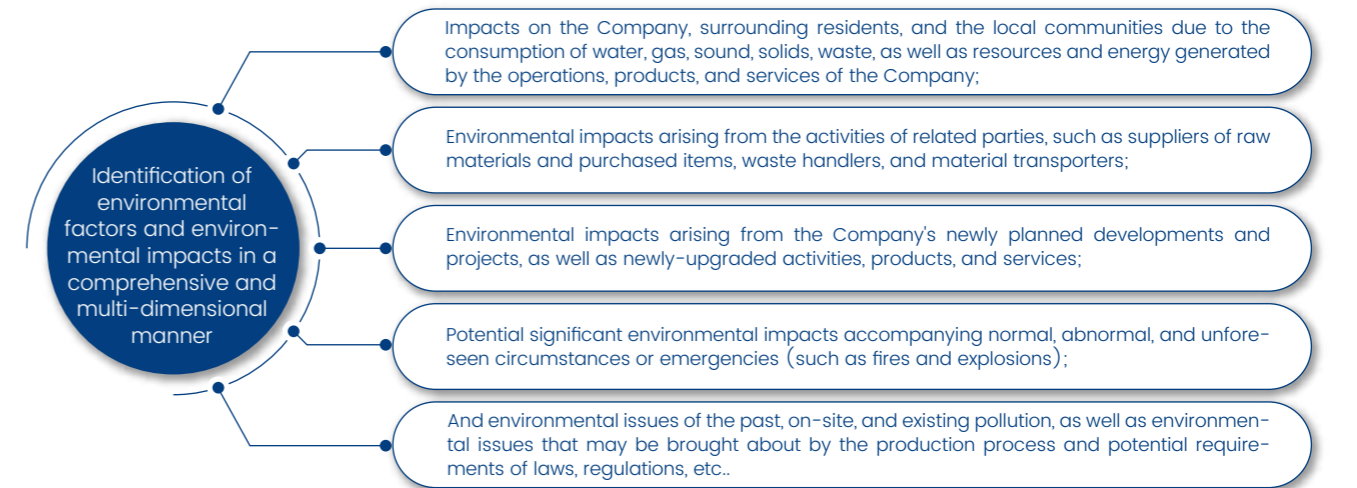
Inner Mongolia Dazhong Mining Co., Ltd. (hereinafter referred to as "Dazhong Mining" or "the Company") upholds the development philosophy of "Respecting nature and prioritizing environmental protection". The Company respects, conforms to, and protects nature, integrating the responsibility of ecological construction and the awareness of environmental protection into its production structure and mode. The Company actively responds to China's strategy for realizing the "carbon peaking and carbon neutrality goal" by establishing and continuously improving the environmental management system, attaching great importance to water resource management, strictly controlling pollutant emissions, identifying climate change risks on time, and developing response strategies and mechanisms. Accordingly, the Company aims to become a benchmark for environmental protection in the industry by continuously reducing carbon emissions, comprehensively implementing the green mine development strategy, and creating a tourism-oriented mine.

## 4.1 Environmental Management System

### 4.1.1 Environmental factor assessment and management system

The Company and its subsidiaries have established the *Environmental Factors Identification and Evaluation Management System* in accordance with the *Environmental Protection Law of the People's Republic of China* and *Environmental management systems—Requirements with guidance for use (GB/T 24001-2016)*, intending to identifying and determining the environmental factors within the scope of the Company's and all other related activities, as well as identifying, evaluating, updating, and managing the environmental factors in the life cycle of the product production, activities and services. The General Manager takes the lead in identifying and evaluating environmental factors in the organization, identifying important environmental factors, and supervising and implementing management measures; the Safety and Environmental Protection Department is responsible for identifying, evaluating, updating, and managing environmental factors in the life cycle of production, activities, and services of the products. Each organization (department) is responsible for identifying and implementing management measures for the environmental factors in each management area.

The Company and its subsidiaries conduct evaluations of important environmental factors using a combination of qualitative and quantitative scoring methods and prepare a *List of Important Environmental Factors* based on the evaluations. The Safety and Environmental Protection Department manages the important environmental factors included in the *List of Important Environmental Factors* in the environmental objectives and targets as well as in the environmental management program, and formulates a specific *Implementation Plan for Control Measures of Important Environmental Factors* for those that cannot be implemented temporarily due to the limitations of economic and technological conditions and other reasons. The *List of Important Environmental Factors* and *Implementation Plan for Control Measures of Important Environmental Factors* are included in the business plan of the Company after being reviewed and approved by the supervisory leaders and the general manager.



#### Classification of environmental factors in Dazhong Mining

- Emission or generation of water, gas, sound, solid, electricity, and pollutants;
- Energy, resource, and raw material consumption;
- Environmental issues and requirements of related parties;
- And others.

#### Supervision and inspection

Organizations	Execution level of environmental factors inspection	Inspection period
Workshop	General and important environmental factors	Weekly
Factory	Important environmental factors	Monthly

**In 2023**

the company invested CNY **172.5** million in environmental protection

including CNY **34.4424** million in environmental equipment

CNY **138.1** million in other environmental investments

**achieving good results**

In 2023, the company did not experience any environmental pollution accidents, nor did it encounter any situations that affected its production and operations due to environmental issues. The company also did not receive any administrative penalties related to environmental protection. The environmental equipment and facilities operated normally, and pollutants were continuously discharged in accordance with standards.

**As of December 31, 2023**

the Company possesses **four** national green mines

and two national **3A**-level tourist attractions, Iron Ore Cultural Park of **Anhui Jinrisheng Company under Dazhong Mining and Dazhong Mining Industrial Tourism Scenic Spot.**



## 4.1.2 Environmental Management Structure and Mechanisms

The Company and its subsidiaries have formulated *Measures for the Management of Environmental Protection Supervision and Inspection*, established an environmental management structure with clear rights and responsibilities, clarified the duties of each department and organization, and conscientiously implemented state and local environmental protection guidelines, policies, laws, and regulations. The Company and its subsidiaries adhere to the scientific outlook on "comprehensive, coordinated, and sustainable development" and further strengthen the management of environmental protection, to fully implement the responsibility system of environmental protection and prevent the occurrence of unforeseen environmental pollution incidents.

The legal representative serves as the primary person responsible for environmental protection work, bearing overall leadership responsibility. Each subsidiary's general manager acts as the principal person responsible for the company's environmental efforts, directly overseeing the environmental work within their respective subsidiaries and integrating environmental protection into their operational plans as mandated by law. The vice general manager of safety is the supervisor of the environmental tasks, bearing the main management responsibility for the environmental work of all subsidiaries. The other vice general managers assist the subsidiaries in carrying out the environmental protection tasks by providing necessary support for the environmental protection equipment, facilities, engineering, technologies, and production conditions of the subsidiaries. The manager of the Safety and Environmental Protection Department formulates and revises the Company's environmental protection management system in accordance with Chinese laws and regulations, and supervises the implementation of the environmental protection system and duties at each level. Safety and Environmental Protection Department serves as the environmental protection management department of each subsidiary, responsible for organizing and implementing the relevant policies, standards, laws, and regulations of the state and local governments, establishing and improving the Company's environmental protection management system, formulating the medium- and long-term planning for environmental management of subsidiaries as well as the yearly, quarterly and monthly work plans and the environmental protection index system, and supervising the implementation of each department. In addition, it is responsible for setting up the environmental protection management structure of subsidiaries and promoting the establishment of the environmental protection management team at five levels, which consists of the company level (Safety and Environmental Protection Department), the mining level, the workshop level, the section level, and the group level.



The Company establishes and continuously improves its environmental management mechanism by setting up a series of systems covering the management of environmental protection equipment and facilities, supervision and inspection of environmental protection, management of projects under construction, environmental monitoring, pollution prevention and control, management of hazardous wastes, prevention and management of environmental accidents, environmental protection training, and management of environmental protection accounts and files, to implement and promote the environmental protection process. In the current year, the Company revised the *Measures for the Management of Environmental Protection Supervision and Inspection* and the *Measures for the Management of Investigation, Handling, and Accountability for Reports of Safety and Environmental Protection Accidents* to further strengthen the environmental supervision and management and to improve the mechanism for preventing and responding to environmental protection accidents.

The subsidiaries formulate environmental protection plans and budgets on an annual basis, specify environmental protection objectives, tasks and measures, include environmental protection publicity, education, and training in the annual training plan, and organize and implement relevant trainings.



## 4.1.3 Environmental protection facilities management

In 2023



the Company invested in **32** new facilities / equipment for environmental protection

with a facility serviceability rate of **100%**

The Mechanical Power Department incorporates environmental protection equipment and facilities into the equipment management, shoulders the responsibility for equipment maintenance and management assessment following the regulations to protect its normal operation. Each department sets up a machine account of environmental protection facilities, a machine account of inspection and maintenance, and an inspection and maintenance plan, maintains and repairs environmental protection facilities, and regularly cleans and overhauls environmental protection facilities to ensure a serviceability rate of 100% so that the environmental protection facilities synchronize with the main production facilities. The Safety and Environmental Protection Department regularly supervises, inspects, and evaluates the operation and management of the environmental protection facilities of each organization, and the results of the inspections are included in the performance appraisal.

## 4.1.4 Supervision and inspection system for environmental protection

The Company has established a three-tier environmental protection supervision and inspection system at the corporate level, namely, "Safety and Environmental Protection Department - Centers and Departments - Subsidiaries and Branches", and formulated the *Management of Environmental Protection Supervision and Inspection*, which is in strict line with laws and regulations such as *Environmental Protection Law of the People's Republic of China* and *Environmental management records and compliance reports of pollutant emission permit technical specification for pollution sources* (HJ944-2018), to fulfill the duties of environmental protection supervision and inspection and timely identify deficiencies in the environmental protection management of each subsidiary and branch, thereby preventing and reducing environmental pollution and ecological damage. The Safety and Environmental Protection Department of Dazhong Mining is responsible for formulating the annual supervision and inspection plan for environmental protection and organizing to implement it by setting up inspection teams in each center, department and office to carry out comprehensive inspections, supervising and urging the organizations with potential risks to rectify on time, reviewing the rectification, managing in a closed loop, and setting up management files.

### Inspection mode

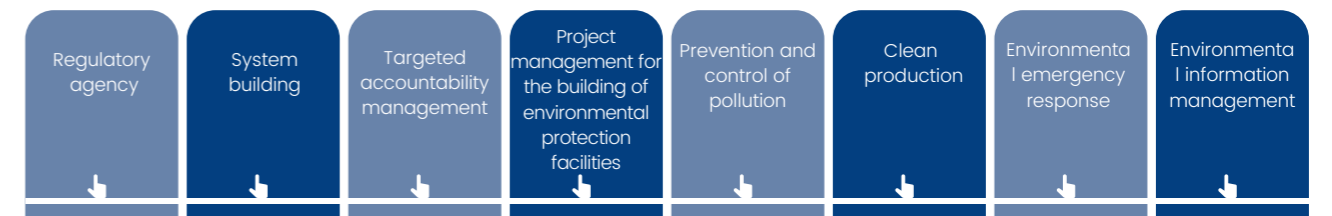
Quarterly Comprehensive Inspection of Environmental Protection

The Safety and Environmental Protection Department of the Company organizes inspections in all centers and departments quarterly.

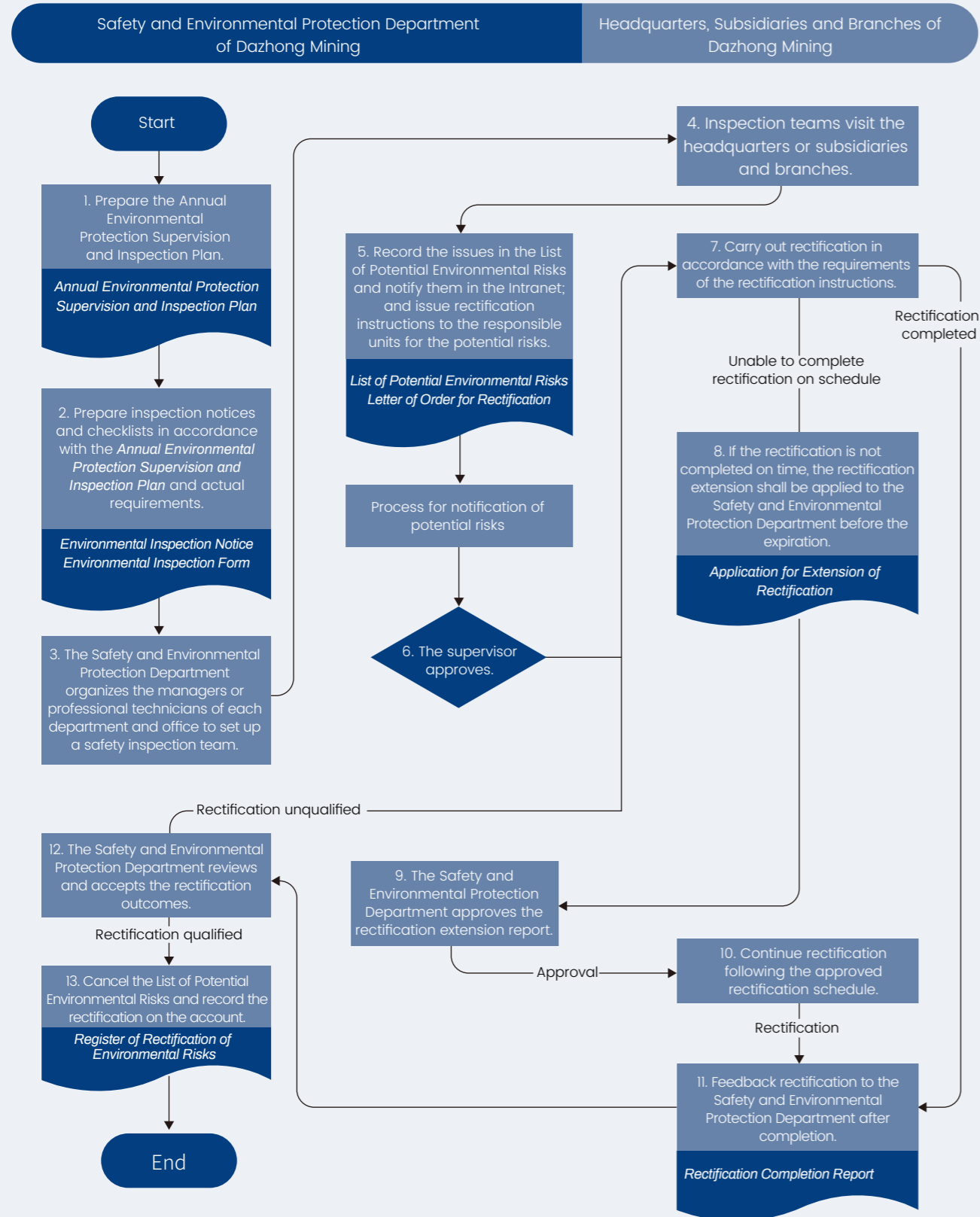
Special Inspection on Environmental Protection

The Safety and Environmental Protection Department organizes personnel to carry out targeted special inspections on each subsidiary and branch; the inspection date, frequency, and items are determined according to the annual inspection plan and work arrangement.

