



China Northern Rare Earth (Group) High-Tech Co., Ltd.



# 2025

## Sustainability Report

China Northern Rare Earth (Group) High-Tech Co., Ltd.

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## About this Report

### Introduction

This Report is the fourth Sustainability Report (previously titled the ESG Report in prior years) released by China Northern Rare Earth (Group) High-Tech Co., Ltd. to disclose and exhibit its performance in environmental, social and governance aspects to its stakeholders. This Report has been reviewed by the Company, which will be responsible for the authenticity and validity of the information contained herein.

### Reporting Period

The reporting period is from January 1, 2025, to December 31, 2025, unless stated otherwise. To ensure the Report's completeness, some information extends beyond this specified period.

### Reporting Scope

Unless stated otherwise, this Report is about the China Northern Rare Earth (Group) High-Tech Co., Ltd., covering its headquarters, branches and subsidiaries, with the scope that is identical to the scope of its consolidated financial statements. Any deviation from the scope will be stated in the Report.

### Data Sources

All information and data presented in this Report are from publicly available materials provided by governmental agencies, as well as the Company's formal documents, public disclosures and internal statistics. Financial data referenced herein is sourced from the audited financial statements in the 2025 Annual Report. Unless stated otherwise, all monetary amounts are denominated in Yuan.

### Basis of Preparation

- *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*
- *Guide No. 4 for Self-Regulatory Supervision on Listed Companies of the SSE—Compilation of Sustainable Development Reports (Revised in January 2026)*
- *Reference of ESG Indicators System for ESG Reports of Listed Companies Controlled by Central Enterprises* issued by State-owned Assets Supervision and Administration Commission of the State Council
- *Sustainability Disclosure Standards of IFRS S1—General Requirements for Disclosure of Sustainability-related Financial Information and Sustainability Disclosure Standards of IFRS S2—Climate-related Disclosures* issued by the International Sustainability Standards Board (ISSB)
- *Sustainability Reporting Standards of the Global Reporting Initiative (GRI)*

## Terms

Unless otherwise indicated in the context, the following terms shall have the following meanings in this report:

### Abbreviations and Glossary

Northern Rare Earth, the Company, We	refers to	China Northern Rare Earth (Group) High-Tech Co., Ltd.
Baogang, Baogang Group	refers to	Baotou Iron and Steel (Group) Co., Ltd.
Smelting Branch	refers to	Smelting Branch of Northern Rare Earth
Huamei	refers to	Baotou Huamei Rare-Earth High-Tech Co., Ltd.
Northern Magnetic Materials	refers to	Inner Mongolia Northern Rare Earth Magnetic Materials Co., Ltd.
Hefa	refers to	Baogang Steel Hefa Rare Earth Co., Ltd.
Zibo Lingzhi	refers to	Zibo Baogang Lingzhi Rare Earth Hi-tech Co., Ltd.
Gansu Rare Earth	refers to	Gansu Rare Earth New Materials Co., Ltd.
BRIRE	refers to	Baotou Research Institute of Rare Earths
Tianjiao Seimi	refers to	Baotou Tianjiao Seimi Rare Earth Polishing Powder Co., Ltd.
Ruixin	refers to	Baotou Ruixin Rare Earth Metal Materials Co., Ltd.
Xinfeng Xinli	refers to	Xinfeng County Baogang Xinli Rare Earths Co., Ltd.
Jinmeng	refers to	Baotou Jinmeng Rare Earth Co., Ltd.
Xi'aoke	refers to	Inner Mongolia Xi'aoke Hydrogen Storage Alloy Co, Ltd.
ZXAT	refers to	ZXAT New Materials (Inner Mongolia) Co., Ltd.
Beijing Sanjili	refers to	Beijing Sanjili New Materials Co., Ltd.
Anhui Permanent Magnet	refers to	Northern Rare Earth (Anhui) Permanent Magnet Technology Co., Ltd.
Ningbo Zhanhao	refers to	Ningbo Baogang Zhanhao New Materials Co., Ltd.
Baiyun Mineral Processing Branch	refers to	Inner Mongolia Baogang Steel Union Co., Ltd. Baiyun Mineral Processing Branch

### Abbreviations and Glossary

Company Law	refers to	<i>The Company Law of the People's Republic of China</i>
Securities Law	refers to	<i>The Securities Law of the People's Republic of China</i>
SSE	refers to	Shanghai Stock Exchange
Two Rare Earth Bases	refers to	The largest base for rare earth new materials in China and a leading base for rare earth applications across the world
ESG	refers to	Environmental, Social and Governance
Yuan, 10,000 Yuan, 100 million Yuan	refers to	RMB 1, RMB 10,000, RMB 100 million, the legal currency of China
Reporting Period	refers to	From January 1, 2025 to December 31, 2025

## Board Statement

This report has been reviewed and approved at the 12th meeting of the ninth Board of Directors of Northern Rare Earth. The Board of Directors and all directors warrant that the contents of this report contain no false information, misleading statements, or material omissions. They accept full legal liability for the authenticity, accuracy, and completeness of the information presented herein.

## Report Release

This Report is released in the form of an electronic version and can be obtained from the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the Company's official website ([www.reht.com](http://www.reht.com)).

## Readers Feedback

To continuously improve the Company's ESG management, enhance the quality of ESG information disclosure and drive the Company to effectively implement the ESG development philosophy, we invite readers to provide feedback on this Report (as detailed in Appendix II "Reader Feedback Form"). Please send your opinions and comments to the following email

address: [cnrezqb@126.com](mailto:cnrezqb@126.com)

Message from the Chairman

**Seasons change, and new splendid chapters unfold.** In 2025, Northern Rare Earth achieved significant breakthroughs in its operations and development. Amid complex and volatile domestic and global economic conditions, the Company remained committed to National Priorities of Paramount Importance, led the implementation of industrial policies, and integrated ESG principles into its corporate strategy and daily operations. By steadily expanding production and ensuring stable supply and pricing, it achieved record-high output of major products throughout the year. Its operating revenue surpassed 40 billion yuan for the first time. The Company maintained its leading position in the industry in terms of operating revenue, profit, output, and market capitalization. In doing so, it effectively safeguarded the security and stability of China's rare earth industrial and supply chains and advanced the high-quality development of the nation's rare earth industry to a new level.



Secretary of the Party  
Committee and Chairman of  
the Board  
—Liu Peixun

**We remain firmly committed to green development, advancing a new chapter of low-carbon growth with confidence and determination.** The Company has consistently embedded sustainability into its corporate philosophy and translated this commitment into concrete action. In response to global climate challenges, it has actively aligned itself with China's Dual Carbon strategy. During the reporting period, the Company completed an upgraded green smelting project with the best environmental performance, introduced world-leading technologies, and established a resource recycling system that enables the circular utilization of MgSO<sub>4</sub> wastewater, CO<sub>2</sub>, and other resources. In addition, Northern Rare Earth strengthened its carbon footprint management system, accumulated Life Cycle Assessment (LCA) data for rare earth products, and issued 11 Environmental Product Declaration (EPD) certification reports through the Rare Earth EPD Platform. The Company also facilitated six carbon footprint accounting projects for raw and auxiliary materials conducted by its suppliers. As a result, the carbon emission intensity of its core products has continued to improve. Moreover, the commissioning of the automated recycling production line for NdFeB waste materials at Jinmeng represents a meaningful step forward in resource recycling. Through these solid and effective measures, Northern Rare Earth continues to protect the ecological environment while reinforcing its position as a leader in green development.

**We advocate technology for the public good and jointly build an ecosystem characterized by harmony and mutually beneficial outcomes.** Guided by a people-centered philosophy, Northern Rare Earth regards technological innovation as a powerful driver of social responsibility fulfillment. Supported by multiple national-level innovation platforms, the Company has overcome multiple critical technologies that constrained industrial development and has also translated innovative achievements into everyday applications. Rare earth-modified fibers have been developed into functional garments used in households nationwide, while solid-state hydrogen storage technology provides clean energy for hydrogen-powered two-wheelers, making the value of technology accessible to a broader public. With the philosophy of treating employees as valued members, the Company has fully implemented its talent-strengthening strategy and established a three-tier talent development system. Over the course of the year, we conducted 279 training programs, reaching more than 23,800 participants in total, and remained committed to supporting the growth and development of every employee. We uphold transparent and fair procurement practices, treat small and medium-sized enterprises equitably, and work with partners to build a responsible and resilient industrial ecosystem. We also actively participate in rural revitalization and public welfare initiatives, fulfilling the responsibilities of a state-owned enterprise through concrete action and ensuring that the benefits of development extend to a wider range of communities.

**We strengthen governance empowerment and lay a solid foundation for steadiness and long-term development.** Northern Rare Earth continues to refine its three-level governance framework, led by the Board of Directors, guided by the Strategy and ESG Committee, and implemented by the ESG Working Group. The Company fully integrates compliance requirements into decision-making processes and operational value chains, thereby establishing a comprehensive and well-structured ESG institutional system that has effectively advanced ESG management. Its ESG rating has been upgraded to AAA, and it has received numerous honors, including the Golden Lion Award for Excellent Annual Environmental Responsibility Case in ESG Practice. We also continue to reinforce integrity building and internal control, while improving the "1+N" compliance management system. The scope of compliance review has been further clarified, with particular attention given to high-risk business areas such as exports, trade, bidding, and procurement. By strengthening rules and regulations to close management loopholes, the Company has improved both the efficiency and compliance of its operations. In addition, we continuously enhance information disclosure, steadily improving both quality and transparency, while our investor relations management has gained broad market recognition. Through standardized corporate operations, we uphold the trust of all stakeholders and provide sustained governance momentum for the Company's high-quality development.

**A new chapter has begun, and the time to advance is now.** Looking ahead, Northern Rare Earth will remain firmly committed to its goal of becoming a world-class leader in the rare earth sector. We will further deepen ESG practices with a broader vision, continue advancing green and low-carbon transformation, strengthen innovation-driven development, fulfill our social responsibilities, and further optimize our corporate governance framework. By pursuing sustainable development through higher standards and more substantive measures, we will contribute our expertise and efforts to the development of the Two Rare Earth Bases and to the healthy, high-quality, and sustainable development of China's rare earth industry.

**Finally, on behalf of Northern Rare Earth, I extend our sincere gratitude and highest regards to all shareholders, partners, employees, and friends from all sectors of society who have long supported and cared for the development of our organization.**

# About Northern Rare Earth

## Company Profile

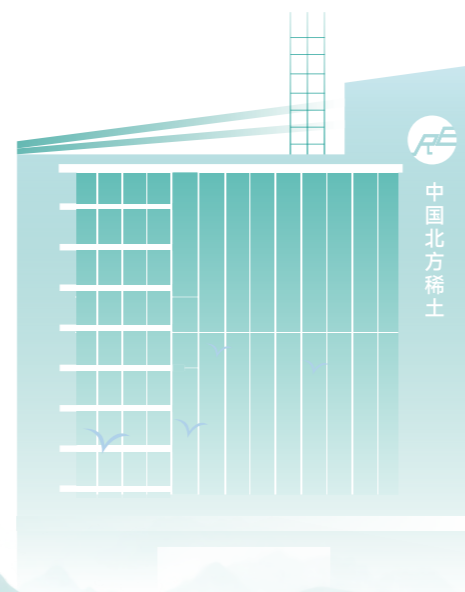
China Northern Rare Earth (Group) High-Tech Co., Ltd., founded in 1961 and headquartered in Baotou, Inner Mongolia, was listed on the Shanghai Stock Exchange in 1997 as China's first publicly listed rare earth company. As a holding subsidiary of Baotou Iron and Steel (Group) Corporation, the Company led the restructuring of the major rare earth conglomerate in 2015, thereby achieving the centralized and unified management of northern rare earth resources. At present, the Company has nearly 40 branch and subsidiary companies and more than 10,000 employees. Its industrial footprint spans 11 provinces, municipalities directly under the Central Government, and autonomous regions nationwide. It is widely recognized as a global leader in the rare earth industry, distinguished by its scale, output value, and operational performance, and is also a national-level single champion enterprise in manufacturing.

Relying on the unique resource advantages of the Baiyun Obo Mine, the Company has established a complete industrial chain spanning rare earth raw materials, functional materials, and terminal applications. It is capable of producing rare earth products in 11 categories, more than 100 varieties, and nearly 1,000 specifications. Among these, the Company ranks first globally in rare earth raw material supply capacity, magnetic material alloy production capacity, and polishing material production capacity. Its annual production capacity of rare earth permanent magnet motors for terminal applications reaches 1,270 units and sets. Its products are exported to countries and regions including the United States, the European Union, and Japan. The Company actively fulfills its primary responsibility for developing the Two Rare Earth Bases, strengthens and enhances its position in strategic industries, vigorously advances new quality productive forces, and reinforces its core functions and core competitiveness. It is driving the rare earth industry toward intelligent, green, and integrated development, while striving to become a benchmark enterprise leading the industry's green and low-carbon transformation.

**China's first publicly listed rare earth company**

The Company has nearly **40** branch

Its industrial footprint spans **11** provinces, municipalities directly under the Central Government



The Company has consistently driven high-quality development through technological innovation. It currently operates two national-level innovation platforms, eight ministerial-level platforms, one academician workstation, two post-doctoral workstations, and seventeen provincial-level scientific research platforms. Its subsidiary, the Baotou Research Institute of Rare Earths, has supplied key materials and components for key national projects, including the Long March series carrier rockets and the Shenzhou series crewed spacecraft. Guided by the principles of ecological priority and green development, the Company was the first in the industry to achieve zero discharge of production wastewater. It also led the formulation of the first carbon emission accounting standard in the rare earth industry and continues to strengthen its ESG governance and compliance capabilities. Looking ahead, and in close alignment with the country's strategic priorities, the Company will accelerate its transformation into a world-leading rare earth enterprise. It will make a greater contribution to safeguarding the security and stability of China's rare earth industrial and supply chains and advancing the goal of building a rare earth powerhouse.

**2** national-level innovation platforms

**8** ministerial-level platforms

**1** academician workstation

**2** post-doctoral workstations

**17** provincial-level scientific research platforms

## Corporate Culture

The Company actively fosters and practices core socialist values, and builds its distinctive cultural brand, Light of Rare Earth. It has established its corporate vision of becoming a world-class leader in the rare earth sector and its corporate mission to develop and expand China's rare earth industrial chain and build a high-quality rare earth ecosystem.

**Vision:**  
Becoming a World-Class Leader in the Rare Earth Sector

**Mission:**  
To Develop and Expand China's Rare Earth Industrial Chain and Build a High-Quality Ecological Framework for Rare Earth Sector

**Values:**  
Improve Ourselves, Empower the Society

**Spirit:**  
Relentless Resilience, Beyond Competency

**Case Study** Publication of *Light of Rare Earth*

The Company published the book *Light of Rare Earth: Interviews with Distinguished Figures in the Rare Earth Industry*. The book features face-to-face interviews with 100 distinguished representatives, including academicians, experts and entrepreneurs in the rare earth sector, as well as outstanding employees of the Company. It comprehensively, authentically and systematically records the arduous pioneering journey of generations of rare earth practitioners, and fully explores the fine cultural genes of pioneering, perseverance and innovation passed down among veteran and new employees in the rare earth industry. The book has been distributed to relevant national, provincial and municipal government authorities, rare earth industry associations and academic societies, as well as industry academicians and experts. It extensively showcases the outstanding contributions of Northern Rare Earth to the high-quality development of China's rare earth industry through technological breakthroughs and industrial chain expansion.



Book-Light of Rare Earth

**Case Study** The Company's In-depth Implementation of the "One Rare Earth" Cultural Integration Initiative

In 2025, the Company completed a comprehensive upgrade of its brand image and launched a brand visual identity system. It systematically integrated corporate mission, vision, values, logos, flags, and IP imagery across all controlled subsidiaries and the parent company. This initiative further established a unified group identity and effectively strengthened the sense of belonging and strategic collaboration among affiliated entities.



Promotional Training on the Brand Visual Identity System

**Corporate Mascot**

Bao Xiaoxi is a winged divine horse, symbolically portrayed as a white Mongolian steed. The choice of white represents rarity, hope, and unwavering determination, qualities that are essential in the pursuit of excellence. The horse's wings are depicted in a technology-inspired blue, reflecting the essence of innovation that is crucial for advancing industry. Encircling its neck is a collar embellished with the 17 rare earth elements, which signifies the strategic importance of the resource industry. Collectively, these elements illustrate how technological advancement and the development of new productive forces empower Northern Rare Earth to ascend to new heights. In this context, rare earth materials and emerging industries can be viewed as the wings of progress, underscoring their pivotal role in driving economic and technological growth.



**Overview of Products**

Category and Name		Applications
Raw Materials	Lanthanum oxide	Used in manufacturing special alloys, precision optical glass, high-refractive-index optical fiber panels, ceramic capacitors and others
	Cerium oxide	Used in producing among others, special alloys, rare earth catalytic materials, rare earth colorants, and rare earth thermal stabilizers
	Lanthanum-cerium carbonate	Rare earth polishing materials, agricultural fertilizers, and water treatment systems
	Praseodymium-neodymium oxide	Rare earth metals, electronic industry and others
	Praseodymium-neodymium metal	Magnetic materials
	Neodymium metal	Magnetic materials
	Lanthanum-cerium metal	Hydrogen storage materials, flint (for lighters) and others
	Lanthanum metal	Hydrogen storage materials, fuel cells, and rare earth alloys
	Cerium metal	Hydrogen storage materials, magnetic materials, fuel cells, and rare earth alloys
	Samarium oxide	Magnetic materials, ceramics, glass, electronic components and others
	Europium oxide	Phosphors and optical materials
	Gadolinium oxide	Electronic components, and healthcare
	Terbium oxide	Alloys, magnetic materials and phosphors
	Dysprosium oxide	Alloys, magnetic materials and phosphors
Materials	Holmium oxide	Optical communication devices and healthcare
	Erbium oxide	Ceramics, optical materials, and laser applications
	Lutetium oxide	Optical materials, laser applications, and semiconductors
	Permanent magnet materials	Drive motors, servo motors, micro-special motors
	Hydrogen storage materials	Nickel-Metal Hydride (Ni-MH) batteries, and hydrogen storage & transportation
Products	Polishing materials	Liquid crystal/hard disk glass substrates, mobile phone cover plates, crystal rhinestone jewelry, conventional & precision optical components, semiconductor photomasks, etc.
	Catalytic materials	Automotive exhaust purification, and industrial waste gas treatment
	Rare earth alloys	Steel production, construction materials, and automotive manufacturing
	Permanent magnet motors	Permanent magnet motors: wind power, new energy vehicles, industrial motors, electronic communication, high-end medical devices, humanoid robots, energy storage motors, low-altitude aircraft and other related fields
Products	Hydrogen refueling stations	Hydrogen refueling stations: hydrogen-powered electric two-wheelers, solid hydrogen storage forklifts, solid hydrogen storage sightseeing vehicles for scenic spots, parent-child vehicles and other related fields

## Awards and Honors

**First Batch of Outstanding Intelligent Factories**  
 Issuing Institution  
 Ministry of Industry and Information Technology (MIIT)

**Nomination Award of the China Quality Award**  
 Issuing Institution  
 State Administration for Market Regulation (SAMR)

**The Rare Earth Production Data Integration and Application project Was Awarded the Excellence Award**  
 Issuing Institution  
 Inner Mongolia Autonomous Region Administration of Government Services and Data Management

**Four Affiliated Entities Were Listed in the Public Notice on the Second Batch of Emerging Industry Enterprises in the Autonomous Region for 2025**  
 Issuing Institution  
 Inner Mongolia Autonomous Region Department of Industry and Information Technology

**Nominated Unit for the 8th National Civilized Unit**  
 Issuing Institution  
 Office of the Central Guidance Commission on Building Spiritual Civilization

**Best Practices in Investor Management by Listed Companies (2024)**  
 Issuing Institution  
 China Association for Public Companies

**Five Affiliated Entities Were Listed as Specialized, Refined, Characteristic, and Innovative (SRDI) SMEs**  
 Issuing Institution  
 Inner Mongolia Autonomous Region Department of Industry and Information Technology

**Four Affiliated Entities Were Recognized as Innovative SMEs in the Inner Mongolia Autonomous Region**  
 Issuing Institution  
 Inner Mongolia Autonomous Region Department of Industry and Information Technology

**2025 Best Practice Cases in Sustainable Development by Listed Companies**  
 Issuing Institution  
 China Association for Public Companies

**Best Practice of Board Office Case**  
 Issuing Institution  
 China Association for Public Companies

**Baiyun Obo Brand Ranked among the Top 10 of the Inner Mongolia Famous (Top 100) Brands List**  
 Issuing Institution  
 Inner Mongolia Brand Development Promotion Association

**The Low-Pressure Solid-State Hydrogen Storage And Refueling System Integrated Equipment Was Listed in the First Set (Batch) Recognition Catalogue for Technical Equipment, Key Components, and New Materials**  
 Issuing Institution  
 Inner Mongolia Autonomous Region Department of Industry and Information Technology

**Best Cases for Annual Earnings Briefing**  
 Issuing Institution  
 China Association for Public Companies

**ESG Technology Leadership Golden Bull Award**  
 Issuing Institution  
 China Securities Journal

**Baotou Research Institute of Rare Earths Was Listed in the First Batch of 2025 Proposed Registration List for Inner Mongolia Science and Technology Innovation Enclaves**  
 Issuing Institution  
 Inner Mongolia Autonomous Region Department of Science and Technology

**Best Listed Company**  
 Issuing Institution  
 New Fortune magazine

**Gansu Rare Earth was named among the Second Batch of Provincial Single-Champion Enterprises in Manufacturing**  
 Issuing Institution  
 Gansu Province Department of Industry and Information Technology

**Gansu Provincial Quality Award**  
 Issuing Institution  
 People's Government of Gansu Province



## Technology Awards



### China's Top Ten Textile Technologies

**Technology:** Rare Earth Modified Functional Protective Fiber and Fabric Preparation Technology

**Issuing Institution:** China National Textile and Apparel Council (CNTAC)

### Second Prize of Rare Earth Science and Technology Awards

**Technology:** Key Technology Development of Four-Stage Hydrogen Storage Materials for Metal Hydride-Hydrogen Compressors

**Issuing Institution:** The Chinese Society of Rare Earths, Association of China Rare Earth Industry



### Second Prize of Rare Earth Science and Technology Awards

**Technology:** Key Technology Development and Application of High-Performance Rare Earth-Containing Waste-Recycling Energy-Saving Refractories

**Issuing Institution:** The Chinese Society of Rare Earths, Association of China Rare Earth Industry

### Second Prize of Rare Earth Science and Technology Awards

**Technology:** Research on New Energy-Saving and High-Efficiency Recovery Technologies for Rare Earth and Valuable Elements from NdFeB Waste

**Issuing Institution:** The Chinese Society of Rare Earths, Association of China Rare Earth Industry



### Second Prize of Rare Earth Science and Technology Awards

**Technology:** Industrialization Technology Development and Application of High-Performance High-Temperature-Resistant Samarium-Cobalt Permanent Magnet Materials

**Issuing Institution:** The Chinese Society of Rare Earths, Association of China Rare Earth Industry

### First Prize of Inner Mongolia Autonomous Region Technical Invention Award

**Technology:** Key Manufacturing Technology for New Environmentally-Friendly Rare Earth Functional Additives

**Issuing Institution:** Communist Party of China Inner Mongolia Autonomous Region Committee, People's Government of Inner Mongolia Autonomous Region



### Second Prize of Inner Mongolia Autonomous Region Science and Technology Progress Award

**Technology:** Key Technology Development and Application for High-Quality Rare Earth Master Alloy Preparation

**Issuing Institution:** Communist Party of China Inner Mongolia Autonomous Region Committee, People's Government of Inner Mongolia Autonomous Region

### Third Prize of Hebei Province Science and Technology Progress Award

**Technology:** Key Technology and Application of Catalytic Materials for Diesel Engine Exhaust Purification

**Issuing Institution:** People's Government of Hebei Province

### Third Prize of Gansu Province Science and Technology Progress Award

**Technology:** Green and Energy-Saving Upgrade and Industrialization Application of Post-Treatment Process for Light Rare Earth Chlorides

**Issuing Institution:** People's Government of Gansu Province

## 2025 Milestones

September

- The first mass production demonstration line for rare earth giant magnetostrictive materials in the Inner Mongolia Autonomous Region was completed at Inner Mongolia North New Materials Technology Co., Ltd., marking a significant advancement in the transition of high-end functional materials from laboratory preparation to industrial application.
- The China (Baotou) Rare Earth Exchange officially launched its new trading system. Centered on data security, trading efficiency, and risk control, it establishes a safer, smarter, and more efficient rare earth trading platform.

January

The Company held exchanges and discussions with Wolong Electric, engaging in in-depth communication regarding the establishment of joint laboratories, industrial cooperation in rare earth permanent magnet motors, and the research, development, and application of rare earth lightweight alloys and magnetic materials.

October

The Xibeisi® Intelligent Fiber Product Launch Conference was held at the Rare Earth Building, unveiling core advancements in new rare earth materials. This marks a new stage in the large-scale industrialization of China's rare earth functional fibers.

August

- Xi'aoke constructed Inner Mongolia's first low-pressure solid-state hydrogen storage and refueling demonstration station, advancing the hydrogen energy industrial chain and supporting the region's green energy transition.
- The Company ranked among the Top 50 Revenue Enterprises and Top 30 Net Profit Enterprises in China's non-ferrous metal industry in 2024, demonstrating its strong industrial foundation and core competitiveness.

February

Approved by the National Postdoctoral Management Committee, the Company was authorized to establish a national-level postdoctoral research workstation, advancing the integration of scientific and technological innovation with industry-university-research collaboration to a new level.

November

- The Company obtained dual domestic and international certifications for its compliance management system in accordance with GB/T 35770-2022 and ISO 37301:2021, marking significant progress in its compliance framework.
- The national occupational standard for *Rare Earth Smelter*, compiled by the Company, passed final review, filling a gap in China's vocational skills standards.

July

- The scientific research project, Preparation and Application of Highly Dispersed Noble Metal Composite Catalytic Materials Supported on CeO<sub>2</sub>, proposed by BRIRE, was approved and received special funding of one million Yuan from the 2025 Central Government Guided Local Science and Technology Development Fund.
- Xi'aoke's hydrogen-powered electric two-wheelers were officially launched, with a range exceeding 90 kilometers, providing essential equipment support for the company's hydrogen energy industry development.

March

- Ruixin obtained Grade AA certification for the Integration of Informatization and Industrialization Management System. This achievement reflects the Company's progress in advancing the deep integration of informatization and industrialization and further strengthens its industry reputation.
- The Company convened the First Extraordinary General Meeting of 2025, along with the First Meeting of the Ninth Board of Directors and the First Meeting of the Ninth Supervisory Committee, thereby completing the transition of the new Board of Directors, Supervisory Committee, and senior management team.
- Hefa's Digital Transformation Project in Production Support Areas successfully passed the acceptance inspection conducted by the Baotou Municipal Bureau of Industry and Information Technology and has secured policy funding support. The project establishes a benchmark for the digital and intelligent transformation of production in rare earth smelting and separation.

December

During the 2025 Boao Forum for Entrepreneurs, the 2025 Xinhua Index Boao Annual Conference, hosted by China Economic Information Service, announced the achievements of the Manufacturing Power Series Indices, including the Rare Earth Price Index of the China (Baotou) Rare Earth Exchange.

June

The Company was included in the CSI A50 Index for the first time, further demonstrating the capital market's recognition of its market position, brand value, and influence as a leading enterprise in the rare earth industry.

April

Building on its core products, including independently developed rare earth alloys with proprietary intellectual property rights, the Baotou Research Institute of Rare Earths officially secured trademark registration for Xixin from the China National Intellectual Property Administration.

# ESG Management

By deeply integrating ESG principles into its operations and management, the Company continuously advances the development of its ESG management system and professional training programs, thereby strengthening ESG capacity and enhancing employees' awareness of sustainable development to support the Company's long-term growth.

## ESG System

The Company has established a three-tier ESG management framework comprising the Board of Directors, the Strategy and ESG Committee, and the ESG Working Group, thereby creating a governance structure with clearly defined responsibilities and effective internal coordination. The Board of Directors provides strategic oversight and decision-making; the Strategy and ESG Committee delivers professional analysis and institutional support; and the ESG Working Group manages day-to-day implementation. This triangulated framework strengthens the Company's overall sustainable development governance capacity.



- Evaluate and approve the Company's ESG strategic planning, objectives, framework, and policies;
- Assess the relevant ESG-related risks and their significance to the Company;
- Review and endorse the disclosure of pertinent information, including the Company's ESG report;
- Examine any major negative ESG events that may arise;
- Oversee the effective implementation of the Company's ESG management operations.



- Ensure the corporate's position and performance on globally relevant ESG issues are in line with contemporary and international standards; formulate and propose updates to the corporate ESG-related policies covering, but not limited to, climate change, health and safety, environment, human rights, and anti-corruption;
- Advise on climate change mitigation initiatives, greenhouse gas (GHG) reduction targets, green product development, clean energy technology adoption, and operational safety and stability protocols;
- Conduct studies, analyses, and risk assessments on ESG matters, and propose ESG strategies, targets, and policy enhancements;
- Coordinate and monitor ESG policy implementation, management performance, and goal attainment progress, and provide corrective action recommendations;
- Review and submit ESG reports to the Board of Directors;
- Evaluate material ESG-related matters requiring board-level attention;
- Exercise other ESG-related powers granted by the Board of Directors.



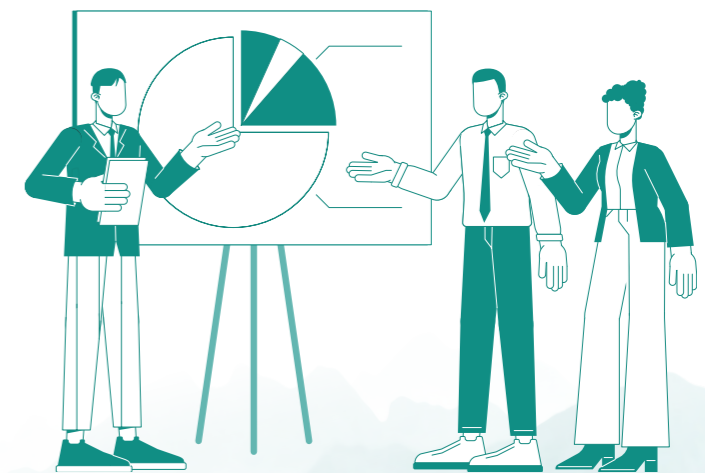
- Research and formulate ESG policies and action plans aligned with the Company's strategy and ESG objectives;
- Oversee day-to-day ESG-related risks and matters, which includes compliance monitoring and incident response protocols;
- Liaise with relevant functions, subsidiaries and branches to ensure effective ESG implementation and resolve any execution bottlenecks;
- Collect, consolidate, and draft ESG disclosure documents for ESG reporting;
- Other ESG tasks.

## ESG Strategy and Institutional System

The Company places strong emphasis on its ESG institutional framework, advancing sustainable development through top-level design. Building on the previously issued *Measures for Environmental, Social and Governance (ESG) Management of Northern Rare Earth* and its ESG indicator management system, the Company developed the *15th Five-Year ESG Plan of Northern Rare Earth in 2025*. It also formulated policy statements addressing four key issues: human rights, community relations, biodiversity, and climate change. As a result, a comprehensive and well-structured ESG institutional system with clear objectives has been established, strengthening integration with daily operations and promoting systematic, long-term ESG governance.