### Inspection items



### Workflow of environmental protection supervision and inspection



#### Inspection results in 2023



The comprehensive environmental protection inspection was carried out **31** times, the special environmental protection inspection was carried out **29** times, **46** environmental risks were found, and the rectification rate reached **100%**

### 4.1.5 Environmental Accident Emergency Management System

The Company has established an emergency response system for environmental accidents in line with the requirements of Chinese laws and regulations such as *Measures for Information Reporting of Environmental Emergencies* and *Measures for Investigation and Handling of Environmental Emergencies*, and formulated the *Management of Safety and Environmental Accident Reporting, Investigation, and Accountability*, to prevent and minimize environmental emergencies, and to strengthen the response to environmental emergencies. If any environmental emergency occurs, the person in charge of each center, department, or subsidiary and branch shall report it to the Safety and Environmental Protection Department of the Company within one hour and submit a written *Accident Information Report* within 12 hours; and the relevant responsible persons shall be punished.



In 2023

Dazhong Mining did not have environmental emergencies

environmental events that were subject to state administrative penalties

## 4.2 Water Management

### 4.2.1 Water usage

#### Water usage at Dazhong Mining in 2023

The total water intake in Anhui Mines is **2,193,900** tons, and the total water intake for other domestic uses is **521,229** tons.

Industries	Freshwater Consumption (tons)	Recycled Water Consumption (tons)	Water Recycling Rate (%)
Anhui Mines	515,000	439,549	67.14
Nei Mongol Mines	1,570,000	9,951,411.74	97.13
Other Production and Domestic Water	33,595	490,540	98.00

In terms of water utilization, the Company has established and strictly enforced relevant mechanisms to ensure the quality of water intake by keeping the area and water surface near the water intake site clean and hygienic and to ensure safe, stable operation by protecting equipment such as pumping units and motors at the intake site and by performing regular inspections and maintenance.

The subsidiaries shall oversee external units (including contracted parties) for water consumption, sign environmental protection agreements with them on the principle that the contract signer assumes accountability, specify the relevant environmental requirements for water consumption and drainage, and inform the relevant parties.



### 4.2.2 Prevention and control of water pollution

#### Wastewater disposal mechanisms

- High-concentration wastewater shall be disposed of in wastewater disposal facilities; untreated wastewater is prohibited from being discharged;
- It is prohibited to discharge waste oil, waste acid or alkali, or highly toxic waste liquids into the drainage system directly;
- Waste oil or sludge generated during the operation of wastewater disposal facilities shall be disposed of in accordance with the provisions of the *Hazardous Waste Management System*;
- If any wastewater is discharged during the overhaul of equipment and facilities, measures to prevent pollution shall be formulated, and the time of overhaul, the condition of wastewater discharge, and the measures shall be reported to the Safety and Environmental Protection Department for approval in advance. The measures can be implemented only after approval. Those that can be centrally recycled shall be disposed of in wastewater disposal facilities, and those that cannot be recycled shall be discharged up to standard;
- Wastewater disposed of by disposal facilities shall not be discharged beyond the standard; if yes, processing measures shall be taken to meet the standard before discharge;
- The operators of the wastewater disposal facilities shall be trained to strengthen environmental awareness and operational skills to ensure the normal operation of the facilities;
- The laboratory tests the wastewater. Acid and alkali wastewater shall be neutralized and processed, and other highly toxic wastewater shall be classified and centrally processed; all processes shall comply with the provisions of the *Hazardous Waste Management Measures*; and general wastewater shall be discharged up to standard;
- Domestic wastewater is collected and transported to the sewage disposal station;
- The wastewater discharge outlets shall be standardized according to the requirements of environmental supervision and signs shall be set up.



In production and operation, the Company generates three types of wastewater, including mining wastewater, ore dressing wastewater, and domestic wastewater. The Company has formulated a strict wastewater disposal mechanism and adopted different disposal measures for different sources of pollution. Mining wastewater comes from the underground gushing water from the fracture of the rock aquifer during the mining process, so it is pumped to the elevated tank outside the cave for storage and then supplied to the processing plant for ore dressing. Ore dressing wastewater comes from the industrial water purposively added during ore grinding, so the ore dressing production adopts a recycling water supply system; all concentrate wastewater is reused, and tailing water is drained from the reservoir by chute, clarified, and then transported to the dressing plant for recycling through the pipeline. Domestic wastewater is processed by facilities such as septic tanks and sewage disposal stations and then used for greening the plant or for production. The wastewater generated by the Company has been recycled instead of being discharged, which saves water resources and minimizes the disturbance to the environment.

## 4.3 Pollutant Management

### 4.3.1 Prevention and management of air pollution

Air pollution is the most serious source of pollution generated by the mining industry. The safety and environmental protection departments of the Company and its subsidiaries are responsible for proposing prevention and control plans for waste gas pollution and assisting the relevant organizations in completing the feasibility plan demonstration and project implementation of major prevention and control projects. The subsidiaries shall oversee external units (including contracted parties) for waste gas emission, sign environmental protection agreements with them on the principle that the contract signer assumes accountability, specifies the relevant environmental requirements for waste gas emission, and informs the relevant parties.

To reduce dust and hazardous gases during production, Dazhong Mining adopts wet operation in underground rock drilling and adopts spraying and sprinkling for loading and unloading of mines, waste rock quarries, and other dusty areas; the workshops of crushing and screening in the ore-dressing plant are closed; equipment such as dust-absorbing hoods and mechanical blowing flat-bag dust collectors are equipped in all dusty areas; the continuous operation of the dust-collecting equipment ensures the continuity of dust removal and no dust overflowing. In the Circulation Subsidiaries and Branches, Inner Mongolia Dazhong Mining Co., Ltd. Pelletizing Branch has built ultra-low emission and desulphurization towers to reduce the emission of hazardous gases such as SO<sub>2</sub> and NO<sub>x</sub> from the root; the sulfuric acid processing factory has built a new closed warehouse for raw materials and remodeled a closed warehouse for finished products to control dust. Anhui Zhongsheng Metal Pellet Co., Ltd. adopts a combination of electric dedusting, SCR denitrification, and desulfurization by lime gypsum method for tail gas processing, with an efficiency of 95% in the processing of dust and hazardous gases. With the joint efforts of various measures, the air quality in the mines has been significantly improved, ensuring blue skies are a constant presence.

The two production bases in Inner Mongolia and Anhui are laid out in functional zoning and grid distributions. Monitoring locations are made according to the meteorological conditions and topographical features of the factories; annual monitoring contracts are signed with qualified monitoring agencies and monitoring programs are formulated. Atmospheric monitoring is conducted quarterly and test reports are issued. If data is detected out of limits, the Safety and Environmental Protection Department shall issue rectification instructions, and the production unit shall control waste gas pollution.

#### Waste gas disposal mechanisms

##### Operation and Maintenance of Waste Gas Disposal Facilities

Each production unit is responsible for the operation, management, and maintenance of waste gas disposal facilities to ensure the normal operation of the disposal facilities and the discharge of waste gases in compliance with the standards. The Mechanical Power Department carries out regular inspections of the waste gas disposal facilities to ensure that they are overhauled and put into operation in synchronization with the main production equipment, collects and promotes new technologies and techniques for air pollution control, and eliminates outdated equipment with serious pollution.

##### Emission management during production

Each production unit is responsible for balancing energy, reducing the emission of polluting gases, and eliminating the combustion of seriously polluting fuels during production.

##### Reduction of dust emissions

For dust emissions from the transfer and storage of raw materials, materials, and supplies in the process, the dust removal equipment shall be kept in good operating condition; if no dust removal equipment is available, the production process shall be controlled by dust prevention and control measures to minimize emission.

##### Prohibition of refuse incineration

Any organization or individual is prohibited from incinerating all kinds of refuse such as asphalt, linoleum, rubber, and plastic in the factory and living area to reduce the pollution to the atmosphere.

##### Reinforcement of the management of chemicals and oils

Organizations that use and store chemicals and oils shall strengthen their management to prevent the volatilization, leakage, combustion, and explosion of toxic and harmful chemicals from polluting the atmosphere.

### 4.3.2 Prevention and management of waste

#### Management of general solid waste

For general solid waste, Dazhong Mining adopts a "Trash into Treasure" strategy. For the solid waste generated by the Company, the waste rock of mining and processing is used for environmental protection of the surface subsidence area; approximately 98% of the tailing sand is filled to the tailing of the underground mining area, and the rest is stacked on the standard impermeable layer; the waste rock and tailing sand of Anhui Jinrisheng Mining Co., Ltd. are exported as different building materials according to their diameters and sizes, yielding profits; all the dust ash from the ore dressing is recycled back to the ore dressing system, and the boiler ash is used for paving the roads in the factory area or backfilling in the collapsed area. The iron-sulfur concentrate powder generated by Inner Mongolia Jinhui Rare Ore Co., Ltd. is comprehensively utilized as raw material for Inner Mongolia Dazhong Mining Co., Ltd. The dust removal ash and waste materials of Inner Mongolia Dazhong Mining Co., Ltd. Pelletizing Branch and Anhui Zhongsheng Metal Pellet Co., Ltd. are reused as raw materials to reuse and save resources.

The Safety and Environmental Protection Department urges all units to classify, collect, and centrally dispose of solid waste generated during production. Disposal facilities and sites for industrial solid waste shall comply with the environmental protection standards set by the state administrative department. Each organization shall actively apply technical policies to prevent and control the pollution caused by industrial solid wastes; adopt advanced production processes and equipment to reduce industrial solid wastes; take relevant measures; reasonably select and utilize raw materials, energy, and other resources; supervise the construction units to promptly remove and dispose of solid wastes generated in construction; and supervise equipment maintenance units to collect and centrally dispose of solid wastes generated during maintenance.

#### General Solid Waste Disposal in Dazhong Mining in 2023



Total amount of general solid waste generated  
**3,493,850.88** tons

Comprehensive utilization rate  
**100%**

#### Prevention and management of hazardous waste

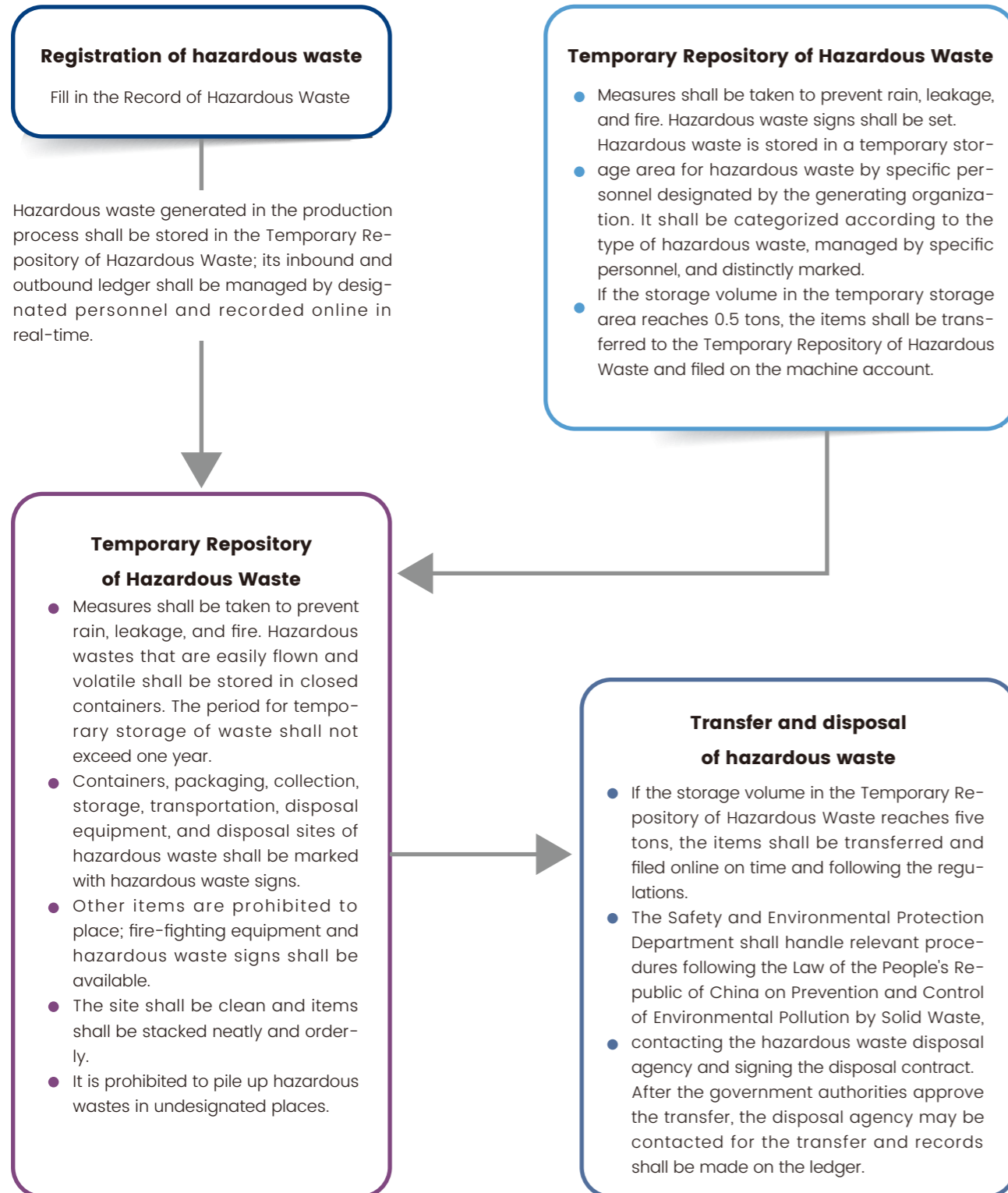
The Company has formulated management mechanisms such as *Hazardous Waste Management Regulations* according to relevant laws and regulations, such as the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste* and the *National Catalogue of Hazardous Wastes*, to standardize the collection, storage, transfer, and disposal of hazardous wastes, thus preventing pollution and protecting the ecological system and the health of personnel. Hazardous wastes include waste mineral oil and its oil drums from machinery and equipment maintenance and replacement, lubrication, tar sludge, acid sludge, waste catalysts, and waste acid. Each production unit and department set up and manages hazardous waste accounts. Each hazardous waste generating unit carries out emergency drills for environmental emergencies of hazardous waste regularly.

In 2023



the total amount of hazardous waste generated by the Company was **7,693.84** tons, with a qualified processing rate of **100%**.

### Process Flow Chart for Hazardous Waste



### 4.3.3 Prevention and management of noise pollution

#### Prevention and management measures of noise pollution taken by Dazhong Mining

- When purchasing production and auxiliary equipment that generates environmental noise, it is necessary to consider the design requirements of realizing noise elimination, insulation, and damping, so that the environmental noise will meet the standards.
- Under the condition that economic and technical conditions permit, noise reduction measures are taken, new technologies are promoted, and process equipment with serious environmental noise pollution is removed, so that the environmental noise is discharged following the standards.
- The Management and Control Department carries out comprehensive management of traffic noise in the plant, setting up warning signs to minimize vehicle noise, informing vehicles entering the plant about relevant regulations, and penalizing non-compliant vehicles.
- Each production unit and department is responsible for the normal operation of the equipment and the daily maintenance of noise pollution prevention and control facilities to keep the equipment in good condition and reduce noise pollution. If the noise reduction equipment fails to work, it shall be immediately reported to the Mechanical Power Department and maintenance shall be conducted immediately.
- Relevant departments of the project are responsible for imposing requirements on relevant parties during the construction of the project so that the noise level and noise emission time comply with the requirements on the construction site.
- For noisy operation positions, personal protection, such as noise protection gears, shall be enhanced.



### 4.3.4 Prevention and management of waste radioactive sources

On-site protection shall follow laws and regulations such as the *Basic standards for protection against ionizing radiation and for the safety of radiation sources* (GB 18871-2002) and the *Law of the People's Republic of China on Prevention and Control of Radioactive Pollution*. Safety zones shall be set up with safety warning signs during production.