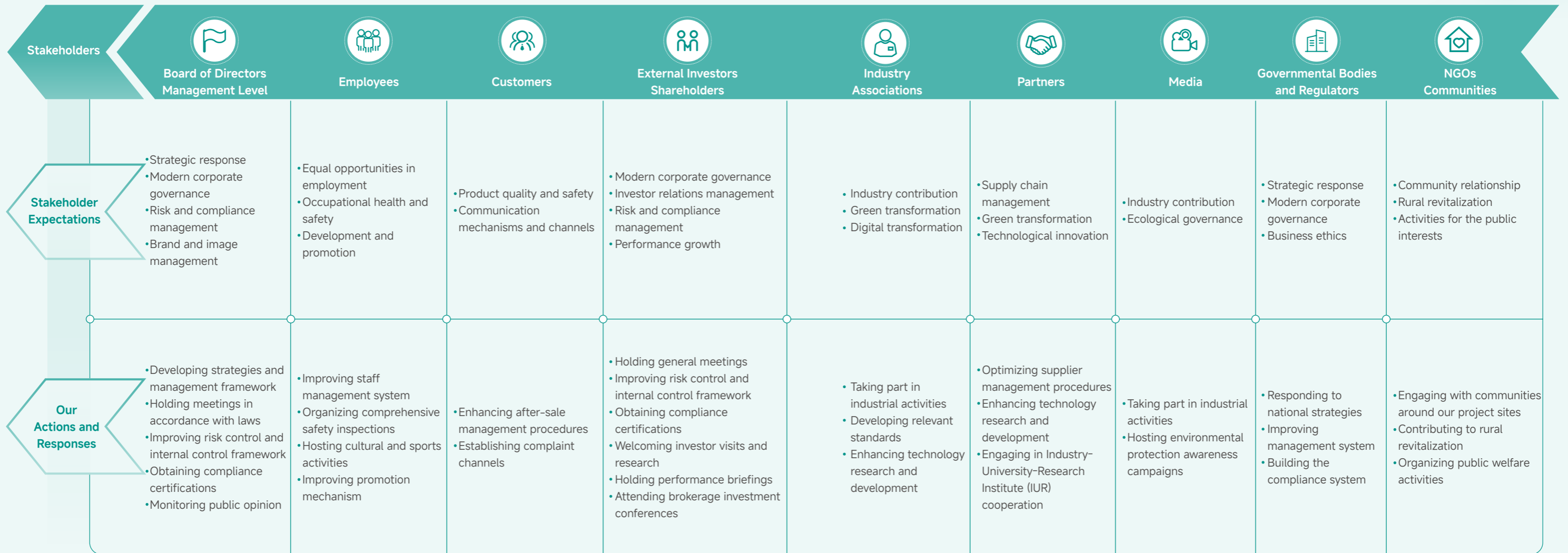
## ESG Oversight and Due Diligence

The Company has established an ESG oversight and assessment mechanism, integrating departmental information disclosure into performance evaluations and dynamically optimizing relevant indicators. It also conducts due diligence in accordance with applicable guidelines, strictly supervises procedural standardization, ensures the full integration of due diligence into the governance structure, and promotes the incorporation of sustainable development goals into business operations.



# Communication with Stakeholders

During its operational development, the Company fully addresses and respects the legitimate concerns and expectations of all stakeholders. By establishing regular and diverse communication channels, it actively listens to and responds to stakeholder concerns, while striving to build long-term, and mutually trusting cooperative relationships.



## Material Issues Analysis

The Company conducts materiality assessments of ESG issues based on two dimensions: "materiality to the Company's financial performance" and "materiality to economic, social and environmental impacts". It fully solicits the views and expectations of various stakeholders, and evaluates and prioritizes the issues accordingly.

### Determination of Double Materiality Issues



Identification

- By referencing core indicators from domestic and international ESG reporting guidelines, such as the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, and the *Global Reporting Initiative (GRI) Sustainability Reporting Standards*, and aligning with national policies and industry characteristics, the Company has systematically identified and organized key ESG issues.



Assessment

- The Company conducts issue assessment and performs quantitative analysis based on survey results to understand the issues' materiality to its finance, economy, society and environment.



Ranking and Confirmation

- The Company establishes its 2025 matrix of issues, and ranks these issues from high to low in terms of materiality.

## Matrix of Material Issues

China Northern Rare Earth (Group) High-Tech Co., Ltd.  
2025 ESG Report Materiality Matrix



**Dual Materiality** Innovation-Driven Development, Product Safety & Quality, Occupational Health & Safety, Climate Change Response, Energy Efficiency & Utilization, and Digital Transformation

Spotlight

## Smart Innovation Powers the Two Rare Earth Bases Development, Charting a Green Industry Future

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company fully implements the guiding principles of the 20th National Congress of the Communist Party of China and subsequent plenary sessions of the 20th CPC Central Committee. It also follows General Secretary Xi Jinping's important instructions regarding the development of Inner Mongolia and the rare earth industry. With the goal of fostering a strong sense of community for the Chinese nation, the Company fully, accurately, and comprehensively applies the new development philosophy. It coordinates high-quality development with high-level security and remains committed to its vision of becoming a world-class leader in the rare earth sector. The Company fulfills its responsibility as the principal force in developing the Two Rare Earth Bases. Upholding intelligent, green, and integrated development, and treating reform and innovation as its fundamental driving forces, the Company focuses on its core responsibilities and primary businesses. It vigorously advances new quality productive forces, strengthens core functions, and enhances core competitiveness. Through these efforts, the Company is well positioned to achieve higher-quality, more efficient, fairer, more sustainable, and safer development, while safeguarding the security and stability of China's rare earth industrial and supply chains.

### Performance on Two Rare Earth Bases

#### Sustained consolidation of industrial-scale leadership

A total of 32 projects commenced construction during the year, of which 15 were completed and placed into operation. Output of major products, including rare earth smelting and separation products, rare earth metals, magnetic materials, hydrogen storage materials, and polishing materials, all reached record highs.

#### Sustained Intensification of R&D Investment

R&D intensity in the rare earth sector has consistently remained above 5%. Phased tasks under eight national major science and technology projects and twelve autonomous regional science and technology breakthrough projects were completed. The Company developed three new technologies and four sets of new equipment and achieved breakthroughs in two core technologies. Throughout the year, 130 patents were granted, including six international patents and 79 inventions. In addition, 82 standards were issued, of which two were international standards. As a result, the Company's independent innovation capability has continued to strengthen.

#### Sustained Elevation of Industrial Influence

Taking the lead in promoting and implementing the *Regulations on Rare Earth Management*, the Company developed the Rare Earth Price Index and released it at the 2025 Xinhua Index Boao Annual Conference, providing an effective price benchmark for rare earth transactions across the industry. It also advanced the green transformation of the entire rare earth industrial chain by leveraging the Rare Earth EPD Platform and completed EPD certification for 11 products during the year.

## Building Platforms for Collaborative Innovation

Scientific and technological innovation platforms are essential vehicles for strengthening innovation capacity. In alignment with national strategies and practical business needs, the Company has promoted the deep integration of scientific research and industrial development and continuously strengthened the construction of such innovation platforms. During the 14th Five-Year Plan period, the Company fully implemented the innovation-driven development strategy, deepened reforms of scientific and technological systems and mechanisms, and made substantial progress in improving the innovation system, accelerating platform development, and facilitating the transformation of scientific and technological achievements. Building on its industrial-scale advantages, the Technology Innovation Center for Rare Earth New Materials has brought together academicians and industry experts to conduct research in eight key areas, including green and low-carbon rare earth extraction, magnetic materials, optical functional materials, and energy storage materials, thereby advancing new pathways for the high-value utilization of rare earth resources and green, efficient production.

### Case Study Unveiling of the Joint R&D Base for Rare Earth Bio-metallurgy by the Industrial Technology R&D Center and Technology Innovation Center for Rare Earth New Materials

In June 2025, the Joint R&D Base for Rare Earth Bio-metallurgy, co-established by the Company's Industrial Technology R&D Center and the Technology Innovation Center for Rare Earth New Materials, was officially inaugurated at the Smelting Branch of (Huamei). Leveraging world-leading synthetic biology-based rare earth recovery technologies, the base fully capitalizes on the Company's integrated industrial chain application scenarios and supporting services, while enabling technology transfer through the Technology Innovation Center for Rare Earth New Materials. It has developed an innovation model that integrates frontier academic research, enterprise-led industrial implementation, and collaborative platform support, thereby bridging the final gap between laboratory research and industrial-scale production. Focusing on the research and development of rare earth biometallurgical separation technologies, the base is constructing engineered microbial systems to achieve efficient leaching, enrichment, and separation of rare earth elements from rare earth tailings and urban rare earth waste. At present, a pilot demonstration line with an annual processing capacity of 10 tons of rare earth tailings and ton-scale rare earth waste has been established. The base provides innovative technical support for the green and efficient separation of rare earth tailings and waste, and it effectively enhances both the recycling efficiency of rare earth resources and the added value of related products.



**Case Study** National Innovation Center for Rare Earth Functional Materials

The National Innovation Center for Rare Earth Functional Materials is the only national-level manufacturing innovation center in the rare earth sector. Focused on the incubation and early commercialization of scientific research achievements in the rare earth industry, it has established a framework comprising four centers and eleven platforms. Targeting application fields such as next-generation information technology, clean energy, and aerospace, it has built 12 industrial demonstration lines for technology transfer in areas including rare earth permanent magnets, hydrogen storage materials, rare earth alloys, and optical functional materials. A series of innovative achievements has emerged, including high-performance samarium-cobalt permanent magnet materials, rare earth-based solid hydrogen storage devices, and intelligent lighting systems using rare earth light sources. These achievements have been steadily advanced through market-oriented promotion, yielding significant results.



National Innovation Center for Rare Earth Functional Materials

**Case Study** Pilot Base for High-Purity Rare Earth Compounds

Serving as a vital bridge between laboratory research and industrial production, the pilot base focuses on four core platforms: pilot-scale wet smelting of rare earth minerals, treatment and resource utilization of "the three wastes" (waste gas wastewater, and solid waste from rare earth smelting), rare earth separation and purification, and the synthesis of fine rare earth chemicals and powder materials. Together, these four platforms cover key segments of the entire rare earth industrial chain.

**Empowering Industry to Accelerate Commercialization**

The Company closely aligns with the national agenda of securing strategic rare earth resources and advancing high-quality industrial development. It firmly assumes the responsibility of serving as a principal force in the construction of the Two Rare Earth Bases. By expanding production capacity and extending the rare earth application industry chain, the Company accelerates the conversion of resource advantages into industrial strength and economic value.

The Company focuses on bridging the final gap of technology commercialization by strengthening the alignment between technological innovation and industrial demand and accelerating the transformation of R&D outcomes into productive capacity. It seeks to promote synergistic integration and clustered development across upstream and downstream segments, thereby enhancing the resilience and overall competitiveness of the rare earth industry chain. By continuously improving the industrial ecosystem and optimizing the allocation of production factors, the Company is establishing a new model of high-quality development characterized by efficient resource utilization, industrial coordination, and innovation-driven growth. In doing so, it makes a substantive contribution to the national strategic security of rare earth resources and the industry's green and low-carbon transformation.

**Case Study** New High-Performance NdFeB Strip-Casting Alloy Project

The new high-performance NdFeB (neodymium-iron-boron) strip-casting alloy project undertaken by the Company's subsidiary, Northern Magnetic Materials, represents a strategic initiative to capitalize on policy opportunities and market demand, while advancing the development of downstream rare earth materials and the broader application industry chain. From the outset, the project has been designed to support intelligent, high-end, and green manufacturing. It employs advanced continuous vacuum melting equipment, supplemented by an automated batching line, automated loading and unloading systems, and an intelligent conveying system. These technologies enable precise control throughout the production process and significantly enhance operational efficiency. Upon completion, the facility will become China's largest single-site rare earth magnetic material alloy plant, offering leading quality and superior cost efficiency. It will further extend the industrial chain, strengthen supply capacity in support of the Two Rare Earth Bases, and accelerate the transformation of rare earth resource advantages into integrated upstream and downstream industrial development.

**Case Study** ZXAT Expansion of Rare Earth Metals and Alloys Project

This project is a significant initiative by the company to respond to market demand and expand production capacity. Upon completion, the annual output of rare earth metals and alloys will increase substantially. The project has also been optimized through upgrades to both process equipment and intelligent systems, improving workflow efficiency and enhancing electrolysis equipment to increase current efficiency and reduce unit energy consumption. As a result, it is expected to serve as a highly efficient, energy-saving demonstration line for rare earth metal production. In addition, an information collection system has been introduced to record key parameters, including electrolysis temperature, feed amount, voltage, and current, in real time, thereby enabling digital management of production data. Each electrolysis unit is equipped with an automatic feeder connected to a PLC control system, ensuring intelligent feed control and providing precise data support for production management.

## Supply Chain Collaboration and Industry Ecosystem Building

The Company fully implements the national strategic vision of ecological priority and green development, integrates green development into the construction of the Two Rare Earth Bases, and drives industrial upgrading through a green transformation of its development model.

Leveraging its integrated advantages in resource supply and industrial chain development, the Company reinforces its core position in the global supply of rare earth raw materials while aligning with industry transformation trends under the Dual Carbon goals. It is accelerating the development of a clean, efficient, circular, and low-carbon green manufacturing system. Through technological breakthroughs in energy conservation and emissions reduction, as well as continuous process optimization, the Company is advancing the transition of the entire value chain—from rare earth smelting and separation to new material preparation—toward lower energy consumption and emissions. It also promotes the integrated innovation of resource recycling systems and green smelting technologies, thereby improving the comprehensive utilization efficiency of rare earth resources through a circular economy model and achieving full-chain green management from source reduction to end-of-pipe treatment.



### Case Study Green Smelting Upgrade and Renovation Project

To promote the green transformation and high-quality development of the rare earth smelting industry, the Company invested in a green smelting upgrade and renovation project. Phase I is now in operation, with the full production line connected, while Phase II is under construction and progressing steadily. The project adopts internationally leading processes and, through process optimization, technological innovation, and equipment upgrades, establishes an internal recycling system for multiple resources. This approach effectively reduces the consumption of raw and auxiliary materials, as well as freshwater use, while significantly enhancing energy conservation and emission reduction performance. Overall, the project is driving the green and intelligent transformation of rare earth smelting, enabling efficient, low-consumption, and high-quality smart production. It provides strong support for the industry's green and low-carbon development goals and demonstrates the Company's firm commitment to environmental responsibility and sustainable industrial progress.

### Case Study Jinmeng's NdFeB Scrap Recycling Automatic Production Line Enters Trial Production Stage

Jinmeng's newly constructed NdFeB scrap recycling automated production line has entered the trial production stage. This project is a key component of the company's One South and One North strategy for building a ten-thousand-ton-level rare earth resource comprehensive utilization system. From the outset, the production line was designed around full-element recovery technology, overcoming the limitations of conventional rare earth recycling. Its equipment, processes, and degree of automation are industry-leading, enabling the comprehensive recovery and utilization of metal elements from scrap. The line further advances the resource recycling model integrating PrNd metal and scrap, while filling a gap in rare earth scrap processing in Inner Mongolia. It provides strong momentum for regional industrial upgrading and the efficient utilization of recycled resources.

The Company leverages the development of a green manufacturing system as a key driver to comprehensively advance energy conservation, carbon reduction, water conservation, emission reduction, and cleaner production, thereby accelerating the industry's transition toward low-carbon, circular, and sustainable development. By the end of 2025, three of the Company's subsidiaries/branches had been recognized as National Green Factories; five had obtained Autonomous Region-level Green Factory certification; four had been designated as Municipal Green Factories; four products had received the National Green Design Product title; one product had been awarded the Provincial Green Design Product title; and three subsidiaries/branches had been awarded Provincial/Autonomous Region Green Supply Chain honors. Collectively, these achievements have provided strong impetus for establishing the Two Rare Earth Bases as a benchmark for green and low-carbon development in the industry.