#### For collection and storage of waste radioactive sources, if any of the following conditions occurs, an application shall be made.

- Radioactive sources have not been used for three years and will not be used in the next three years.
- Radioactive sources without reliable security.
- Waste radioactive sources without any value in use.
- Radioactive sources that are no longer in use due to changes in the production process, change of production, or closure of the using organization.
- For the waste radioactive sources, each organization shall report to the Safety and Environmental Protection Department promptly, and the Safety and Environmental Protection Department shall dispose of them following the state regulations. It is prohibited to dispose of them arbitrarily by any organization or individual.

## 4.4 Climate Change Management

### 4.4.1 Management strategies and mechanisms for climate change

#### Risk identification and responses for climate change

Risk identification	Response mechanism & measures
Risks of climate change	Application of new energy-saving technologies, processes, equipment, and renovation to reduce carbon emissions
	Daily preparations for organization, engineering, plans, communication, and flood control inspections.
	If a flood occurs, the Company shall report the flood damage, the casualties, and major property damage to the higher flood prevention and control agency promptly; if the flood is severe, general conditions shall be reported within two hours.
Flood risks	3-level emergency response system shall be pre-planned according to the differences in emergencies, the extent of damage, the scope of influence, and the control of the situation. If a 3-level emergency occurs, the emergency plan shall be launched to take effective measures rapidly and implement rescues to prevent spreading, aggravation, more casualties, and property losses.
	If a flood threatens production or employee lives, the flood prevention and control agency shall issue an order to mobilize all workforce to respond to the flood. Emergency support shall be guaranteed.
	The dam and flood discharge structures shall be thoroughly and carefully inspected and cleaned after the flood. Any issues or incidents shall be resolved in a timely manner. Measures shall be taken to reduce the water level of the reservoir to prevent dam collapse after continuous heavy rainfall.

### 4.4.2 Low-carbon development

Dazhong Mining actively responds to China's strategy for realizing the "carbon peaking and carbon neutrality goal" by practicing the low-carbon concept with practical actions, such as continuously increasing investment in technological improvement. Through energy-saving technologies, processes, equipment, and renovation, the Company reduces carbon emissions to effectively promote low-carbon development and achieve the ideal reduction of energy consumption and emissions.



Measures to reduce carbon emissions	Actions
New energy-saving technologies and techniques	<ul style="list-style-type: none"> <li>New energy-saving technologies and techniques are adopted and large-scale electric mining equipment with high production capacity, high efficiency, and low energy consumption are chosen.</li> </ul>
Ventilation	<ul style="list-style-type: none"> <li>VVVF fan is adopted for production water supply pump to save energy efficiently. The main ventilation fan and the local fans are energy efficient.</li> </ul>
Underground transportation by rail	<ul style="list-style-type: none"> <li>Underground ore is transported by rail to realize powerless unloading.</li> </ul>
Automatic control in the mine	<ul style="list-style-type: none"> <li>PLC control is adopted for systems such as elevators, drainage, ventilation, and pressure to facilitate the reduction of power consumption.</li> </ul>
New energy-saving equipment	<ul style="list-style-type: none"> <li>New energy-saving equipment is used as much as possible.</li> </ul>
Energy efficiency in water supply and drainage	<ul style="list-style-type: none"> <li>VVVF device is adopted for the production of water supply pumps to save energy efficiently.</li> </ul>
Energy efficiency in buildings	<ul style="list-style-type: none"> <li>New building materials are used. Energy-saving building materials, appliances, and products are used to improve thermal insulation and reduce energy consumption.</li> <li>Insulation measures for walls and roofs. Insulation measures are taken for the walls and roofs of the main plant and the doors and windows are well closed.</li> </ul>
Energy efficiency in electricity	<ul style="list-style-type: none"> <li>Electrostatic capacitors are used for reactive power compensation to reduce line losses.</li> <li>Energy-saving transformers and motors are used, and electricity-saving technology is adopted.</li> <li>Systems of heating, ventilation, air-conditioning, and power supply are designed with proper processes to minimize losses.</li> <li>The location of the transformer (substation) is properly selected to be in the center of the load, to minimize the distance of power distribution and reduce the line loss of the cables.</li> <li>Reactive power automatic compensation devices are adopted to automatically adjust the reactive power and reduce the reactive power loss under several inductive loads.</li> <li>High-quality copper cables with large carrying capacity and low line loss are used to reduce line loss.</li> </ul>
Energy efficiency in lighting systems	<ul style="list-style-type: none"> <li>High-efficiency energy-saving light sources. Efficient light sources such as fluorescent lamps and sodium lamps are used as much as possible in workshops and living and welfare facilities. Electric light sources with high efficiency, long service life, safety, and stable performance, as well as wiring accessories and light-control devices, are used to improve illumination, save electricity, improve lighting quality, and benefit both the environment and the human.</li> <li>Solar-powered light equipment is used outdoors, including roadways.</li> </ul>
Layout of distributed photovoltaic and construction of photovoltaic bases	<ul style="list-style-type: none"> <li>To date, the first phase of the Photovoltaic Project (5.9 MW) in the Shujigou Mine and Dongwufenzi Mine in Inner Mongolia, China has been completed for grid connection; the first phase of the Photovoltaic Project (5.9 MW) in the Shanpiangou Pyrite Area has been completed for construction, and the license procedures for grid connection are underway. The first phase of the Photovoltaic Project (5.9 MW) in the Zhouyoufang Mine in Anhui, China has been completed for grid connection; the second phase (5.9 MW) has been approved by the local government and is under construction.</li> </ul>
Energy efficiency in official vehicles	<ul style="list-style-type: none"> <li>Use new energy vehicles as official vehicles in daily operations to reduce carbon emissions.</li> </ul>

## 4.5 Construction of Green Mines

Dazhong Mining always adheres to the concept of "lucid waters and lush mountains are invaluable assets" and the principle of "developing circular economy and building green mining". The Company takes the realization of the Chinese dream as its mission, comprehensively implementing the development strategy of green mines, taking the ecological priority and green development as the responsibility by unswervingly taking the road of sustainable development and attaching importance to the environmental governance and scenic spot construction.

With unremitting efforts, the vegetation coverage of the mining area of Dazhong Mining has reached more than 80% of the greenable area. The four main mines of the Company are all recognized as national green mines; Dazhong Mining and Jinrisheng Mining are both recognized as national AAA-level tourist attractions.

### 4.5.1 Environmental management of construction projects

The Company strictly abides by relevant laws and regulations, such as Provisions on Geological Environment Protection of Mines, Measures for the Administration of Mineral Resources Registration, and Measures for the Implementation of Regulations on Land Reclamation Programs, etc. The Company's two production bases in Inner Mongolia and Anhui Province have formulated a series of systems, such as Measures for the Three Simultaneous on Environmental Protection of Construction Projects, to regulate the management process in designing, constructing, and commissioning of environmental protection facilities of the Company's new construction, reconstruction, and expansion projects, so as to effectively control environmental pollution and ecological damage, and to protect the environment and resources.

#### Environmental management of construction projects

**The "three simultaneous" principle:**When new construction, reconstruction, and expansion projects are carried out, facilities for the prevention and control of pollution and other public hazards shall be designed, constructed, and put into operation simultaneously with the main project.

#### Pre-project environmental assessment and design

##### Environmental evaluation of construction projects

According to the Classified Management List for Environmental Impact Evaluation of Construction Projects (Version 2021), environmental protection of construction projects is managed in a categorized manner, and if environmental impact evaluation is required to be carried out, the Safety and Environmental Protection Department commissions qualified units to prepare it. The Safety and Environmental Protection Department shall prepare an environmental impact report and an environmental impact report form for construction projects; it shall submit the environmental impact report and the environmental impact report form to the competent administrative department for environmental protection with approval authority for the environmental impact assessment documents for construction projects prior to the commencement of construction; if the documents are not reviewed by the authority in accordance with the law, or the documents have not been approved after review, the construction unit shall not commence construction and shall construct matching environmental protection facilities for the prevention and control of pollution and ecological damage, in accordance with the requirements of the environmental impact assessment report and the approved documents.

##### Design of environmental protection facilities for construction projects

the design of units qualified in engineering design of environmental protection facilities shall be entrusted at the design stage of the main project. For construction projects with serious pollution, the design plan of pollution prevention and control facilities shall be attached with expert evaluation opinions.

#### Supervision and management during construction

1.From the date of construction commencement, the Safety and Environmental Protection Department shall promptly report in writing to the local ecological and environmental branch office on the construction progress of the environmental protection facilities and the main project.

2.During the construction process, the construction unit shall take measures to control pollution such as dust, noise, vibration, waste gas, wastewater, solid waste, and to prevent the destruction of the natural landscape and the impact on the human environment. The Safety and Environmental Protection Department and the Operation and Management Department shall strengthen the daily supervision in the process of operation and scheduling, issue timely rectification instructions, and supervise the rectification of irregularities.

3.For construction projects that may cause significant environmental pollution, an environmental supervision system is implemented, whereby the Safety and Environmental Protection Department commissions units qualified in environmental engineering supervision to supervise the entire process of designing, constructing, installing, and commissioning pollution prevention and control items, and to carry out technical supervision of environmental protection measures.

4.The Safety and Environmental Protection Department carries out regular follow-up inspections of construction projects. It inspects and verifies the implementation of the "three simultaneous" in construction projects, supervises the implementation of pollution prevention and control measures, and handles and follows up on any violations of the "three simultaneous" in construction projects found in the course of inspection.

5.During the construction and operation of the project, if any situation occurs that is not in line with the approved EIA report, a post-evaluation of the environmental impact shall be conducted promptly, and improvement measures shall be taken and reported to the Environmental Protection Bureau.

#### Environmental protection acceptance at project completion

1.After the completion of the main project, the construction of environmental protection facilities shall be put into operation at the same time as the main project. If the project requires trial production, the environmental protection facilities shall be put into trial operation at the same time as the main project.

2.After the environmental protection acceptance, the main project can be formally put into production or use.



## 4.5.2 Land resources and ecological conservation

During the process of iron ore mining, ecological and environmental issues such as ground subsidence and destruction of surface vegetation may arise if left untreated. The Company adheres to the mining concept of resource conservation and recycling to minimize the adverse impact of mining activities on the geological environment of mines, reduce the impact of mining on the surrounding ecological environment to safeguard biodiversity. Every year, the Company carries out ecological restoration and treatment in accordance with the Geological Environmental Protection and Land Reclamation Plan prepared by a third-party unit.

In 2023, the Company invested a total of CNY 138.1399 million in ecological management, which included CNY 134.2439 million in the management of collapsed areas, CNY 3.8960 million in the backfilling of waste rock, greening of slope repair, and greening of the plant environment.

The Company has always adhered to the development concept of "green mine" in the development and utilization of mineral resources, and has created a green mine and tourism mine template that can be referred to and promoted in the industry. The Shujigou Iron Mine and Dongwufenzi Iron Mine have been successively recognized as "the Second Batch of National Green Mine Pilot Units" and "the Fourth Batch of National Green Mine Pilot Units", and both of them have been recognized as "National Green Mines" by the Ministry of Land and Resources of the People's Republic of China. The Iron Mine Cultural Park of Anhui Jirisheng Company under Dazhong Mining and the Dazhong Mining Industrial Tourism Scenic Spot were assessed as national AAA-level tourist attractions.

### Case 1: Construction of a "national-level green mine" in the Shujigou Iron Mine

Shujigou Iron Mine insists on controlling and reducing the source of pollution, giving full play to the important role of the "three wastes" control equipment, building a 1.5-kilometer-long fully enclosed tape corridor for ore transportation, surface crushing, milling, and other processes; the dust generation sites are equipped with dust collectors and fog guns to reduce dust; the fine powder warehouse and the raw material warehouse are surrounded by windproof dust nets; the heating boiler is equipped with cloth dust collector with bi-alkaline desulfurization facilities; the tailing ponds take the laying of fiber blankets and mulching vegetation for overall control dust. A series of comprehensive prevention and control measures ensure that all types of pollution sources meet emission standards. In 2014, Shujigou Iron Mine passed the cleaner production audit and was accepted by the Economic and Information Technology Commission of Niemen Gangu Autonomous Region in one go. To date, more than 500,000 poplars, willows, and elms have been planted within the mining area of Shujigou Iron Mine, and more than 5,000 meters of elm walls have been planted, with the greening coverage reaching over 80%. The Company plans to make Shujigou Iron Mine into a garden mine within three to five years and declare it a national 4A tourist attraction.



### Case 2: Dazhong Mining Industrial Tourism Scenic Spot awarded national AAA-level scenic spot

During the reporting period, the Dazhong Mining Industrial Tourism Scenic Spot was awarded as a national AAA-level scenic spot. Dazhong Mining Industrial Tourism Scenic Spot, the only mining industrial tourism scenic spot in Bayannur City, Inner Mongolia, China, is developed by relying on advantages such as the complete ore mining, dressing, filling, advanced facilities and equipment, spectacular industrial plant, good industry evaluation. The scenic area is planned and laid out in six areas, including "visitor services, industrial tourism, hot springs and recreation, cultural experience, study activities, and sports". It is linked with historical resources such as the Qin Great Wall, Yinshan rock paintings, and the ruins of the ancient city of Guanglusai around Xiaoshetai Town, as well as the natural resources such as the Zenglongchang Reservoir and the Huofogou Gully, creating a unique and regionalized tourism. In 2022, it was recognized as a science popularization and demonstration base in Inner Mongolia.





# 05

## To Be a Safety Benchmark

- ③ 5.1 Safety Management System
- ③ 5.2 Quality Management System
- ③ 5.3 Construction of Smart Mines
- ③ 5.4 Construction of Safe Mines



Dazhong Mining takes "life first, safety first" as its concept of safety development. The Company adheres to the business purpose of safe production by correctly handling the relationship between safety and development, adheres to the principle of "people-oriented, safety first" by laying out the construction of intelligent mines with technological innovation and building the safety base of the mines with a high sense of responsibility to protect the occupational health and safety of the employees with a high sense of mission and to promote both safety and development, thereby drawing a grand blueprint for high-quality and sustainable development in the future with the safety guarantee.



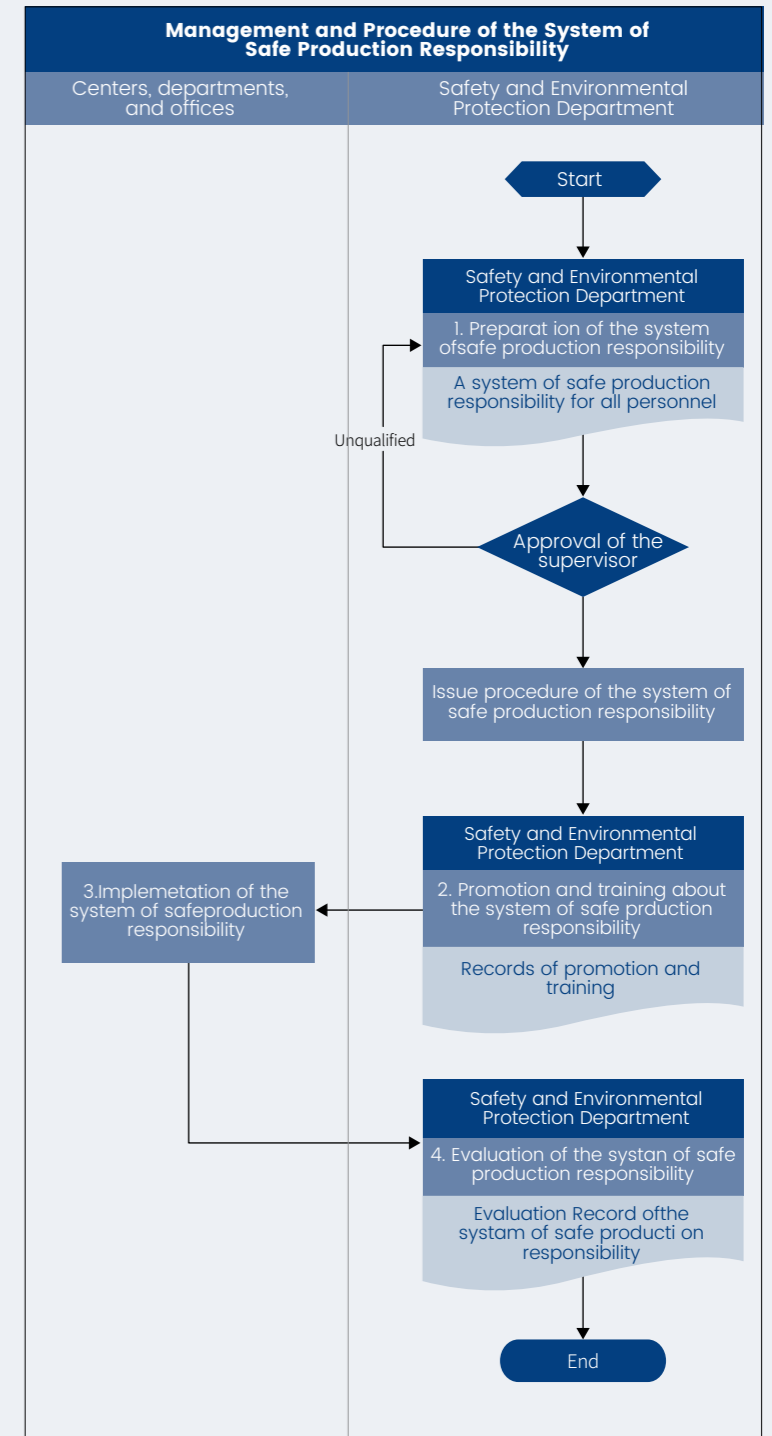
## 5.1 Safety Management System

### 5.1.1 Management system for safety responsibilities



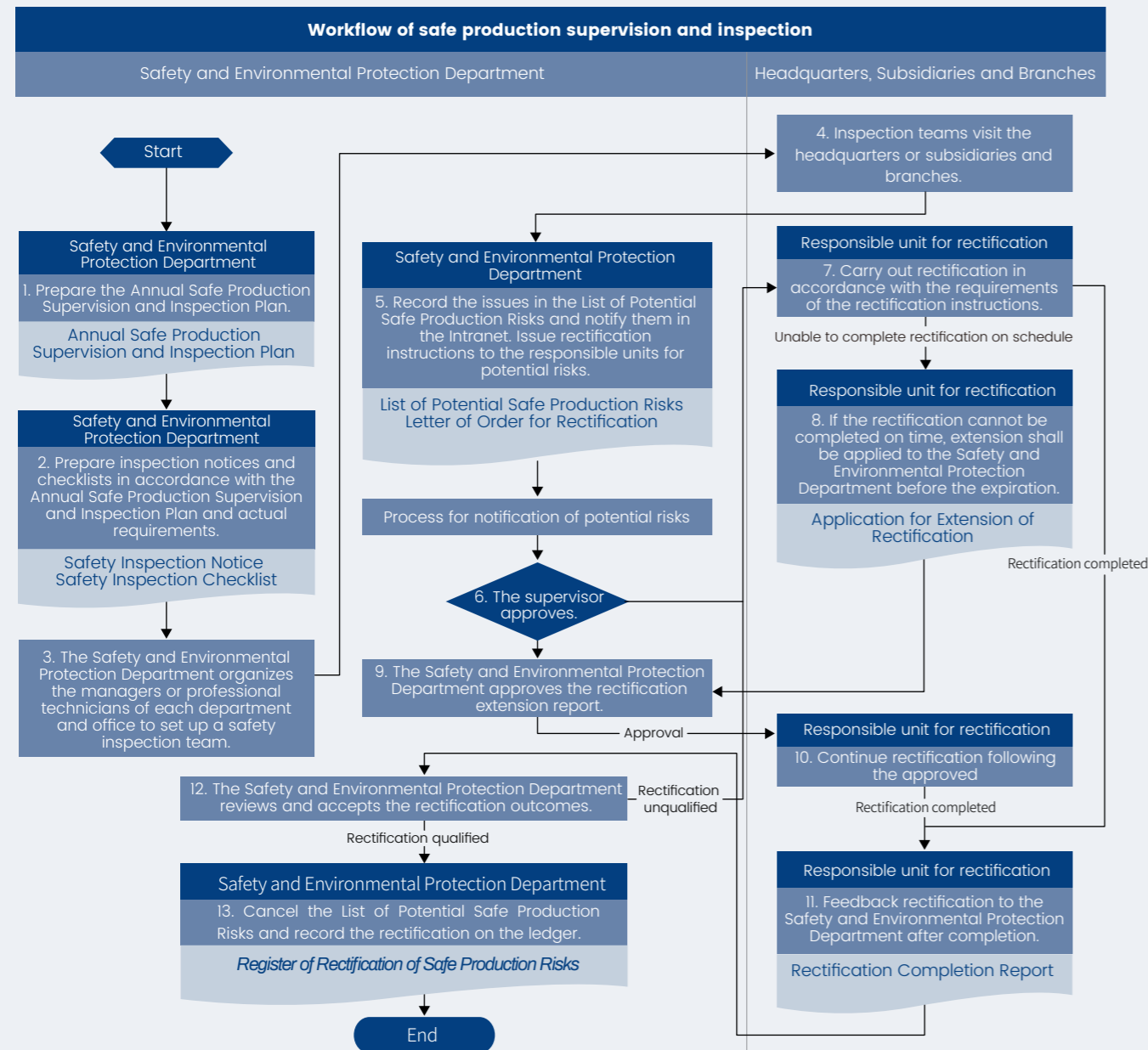
In order to implement the main responsibility of safe production, the Company has established an all-round and detailed *Safe Production Responsibility System* and related management regulations at the Group level following the relevant laws and regulations, such as the *Work Safety Law of the People's Republic of China*, the *Circular on Comprehensively Strengthening the Work of the Enterprise's All-employee Safe Production Responsibility System* issued by the Office of the State Council's Safety Committee (AWB [2017] No. 29), the *Enterprise Safety Production Responsibility System Five implement & Five in Place Regulations* (AJZB [2015] No. 27). This regulation specifies the safe production responsibilities of the principal, management personnel and operators of each position, thus is the most basic and core safe production management system of the Company. The Company implements the principles of "industry, business, production, operation in parallel with safety" and "Party and administration share the same responsibility; dual responsibilities for one position; co-monitoring and co-management; accountability for dereliction of duty". The Party and administration leaders of the Company are the first persons responsible for safe production, and are responsible for the overall leadership of safe production; the leaders in charge of safe production are responsible for the integrated management of safe production; other leaders are responsible for the direct leadership of the safety management within the scope of their responsibilities. According to the requirements of *Enterprise Safety Production Responsibility System Five implement & Five in Place Regulations*, a *safe production responsibility system* is established, and a Dazhong Mining Safety Production Committee is set up, with the chairman/-general manager of Dazhong Mining as the director of the Safety Production Committee.

Simultaneously, the two production bases in Inner Mongolia and Anhui have formulated the *Safe Production Responsibility System* and related management regulations. A safe production management responsibility system has been established with the general manager as the first person responsible for safe production, the main responsible person in charge is fully responsible, principle leaders of sub-divisions and the functional departments implement and supervise the system, so as to strengthen the management of safe production responsibility and safeguard the lawful rights of the staff, thereby ensuring that the company's production and business activities are carried out in a normal, orderly manner.



## 5.1.2 Supervision and inspection system for safe production

The Company establishes and continuously improves the production supervision and inspection system, and attaches great importance to the production safety inspection and the investigation of potential risks. Dazhong Mining carries out quarterly safety inspections, special safety inspections and daily safety inspections for each subsidiary, incorporates the violations of each subsidiary into the safety performance appraisal, and issues a *Notice of Work and Production Suspension* for serious violations, which requires the subsidiary to suspend work and rectify issues immediately. After the inspection, the Safety and Environmental Protection Department of the Company summarizes the potential risks and problems, forms an inspection report and posts it on the website within seven days, and issues a *Letter of Instruction for Rectification*, requesting the unit to complete the rectification in accordance with the requirements and the time limit. After the completion of rectification, the rectification unit shall prepare the *Report on the Completion of Rectification* and the *Feedback on Rectification of Potential Safety Risks*, and feedback them to the Safety and Environmental Protection Department of Dazhong Mining. In accordance with the principle of "whoever inspects is responsible for re-inspection", the inspection team is responsible for the review, which can be conducted in the form of an on-site review or on-site random inspection supported by videos. If the rectification is qualified, the cancellation will be made in the *List of Potential Risks of Safe Production* to complete the closed-loop management, and the *Register of Rectification of Safe Production Risks* will be filled in. If the re-inspection fails, a new rectification instruction shall be issued.



The mines and production units of the Company regularly organize safety production managers, engineers, technicians, and other relevant personnel to investigate the potential risks in their units, and carry out safety production inspections once a month; the head of each production unit shall attend the inspections of each workshop and mining area. For general potential risks, the head of the mining area or workshop or the relevant personnel shall immediately organize rectification, and the rectification period shall be 3–7 days. For major potential risks, all personnel shall be evacuated from the hazardous area, production or use shall be suspended temporarily, and the principal shall organize the formulation and implementation of a program for handling potential risks. After rectification is completed, an acceptance inspection shall be conducted to confirm the elimination of the potential risks and then the operation or use is allowed to resume.

## 5.1.3 Emergency management system for safe production

The Company and its subsidiaries implement the production safety policy of "safety first, prevention first, and comprehensive management" by establishing a production safety emergency management system and formulating relevant systems to prevent the occurrence of sudden incidents or secondary accidents and guiding the emergency rescue operations in order to minimize casualties, property losses, environmental damages, and social impacts. Risk identification and assessment are carried out in response to the characteristics and hazards of potential accidents. Emergency response plans and disposal plans are formulated for various types of safe production accidents, such as mine roofing caving gangs, landslides, water and fire disasters, mine explosions, electromechanical transportation, special equipment accidents, tailing pond dam failures, electrocution accidents, gunpowder explosions, sudden power outages, falls from height, object strikes.

The Company regularly carries out emergency plan drills every year, including preparing the drill program in advance, conducting relevant training for the personnel participating in the drill, and notifying the personnel in the area where the drill is to be carried out in advance. After the drill, the site is well restored, professional and technical personnel evaluate and summarize the drill, and relevant materials are archived.

According to its actual situation, the Company has formulated an accident response mechanism adapted to its safety management. In case of safety accidents, the Company immediately launches the emergency response plan and rescues people in danger to prevent the accident from expanding and aggravating, keeps order at the scene of the accident, protects the scene of the accident and the relevant evidence, and reports the accident in a timely manner. Each subsidiary has established an emergency rescue organization system according to its own organizational structure, so as to coordinate and implement the timely rescue in case of emergency accidents.

During the reporting period, the Company conducted **78** emergency safety drills.

### Emergency response

After a safety accident occurs, the emergency plan shall be immediately launched, one or more of the following emergency rescue measures shall be taken, and the accident shall be reported:



- Rapidly control the source of danger and rescue people in danger;
- Organize the evacuation of on-site personnel or evacuate them after taking possible emergency measures, according to the hazard level of the accident;
- Promptly notify units and persons who may be exposed to the accident;
- Take necessary measures to prevent the expansion of the accident hazard and the occurrence of secondary and derivative disasters;
- Assist neighboring emergency rescue agencies to rescue as needed, and provide relevant technical data, information, and treatment methods to the emergency rescue teams;
- Keep the order of the site and protect the site and relevant evidence;
- Other emergency rescue measures according to laws and regulations.

## 5.1.4 Management system for leaders to lead the shift down the shaft

The mining subsidiaries of the Company have formulated a *Management System of Leaders Leading Down to the Mine Shaft*. Leaders of subsidiaries and mines take the lead and go down to the shaft every month to strengthen the on-site management, discover and eliminate potential risks, and prevent unauthorized command, unauthorized operation, and violation of labor discipline, to highlight the safety management in each mine by taking practical actions to embody the safety management concept of "solving problems in the shaft, and focusing on the site". Leaders shall carry out "two simultaneous and three inspections". "Two simultaneous" refers to the leaders and workers going up and down the shaft simultaneously; "three inspections" refers to the inspection of potential risks and unsafe behaviors, the causes of potential risks, and the treatment of potential risks.

## 5.1.5 Outsourcing security management

The Company has formulated a series of rules and regulations, such as the Measures for the *Management of Production Outsourcing*, to strengthen the management of production outsourcing units, prevent and control risks, eliminate potential safety dangers, assist the production outsourcing units to improve the quality level of engineering and construction, and prevent various accidents. All outsourced construction units shall obtain relevant qualifications such as safety production permits and business licenses and shall sign outsourcing contracts in accordance with the *Measures for the Management of Tenders* and the *Measures for the Management of Contracts*. The Company carries out quality progress supervision and safety supervision for outsourced construction units by implementing a dynamic evaluation and elimination system, which is based on safety management indicators, project completion indicators, project quality indicators, and site civilization indicators and recording is required. For outsourced construction units that fail to meet the Company's requirements for each indicator, they will be terminated from the labor contract and substituted by other units.



## 5.2 Quality Management System

The mining subsidiaries of the Company have established a quality management system covering the whole process of "census and geological prospecting-survey management-ore dressing-mining-production-delivery", and formulated relevant management measures to ensure that the products meet the delivery quality that is stricter than the national standards, industry standards or local standards, and that the sales standards of the special orders meet the customers' special technical requirements.

### Census and geological prospecting

Incorporate the ore quality management into the basic content of the mining geological process, prepare annual, quarterly, and monthly quality plans according to the annual mining plan and the mining geological grade indicators issued by the Company, and set up quality indicators.

### Survey management

Daily surveying involves control surveying, construction surveying, drawing data, project acceptance, and management of surveying instruments.

### Ore dressing

Promote the application of scientific research, technical reform, assistance, and application of the four news (new technology, new techniques, new materials, new equipment) in ore dressing; improve the management level of ore dressing through standardization and refined management.

### Delivery

- Delivered products shall comply with mandatory national standards, industry standards, and local standards on safety and health requirements, as well as recommended national standards, industry standards, and local standards declared by the Company, and meet the company standards that are stricter than the above standards; special-order products shall meet the special-order sales standards;
- Strictly control non-conforming products in incoming raw materials, production process, and export of finished products, and strictly prohibit non-conforming products from unintended use or shipment.

### Production

- Test raw and auxiliary materials;
- Referring to the definition of Guide for standardization--Part 1: Standardization and related activities--General vocabulary (GB/T20000.1-2002), the Company has formulated technological standards according to the company's situation, improving the process technology management and enhancing the production process control;
- Develop internal control standards that are stricter than national standards, industry standards, local standards, or filed product standards, as well as process product standards, to ensure and improve product quality;
- Sampling, sample preparation and inspection of samples in the production process are carried out in accordance with Iron Mines-Sampling and sample preparation procedures (GBT10322.1-2000), Iron Mines - Determination of total iron content - Determination of total iron content. Titanium (III) chloride reduction potassium dichromate titration methods (routine methods) (GB/T6730.65-2009), and relevant regulations and standards of the Company.