# 01 Governance & Corporate Foundation

The Company adheres to the Party's political leadership, refines its governance structure and decision-making and oversight mechanisms, upholds business integrity, and strengthens anti-corruption efforts. It also enhances compliance management, risk prevention and control, and audit supervision capabilities. In addition, the Company maintains efficient and transparent communication with investors, safeguards the legitimate rights and interests of shareholders, accelerates digital transformation, and reinforces information security defenses, thereby ensuring that long-term development is supported by robust governance.

## 2025 Performance Highlights

Board meetings **10**

Anti-corruption training coverage rate **97%**

Total number of compliance risk training sessions **14**

## Contribution to UN SDGs



## Enhancing Governance Performance

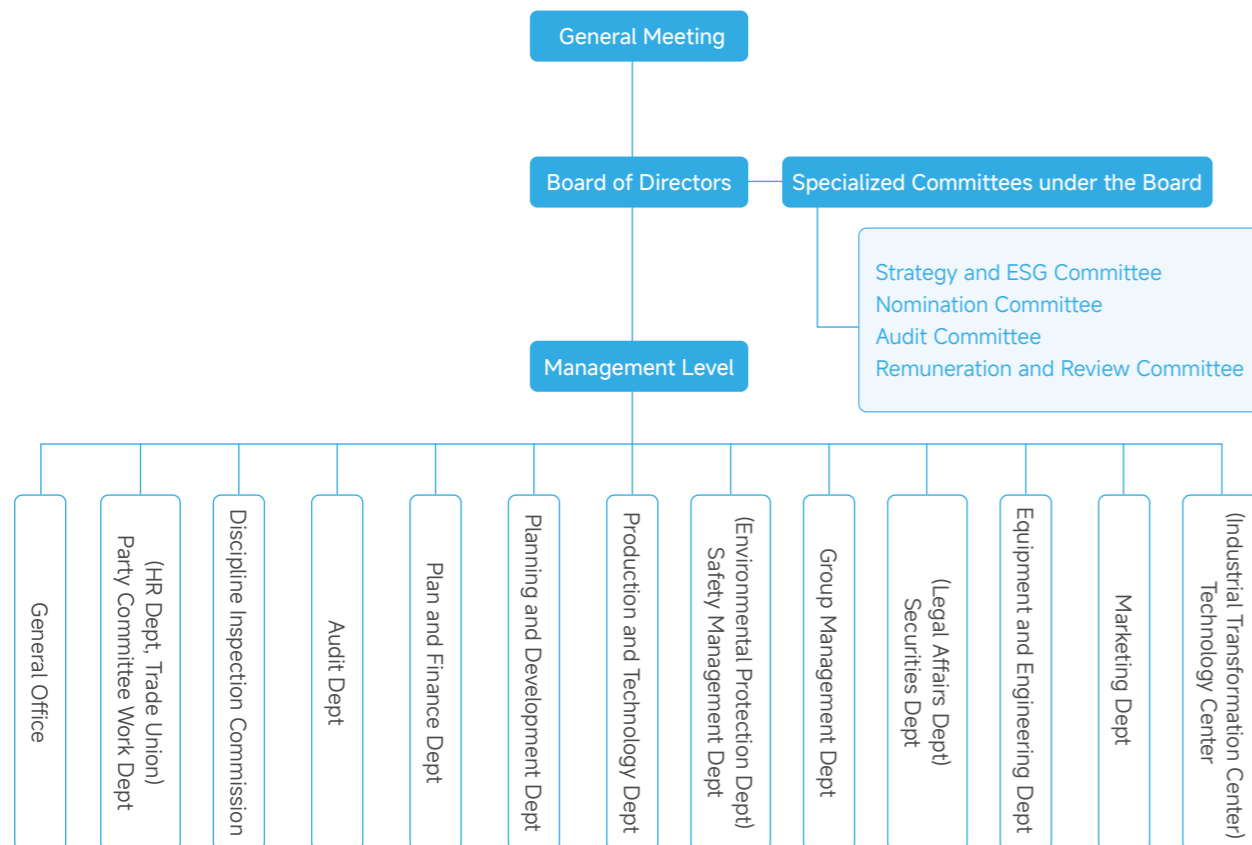
The Company strictly complies with the *Company Law*, the *Governance Guidelines for Listed Companies*, and other applicable laws and regulations. It continues to advance the reform of state-owned enterprises by clearly defining the powers and responsibilities of each governance body, thereby establishing a modern corporate governance system characterized by legally defined and transparent rights and responsibilities, coordinated operation, and effective checks and balances. Through improved systems, optimized mechanisms, and strengthened oversight, the Company consolidates its governance foundation, enhances governance effectiveness, and ensures that robust governance provides a strong guarantee for high-quality development.

## Organizational Structure

The Company has established a corporate governance structure with clearly defined responsibilities and efficient coordination. A decision-making framework comprising the General Meeting, the Party Committee, the Board of Directors and its special committees, and the executive management team ensures the Company's strategic direction, governance standards, and long-term sustainable development.

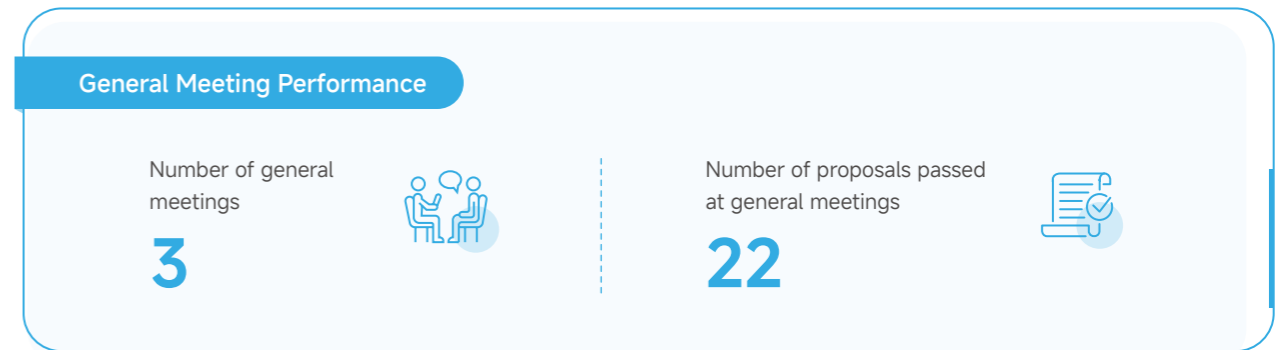
At the operational management level, the Company has established functional departments, including the Group Management Department, Production Technology Department, and Planning and Finance Department. Working in coordination, these departments support strategic planning, production operations, financial risk control, technological innovation, market development, supply chain management, and digital transformation. Collectively, they constitute an integrated management system that spans the entire operational process and strengthens organizational capacity for the Company's high-quality, sustainable development.

Organizational Chart of the Management Body



## General Meeting of Shareholders

In strict compliance with the *Company Law*, the *Rules for General Meetings of Listed Companies*, the *Rules of Procedure for General Meetings*, and other applicable laws, regulations, and the Company's articles of association, the Company standardizes the convening, conduct, and voting procedures of general meetings. This ensures the equal protection of all shareholders' rights, particularly those of small and medium-sized shareholders, including the rights to information, participation, inquiry, and voting.

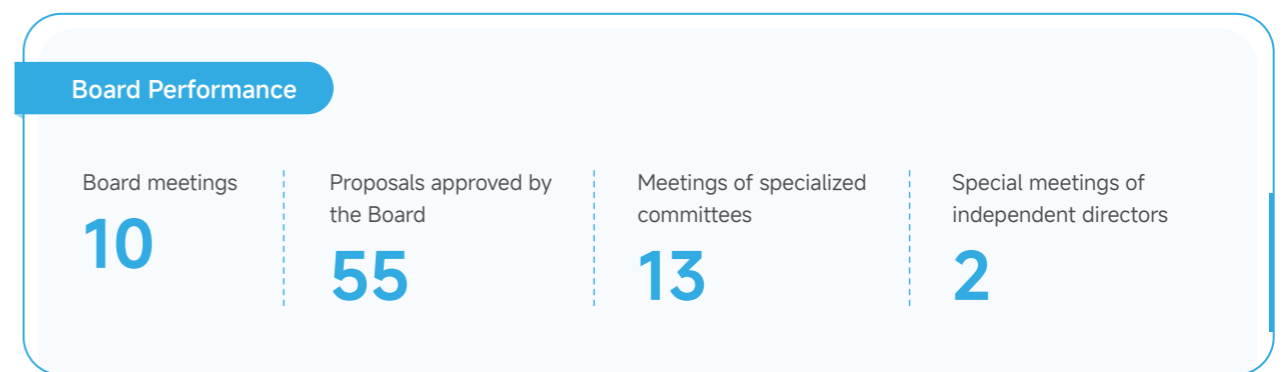


## Board of Directors

As the Company's operational decision-making and executive body, the Board of Directors fulfills the functions of strategic planning, decision-making, and risk prevention. It is accountable to the general meeting and oversees the Company's assets in accordance with law. The Board has established four special committees: the Strategy and ESG Committee, the Nomination Committee, the Audit Committee, and the Remuneration and Review Committee. Each committee exercises its authority in accordance with its respective charter.

Comprising 14 members, with independent directors representing 35.71%, the Board benefits from a diverse array of professional expertise in rare earths, finance, and industrial economy. This diverse composition not only enriches the board's structure but also establishes a robust foundation for informed and scientific decision-making within the Company.

The Company fully leverages the professional expertise and advisory role of its independent directors. Current independent directors are invited to deliver a series of thematic lectures aligned with their respective research areas, thereby diversifying the forms of duty performance, broadening professional perspectives, enhancing employee capabilities, and supporting the strategy of building a talent-strong enterprise. The Company continues to implement the requirements of the independent director system, ensuring that independent directors play a greater role in decision-making, oversight and checks and balances, and professional consultation. These efforts provide strong support for accelerating the Company's development into a world-class leader in the rare earth sector.



### Case Study Themed Lecture Delivered by Independent Directors

In March 2025, the Company hosted a themed lecture delivered by an independent director on Artificial Intelligence and the Transformation and Upgrading of Corporate Financial Management. The lecture addressed the development of a world-class financial management system, the digital transformation of finance, and frontier practices in digital and intelligent development. By fully leveraging the independent director's professional expertise, the Company strengthened its efforts to cultivate versatile, high-quality talent. Over the past two years, the Company has organized nine themed lectures by independent directors, with cumulative attendance exceeding 1,200, thereby firmly supporting its talent-strengthening strategy.



Themed Lecture Delivered by Independent Directors

## Ensuring Ethical Compliance

The Company regards integrity and compliance as the foundation of its development. It continuously improves its business ethics code and integrity management system, strengthens risk prevention and targeted rectifications in key areas, and enhances internal audit oversight and compliance review mechanisms. Through coordinated, multi-dimensional efforts, the Company reinforces its defenses for lawful and compliant operations and supports high-quality development through a clean and principled corporate culture.

## Upholding Business Ethics

The Company strictly complies with business ethics standards, including the *Fair Competition Law of the People's Republic of China*, and has established the *Guidelines on Anti-Monopoly, Fair Competition, Anti-Bribery, and Trade Secret Protection*. In ensuring fair competition efforts, the Company systematically investigates and addresses practices such as false advertising and bid rigging, and adopts legal measures to safeguard market order. In anti-bribery management, it has implemented prevention and reporting mechanisms to foster a culture of integrity. Meanwhile, the Company has strengthened its trade secret protection system by enhancing the management of personnel and information carriers to ensure the security of core business information.

## Enhancing the Policy Framework

The Company strictly complies with the *Regulations on Disciplinary Actions Under the Communist Party of China* and the *Regulations on Disciplinary Actions for Managers of State-Owned Enterprises*, among other applicable legal requirements. It continuously strengthens its integrity and business ethics framework by revising core policies, including the *Implementation Plan for Strengthening Oversight of the Top Leader and the Leadership Team*, the *List of Decision-Making Matters*, and the *List of Matters Requiring Preliminary Party Committee Review*. Guided by the principle of error correction, rectification, and accountability, the Company enhances follow-up supervision of issues identified through inspections and audits, thereby promoting the integration of corrective actions and systemic improvement and establishing a solid institutional basis for compliant operations and clean governance.

## Enhancing Clean Governance

The Company remains firmly committed to advancing Party conduct and integrity building and to combating corruption. It strengthens risk prevention and control for clean governance across Party organizations at all levels, with particular attention to areas where power is concentrated and capital and resources are highly concentrated. Targeted oversight is conducted over critical processes such as bidding and tendering, procurement of materials, and investment decision-making. The Company applies the Four Forms of supervision and discipline with precision, maintaining a sustained high-pressure stance against corruption.

The Company deepens the practice of using case-based learning to promote rectification and governance. By organizing disciplinary warning education meetings and conducting immersive educational visits to integrity exhibition halls and detention centers, it strengthens the awareness of integrity and self-discipline among Party members and cadres. It also delivers integrity-themed Party lectures at the grassroots level, integrating disciplinary training with Party member education to build a multifaceted ideological defense line. At the same time, the Company fully implements the spirit of the Central Committee's Eight-Point Regulation, continuously addresses the Four Forms of Decadence, closes risk loopholes, and safeguards the Company's high-quality development through a clean and upright corporate culture.

The Company has implemented a comprehensive anti-corruption program with focused rectification campaigns in bidding and procurement, R&D funding, and official vehicle use. Through inspections, audits, and compliance reviews, it has rigorously addressed violations including improper hospitality and self-dealing practices. Updated management policies, significant fleet reductions, and lower operating costs have been achieved, while supervisory effectiveness and integrity risk controls continue to be strengthened.

### Performance in Anti-Corruption and Integrity Management

Metric	2025 Value
Number of anti-corruption training sessions	48
Of which: Management-level anti-corruption training sessions	42
Employee-level anti-corruption training sessions	6
Total hours of anti-corruption training	77
Of which: Management-level anti-corruption training hours	68
Employee-level anti-corruption training hours	9
Total attendance in anti-corruption training	32,323
Of which: Management-level attendance in anti-corruption training	3,552
Employee-level attendance in anti-corruption training	28,771
Anti-corruption training coverage rate (%)	97
Percentage of directors receiving anti-corruption training (%)	91
Percentage of management personnel receiving anti-corruption training (%)	100
Percentage of employees receiving anti-corruption training (%)	80

**Case Study** 2025 Work Conference on Party Conduct, Integrity, and Anti-Corruption

In April 2025, the Company convened its work conference on Party Conduct, Integrity, and Anti-Corruption, together with a disciplinary warning education meeting. The conference communicated the spirit of the plenary sessions of the higher-level discipline inspection commission, outlined key tasks for the year, and required Party organizations at all levels to fully implement the spirit of the Central Committee's Eight-Point Regulation, intensify efforts to strengthen discipline, improve conduct, and combat corruption. Participants collectively viewed the warning education video *Building a New Type of Clean Government-Business Relationship*. The conference further reinforced the responsibility of Party committees for governance and discipline, thereby fostering a clean and upright political environment to support the Company's high-quality development.



2025 Work Conference on Party Conduct, Integrity, and Anti-Corruption

**Case Study** Xi'aoke Holds Themed Party Day Activity on Integrity Education

In July 2025, Xi'aoke organized Party members and Party applicants to visit the Baogang Integrity Education Exhibition Hall for a themed Party Day activity. All Party members solemnly faced the Party flag and reaffirmed their Party oath. Through viewing typical warning cases and realistic exhibits, they gained a deeper understanding of the harms of corruption and underwent a profound ideological purification. This activity encouraged Party members and cadres to strengthen their defenses against corruption and moral erosion, maintain a strong sense of integrity and self-discipline, and consistently uphold the political qualities of loyalty, integrity, and responsibility.



Themed Party Day Activity on Integrity Education at Xi'aoke

**Whistleblowing Channels**

The Company has established a three-dimensional, online-and-offline supervision and reporting network. It has standardized the installation of physical complaint boxes and public notice boards across all subsidiaries, publicized reporting hotlines, and expanded online supervision channels through the Clean Wind in Baogang platform. The Company strictly implements procedures for handling petitions and reports, and applies unified registration and closed-loop management to written letters, phone calls, in-person visits, and online submissions, thereby effectively safeguarding the supervision rights of employees and the public.