### Mining

Continuously improve the technical and economic indicators and promote the normalization, standardization, and scientification of mining technology management.

## 5.3 Construction of Smart Mines

Dazhong Mining focuses on the development goals of mechanization, automation, informatization, and intelligence, upgrades and transforms the industry with Internet thinking, promotes the deep integration of sensor technology, automatic control, industrial Internet, big data, artificial intelligence, robotics and cutting-edge techniques with its operation, and introduces new technologies and modes through integrated development to build a smart brain with comprehensive sensing, automatic uploading, real-time monitoring, analyzing and decision-making, and collaborative control, so that the concept of "digital intelligence" mine development is carried through the whole process of mineral resources development and utilization; in addition, the Company strives to build a 'four-advances' (new industrialization, agricultural modernization, new urbanization and informatization) smart mine with rich characteristics and a safe, efficient, green, and intelligent mode to achieve high-quality development. The Company was recognized as a national high-tech enterprise in 2017. During the reporting period, the Company was listed as one of the first batch of high-tech enterprises identified and reported by Inner Mongolia for filing in 2023, once again successfully approved by the National High-Tech Enterprise Recognition.

### 5.3.1 Intelligent operation

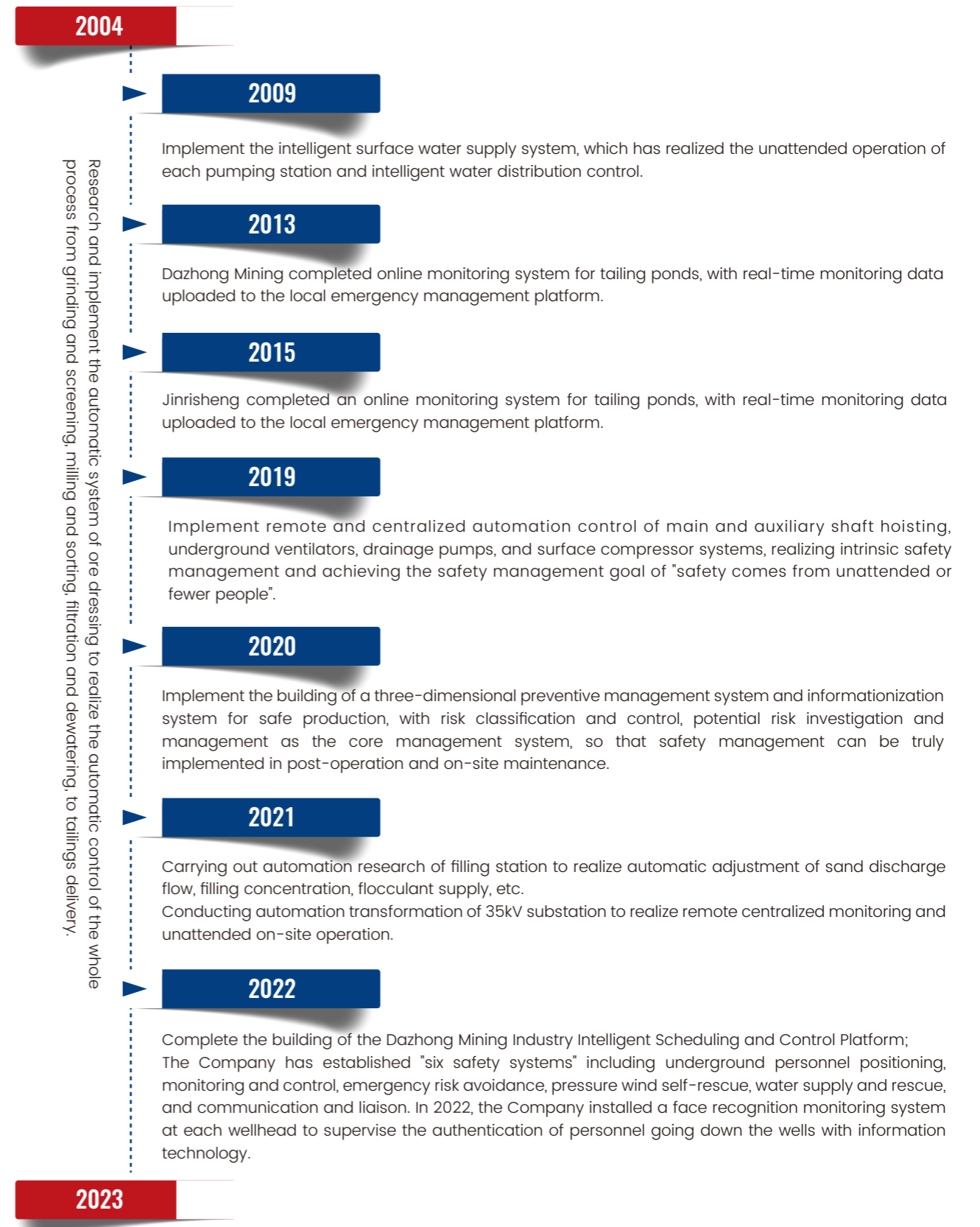
The Company makes full use of advanced sensor technology, IOT technology, information transmission technology, automatic control technology, and video monitoring technology to construct automated monitoring and control systems for all major production links, thus achieving the automatic control of the whole process from mining, ore dressing, tailings, and auxiliary systems, and accelerating the pace of the construction of unmanned mines, thereby driving the high-quality development of the Company with "digital intelligence". During the reporting period, the Company introduced the equipment of Shanghai Baosight Software Co., Ltd at a high price and carried out the overall informationization planning, realizing the integration of business and finance, the convergence of management and control, the coverage of the system and the unification of the infrastructure.

#### Mechanical mining

The underground mines of the Company have adopted the whole-process mechanized equipment for mining operations. The Company has introduced imported equipment such as the Epiroc ST1030 shoveling machine, Epiroc Simba1254 medium-hole cart, Charmec MC605 charging cart, Boomer K111 tunneling cart and more, which provide comprehensive support for various mining processes such as tunneling, rock drilling, mining, spraying anchor support, skidding, material transportation, charging, concrete mixing, refueling of vehicles and tire replacement.

#### "The most powerful operation brain" with diversified digital intelligence systems

The Company actively cooperates with renowned companies in the industry to create diversified digital intelligence systems and enhance its safety management and operational capabilities.



### Case: Dazhong Mining Intelligent Scheduling and Control Platform

The Intelligent Scheduling and Control Platform of Dazhong Mining, constructed in 2022, collaboratively controls production and operations through man-machine display and live-action video command and control, solving the issues of the dispersed central control room and poor information synergy, facilitating the flattening of production, technology, scheduling, and human resource management, thus increasing the labor efficiency by 20%. The Platform enhances the application effectiveness of video application, data resource supervision and scheduling, resource positioning, auxiliary decision-making, emergency command through real map and visualization, improves the digitization, visualization, and intelligence, and develops the incubation pool of AR-augmented reality, VGIS real video technology, video intelligent analysis and in-depth application of business scenarios.



▼ Intelligent Scheduling and Control Platform

Utilizing technologies such as autonomous navigation, dynamic monitoring, and intelligent analysis, the Company introduces a four-legged intelligent inspection robot dog, which carries out inspections autonomously according to pre-set routes and inspection schedules, and displays video images and inspection routes in real-time on the scheduling platform. Powered by AI algorithms, the robot dog automatically identifies meter readings and determines whether equipment foot bolts are loose; by carrying infrared thermal imaging cameras, the robot dog automatically

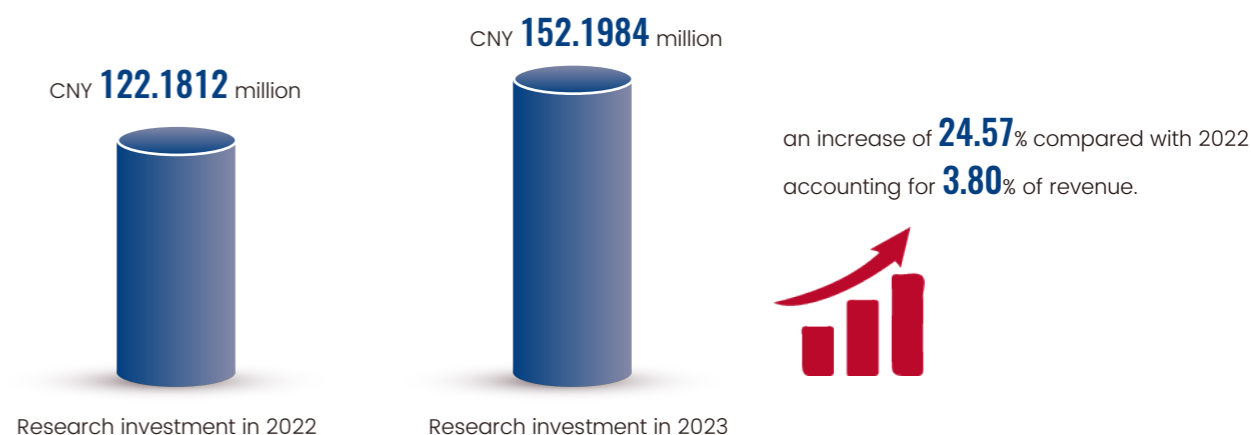


▲ Intelligent Inspection Robot Dog

measures the temperature of the ball mill's axle tiles and motor bearings, realizing the automated and intelligent inspection of key facilities and equipment in the milling and selection workshop. The abnormalities found during the inspection are automatically transmitted to the scheduling and control platform. The Company adopts advanced video technology, big data analysis, and artificial intelligence algorithms. By using visible light cameras and infrared temperature measurement cameras in specific areas, the Platform automatically identifies abnormalities such as personnel violations and over-temperature of equipment, automatically warns in the event of abnormalities, and utilizes AI algorithms to realize behavioral safety and equipment operation safety monitoring. It enhances the control of personnel's unsafe behaviors using mature and stable technology. Under the premise of ensuring a high recognition rate and a low false alarm rate, it carries out real-time monitoring, recognition, early warning, and forensics for personnel unsafe behaviors (such as failure to wear helmets and crossing the fence) in key control areas in the plant, to improve the efficiency of supervision and intelligence of the production process. In key control areas such as substations and distribution rooms, the infrared thermal imaging camera is used to carry out all-around control, upload data in real-time, provide early warning of potential over-temperature and other conditions, and provide on-site video and pictures. In case of over-temperature, lightning strikes, and other events causing equipment high temperature or fire, the alarm can be issued in time, and the platform can be connected to conduct intelligent analysis and early warning.

### 5.3.2 IPR

The Company adheres to technological innovation as the engine of development and has been recognized as a national high-tech enterprise and an enterprise research and development center in Inner Mongolia. The Company adheres to the idea of scientific and technological innovation of "intelligent manufacturing and win-win cooperation", continues to increase investment in scientific research, and steadily realizes the core competitiveness of "intelligent manufacturing". The Company and its subsidiary, Anhui Jinrisheng Mining Co., Ltd. established Dazhong Mining Iron Concentrate Research and Development Center and Jinrisheng Mining Science and Technology Research Institute, respectively, and have invested a total of CNY 149 million in research and development. A large number of advanced research results have been achieved.



By the end of 2023



there were **347** R&D technicians



**60** new patents

and **283** patents obtained in total

The Company attaches great importance to the construction of the intellectual property (IP) protection system, and constantly improves patent declaration and subsequent maintenance to ensure independent intellectual property rights in key areas and independent and controllable core technologies, to eliminate any form of infringement of IP rights. In terms of mining technology, Dazhong Mining adopts the stage-airfield subsequent filling mining method, which is one of the cutting-edge mining methods in China, effectively reducing the discharge of tailings to the surface tailing ponds and greatly improving environmental management. In the four advances construction, the Company continues to strengthen automation, mechanization, informationization, and intelligent investment. The automatic control projects in mining, dressing, and filling processes require recording the relevant indexes in the automation system, and realizing the remote automatic start-stop operation. The auxiliary system project in the Shujigou Iron Mine achieves the one-button operation, intelligent loading of ores, and unmanned operation; and the projects on the application of continuous filling and gelling agent at the filling station and the three-dimensionally visualized safety system have achieved satisfactory results.

### 5.3.3 Information security

The Company and its subsidiaries have established information security and protection mechanisms and strengthened equipment and system maintenance. During the reporting period, no privacy leakage or other information security leakage occurred.

## 5.4 Construction of Safe Mines

### 5.4.1 Occupational health and safety management system

Dazhong Mining strictly implements the requirements of laws and regulations such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and the Measures for the Supervision and Administration of Employers' Occupational Health Surveillance to build an occupational safety and health management system. All employees (including interns) shall be trained in occupational hygiene and occupational disease prevention and control laws and regulations, knowledge of labor protection, and the usage of protective equipment before they start work, and shall only be allowed to start work after they have passed the examination; occupational health education is included in the three-level education for employees. During the reporting period, the coverage rate of safety and health training for the Company's employees was 100%.

The Company provides employees with one health checkup every year, with an annual health checkup rate of 100% for employees, and establishes occupational health files for the employees, including the employees' occupational history, history of exposure to occupational disease hazards, the results of occupational health checkups, the results of treatments, diagnosis and treatment of occupational diseases, and other relevant personal health information. Employees who suffer or may suffer from acute occupational disease during production and operation shall be promptly rescued or medically observed, and recorded in the personal health files.

The Company has established an employee injury relief and management system to provide timely relief to employees injured at work and give them appropriate compensation and work injury leave to protect their rights and interests. In 2023, the company's work-related fatality rate for each mining enterprise was 0.

Reporting period  
Company staff safety  
and health training  
Coverage rate **100%**

In 2023  
the company's  
work-related fatality  
rate for each mining  
enterprise was **0**



#### Disease relief and mental health assistance

The Company and its subsidiaries are equipped with medical rooms, which provide employees with medical services, bridge channels for mental health relief, and organize regular psychological training for employees.

#### Protection against occupational diseases

For the potential occupational disease risks in the mining industry, such as diseases caused by exposure to dust, radioactive substances, or other toxic and hazardous factors, management regulations are formulated; occupational disease protective equipment that meets national occupational hygiene standards is provided to employees and employees are supervised and guided to wear and use them correctly; protective facilities are established, and a protection system is developed to standardize the process of protection so that the health and safety of the employees are effectively given the first priority.

The Company carries out regular maintenance and inspection of occupational disease prevention equipment, emergency rescue facilities, and personal protection supplies; regularly tests their performance and effect to ensure that they are in normal condition; configures protective equipment and alarm devices for radioactive workplaces, and ensures that staff exposed to radioactivity wear personal dosimeters; and equips with heat-prevention medicines for the prevention of high-temperature heatstroke. Anhui Jinrisheng Mining Co., Ltd. conducts occupational hazards testing once a year and occupational hazards status evaluation once every three years. The Company provides dust collectors and noise detectors, and offers regular medical checkups for employees.

### 5.4.2 Safety management training

The company has established a long-term mechanism for safety management and training and continues to strengthen the safety education and training of the headquarters and subsidiaries so as to enhance the safety awareness, quality, and competence of the employees and effectively eliminate and reduce casualty accidents. New employees and transferred employees shall receive three-level (company, workshop, and team) safety education. Company-level safety education refers to the safety education carried out by the Safety and Environmental Protection Department for new employees, workshop-level safety education is carried out by the center and department where the new employees work, and team-level safety education is carried out by the team and position where the new employees work. The Company carries out three-level safety education for new employees and transfers employees every month.



▲Safety Theme Month and Fire Safety Training



▲Fire Safety Training



▲Emergency Response Training

▲3M Occupational Health and Safety Protection Training

▲High-altitude Operation Training

# 06

## To Be A Responsible Employer

- ③ 6.1 Talent Management System
- ③ 6.2 Employee Rights and Interests
- ③ 6.3 Promoting Employee Development
- ③ 6.4 Creating a Happy Mine





Dazhong Mining always takes being a mining group recognized by employees as one of its visions and adheres to the people-oriented approach to developing with employees. The Company is committed to attracting talents with excellent ability and like-mindedness, treating every employee as a partner of the Company, providing a broad development platform and a good working atmosphere, providing opportunities and creating a stage for the development of the staff, constructing interdependent enterprise-employee relationship, caring real difficulties in staff's life, and jointly building a happy mine that is full of vitality, health and upward mobility, solidarity and cooperation, positive and enterprising, and rich in a sense of mission and sense of responsibility.



## 6.1 Talent Management System



### 6.1.1 Management concept and strategy

#### Talent management concept people-oriented

Introduce new management mode, and advocate the new enterprise culture of "happy work, happy life".



Reform to implement the partnership system. Each person should not only care about the benefits of their small team, but also care about the overall benefits, to truly realize that everyone is an operator, and everyone is a partner.

#### Matrix management

The centers of Dazhong Mining and the departments and offices of each subsidiary company efficiently achieve the goals of the enterprise through the management of horizontal coordination and vertical business guidance, working in accordance with the rules of procedure of the four meetings of the General Meeting of Shareholders, Supervisory Board, Board of Directors, and Manager's Office and the *Table of Approval and Delineation of Management Authority*. Employees are subject to the guidance and approval of functional departments in business, while coordinated and supervised by executive leaders in administrative fields.

#### Basic principles of employee management

Performance management	Departments and employees at all levels take completing their performance objectives as the basic criteria; work performance is determined as the target bonuses and position promotions for all levels of departments and employees.
Rules must be followed violations must be investigated	Each employee shall strictly abide by the Company's rules and regulations; for any violation, the Company will be held accountable in accordance with the relevant provisions.
Competition	The Company takes competition as the basic guideline for the selection of management personnel based on each employee's virtue, responsibility, ability, diligence, and performance.
Appraisal of rewards and punishments	Employee rewards and punishments should be based on appraisal results, and strive to be fair, just and reasonable.
Terminal elimination	The Company establishes a reasonable incentive mechanism and a scientific and objective appraisal system, and implements normal elimination for employees at the bottom of the appraisal results in order to continuously improve the overall quality of employees.
Timeliness	All work must be completed within a specified time frame, with an emphasis on timeliness.
Saturated workload	Departments and positions are set up based on the principle of saturated workload, thus streamlining organizations and personnel and improving efficiency.

## 6.1.2 Management mechanisms and initiatives

### Creating a like-minded team

The Company advocates good teamwork and expects talents from various levels, various professions, and various backgrounds. The effective implementation of the "all over the world" principle of selection, unites everyone in the Dazhong Mining platform to work together so that the Company's team of talent continues to improve and grow amid fierce competition.

The Company expects like-minded talents. Only the same idea, the same goal, the same practice, and the same norms can harmonize cooperation. Under the team model of "like-mindedness", the Company creates the team style of "working together" and creates the cultural atmosphere of "overcoming oneself and innovative management". Team first, talent second. The Company adheres to the principle of selecting outstanding talents who agree with the culture of Dazhong and maximizes the interests of the Company and individuals with culture as the background and spirit as the main theme.

### Up-to-date university student training

The Company continuously improves and strongly builds the college student training system, and promotes the reserve force youth forbidden army program for each college student. The Company provides a perfect career development and training system, sets up 6-12 months of internship training period, takes centralized training and master with apprentice follow-up training combination, and determines the future development direction of each person. One person, one program for the entire training. Promote the rapid growth of each individual through stage-by-stage assessment.

In the mature training stage, we have established a full-cycle management model, with multiple promotion and development channels for management sequence, professional sequence and skill sequence. Implement measures such as quarterly debriefing, cadre training, annual competition, grade evaluation, skill appraisal, to provide employees with a broad career development stage such as job promotion, title advancement, and job transition.

### Senior management team with a strong industry background and outstanding management capabilities

The core management team of the Company has rich experience in mine exploration, extraction, smelting, construction, and operation management, and has a deep understanding of industry technology and industry development trends, strong strategic planning capability, and efficient execution capability. Most of the executives of the Company take the roles of both managers and shareholders, their stability and cohesion is conducive to the long-term development of the Company.

### Strengthening the middle employees

Focused enhancement of staff development and optimization of the organizational structure.

## 6.2 Employee Rights and Interests

### 6.2.1 Law-based employment

Dazhong Mining always adheres to the principle of equal and legal employment, and strictly fulfills the national laws and regulations such as the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Minors*, and *Regulations on the Prohibition of Child Labor*. Any discrimination involving gender, age, race, ethnicity, religious beliefs, nationality, as well as child labor, illegal employment, and forced labor are strictly prohibited in the recruitment process of the Company. Employees are hired under labor contracts in accordance with the law.

In 2023



there were  
**1,229**  
new employees

of which **1,043**  
were recruited  
from the society

**87** were  
graduates



During the reporting period, the signing rate of labor contracts in the Company was **100%**, and neither the Company nor its subsidiaries had any incidents of child labor or forced labor.

In terms of talent introduction, the Company has established and improved the internal recommendation system, encouraging all employees, except those in the Human Resources Department, to recommend outstanding talents for employment based on the principle of avoidance of relatives. To this end, the Company has set up a special "Pearl Award", in which all employees other than those in the Human Resources Department are encouraged to recommend talents to the Company in accordance with the requirements of the Company's opening positions. If the recommended person meets the Company's standard requirements for specific working hours after joining the Company, the recommender will be given corresponding rewards depending on his/her position.

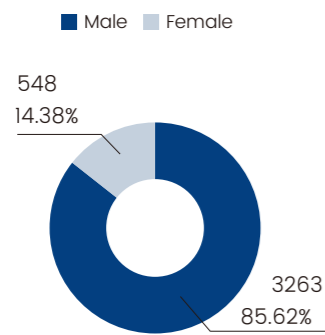


## 6.2.2 Diversity in employee structure

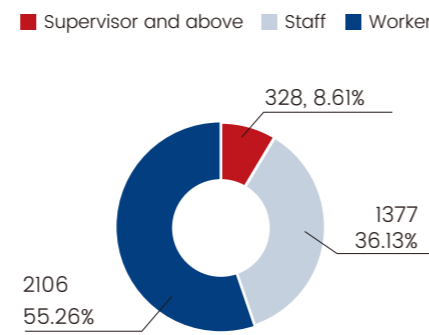
The Company is committed to creating a diverse, equal, and inclusive work environment, eliminating all forms of discrimination, insisting on the setting of positions based on business, hiring talents based on performance, and promoting based on merit. As of December 31, 2023, the total number of full-time employees of the Company was 3,811, all of whom were Chinese nationals, achieving diversity in terms of gender, background, education, field of specialization, and ethnicity.

**Structure of Full-time Employees in 2023** (Unit: persons %)

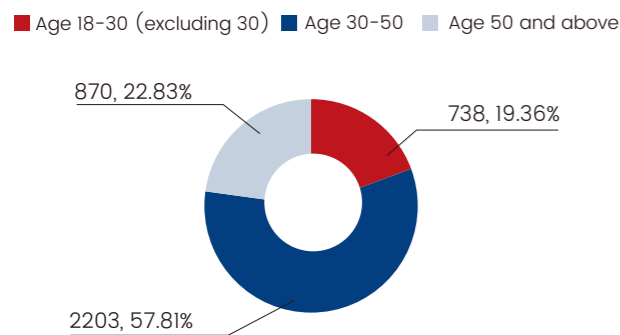
**Gender structure of employees**



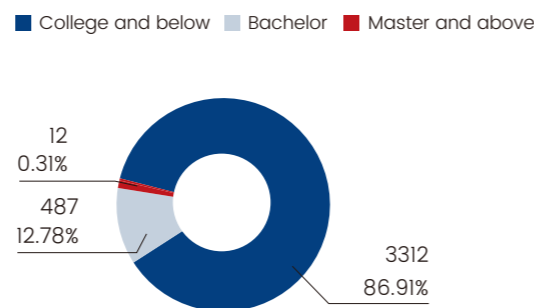
**Employee grade structure**



**Employee age structure**

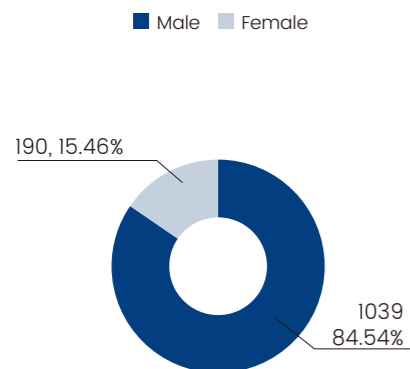


**Employee education structure**

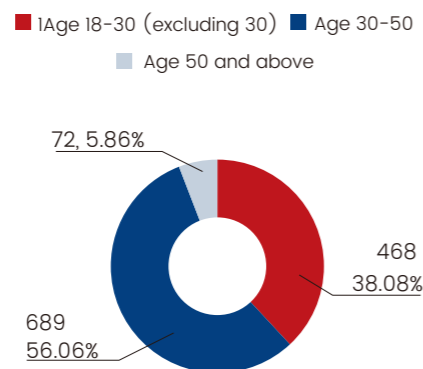


**New Employee Structure of Dazhong Mining in 2023** (Unit: persons %)

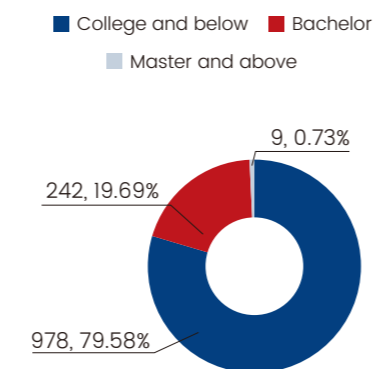
**Gender structure of new employees**



**The age structure of new employees**



**Educational structure of new employees**



## 6.2.3 Remuneration and performance management

### Systems and mechanisms

The Company has formulated a series of systems, such as *Remuneration Management Measures*, *Remuneration Confidentiality Measures*, *Attendance Management Measures*, *KPI Performance Assessment and Quantitative Assessment Management Measures for Incremental Work*, to standardize the Company's remuneration management, give full play to the safeguarding and motivating roles of the remuneration system, stimulate the enthusiasm of the employees, improve the ability to hold office and improve their work performance, and ensure the continuous enhancement of the Company's core competence and the realization of the Company's long-term goals.

The Board of Directors of the Company has set up the Remuneration Incentive and Assessment Committee, which is responsible for formulating the outline of remuneration assessment and incentive; supervising and promoting the formulation and decomposition of remuneration incentive and assessment programs; reviewing and checking the implementation of remuneration incentive and assessment programs; reviewing and approving the planned task objectives (output and cost), position salary standards, position establishment (based on the determination of labor productivity) of the units, and reviewing and approving the contracted unit price of the units' output; building the information technology system of the remuneration accounting system. In addition, the Company has hired consultants from China Stone Management Consulting Ltd. to guide the construction of the remuneration system, which is independent of the organization, the supreme governing body, and the executives. The Company formulates the remuneration quantification plan through the *Management Measures for Quantitative Assessment of Remuneration and Management Measures for KPI Performance Assessment and Quantitative Assessment of Incremental Work*, confirms it with the appraisees and the Remuneration Committee, and implements it after unanimous agreement.

### Competitive remuneration

The Company adheres to the principle of equal remuneration for men and women, provides employees with competitive salaries, and pays five social insurance and one housing fund. The Company determines the value of positions and position remuneration through position value assessment. The Human Resources Department regularly conducts external market research on salary levels, takes into account factors such as regional wage increases and the Company's operating efficiency, and puts forward proposals for salary adjustments, which are submitted to the Salary and Performance Management Committee for approval and implementation. The salary levels and starting salaries of the Company's subsidiaries maintain the upper-middle level of the industry in the local regions. Employee annual performance appraisal meets the promotion standard or the ability to promote a salary following the relevant provisions of the promotion of job salary standards.

**The ratio of standardized starting wage to local minimum wage by gender in 2023**

	The ratio of starting wage to local minimum wage for male employees	The ratio of starting wage to local minimum wage for female employees
Inner Mongolia	1.88	1.95
Anhui	2.40	2.11
Sichuan	2.54	2.03
Hunan	2.58	2.26

The Company has set up a KPI performance appraisal, and monthly salary is issued according to the KPI performance appraisal and quantitative assessment of incremental work, aiming at activating the employees' subjective initiative and enhancing the contribution of personal value. Employees with incremental work in addition to the completion of their duties are given additional incremental salary in addition to the salary standard, while those without incremental work are not given incremental salary; all incremental work is subject to quantitative assessment. During the reporting period, the employee coverage rate of the Company's performance appraisal was 100%.

The Company's salary structure generally consists of fixed income (basic salary for the position), variable income (performance pay, piece-rate pay, quantitative assessment pay), statutory and discretionary benefits, seniority, educational allowances or subsidies, and various incentives. The actual basic salary of the position is linked to the employee's monthly attendance, and the variable income varies according to the position category. Floating income for management positions includes performance salary and quantitative assessment salary, of which performance salary is linked to the incumbent's appraisal results, and quantitative assessment salary is based on the completion of work outside the historical data or budgetary targets, work to increase benefits, increase work content, improve service quality, key management shortcomings to improve and optimize the management process as the assessment indicators. For functional positions such as administrative, professional, and technical positions, and production positions, the variable income includes performance pay and production pay, and production pay is paid according to the completion of production tasks. For piecework positions, the variable income is based on piecework salary, which is paid monthly according to the approved unit price \* the actual amount of completed tasks.

Salaries of the company's executives are all linked to the assessment of net profit, production, safety, environmental protection, and other indicators; the salaries of the Company's actual controllers, directors, and executives are announced to the public every year.

The ratio of basic wages and remuneration of men and women by region, 2023 (%)

	Inner Mongolia	Anhui	Sichuan	Hunan
The ratio of basic salary to remuneration for male employees	51.48%	51.21%	58.76%	48.73%
The ratio of basic salary to remuneration for female employees	54.04%	51.00%	57.19%	67.30%

## 6.2.4 Employee benefits

Employees are entitled to leave rights and benefits such as legal holidays, marriage leave, funeral leave, personal leave, sick leave, work injury leave and breastfeeding leave, travel reimbursement and labor insurance supplies in accordance with the law. In addition, the Company puts the concepts of emphasizing talents and caring for talents into practice and provides diversified additional benefits and services for employees by considering the actual needs of their work and life. The Company provides subsidies for employees working in plateaus; provides underground meal service for employees working in wells; distributes relevant benefits for employees during holidays and offers condolences to employees by Labor Union; and implements the system of subsidies for employees' house purchase benefits in the subsidiaries in Hunan and Sichuan.

## 6.2.5 Labor protection

The Company insists on the reasonable employment of labor and eliminates the fatigue operation and overload work of the employees. The Company strictly carries out overtime management. The working hours can be extended after consultation with employees due to the needs of production and operation; overtime work should be initiated by the employees in the attendance system one day in advance, and approved according to the approval authority; the overtime work shall be carried out according to relevant regulations in China. Female employees who are pregnant or breastfeeding after giving birth shall not be arranged to work overtime. If an employee returns to work early during the vacation period and has to adjust the vacation time, the employee shall report to the Human Resources Department to cancel the vacation.