The Company strictly implements measures to protect whistleblowers, strengthens internal confidentiality mechanisms, allows anonymous reporting, and prohibits unauthorized verification of information related to anonymous whistleblowers. Any intentional disclosure of informant information or retaliation against whistleblowers will be subject to severe accountability upon verification, thereby effectively safeguarding their legitimate rights and interests.

**Strict Control of Compliance Risks**

The Company integrates compliance management into all aspects of its operations. It has formulated and implemented the *List of Compliance Review Authorities*, clearly defining compliance review responsibilities and authority boundaries at every level to advance the optimization and enhancement of its compliance management mechanism. With a focus on legal risk prevention and internal audit supervision, the Company strengthens policy implementation, standardizes processes, and deepens professional training and capability development. Through systematic and refined compliance controls, the Company safeguards lawful operations and sustainable development.

The Company formulated the *Measures for the Identification and Assessment of Compliance Risks* and conducted risk identification, evaluation, and early warning. It embedded compliance review into business processes, with a focus on key areas such as project investment and engineering construction, and strengthened risk prevention measures and implementation oversight. In addition, the Company conducts regular risk inspections, dynamically updates the risk prevention and control list, and continuously enhances its capabilities in risk identification and response, thereby laying a solid foundation for stable operations and the achievement of strategic objectives.

**Risk Control and Compliance Training Performance**

Total hours of compliance risk training

**35**

Total attendance in compliance risk training

**1,000**

Total number of compliance risk training sessions

**14**

**Legal Compliance**

The Company has strengthened its legal compliance management system by formulating, revising, and implementing institutional documents, including the *Measures for Legal Dispute Management of Northern Rare Earth*. It has clarified responsibilities and authorities for contract management, standardized procedures and criteria for legal services, reinforced mechanisms for the prevention and resolution of legal disputes, and enhanced the professional quality of legal services, thereby providing robust legal support for the Company's law-based operations and standardized management.

**Case Study** Special Training on Legal Dispute and Legal Service Management Policy

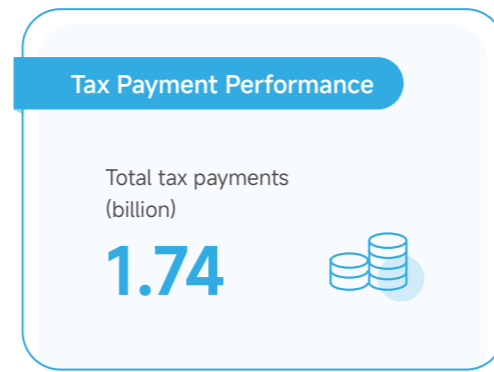
In January 2025, the Company conducted specialized training on policies related to legal disputes and legal services. The session provided a systematic interpretation of the *Measures for Legal Dispute Management of Northern Rare Earth* and the *Measures for Legal Service Management of Northern Rare Earth*, and addressed issues identified in legal and compliance inspections conducted in 2024. The training further standardized the Company's legal affairs management procedures and enhanced the professional competence and risk prevention capabilities of legal department.



Special Training on Legal Dispute and Legal Service Management Policy

## Lawful Tax Payments

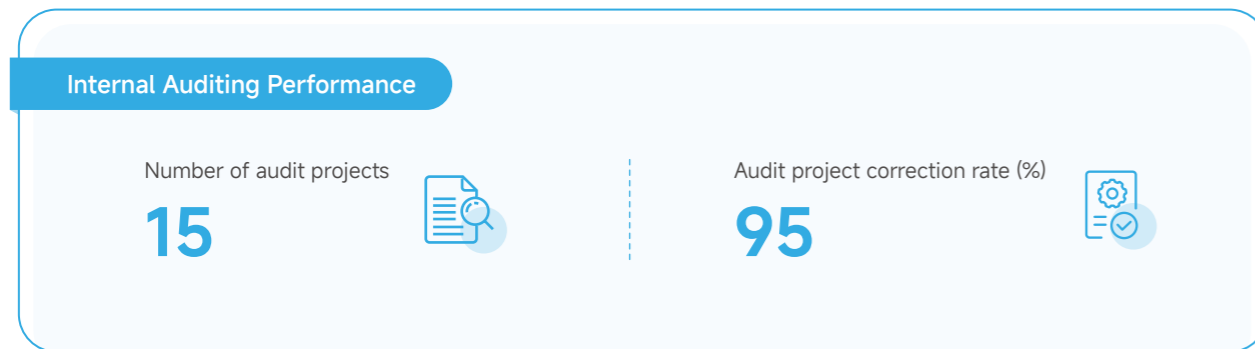
The Company strictly complies with national tax policies and regulations, as well as those of the regions in which it operates. It has established the *Tax Administration Measures of Northern Rare Earth*, continuously standardizes tax payment practices, ensures accurate tax calculation, and timely completes tax declaration and payment. Meanwhile, it strengthens whole-process dynamic supervision to prevent tax risks.



## Internal Auditing

The Company has advanced internal audit reform and established a series of regulations, including the *Internal Audit Management Measures* and the *Measures for Auditing Economic Responsibilities of Principal Executives*. In accordance with the requirement of full audit coverage, it conducts thorough audit supervision by focusing on key tasks and high-risk areas. The Company also continuously strengthens the audit team through professional training. It maintains ongoing follow-up on audit findings, regularly monitors rectification progress, and reinforces rectification accountability. These measures effectively prevent and mitigate operational risks while providing strong support for operational management and decision-making.

In 2025, the Company successfully completed 15 audit projects focused on annual priorities, key subsidiaries, and major risk areas.



### Case Study The Company Attended an Audit Professional Training on Construction Projects at Baogang Group

In November 2025, the Company organized key personnel involved in construction project management from all affiliated entities to participate in professional training on construction project auditing hosted by Baogang Group. Centered on the core elements of the full project lifecycle, engineering audit methods, and post-project evaluation framework development, the program combined classroom instruction with case analysis. It systematically enhanced participants' professional expertise and practical capabilities, laying a solid foundation for the further standardization of the Company's construction project management and supporting high-quality development.



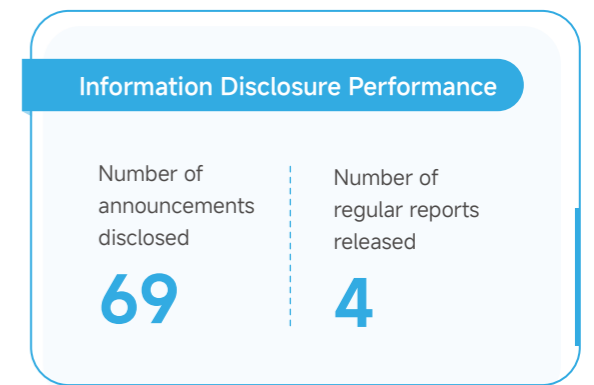
Audit Practice Training

## Investment Accountability

The Company places great importance on investor relations and adheres to an investor-oriented business philosophy, recognizing it as essential to strengthening corporate governance and enhancing corporate value. It responds promptly to market and investor inquiries, continuously improves the accuracy and completeness of information disclosure, effectively protects shareholders' legitimate rights and interests, and seeks to advance the coordinated growth of enterprise value and shareholder returns.

## Information Disclosure Compliance

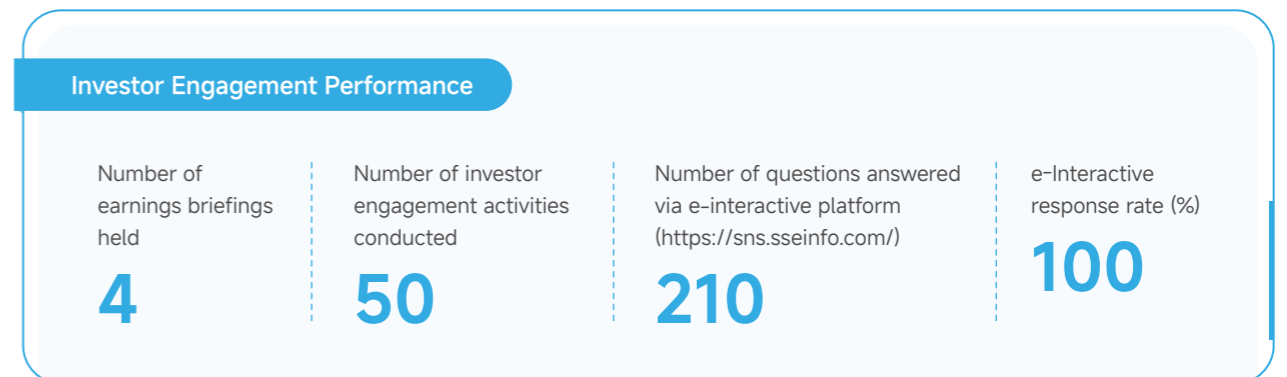
The Company strictly complies with laws and regulations, including the *Company Law*, the *Securities Law*, and the *Measures for the Administration of Information Disclosure of Listed Companies*. It ensures that information disclosure is truthful, accurate, complete, timely, and fair, thereby communicating corporate development information to investors, enhancing transparency, improving investor satisfaction, and safeguarding the legitimate rights and interests of investors, including their right to know. In 2025, the Company disclosed 4 periodic reports and 65 ad hoc announcements, submitting a total of 114 documents to the Shanghai Stock Exchange. The Company was awarded Grade A (Excellent) in the Shanghai Stock Exchange's 2024-2025 information disclosure assessment.



## Investor Relations

The Company integrates the protection of investors' rights and interests throughout the entire process of high-quality development. It regularly holds earnings briefings and general meetings of shareholders, proactively communicates operational updates and investment value through the Shanghai Stock Exchange E-Interaction platform and new media channels, continuously enhances the frequency and quality of investor communication, and safeguards investors' legitimate rights and interests, including the right to information.

The Company has been recognized for two consecutive years by the China Association for Public Companies with the Outstanding Board Office Practice Case and the Best Case for Annual Earnings Briefings. This achievement reflects strong recognition from regulators, investors, and the capital market of the Company's performance briefings and investor relations management.



**Case Study** The Company Hosted 20 Institutional Investors for a Research Visit

In July 2025, the Company hosted 20 institutional investors for a research visit, including Changjiang Securities, China Asset Management, and E-Fund. The parties engaged in in-depth discussions regarding industry development trends, the Company's strategy, and progress on key projects. Leveraging its strong operating performance and industry influence, the Company continues to attract considerable attention from the capital markets. The Company adheres to an investor-centric approach, innovates its communication methods, enhances mutual trust and understanding, and strives to improve its investor relations management capabilities, thereby supporting its goal of becoming a world-class leader in the rare earth sector.

**Case Study** The Company Hosted the SSE "I Am a Shareholder" Event for Investors

In August 2025, Northern Rare Earth hosted the Shanghai Stock Exchange's "I Am a Shareholder" event, one of the most sought-after visits among investors to listed companies. More than 50 investors toured the production lines and museum, gaining a firsthand understanding of the Company's innovation achievements and development strengths. During the Q&A session, management addressed investors' questions on development strategy, business planning, and related matters individually, fostering open and substantive on-site dialogue. The event established an efficient and transparent communication platform and reflected the Company's open and inclusive approach to investor relations management.



"I Am a Shareholder" Event for Investors

## Shareholder Return Commitment

The Company adheres to an investment-oriented approach, fully respects shareholders' statutory rights to asset returns, and upholds the operating philosophy of rewarding investors with strong performance. It formulates and implements the profit distribution policy set forth in its Articles of Association, as well as its shareholder return plan. Through a sustained, stable, and transparent cash dividend policy, the Company effectively safeguards investors' reasonable investment returns.

In 2025, the Company implemented its 2024 profit distribution plan, distributing a total of 127 million yuan in pre-tax cash dividends to all shareholders. Since its listing, the Company has paid dividends 22 times, with cumulative dividend payments totaling 5.546 billion yuan, ranking first among listed rare earth industry companies in dividend scale and delivering substantial returns to shareholders and investors.

Since its listing, the Company has paid dividends

**22** times



with cumulative dividend payments totaling

**5.546** billion yuan



## Advancing Digital-Intelligent Transformation

The Company regards digital and intelligent transformation as a core driver in its efforts to become a world-class leader in the rare earth sector. It continually enhances its digital and intelligent architecture by establishing a leadership team for IT and intelligent development, strengthening top-level planning, formulating an overall strategic plan, and monitoring its implementation. A dedicated office coordinates the development of digital and intelligent infrastructure, improves digital, intelligent, and information security management systems, deepens collaboration among industry, academia, and research institutions, and supports talent development. Through systematic planning, the Company fully harnesses the value of digital and intelligent technologies, creating a strong foundation for high-quality development.

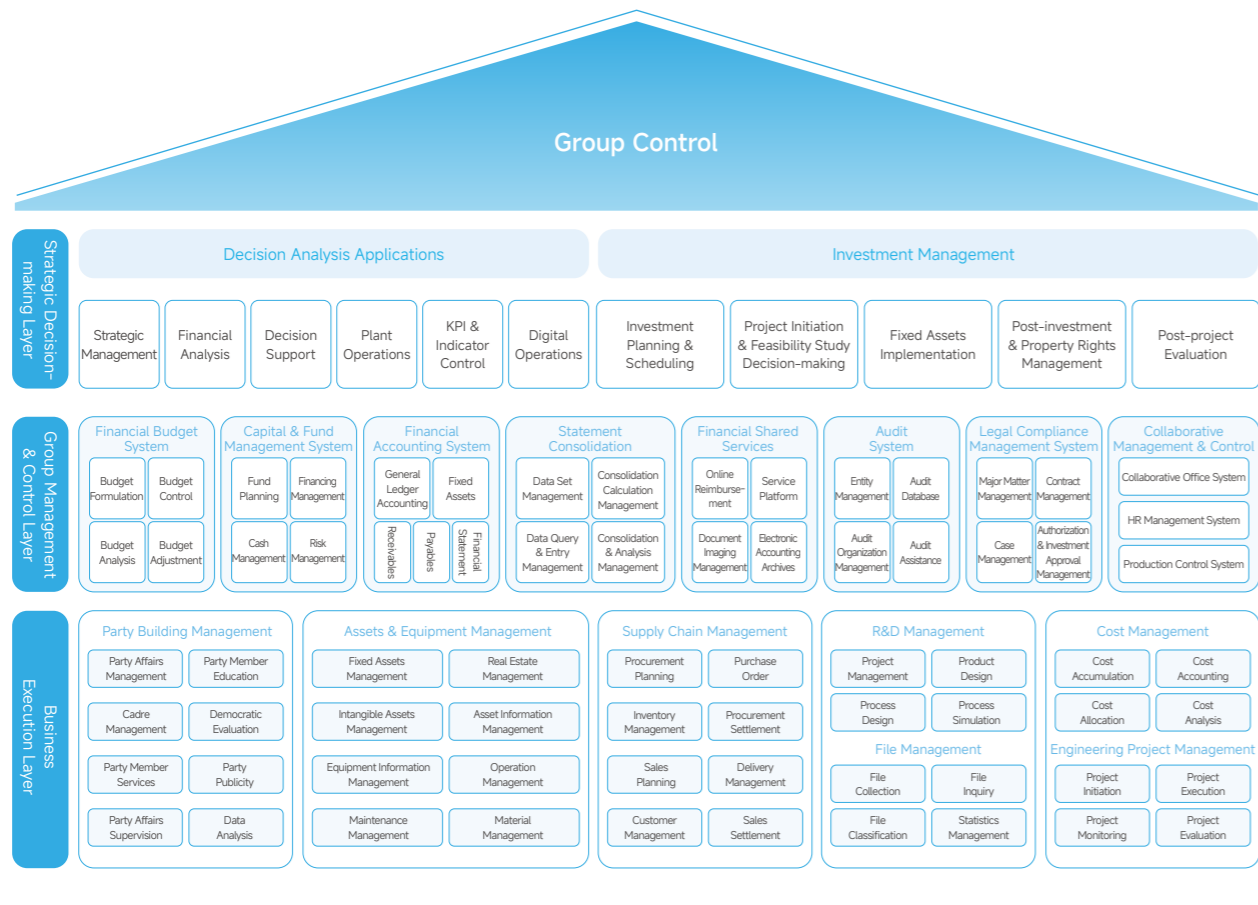
## Governance

The Company has established an Information and Intelligent Technology Group as a dedicated unit for digitalization, responsible for coordinating digital and intelligent planning, project management, and policy development. The team covers three core business areas—infrastructure support, smart operations, and intelligent production—forming an organizational structure with clearly defined responsibilities and specialized collaboration to advance the implementation of the digital and intelligent transformation strategy.

The Company advances the intelligent development of its operational management and control systems. Focusing on three levels—business execution, group management and control, and strategic decision-making—it is building a group-level smart operations management system, accelerating the integration of digital and intelligent technologies, and steadily establishing a new model of information-based management and control. These efforts help drive digital transformation across all business areas. In parallel, the Company develops a data acquisition and visualization platform. Through data aggregation, optimization, and standardization, it conducts indicator analysis and visualization applications, thereby providing accurate data support for strategic decision-making. The Company also promotes the intelligent development of production management. By emphasizing equipment automation, centralized control, automated material handling, smart sensors, and smart instruments, it marches toward a high level of equipment automation. In addition, it accelerates the deployment of MES (Manufacturing Execution Systems) across major production units to optimize the allocation of resources related to manufacturing efficiency, cost, and quality, while continuously strengthening the foundation for smart manufacturing. With respect to infrastructure, the Company has established a unified platform through the Northern Rare Earth private cloud platform, a comprehensive Northern Rare Earth data network system, a security defense system, and a video conferencing system, as well as the completion of the Northern Rare Earth centralized control center. Together, these initiatives provide a solid foundation for digital transformation.



### Smart Operations Architecture for Digital Transformation



## Strategy

The Company has positioned its strategy around building a smart rare earth ecosystem and becoming a world-class leader in the rare earth sector. It has applied advanced technologies, including cloud computing, big data, the Internet of Things, mobile internet, artificial intelligence, and blockchain, to support business development. Centered on the construction goals of one platform, five lines, two supports, and one set of standards, the Company has developed a digital model characterized by intelligent operational management and smart production operations. This approach continues to create value through cost reduction, efficiency improvement, energy conservation, emissions reduction, and compliant operations, thereby strengthening overall operational performance and competitive position.

The Company deepens industry-university-research collaborative innovation and actively engages in IT project cooperation with research institutions and industry-leading enterprises. Through technology transfer and joint R&D, it continuously enhances the level of digital and intelligent development. In project implementation, the Company promotes the deployment of intelligent equipment and integrated systems, accelerates automation upgrades and control system improvements, and steadily increases the numerical control rate of key processes and the digitalization rate of production equipment. It also introduces smart warehousing and robotic applications, using intelligent technologies to improve both production efficiency and management oversight. At the same time, the Company places strong emphasis on developing digital talent by expanding professional training and encouraging employee participation in project implementation to gain practical experience. In doing so, it is building a team of digital and intelligent professionals with solid theoretical foundations and extensive practical expertise, thereby establishing new competitive advantages in the digital economy era.

### Digital Transformation Risks and Opportunities

Risk/Opportunity	Risk/Opportunity Description	Potential Financial Impact	Influence on Decision-making	Responses	
Risk	Cybersecurity and Data Security	Data centralization expands organizational boundaries and broadens the attack surface, thereby complicating security management and elevating the risk of cyberattacks and data breaches.	Business interruptions lead to efficiency losses, data breaches trigger compliance fines and litigation compensation, while system recovery and emergency response incur additional costs.	This will affect the feasibility and sustainability of digital transformation, as well as the Company's risk control, business operations, and strategic investments.	We continuously strengthen our network protection system, monitor antivirus operations in real time, and use encryption technology to safeguard sensitive data, among other measures.
Opportunity	Empowering Industrial Development	By leveraging digital platforms to connect upstream and downstream players across the industrial chain, we can drive business model innovation and industrial ecosystem collaboration, achieving a leap from internal efficiency gains to industry-wide empowerment.	By applying automation to reduce labor costs and drive revenue growth, we can improve the collaboration efficiency of the industrial chain, lower end-to-end operating costs, and explore new markets.	This compels us to place digitalization at the core, advances the organization's transformation toward platform-based and ecosystem-oriented models, and structure resource allocation and business strategies around industrial collaboration.	We are building industry-level digital platforms to enhance data interoperability and business collaboration, deepening data analytics and intelligent applications to improve decision-making accuracy and drive value enhancement across the industrial chain.

The Company has established several internal policies, including the *Measures for the Evaluation of Digital and Intelligent Management*, the *Rules on Data Security Management of Information Systems*, and the *Emergency Response Plan for Cybersecurity Incidents*, thereby strengthening its information security governance framework. Its official website has obtained Grade-3 certification under the National Information System Security Level Protection scheme. Core systems, including human resources, engineering project management, and asset management, have completed Grade-2 protection assessments, providing a solid foundation for digital and intelligent development through standardized governance and robust security controls.



Information System Security Level Protection Certificate

**Case Study** Precise Collaboration in Software Development to Create New Management Models

In 2025, the Company advanced the deep integration of information technology and industrialization. In collaboration with strategic partners, it jointly developed an engineering project management and control system, an asset equipment management system, and a digital intelligent unified operations management platform. By leveraging the complementary strengths of all parties, the Company conducted coordinated system design, development, and implementation. The engineering project management and control system covers 23 affiliated entities and enables end-to-end digital management of project initiation, procurement, construction, and acceptance, thereby improving the standardization of project oversight. The asset equipment management system covers 18 affiliated entities, establishing a unified standards framework and enabling full-lifecycle data traceability and intelligent equipment management. In addition, Northern Magnetic Materials initiated construction of a digital intelligent unified operations management platform. Centered on an intelligent manufacturing architecture, the platform is designed to meet the lean production requirements of rare earth alloys, enhance production transparency, increase capacity, and optimize resource allocation, thereby strengthening the Company's core competitiveness.

**Case Study** Smart Production and Tiered Cultivation

In 2025, the Company continued to advance the transformation and upgrading of intelligent manufacturing. Through automation enhancements and improvements to control systems, the numerical control rate of key processes increased to 80.61%, marking a shift from limited control in certain processes to full numerical control coverage in core operations. In addition, through equipment digital retrofitting, sensor installation, and system integration, the digitalization rate of production equipment reached 60.55%. The Company also introduced robots and automated equipment, achieving a 100% substitution of human labor in 3D positions, thereby strengthening both production efficiency and management control through intelligent technologies. Meanwhile, the Company steadily advanced the tiered development of smart factories. It formulated and issued the *2025 Action Plan for the Tiered Cultivation of Smart Factories*, which clearly defines action objectives, implementation pathways, specific measures, and work requirements, effectively promoting the implementation of this cultivation strategy. As a result, the Company was recognized as an Excellent-Level Smart Factory.



**Case Study** The Company Scaling Up Its Digital and Intelligent Workforce

In 2025, the Company intensified its professional training initiatives in digital transformation, intelligent manufacturing, and IT project management, in alignment with its digital transformation strategy. Throughout the year, the Company conducted more than 20 training sessions, including participation in the Iron and Steel Industry Information Security Conference, the 5th Intelligent Manufacturing Innovation Competition, discussions on the 2025 plan for national rare earth standards and industry standards, lectures on artificial intelligence and the transformation and upgrading of corporate financial management, and training on digital and intelligent management standards, technical standards, data governance, cybersecurity, and business information system development. Participants included management and technical personnel at all organizational levels. The Company adopted a combined approach of bringing in external experts and sending employees for external learning, supplemented by online and offline formats, enabling employees to gain practical experience through benchmarking studies and project implementation. This approach has developed a cohort of digital and intelligent professionals with both theoretical knowledge and practical capabilities, thereby strengthening the talent base for enhancing the Company's digital and intelligent capabilities.



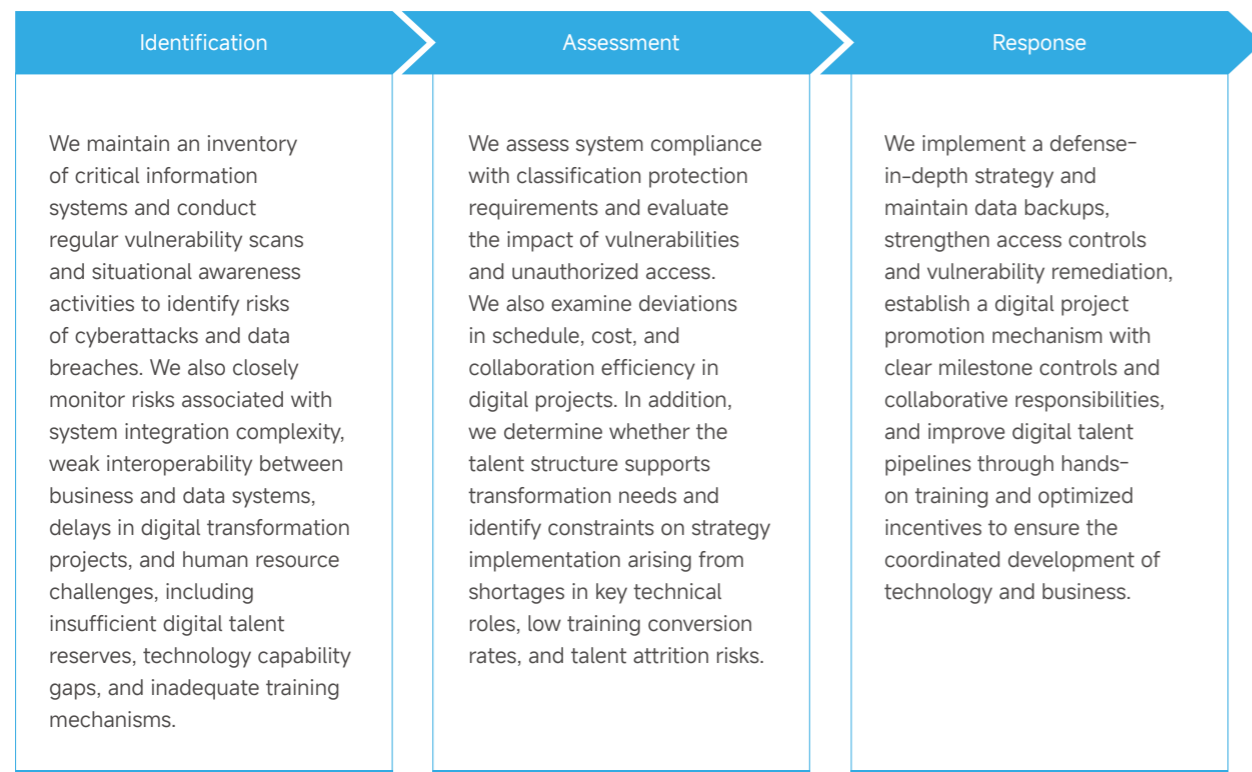
Digital-Intelligent Workforce Training

## Management of Impacts, Risks and Opportunities

In advancing its digital and intelligent transformation, the Company gives equal weight to risks and opportunities, systematically establishing a multidimensional risk control mechanism that encompasses information security, talent development, project collaboration, and related areas. In the area of information security, it has implemented asset inventories, vulnerability detection, and situational monitoring to enable proactive risk identification. In accordance with level protection requirements, it conducts compliance assessments and impact analyses, deploys a defense-in-depth framework, and reinforces data encryption, backup, and endpoint access management, thereby building a comprehensive security defense line for digital and intelligent development.

To address talent- and project-related risks during the transformation process, the Company focuses on strengthening its digital talent pipeline, increasing investment in practical training, and improving incentive and retention mechanisms to mitigate risks arising from technology capability gaps and critical position vacancies. At the same time, it has established a digital project promotion mechanism with defined milestone controls and collaborative responsibilities, while enhancing the integration of business operations and data interoperability. Through specialized training, regular drills, and end-to-end process control, the Company ensures the steady and effective advancement of its digital transformation.

### Management Process of Impacts, Risks and Opportunities



### Case Study Special Cybersecurity Training

In August 2025, the Company conducted a series of thematic cybersecurity training sessions for cybersecurity managers, technical specialists, and employees in key roles across functional departments and subsidiaries. The sessions covered networking fundamentals, industrial control security, cybersecurity awareness, and the Company's cybersecurity management requirements. This training strengthened employees' understanding of cybersecurity policies, enhanced organization-wide risk awareness and protective capabilities, and established a strong foundation for reinforcing the organization's data and information security defenses.



Special Cybersecurity Training

### Case Study Data Security Emergency Drill in the Core Server Room

In September 2025, the Company conducted a data security emergency drill simulating attack scenarios involving suspicious IP scanning and vulnerability exploitation. The emergency response team and technical personnel from the operation and maintenance provider responded promptly, implementing the full set of procedures outlined in the emergency plan, including IP blocking, incident reporting, attack assessment, and strategy optimization. The drill validated the effectiveness of the emergency response mechanism, strengthened the participants' coordinated response capabilities, and provided practical experience for enhancing the Company's data security defenses.

## Metrics and Targets

By the end of 2025, the Company had effectively completed the development of its group-level information management and control system, encompassing three tiers: business execution, group management and control, and strategic decision-making. It established an integrated information platform covering core business functions, including finance, human resources, production operations, energy, safety, procurement and sales, product traceability, equipment assets, engineering projects, and disciplinary inspection management. This platform has been deployed across all holding subsidiaries and above. Finance and human resources systems achieved full coverage at every organizational level, while production control, equipment asset management, and other systems were extensively implemented in major production units. Together, these advances have laid a strong digital and intelligent foundation for management modernization, data-driven decision-making, and operational efficiency.



## Metrics

In 2025, the Company invested 219.4355 million yuan in its digital and intelligent transformation. No data leakage incidents occurred during the year, and the Company received multiple awards in the digital and intelligent field, underscoring the successful implementation of its achievements in a secure and stable operating environment.

### Information Security Management Performance

Metric	2025 Value
Information security training	33 sessions
Total hours of information security training	60
Total attendance in information security training	125
Number of data governance items	24.6 million
Number of cybersecurity risk assessments and security hardening activities	4
Number of vulnerability scans on business system hosts	12
Number of cybersecurity emergency drills	2
Number of emergency response incident handlings	5
Number of security device signature database updates	12
Number of national cybersecurity threat intelligence handlings (batch)	53
Number of internet asset attack surface scans and penetration tests	5
Number of cybersecurity alerts handled	About 2,400
Number of network attack blocks	About 22,000 (Number of daily blocks)
Number of vulnerability remediation programs	5
Number of cybersecurity policy optimizations	30

## Targets

In 2026, the Company's digital and intelligent development will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Anchored in the strategic direction of high-end, intelligent, and environmentally sustainable development, it will fully implement national plans for digital and intelligent transformation. With a focus on intelligent production, smart operations, data valorization, and proactive safety management, the Company will prioritize optimizing data-sharing mechanisms and enhancing intelligent manufacturing capabilities, thereby systematically advancing digital-intelligent integration and the deep transformation of the entire industrial chain.