The company fully protects all rights and interests of employees. The termination of labor relations with employees, transfer of posts, and renewal of labor contracts are all notified to employees one month in advance, and are carried out only after obtaining the opinions of the employees; discrimination on ethnicity, social class, language, religious beliefs, gender, age or other differences is strictly prohibited in matters related to hiring, remuneration, training opportunities, promotion, dismissal, or retirement. The Company makes human rights protection a mandatory part of pre-employment training for employees, security personnel, and supplier due diligence. All security personnel have received relevant training.

## 6.2.6 Democratic Management

Dazhong Mining and its subsidiaries have established a Labor Union Committee in accordance with the law, and have formulated systems such as the *Statute of Labor Union Committees* and *Collective Bargaining Agreements* to represent and safeguard the interests of employees and work independently and autonomously in accordance with the law under the leadership of the Group's General Labor Union. The Company's employees voluntarily participate in the Labor Union. As of December 31, 2023, the coverage of Labor Union employees was 100%.

Safeguarding the legitimate rights and interests of workers and serving them wholeheartedly are the basic duties of the Labor Union. The Labor Union promotes a sound mechanism for the coordination of labor relations, safeguards the labor rights and interests of employees and builds harmonious labor relations through the system of equal consultation and collective contracts; in accordance with the provisions of the law, it organizes the participation of employees in the democratic election, democratic consultation, democratic decision-making, democratic management and democratic supervision of their units through the workers' congresses or in other forms; and it establishes a system of Labor Union work that is broadly based on contact with and service to the employees, closely liaises with the employees, listens to and reports the opinions and demands of the employees, cares for the lives of the employees, assists the employees in solving their difficulties, and serves the employees wholeheartedly. The Company has established a staff opinion and feedback mechanism. The Labor Union has set up employee groups and suggestion boxes to deal with employee feedback and complaints in a timely manner, listen to employee opinions and suggestions, continuously improve and optimize work methods, and enhance the employees' sense of belonging and identity. In addition, the Labor Union plays an active role in mobilizing and organizing production, team training, building a team of employees who have dreams and keep their faith, understand technology, strive to innovate, and have the courage to take on responsibility and dedication.

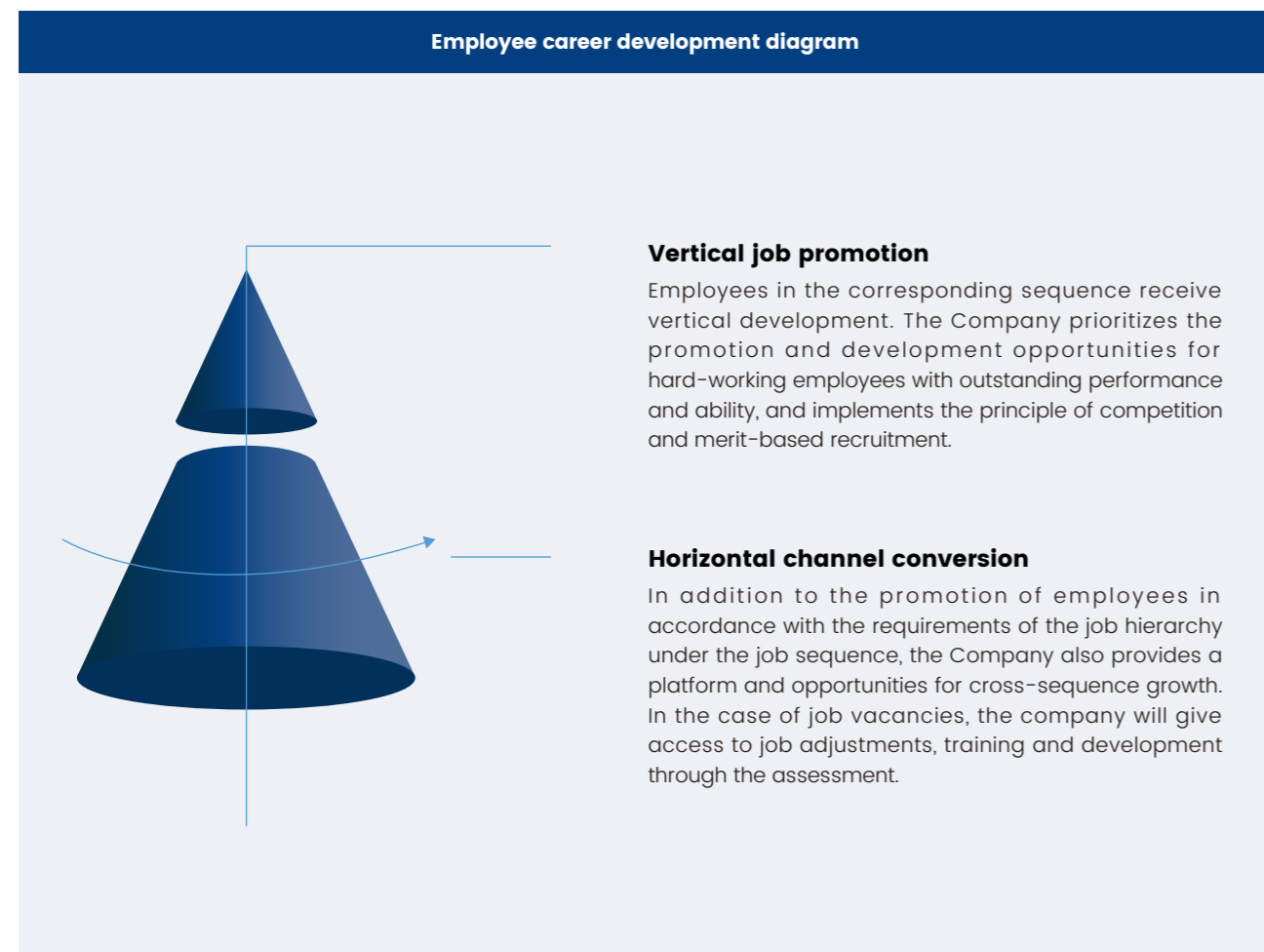


## 6.3 Promoting Employee Development

### 6.3.1 Career development system and mechanism

The Company has formulated the *Management Measures for Employee Promotion and Advancement*, the *Management Measures for Position Ranking and Career Development*, the *Management Measures for Worker Technical Rank Evaluation*, the *Management Measures for Professional and Technical Title Rank Evaluation*, etc., and established a career development system. According to the different nature of each position, the Company has set up management sequence post, professional sequence post, technical sequence post, and operation and maintenance sequence post, thus providing two career development paths for employees, realizing coordination and unification between the Company's human resource needs and employees' individual career development needs, and maximizing the exploration, cultivation and retention of the company's talents. The Company builds a bottom-up promotion mechanism to enhance the overall performance of the company's talent team, promote the standardization and proceduralization of employee promotion management, and allow employees to realize their value, give full play to their value, and create value for the company.

Each department head serves as a counselor for the career development of its employees and provides career development counseling for the employees; each human resources department is responsible for the establishment of employee career development files and for the storage and timely updating of the files; the career development files include the plan form for the employee's career development, the employee's training needs, the assessment and the training records, etc., which serves as the basis for the adjustments of the career planning.



Vertical promotion channels	
Position SN	Channel
Management positions and professional positions	Employee level - Supervisor level - Department level - Executive level
Technical positions	By technical title assessment, the promotion is Assistant Engineer (II, I) - Engineer (III, II, I) - Senior Engineer (III, II, I, Chief Senior Engineer)
Operation and maintenance positions	By skill assessment, the promotion is junior laborer - intermediate laborer - senior laborer - technician (III, II, I) - senior technician (III, II, I)

**Horizontal position change**

Depending on the development needs of the Company, the actual situation of the employees, and their career interests, the employees have the opportunity to change between different channels for development, but the change shall be in line with the corresponding job requirements.

In principle, employees are given an assessment period of 3-6 months when they change positions. If the employee passes the assessment period, he/she will be changed to another position; if he/she fails to pass the assessment period, he/she will be arranged as required.

The Company eliminates all forms of discrimination in terms of gender, ethnicity, and region in the promotion of employees and selection of executives.

As of the end of 2023, the Company had **2** female executives, accounting for **6.66%** of the total number of executives.

**Regional structure of executives in 2023**

	Number of executives	Number of local executives	Percentage of local executives
Inner Mongolia	27	11	40.74%
Anhui	8	2	25%

### 6.3.2 Employee training

The Company provides employees with diversified training, such as induction training, on-job training, in-service training, promotion training, special short-term training, and special lecture training, and opens up online and offline learning channels to help employees improve their professionalism and professional skills. Newly recruited employees are required to complete 72 hours of three-level safety training and education and pass the examination before they are allowed to work. The Company actively encourages employees to further study in colleges and universities or professional training institutions, including degree studies, induction training, title and qualification examinations, training. The completion (graduation) certificates and transcripts of the employees of further study shall be reported to the Human Resources Department for filing, which serves as a reference basis for deployment, selection, as well as appointment and dismissal; and the Company regularly dispatches personnel for training according to the development of the enterprise and the actual demand.

To pass on the internal expertise and work experience, the Company has formulated the *Management Measures for Internal Part-time Lecturers*, selected employees within the Company who have excellent professional skills, good work performance and willingness to be trained, and created a team of professional, efficient and innovative internal lecturers to conduct training lectures and upload the lectures onto the internal training platform for employees self-learning.



#### Training by internal part-time lecturers

 During the reporting period, three internal part-time lecturers conducted a total of **5** special training activities, with a total of **82** participants and a total of **5.5** hours of training.



#### Intensive training for management trainees



During the reporting period, the Company conducted **4** intensive training sessions for management trainees, covering all units of the Company and its first-grade subsidiaries, for a total of 10 days, with **157** trainees and a total of **27** instructors engaged in the training.



#### Specialized skill improvement training



**Mining 3D software training:** Dazhong Mining and all subsidiaries organized professional development training for colleagues in the field of geodesy and mining, with a total of **355** participants and a total of **24** hours of training; the training was completed in eight phases of primary and intermediate courses.

**Special training for improving the business capacity of human resources:** **6** training sessions were organized, with a total of **79** participants and 11 hours of training.

**Training for team leaders and section chiefs of Anhui Jinrisheng Mining Co., Ltd:** a total of **394** participants and **18** hours of training.

#### ESG thematic training



During the reporting period, the Company organized ESG thematic training, focusing on ESG basic concepts, basic theories, ESG ratings, and ESG typical enterprise cases, with a total of **103** participants and **3** hours of training, to assist the heads of various departments and subsidiaries to have a comprehensive and in-depth understanding of the development trend and requirements of ESG, and to thoroughly implement the ESG matters.



## 6.4 Creating a Happy Mine

The Company is not only creating good working conditions for its employees, but also paying keen attention to their lives. Through ongoing employee care, the Company assists employees in difficulty and other initiatives, continues to improve employee satisfaction and happiness index, and creates a happy company that is truly recognized by its employees.

### Employee care

#### Employee Care Mechanism and Initiatives



The Company organizes employees to participate in various kinds of cultural and sports activities to enrich their spare time life and enhance their physical and mental health. For example, we hold "May Day" cultural and sports activities, "New Year's Day" cultural and sports activities, cultural performances, and staff travel.



The Company has set up the Employee Care Fund, which is used to help families and employees in difficulty and enhance the cohesion and centripetal force of the enterprise. For example, we have carried out activities such as relief of difficulties, love donations, charitable donations, and condolences.



The Company cares about employees' families. We conduct regular interviews and surveys with employees to understand their work and life conditions, assist employees in solving family issues, and provide employees with services such as business counseling, psychological counseling, mediation of family conflicts and disputes, and health checkups.



The Company provides employees with career development support and guidance to improve their skills and quality and promote their career development.



The Company builds an employee mutual assistance platform to encourage employees to understand each other, help each other, and support each other, to enhance the harmonious atmosphere of the Company; it focuses on communication and exchange with employees and optimizes employee care.

### Assistance for employees with difficulty

The Company takes comprehensiveness and continuity as the entry point, formulates helping measures in line with the characteristics of the enterprise and the needs of the employees, carries out the work of helping employees with difficulty, and improves the pertinence and effectiveness of the assistance.

#### Measures to Help Employees with Difficulty

Establishment of difficult employees' files	The Labor Union establishes files of employees with difficulty knowing the family situation, economic situation, health condition, and other information of the employees, which provides evidence for the assistance.
Regular visits and condolences	The Labor Union pays regular visits to employees in difficulty to learn about their difficulties and needs, and provides them with the necessary support.
Providing vocational training and employment guidance	The Labor Union provides vocational training and employment guidance to employees in difficulty, helping them to improve their skills and qualities, and promoting their employment or change of jobs and business start-ups.
Assisting in applying for social assistance	The Labor Union assists employees in difficulty in applying for social assistance, providing certain living subsidies to employees in difficulty to solve their living difficulties, such as unemployment insurance, hardship assistance, disaster assistance.
Setting up a support platform	The Labor Union builds a support platform, making use of internal and external resources of the enterprise to provide support and assistance to employees with difficulty in terms of employment counseling, entrepreneurial guidance, and skills training.
Concerning mental health	The Labor Union pays attention to the mental health of employees with difficulty and provides psychological counseling and assistance in daily life to get out of difficulties and enhance their confidence and courage.



#### Case: Solving urgent needs for the families of employees who passed away suddenly

On November 22, 2023, YIN Zhirong, an employee of No. IV Mine Filling Station of Dazhong Mining, passed away at home due to a sudden myocardial infarction. He was the sole breadwinner of his family, and thus his sudden death made the poor family even worse. YIN Zhirong's eldest daughter, who had been severely disabled since childhood, was unable to take care of herself and needed constant bedside care, while his second daughter, who was attending school, was unable to bear her sister's exorbitant medical expenses and her tuition fees alone. The leaders of Dazhong Mining attach great importance to this situation. WEI Lihui, the Vice President of mining technology, organized condolences several times and the Company's Labor Union organized fund-raising. Within 20 days, Dazhong Mining raised a total of CNY 66194.41 in donations. ZHANG Jun, Vice General Manager of Administration, WEI Lihui, Vice General Manager of Mining, and REN Yongliang, Chairman of the Labor Union, on behalf of the company, expressed their condolences to the family members of the deceased employee and handed over the collected money to them. This illustrates Dazhong Mining's responsibility of "when disaster struck, help came from all sides".