### Digital and Intelligent Management Work Targets

Dimension	Target
Production Equipment Digitalization	<ul style="list-style-type: none"> <li>CNC rate of key processes <math>\geq</math> 82%; digitalization rate of production equipment <math>\geq</math> 65%</li> </ul>
Smart Factory Construction	<ul style="list-style-type: none"> <li>15 entities meet the basic-level smart factory standards; progressively advancing to higher levels</li> </ul>
Intelligent Applications and Standards	<ul style="list-style-type: none"> <li>Develop 5 typical scenarios; establish 2-3 industry standards</li> </ul>
Supply Chain and Digitalization System	<ul style="list-style-type: none"> <li>Establish the supply chain system, and form a full-business digital support system</li> </ul>
Data Applications	<ul style="list-style-type: none"> <li>Complete data visualization projects, preliminary exploration of data-assisted decision-making</li> </ul>
Cybersecurity	<ul style="list-style-type: none"> <li>Industrial control systems of major entities achieve Level 3 Protection Standard (Grade 3)</li> </ul>

# 02 Climate Action & Decarbonization

Contribution

Green development is the fundamental guiding principle for our long-term growth. While focusing on our core business and advancing high-quality development, we coordinate efforts in clean production, low-carbon technology research and development, as well as energy conservation and consumption reduction. We continually enhance our green manufacturing capacity and implement practical measures to steadily advance the green and low-carbon transformation of the rare earth industry.

## 2025 Performance Highlights

Dedicated environmental protection expenditure (million yuan) **707**

Percentage of the Company and its affiliates with environmental management system certification

**85.71%**

Number of environmental training sessions **69**

Percentage of renewable energy consumption **7.29%**

## Contribution to UN SDGs



## Environmental Compliance Management

The Company fully integrates environmental protection requirements into strategic planning and corporate governance. It has established and refined its internal environmental management system, clarified responsibilities, strengthened supervision and assessment, and defined environmental targets to continuously enhance its capacity for ecological risk prevention and control and improve overall environmental management. In 2025, the Company incurred dedicated environmental protection expenditure of 707 million yuan.

In 2025, the Company incurred dedicated environmental protection expenditure of

**707** million yuan



## Environmental Management System

### Management Structure

The Company strictly complies with the *Environmental Protection Law of the People's Republic of China* and relevant local regulations. It has established a three-level environmental management structure with clear top-down responsibilities and authority, thereby ensuring the tiered implementation of environmental protection obligations and the orderly advancement of key initiatives. In 2025, the Company formulated the *Special Work Plan for Ecological and Environmental Protection of Northern Rare Earth* and established a dedicated leading group. This framework systematically organized the year's key environmental protection tasks, ensured the orderly and efficient implementation of environmental protection efforts, and supported the sound and stable operation of the environmental management system.

#### Environmental Management Architecture



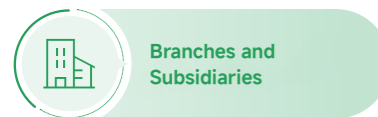
**Environmental Protection Committee**

As the Company's highest decision-making body for environmental management, the committee is fully responsible for overall coordination and strategic planning, ensuring the effective implementation of environmental objectives and strategies.



**Environmental Protection Management Department**

This department, as a specialized entity for environmental protection, is responsible for supervising, inspecting, and guiding the daily environmental protection activities of all branches and subsidiaries.



**Branches and Subsidiaries**

They serve as the accountable entities for environmental protection management, fully assuming the environmental protection responsibilities of their respective organizations. They further refine and allocate environmental protection objectives and tasks according to actual conditions to ensure that all measures are fully implemented and yield measurable results.

## Responsibility Implementation

The Company continuously improves its environmental protection management system, strengthens the foundation of environmental governance, and ensures the standardized and orderly implementation of all environmental protection activities. It requires all branches and subsidiaries to fully fulfill their primary responsibilities under the principle that the Party and government share the same responsibility, and each post has dual responsibilities (for routine work and environmental compliance). All entities are required to strictly comply with environmental laws and regulations, and sign *Environmental Governance Responsibility Agreements* to ensure clearly defined responsibilities and rigorous implementation. By the end of 2025, the Company and its 24 branches and subsidiaries had obtained ISO 14001 environmental management system certification.



ISO 14001 Environmental Management System Certificate of Northern Rare Earth

#### Environmental Management System Certification Status of the Company and Its Branches and Subsidiaries

Number of the Company and its affiliates with environmental management system certification

**24**



Percentage of the Company and its affiliates with environmental management system certification

**85.71%**



## Environmental Management Responsibilities

The Company steadily advances environmental compliance management through regular supervision, inspections, and closed-loop rectification. It strengthens source control of environmental risks, improves the emergency management system, conducts targeted training in key areas, and promotes the effective implementation of environmental protection checklists. These efforts continuously enhance management capabilities and provide a solid foundation for the Company's green and sustainable development.

## Environmental Oversight & Audit

The Company strictly complies with laws and regulations on ecological and environmental protection and oversees all branches and subsidiaries in fulfilling their primary environmental responsibilities. All pollutant-discharging entities formulate and implement self-monitoring plans, strengthen quality control, and release monitoring data on schedule. The online monitoring data of key pollutant-discharging entities are interconnected with local ecological and environmental authorities, enabling real-time data transmission.

In 2025, the Company conducted 90 special inspections covering central environmental protection supervision, solid and hazardous waste management, environmental protection equipment and facilities, rainwater-sewage separation during the rainy season, and annual reviews of external affiliated enterprises. All identified issues were fully rectified, effectively reducing environmental risks.

## Environmental Risk Assessment & Prevention

The Company places significant emphasis on environmental risk prevention and control. It reviews the emergency response plans of all branches and subsidiaries, identifies environmental risk points across the full operational process, establishes a group-level environmental risk database, and continuously optimizes its hierarchical environmental risk management and control system to strengthen environmental emergency response capacity. In addition, the company conducted annual support inspections of six non-local enterprises: Zibo Lingzhi, Xinfeng Xinli, Gansu Rare Earth, Beijing Sanjili, Anhui Permanent Magnet, and Ningbo Zhanhao. Through these inspections, the Company not only fulfilled its environmental supervision responsibilities but also engaged in in-depth discussions with these enterprises on local environmental protection policies and implementation standards. The Company applies differentiated management to non-local affiliates while fully respecting local regulatory requirements and ensuring compliance with applicable laws and regulations.

## Environmental Emergency Management

The Company revised three management policies: the *Response Plan for Environmental Emergencies*, the *Response Plan for Radiation Accidents*, and the *Response Plan for Severe Air Pollution Events*. It also required all branches and subsidiaries to conduct practical drills addressing potential risks such as hazardous waste leakage, hydrochloric acid leakage, and unexpected malfunctions of environmental protection facilities, thereby effectively enhancing their capacity to respond to environmental incidents. In 2025, the Company conducted a total of 27 environmental emergency drills.

In 2025, the Company conducted a total of

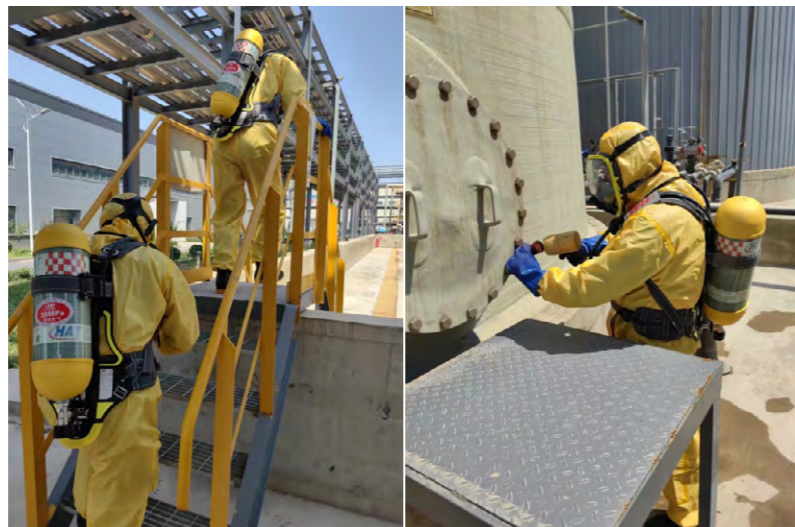
**27**

environmental emergency drills



### Case Study Emergency Drill for Hydrochloric Acid Leakage

In 2025, the Company conducted a specialized emergency drill for hydrochloric acid leakage, simulating the on-site conditions of a sudden accident. In accordance with the emergency response plan, practical exercises were carried out for accident detection, step-by-step reporting, plan activation, emergency response, personnel evacuation, and emergency maintenance. A subsequent review and optimization of each response procedure were completed. The drill effectively validated the scientific basis and operational effectiveness of the environmental emergency response mechanism, accumulated practical experience, and enhanced cross-departmental coordination and collaboration capabilities.



Emergency Drill for Hydrochloric Acid Leakage

## Environmental Awareness Promotion

The Company continuously strengthens its environmental management capacity by establishing a hierarchical training system that integrates headquarters coordination with the joint efforts of branches and subsidiaries, thereby enhancing the professional competence of environmental management personnel. To accurately identify and eliminate potential environmental risks, the Company invited experts from the ecological and environmental bureau to provide specialized training on corporate environmental compliance guidance. The training offered systematic explanations and addressed questions regarding key aspects of daily environmental management, priorities in government law enforcement and oversight, and the applicability of relevant laws and regulations, thereby comprehensively improving employees' awareness of environmental compliance and their professional management capabilities.



### Environmental Protection Training Performance

Number of environmental protection training sessions

**69**



Environmental protection training hours

**167**



Attendances at environmental protection training

**3,612**



### Case Study Specialized Environmental Performance Training

In May 2025, the Company organized a company-level special environmental protection training program. Focusing on key topics such as pollutant discharge permit management, standardized management of general solid waste and hazardous waste, and professional knowledge of environmental management systems, the training precisely addressed the practical operational needs of environmental management. Through systematic and professional training arrangements, the program effectively strengthened weak areas in environmental management across all affiliated entities and further enhanced the professional competence and performance capability of environmental management personnel.



Specialized Environmental Performance Training

# Climate Change Response

The Company actively supports China's Dual Carbon goals and complies with international agreements, including the *United Nations Framework Convention on Climate Change (UNFCCC)* and the *Paris Agreement*. Guided by IFRS S2 Climate-related Disclosures issued by the ISSB and the Shanghai Stock Exchange's Sustainable Development Reporting Guidelines, the Company continues to strengthen its climate change management system and is committed to achieving high-quality green and low-carbon development.

## Governance

The Company implements the *Action Plan for Establishing a Carbon Footprint Management System* and has formulated the *2025 Special Work Plan for Carbon Footprint Management of Northern Rare Earth*. It accelerates the establishment of a carbon footprint management system, promoting the transition to green and low-carbon production models, and fostering new quality productive forces.

The Company continues to strengthen its climate change management system and has formulated a *Policy Statement on Climate Change Response*. It fully integrates green and low-carbon targets into its corporate governance structure, establishes a top-down management system with clearly defined responsibilities and authorities, and coordinates labor division and collaboration across all relevant functions to enhance its overall climate change response capacity.



# Strategy

In formulating its climate change strategy, the Company comprehensively considers industry characteristics, policy trends, and regional conditions. In light of its business structure and development realities, it identifies, assesses, and manages climate-related risks and opportunities. By conducting rigorous evaluations of climate factors across risk and opportunity categories and impact timeframes, the Company establishes a sound basis for developing precise countermeasures.

List of Climate-related Risks

Risk Type	Impact Time frame	Potential Impact	Financial Impact	Strategy and Decision-Making Impact	Responses
<b>Physical Risk</b>					
Acute risk	Short term	Extreme heat and cold waves pose significant risks to employee health, resulting in increased operational costs. Specifically, these temperature fluctuations elevate expenses related to temperature control in smelting processes.	High-temperature allowances and the purchase of cold-resistant materials have led to an increase in labor costs; Increase in energy consumption expenses and equipment operation and maintenance costs.	These risks drive environmental adaptation retrofits in factory areas and integrate employee health protection and equipment safeguarding into routine safety management decisions.	We establish comprehensive work stoppage protocols, ensure the availability of emergency supplies, and develop early warning systems in collaboration with meteorological agencies.
Chronic Risk	Medium term & Long term	Intensified drought conditions in Northern China have resulted in significant water scarcity in essential mining regions, particularly Inner Mongolia. This shortage adversely affects critical processes such as rare earth mining, ore dressing, and smelting operations.  Thawing permafrost undermines geological stability in these areas, dramatically heightening the risk of landslides.	Water extraction costs and water fees continue to rise; production may decrease due to production restrictions, affecting operating revenue; investment in geological disaster management increased. Impairment of fixed assets and increase in maintenance costs; increased special expenditures for production safety.	We integrate water resource recycling into the core of technological transformation and promote the large-scale application of water-saving technologies.  We strengthen geological monitoring and disaster early warning in mining areas, and reassess the development intensity and long-term safety of mining operations.	To enhance water resource management, we implement advanced water-saving technologies and develop comprehensive water recycling systems.  We establish real-time monitoring of mining area stability and employ reinforcement techniques in permafrost regions.

Risk Type	Impact Time frame	Potential Impact	Financial Impact	Strategy and Decision-Making Impact	Responses
Transition Risk					
Policy Risk	Medium term	The low-carbon transition may result in tighter carbon emission quotas, the imposition of carbon taxes, or the upgrading of environmental standards, increasing production costs.	Increased tax expenditures from carbon allowance purchases or carbon tax payments, as well as rising costs associated with upgrading and retrofitting environmental protection facilities.	We integrate carbon asset management into operational decision-making and proactively deploy energy-saving and carbon-reduction technologies to ensure policy compliance.	<p>We enhance the applications of rare earth elements in emerging sectors such as energy storage and hydrogen technologies, and establish closed-loop supply chains and refine recycling innovations.</p> <p>We accelerate a transformative shift toward a green, low-carbon industry by implementing reductions in source-level emissions, increasing the adoption of renewable electricity, promoting the use of permanent magnet motors, and significantly reducing the carbon footprints of products.</p>
Market Risk	Short term & Medium term & Long term	<p>Demand fluctuations in the new energy sector are likely to diminish the need for rare earth permanent magnets, while advances in circular economy technologies may lessen dependency on primary rare earth materials.</p> <p>Increasing consumer preference for low-carbon products and services is driving stringent requirements for emission reductions during production phases.</p>	<p>Fluctuations in revenue from core products are intensifying. Accelerated adoption of circular technology substitution may reduce utilization of some production capacity.</p> <p>To meet customer requirements, additional investment in low-carbon process retrofitting and green product R&amp;D is necessary, which will increase short-term costs.</p>	<p>We optimize our product mix, increase R&amp;D investment in emerging application scenarios, and extend the industrial chain to mitigate risks from downstream demand fluctuations.</p> <p>We integrate low-carbon certification and carbon footprint management into our supply chain system to enhance the competitiveness of green products.</p>	<p>We enhance the applications of rare earth elements in emerging sectors such as energy storage and hydrogen technologies, and establish closed-loop supply chains and expand recycling innovations.</p> <p>We accelerate a transformative shift toward a green, low-carbon industry by implementing reductions in source-level emissions, increasing the adoption of renewable electricity, promoting the use of permanent magnet motors, and significantly reducing the carbon footprints of products.</p>

Risk Type	Impact Time frame	Potential Impact	Financial Impact	Strategy and Decision-Making Impact	Responses
Transition Risk					
Reputation Risk	Medium term	<p>Public and investor scrutiny regarding high carbon emissions and water-intensive production practices pose a significant threat to brand value and customer loyalty.</p> <p>Climate risk mitigation strategies are now under rigorous examination by regulators, investors, ESG rating agencies, and the public. Failure to adopt meaningful measures may cause skepticism and damage the reputation of the Company.</p>	Adverse public reputation may impair financing access, potentially resulting in higher green credit interest rates, narrower financing channels, and increased costs for brand management and ESG disclosure.	We integrate ESG performance into core corporate governance and decision-making indicators, strengthen communication with stakeholders, and enhance the Company's green image. Rewards will be provided to green factories.	<p>We effectively integrate green and low-carbon principles into our strategic development and operational management. By implementing energy-saving and emission-reduction initiatives, we directly address stakeholder concerns and release rare earth related EPD standards.</p> <p>We prioritize collaboration with external partners to strategically explore pathways for achieving the Dual Carbon goals in the rare earth industry.</p>
Technology Risk	Short term & Medium term	We are firmly aligned with China's Dual Carbon objectives, which necessitates ongoing enhancements in energy-saving and emission-reduction technologies, the broader adoption of renewable energy sources, and increased investments in research, development, and infrastructure. These commitments may elevate operational costs.	Continuous growth in R&D investment and capital expenditure will raise operating costs in the short term and reduce current-period profits.	We strengthen the strategic direction of technological innovation, optimize resource allocation efficiency, and ensure that technological investment aligns with the long-term objectives of cost reduction and efficiency enhancement.	<p>To advance our sustainability initiatives, we will establish supporting photovoltaic power stations, secure long-term agreements for green electricity procurement, and actively pursue renewable energy subsidies.</p> <p>We will enhance energy efficiency through process upgrades in high-consumption sectors.</p> <p>We will invest in the development of young STEM talent to strengthen our innovation capabilities and expedite breakthroughs in essential technologies.</p>