# 07

## To Be a Social Duty Bearer

- ③ 7.1 Win-Win Development of Industry Chain
- ③ 7.2 Promotion of Common Prosperity
- ③ 7.3 Responding to the Belt and Road Initiative

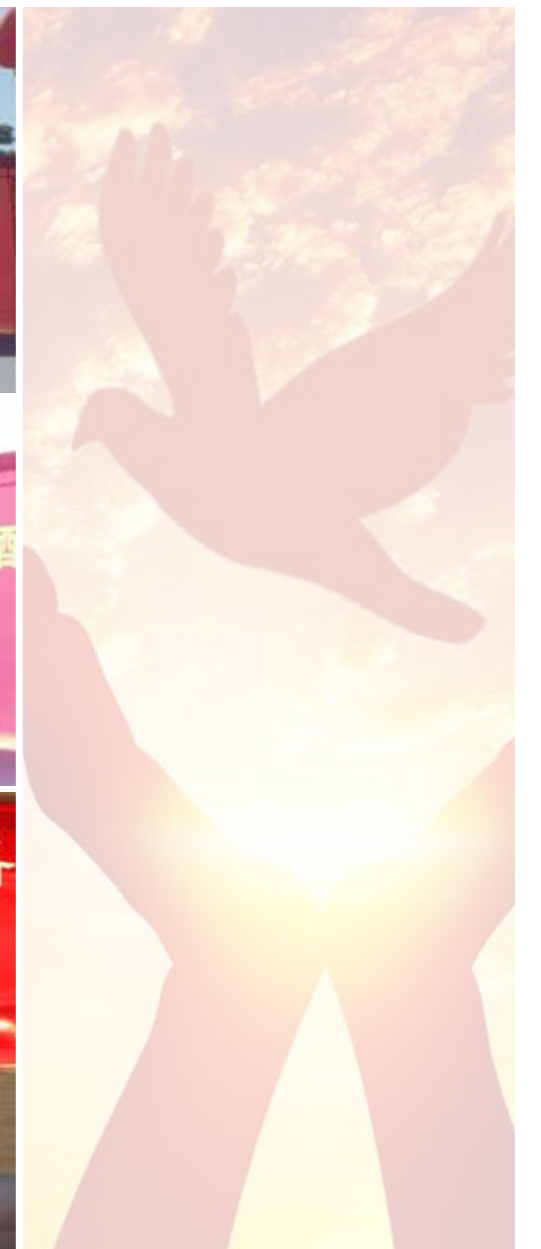


Dazhong Mining has always maintained a high sense of corporate responsibility, adhering to the concept of common prosperity, win-win development with partners, and the common prosperity of the region and surrounding populations. The Company actively responds to the call for national policy, grasping the new opportunities of high-quality development supported by the Belt and Road Initiative, accelerating international market integration, actively practicing social responsibility, and demonstrating corporate responsibility, thus creating value for the public, community, and China.



## 7.1 Win-Win Development of Industry Chain

The Company continues to carry out multi-dimensional and in-depth cooperation with industry chain partners, exploring new opportunities, developing new modes, innovating new ecosystems, and seeking new development together. During the reporting period, the Company successfully landed a lithium project in Linwu County, Chenzhou City, Hunan Province, China, and completed the signing of "three sets of TBMs" and strategic cooperation with China Railway Engineering Equipment Group Co., Ltd., which firstly applied to lithium mine in China.



## 7.12 Promotion of Common Prosperity

### 7.2.1 Regional economic contribution

Iron and steel are key materials for modernization, and the steel industry plays an important role in socio-economic development. Iron ore, the raw material of steel, has a direct impact on the output and quality of steel products. In recent years, international iron ore prices have fluctuated greatly, frequently experiencing a "roller coaster" market. At the beginning of 2022, the National Development and Reform Commission (NDRC), together with seven ministries and commissions, including the Ministry of Industry and Information Technology (MIIT), the Ministry of Finance (MOF), jointly launched the "Cornerstone Program". This action aims to safeguard the supply of the iron ore resource, accelerate the development of Chinese iron ore projects, reduce external dependence, and fundamentally address the shortage of resources in the upper reaches of the iron and steel industry chain. As a large-scale iron ore mining and processing enterprise in China, the Company takes the initiative to assume social responsibility to repay China with mining. The Company and its subsidiaries pay close attention to the development trend of the industries in the regions where they are located, actively respond to the call of the regional government, pay taxes following the law, promote the development of related industries by mining, create economic benefits for the regions where they are located, and drive the development of the industries in the neighboring regions.

#### Case 1: Dazhong Mining Signs Investment and Cooperation Agreement with Linwu County Government

In 2022, Mr. Niu Guofeng, Chairman of Dazhong Mining, on behalf of Dazhong Mining, was invited to participate in the 2022 World Computing Conference held in Changsha, Hunan Province, and signed the "Investment and Cooperation Agreement" with Linwu County Government for investing in the development of lithium resources in Linwu County in the presence of governments at all levels in Hunan Province and experts and entrepreneurs. It is reported that a total of eight projects were successfully signed at the opening ceremony of the conference, with a total investment of CNY 48.94 billion. As the People's Government of Linwu County allocate 10,000 tons of lithium carbonate resources for each 5GWh battery project, Dazhong Mining proposed a total investment of about CNY 16 billion, aiming to further improve the company's core competitiveness and profitability, while fostering a mutually beneficial and complementary partnership between the publicly listed company and the local government, leading to shared growth and development.



#### Case 2: Dazhong Mining and Yangzhong City of Jiangsu Province signed the Investment Agreement of Dazhong Mining on Mineral Processing and Commodity Trading Base in Yangzhong

During the reporting period, Dazhong Mining entered into an Investment Agreement on the Construction of a Mineral Processing and Commodity Trading Base in Yangzhong by Dazhong Mining with the Management Committee of Yangzhong Economic Development Zone and Yangzhong Urban Construction Investment Development Group Co., Ltd. The Company is committed to constructing a green high-quality project and a benchmark of wharf, mineral processing, and commodity trade in the Yangtze River Region, taking Yangzhong as a pivot point and linking high-quality resources at home and abroad to access the international and domestic markets, further contributing to the realization of the National Iron Ore Cornerstone Plan, safeguarding the safety of the iron ore mine in China, and promoting the high-quality development of the local economic development.



## 7.2.2 Practicing public welfare responsibility

The Company supports rural revitalization and rural construction and actively participates in charitable and public welfare activities, showing its corporate responsibility during major events and rooting the traditional virtues of the Chinese nation of "being positive and benevolent" in Dazhong Mining. The Company and its subsidiary Jinrisheng Mining have donated more than CNY 50 million to public welfare and charity in recent years for civilization construction, charity activities, rural renovation, and rural recreation. During the reporting period, the Company was awarded the "China Red Cross Fraternity Medal" by the Red Cross Society of China for its continuous contribution to the Red Cross.



### Case 2: Activities to respect and care for the elderly during the Double Ninth Festival

On the Double Ninth Festival in 2023, the Labor Union of Dazhong Mining visited the elderly over 75 years old in the villages around the enterprise, sending them warm gifts to show the Company's respect and love for the elderly, advocate for the entire society to foster a culture of respecting, revering, loving, and supporting the elderly.



### Case 3: Donation of CNY 500 thousand to Bayannur charity and public welfare

On September 5, 2023, the first Fortune Love-Charity Gala of "Charity Contributes to a Better Life" in Bayannur City, Inner Mongolia was held in Huanghewan Pedestrian Street, Linhe District. The Company donated CNY 500 thousand to support the Bayannur Charity Federation.



### Case 1: A great charity in crisis

Great charity in crisis. Dazhong Mining has always acted promptly to fulfill its social responsibility with practical actions during critical periods. In the past three years, the Company and its subsidiaries have made donations in cash to the Red Cross Society of Ejinagi Banner, the Red Cross Society of Urad Front Banner, the Red Cross Society of Guyang County, the Red Cross Society of Damao Union Banner, the Ejinagi Finance Bureau, and the Huoqiu County of Anhui Province with a total amount of about CNY 3.75 million, to support the prevention and control.



▲ Donations by the Company and its subsidiaries

## 7.3 Responding to the Belt and Road Initiative

Since 2023, the Belt and Road Initiative in China has entered a new stage of high-quality development. Dazhong Mining has grasped new development opportunities, and embraced the international market comprehensively and deeply with an open vision and positive actions to promote the development of China's mining industry based on high international standards and accelerate the globalization strategy and layout. Through detailed planning, Dazhong Singapore Company was registered and established on July 28 and completed the first order of international trade of iron ore, which formally started the road of internationalization.

# Appendixes

## Appendix 1: Index of laws and regulations

Level	Laws and regulations to be complied with	Corresponding chapter
Corporate Governance	<i>Criminal Law of the People's Republic of China</i>	03. Responsibility for Governance
	<i>Company Law of the People's Republic of China</i>	
	<i>Securities Law of the People's Republic of China</i>	
	<i>Work Guidelines for the Investor Relations Management of Listed Companies</i>	
	<i>Measures for the Administration of Information Disclosure by Listed Companies</i>	
	<i>Self-Regulatory Guidelines for Listed Companies of the Shenzhen Stock Exchange No. 1 - Regulating the Operation of Main Board Listed Companies (Revised in December 2023)</i>	
	<i>Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies</i>	
	<i>Anti-monopoly Law of the People's Republic of China</i>	
	<i>Anti-Unfair Competition Law of the People's Republic of China</i>	
	<i>Oversight Law of the People's Republic of China</i>	
<i>Enterprise Income Tax Law of the People's Republic of China</i>		
<i>Audit Law of the People's Republic of China</i>		
Environmental protection	<i>Environmental Protection Law of the People's Republic of China</i>	04 To Be a Green Pioneer
	<i>Measures for the Environmental Emergency Response Management</i>	
	<i>Regulations on the Administration of Construction Project Environmental Protection</i>	
	<i>Environmental management records and compliance reports of pollutant emission permit technical specification for pollution sources (HJ944-2018)</i>	
	<i>Measures for Information Report of Environmental Emergencies</i>	
	<i>Measures for the Investigation and Handling of Environmental Emergencies</i>	
	<i>Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste</i>	
	<i>Directory of National Hazardous Wastes (Version 2021)</i>	
	<i>Measures for the Administration of Environmental Surveillance by Order of the State Environmental Protection Administration (No. 39)</i>	
	<i>Environmental management systems—Requirements with guidance for use (GB/T 24001-2016)</i>	
	<i>Provisions on the Protection of the Geologic Environment of Mines</i>	
	<i>Measures for the Management of Mineral Resource Registration</i>	
	<i>Measures for the Implementation of the Regulations on the Land Reclamation Program</i>	

Level	Laws and regulations to be complied with	Corresponding chapter
Environmental protection	<i>Law of the People's Republic of China on Prevention and Control of Water Pollution</i>	04 To Be a Green Pioneer
	<i>Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution</i>	
	<i>Law of the People's Republic of China on Prevention and Control of Noise Pollution</i>	
	<i>Regulation of the People's Republic of China on Flood Control</i>	
	<i>Law of the People's Republic of China on Environmental Impact Assessment</i>	
	<i>Electric Power Law of the People's Republic of China</i>	
Safety and quality management	<i>Measures for the Administration of Voluntary Greenhouse Gas Emission Reduction Trading (For Trial Implementation)</i>	05 To Be Safety Benchmark
	<i>Cleaner Production Promotion Law of the People's Republic of China</i>	
	<i>Production Safety Law of the People's Republic of China</i>	
	<i>Regulations on Work Safety in Inner Mongolia, China</i>	
	<i>Implementation Measures for the Work Safety License of Non-coal Mining Enterprises</i>	
	<i>General Office of the State Administration of Safety Supervision on the issuance of the Metal Non-metallic Mining Safety Production Standardization Scoring Methods</i>	
	<i>Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds</i>	
	<i>Regulation on Work-Related Injury Insurance</i>	
	<i>Measures for the Implementation of Work-Related Injury Insurance in the Inner Mongolia, China</i>	
	<i>Interim Provisions on Requirement for Mining Enterprise Leaders to Descend into Mine Pits with Mine Workers on Regular Shifts, and Supervision and Inspection of Metal and Non-metal Underground Mines</i>	
	<i>Circular of the Office of the Safety Committee of the State Council on Comprehensively Strengthening the Work of Enterprises on the System of Responsibility for the Safety of All Personnel in Production (AWB [2017] No. 29)</i>	
	<i>Enterprise Safety Production Responsibility System Five Implement &amp; Five in Place Regulations</i>	
	<i>Mine Safety Law of the People's Republic of China</i>	
	<i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i>	
	<i>Provisions on the Supervision and Administration of Occupational Health at Work Sites</i>	
<i>Prevention and Control of Occupational Diseases in China (2021-2025)</i>		
<i>Procedures on the Screening, Identification and Control of Work Safety Accident Hazards</i>		
<i>Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases</i>		
<i>Response Regulations for Public Health Emergencies</i>		
<i>Fire Control Law of the People's Republic of China</i>		
<i>Provisions on the Administration of Fire Control Safety of State Organs, Organizations, Enterprises and Institutions</i>		
<i>Regulation on Emergency Responses to Work Safety Accidents</i>		

Level	Laws and regulations to be complied with	Corresponding chapter
Safety and quality management	Product Quality Law of the People's Republic of China	05 To Be Safety Benchmark
	Intellectual Property Law of the People's Republic of China	
	Patent Law of the People's Republic of China	
	Cybersecurity Law of the People's Republic of China	
	Regulations on the Security Protection of Computer Information Systems of the People's Republic of China	
	Classification for resources/reserves of solid fuels and mineral commodities (GB/T17766-2020)	
	Technical specification for water safety prevention and control in metal and non-metal underground mines (AQ 2061-2018)	
	Metallurgical Mining Survey Specifications	
	Acceptance and Settlement Management Measures for Mine Shaft Construction Projects	
	Mineral Resources Law of the People's Republic of China	
	Safety testing specification of in-service main dewatering system for metal and nonmetal underground mines (AQ 2029-2010)	
	Safety regulations for metal and non-metal mines (GB 16423-2020)	
	Code for design of metal mine (GB 50830-2013)	
	Metal and non-metal mine filling engineering technical standards (GB/T 51450-2022)	
	Safety regulation for tailings pond (GB 39496-2020)	
	Technical regulations for the tailings pond safety monitoring (AQ 2030-2010)	
	Safety regulations for blasting (GB 6722-2014)	
	Technical standards for mine ventilation facilities	
	Ventilation technical standards for metal and nonmetal underground mines ventilation system (AQ 2013.1-2008)	
	Safety regulations for metal and non-metal mines (GB 16423-2020)	
	Iron ores-Sampling and sample preparation procedures (GBT10322.1-2000)	
	Iron ores (sinter and pellets)--Sampling and sample preparation for physical testing (GB 10122-1988)	
Iron ores - Determination of total iron content - Titanium(III) chloride reduction potassium dichromate titration methods (routine methods) (GB_T6730.65-2009)		
Safety of chemical laboratories—Technical standards for conducting metallurgical analysis (GB 2595-1981)		
Identification of major hazard installations for hazardous chemicals (GB 18218-2018)		
Technology standard for backfill engineering in metallic and non-metallic mines (GB/51450-2022)		
Law of the People's Republic of China on Prevention and Control of Radioactive Pollution		
Regulations on the Safety and Protection of Radioisotopes and Radiation Devices		

Level	Laws and regulations to be complied with	Corresponding chapter
Human resources management	Basic Standards for Protection against Ionizing Radiation and for the Safety of Radiation Sources	06. To Be Responsible Employer
	Labor Law of the People's Republic of China	
	Labor Contract Law of the People's Republic of China	
	Law of the People's Republic of China on the Protection of Disabled Persons	
	Law of the People's Republic of China on the Protection of Women's Rights and Interests	
	Trade Union Law of the People's Republic of China	
	Special Provisions on Labor Protection of Female Employees	
	Law of the People's Republic of China on the Protection of Minors	
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	Criminal Law of the People's Republic of China	
	Labor Dispute Mediation and Arbitration Law of the People's Republic of China	
	Regulation on Labor Security Supervision	
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	Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases	
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Business and strategic cooperation, and supply chain management	Partnership Enterprise Law of the People's Republic of China	03. Responsibility for Governance 07 To Be Social Duty Bearer
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## Comments & Feedback

### Dear readers :

Thank you for reading this Report! We sincerely look forward to your evaluation of this Report and your valuable comments, so that we can continuously improve our ESG efforts and enhance our ESG compliance capabilities and performance!

### I. SELECTIVE QUESTIONS (please tick the appropriate box)

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Excellent Very good Good Fair Poor

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#### 3. The structure of this Report is:

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#### 4. The report layout design and presentation are:

Excellent Very good Good Fair Poor

### II. OPEN QUESTIONS

#### 1. What further disclosures do you think are needed in this Report?



2.What could be improved in this Report? Please provide your valuable comments and suggestions.

**You can choose the following ways to give us your feedback and suggestions:**



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