List of Climate-related Opportunities

Opportunity Type	Impact Time frame	Opportunity Impact	Responses
Energy Sourcing	Short term & Medium term	<p>The rapid expansion of China's wind and solar power capacity has significantly enhanced the price competitiveness of green electricity, leading to a gradual decrease in corporate procurement costs and offering more sustainable energy alternatives. Concurrently, regulatory frameworks—such as mandatory green certificate consumption quotas for energy-intensive enterprises—are accelerating the transition toward low-carbon operations.</p> <p>Furthermore, the emergence of the hydrogen energy sector presents transformative opportunities. Specifically, green hydrogen smelting technology has the potential to replace fossil fuels, drastically reducing emissions in metal production. Inner Mongolia, with its abundant wind and solar resources, provides an optimal environment for cost-effective green hydrogen production, enabling corporations to develop robust green hydrogen value chains and optimize their energy mix for effective decarbonization.</p>	<p>We construct and apply distributed photovoltaic power stations, actively participate in electricity market fluctuations, and increase green electricity consumption. We apply biomass energy in areas where conditions allow.</p> <p>We strengthen R&amp;D in the clean and low-carbon sectors, conduct demonstrations of integrated low-voltage solid-state hydrogen storage and refueling systems, and support enterprises in transition toward green and low-carbon development.</p> <p>We establish hydrogen-powered two-wheeler production lines to promote green and low-carbon transition.</p>
Utilization Efficiency of Resources	Medium term & Long term	<p>The low-carbon transition strategy effectively enhances resource and energy efficiency, leading to three significant advantages—reducing operational costs through efficiency improvements, strengthening long-term competitive positioning in the market, and aligning with growth opportunities in the burgeoning global green economy, ultimately creating sustainable value.</p>	<p>We enhance energy efficiency through strategic upgrades to environmental protection equipment, along with the gradual retirement of high-energy-consuming machinery.</p> <p>We optimize water management by using advanced recycling systems to enable closed-loop water utilization.</p>
Products and Services	Medium term	<p>The sustained growth of green industries, particularly in new energy vehicles (NEVs), wind power, and photovoltaics, is significantly driving the demand for low-carbon products and advanced materials, such as rare earth permanent magnets. This trend enhances corporate competitiveness.</p> <p>Hydrogen energy has emerged as a promising sector, functioning both as a clean energy carrier for decarbonization and as a foundational industrial feedstock with distinct competitive advantages.</p>	<p>We rigorously investigate the carbon reduction potential of rare earth products across critical application fields while simultaneously intensifying our research and development initiatives focused on low-carbon technologies and sustainable product innovation.</p>
Market	Short term & Medium term	<p>The swift evolution of green trade is propelling companies toward low-carbon transitions, where early adopters will secure competitive advantages and effectively navigate international green trade challenges.</p>	<p>We conduct comprehensive carbon accounting throughout the rare earth industrial chain to establish a robust carbon footprint database for rare earth products.</p> <p>We accelerate strategic initiatives in the new energy sector, driving a transformative energy mix.</p>

## Management of Impacts, Risks and Opportunities

The Company places significant emphasis on the potential risks arising from climate change and fully incorporates them into its ESG risk management system. By identifying, assessing, monitoring, and responding to climate-related risks, the Company continually enhances its climate resilience and adaptability, while effectively mitigating the potential impacts of climate change on its operations.

### Risks and Opportunities Management Process



## Metrics and Targets

### Low-carbon Targets

Guided by a development path of ecological priority and green development, the Company advances energy conservation, carbon reduction, and efficiency improvements while integrating carbon peaking and carbon neutrality goals into corporate management. Beginning with product carbon footprint management, it defines the objectives, implementation pathways, and key tasks for establishing a carbon footprint management system. Through strengthened cross-departmental coordination and task execution, the Company drives low-carbon operational transformation, supports the green transition of industrial and supply chains, continuously enhances green and low-carbon competitiveness, and aspires to serve as a benchmark for green development in the rare earth industry.

2025 Low-carbon Targets Performance	2026 Low-carbon Goals
<ul style="list-style-type: none"> <li>The carbon emission intensity of 7 key assessed entities reached <b>4.48</b> tCO<sub>2</sub>/tREO.</li> <li>The carbon emission intensity of the smelting and separation segment reached <b>3.97</b> tCO<sub>2</sub>/tREO.</li> <li>The carbon emission intensity of metal production enterprises reached <b>7.77</b> tCO<sub>2</sub>/t.</li> <li>The carbon emission intensity of the new materials segment reached <b>1.60</b> tCO<sub>2</sub>/t.</li> </ul>	<ul style="list-style-type: none"> <li>The carbon emission intensity of 7 key assessed entities <b>≤ 4.29</b> tCO<sub>2</sub>/tREO</li> <li>The carbon emission intensity of the smelting and separation segment <b>≤ 3.93</b> tCO<sub>2</sub>/tREO</li> <li>The carbon emission intensity of metal production enterprises <b>≤ 7.25</b> tCO<sub>2</sub>/t</li> <li>The carbon emission intensity of the new materials segment <b>≤ 1.36</b> tCO<sub>2</sub>/t</li> </ul>

### Greenhouse Gas Emissions

The Company conducts greenhouse gas accounting in accordance with the General Rules for *Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises*, using emission factors derived from relevant parameters in the steel industry.

#### Greenhouse Gas Emissions<sup>1</sup>

Greenhouse gas emissions	2024 Value	2025 Value
Direct GHG emissions (Scope 1) (tCO <sub>2</sub> e)	343,967.58	489,376.71
Indirect GHG emissions (Scope 2) (tCO <sub>2</sub> e)	696,684.16	830,629.26
Other indirect GHG emissions (Scope 3) (tCO <sub>2</sub> e)	227,513.93	326,877.34
Total GHG emissions (tCO <sub>2</sub> e)	1,268,165.67	1,646,883.31
Total GHG emissions intensity (tCO <sub>2</sub> e/per 10,000 yuan operating revenue)	0.32	0.31

In 2025, Gansu Rare Earth, a subsidiary of the Company, engaged a third-party institution to prepare its greenhouse gas emissions report. The report comprehensively accounted for emissions from fossil fuel combustion, industrial processes, and purchased electricity and heat. Subsequently, a government-authorized third party conducted on-site verification to ensure the accuracy and compliance of the accounting data.

<sup>1</sup>Greenhouse gas emissions: Scope 1 includes direct greenhouse gas emissions from sources owned or controlled by the Company, mainly including carbon dioxide generated from direct energy consumption and carbon emissions from carbon-containing raw materials (such as ammonium carbonate, rare earth carbonates, graphite anodes, etc.). Scope 2 includes indirect greenhouse gas emissions from the electricity, steam, heating, or cooling purchased and consumed by the Company. Scope 3 includes indirect greenhouse gas emissions occurring in the upstream and downstream value chain of the Company (excluding emissions covered in Scope 2), mainly including indirect greenhouse gas emissions generated from raw and auxiliary materials consumed in the Company's production process.

### GHG Emission Reduction Practices

In promoting carbon emission reduction measures, the Company has constructed a distributed photovoltaic power station with a total installed capacity of 5.96 MW, and an annual electricity generation of 6 million kWh. The project is expected to reduce carbon dioxide emissions by approximately 5,000 tons per year. Meanwhile, the Company is accelerating the replacement of high-efficiency, energy-saving equipment. By 2025, it had installed a total of 326 rare earth permanent magnet motors and 285 high-efficiency motors, thereby continuously improving equipment energy efficiency. Cumulative sales of manufactured permanent magnet motors reached 46,402 kW, contributing to improved energy efficiency across society and further enhancing overall energy utilization while reducing carbon emissions in production processes.



5.96 MW Distributed Solar PV Plant

Leveraging its core strengths, the Company continuously advances research on green technologies and promotes the development of Environmental Product Declarations (EPDs), as well as the accounting and certification of product carbon footprints. It actively drives research and development in green and low-carbon technologies, processes, materials, and equipment, while participating in the formulation and revision of carbon footprint-related standards, thereby contributing to industry-wide carbon emission reduction.

#### Low-carbon Achievements

- We have conducted carbon footprint accounting for rare earth raw materials and auxiliary materials, as well as EPD certification for rare earth products. To date, 11 EPD certificates for rare earth products have been issued through the Rare Earth EPD platform. In addition, carbon footprint accounting has been completed for six types of rare earth raw materials and auxiliary materials, and more than 300 hydrogen-powered two-wheeled vehicles have been deployed.
- Xi'aoke's Demonstration Project of a Low-Pressure Solid-State Hydrogen Storage Refueling System Integrated Equipment was recognized as a 2025 Energy Conservation and Carbon Reduction Innovation Achievement.
- We have formulated and issued the enterprise standard Evaluation Methods and Requirements for Low-carbon Products—Praseodymium-Neodymium Metal, establishing a practical foundation for the development of low-carbon rare earth products.
- We played a role in the formulation and revision of two association standards related to carbon footprint.



2025 Energy Conservation & Carbon Reduction Innovation Award Certificate

# Resource Recycling Utilization

The Company vigorously promotes circular economy development, strengthens resource management and recycling, and enhances integrated control of energy and water resources. It strictly limits raw material and packaging consumption, continuously improves resource utilization efficiency, and facilitates the efficient use of all resource types.

## Energy Utilization

### Governance

The Company strictly complies with the *Energy Conservation Law of the People's Republic of China* and has developed and improved the *Energy Management Measures of Northern Rare Earth*. Under a governance model characterized by corporate-level centralized coordination and primary responsibility at the subsidiary level, the Company is advancing the transition from dual control of energy consumption to dual control of carbon emissions. It has established a Low-carbon Energy Management Committee, while all branches and subsidiaries have formed energy conservation and carbon reduction task forces in accordance with their operational conditions. This structure has optimized the energy management framework and strengthened responsibility and assessment mechanisms.

By the end of 2025, 13 entities, including the Company and its key energy-consuming subsidiaries, had obtained ISO 50001 energy management system certification.



ISO 50001 Energy Management System Certificate

### Strategy

The Company conducts a systematic analysis of low-carbon energy management, comprehensively identifies and assesses energy management-related risks and opportunities, and develops targeted response measures. Based on this, it prepares the *2026 Energy Work Plan*, accelerates the development of a clean, low-carbon, safe, and efficient modern energy system, and continuously enhances its low-carbon energy management.

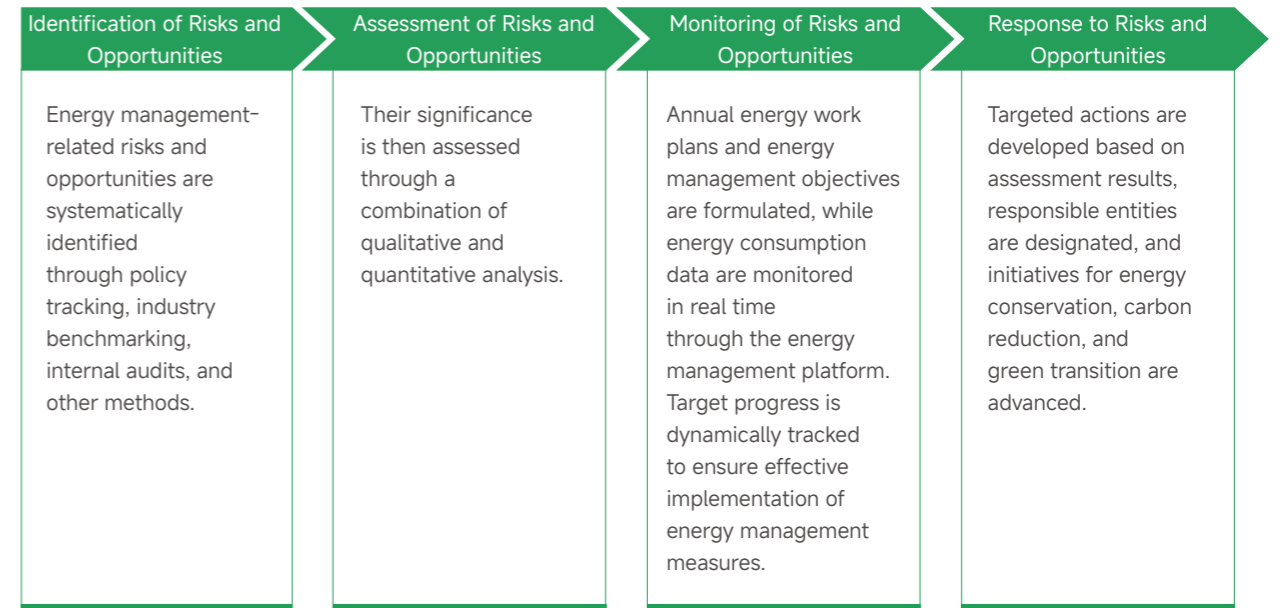


Risk Type	Financial Impact	Responses
<p>Policy Risk</p>	<p>Rare earth smelting and separation are highly energy-intensive processes. New policies may directly limit total energy consumption or energy intensity, thereby increasing operating costs.</p> <p>Continued regulatory tightening requires enterprises to invest in equipment upgrades and process transformations to meet new standards, which in turn raises compliance costs.</p>	<p>We have established a dynamic policy-tracking mechanism and proactively prepared for the adoption of low-carbon technologies. The 2026 Energy Work Plan has been formulated to define emission-reduction pathways, while the energy consumption intensity of key energy-intensive processes and total energy use are closely monitored to ensure full compliance with applicable standards.</p>
<p>Technology Risk</p>	<p>The rapid development of high-efficiency energy-saving technologies and the increasing adoption of advanced equipment, such as rare earth permanent magnet motors, may render existing application equipment comparatively outdated, increasing the risk of technological obsolescence and, consequently, higher energy consumption and operating costs.</p>	<p>The <i>Energy-Using Equipment Management Register</i> is identified, established, and updated annually to support the Company's efforts to phase out and upgrade low-efficiency equipment.</p> <p>At the beginning of each year, equipment in use within each unit is identified, with outdated and obsolete models located, and a <i>Register of Outdated and Obsolete Equipment in Use</i> is created to support scrapping or upgrading activities.</p>
<p>Efficiency Improvement Opportunity</p>	<p>By developing energy-saving technologies and digital energy management systems, the Company can continuously optimize production processes and energy control systems, thereby improving energy efficiency, reducing resource waste, and steadily lowering energy intensity. This approach yields long-term cost savings and strengthens the Company's low-carbon competitive advantage.</p>	<p>We have developed an energy management platform that integrates energy consumption data collection, statistical reporting, and analysis. Eight major energy-consuming entities have also completed their internal energy information platforms, enabling real-time monitoring, real-time analysis, energy alerts, and periodic assessments of energy consumption.</p>

## Management of Impacts, Risks and Opportunities

The Company fully integrates the management of energy-related impacts, risks, and opportunities into its internal management processes. It rigorously implements an energy conservation assessment and review system for projects, standardizing both the assessment of new projects and the energy conservation acceptance of existing projects. In addition, it strengthens the management of energy consumption indicators, energy metering, and energy-consuming equipment to ensure lawful and compliant energy use across all operations.

### Management Process



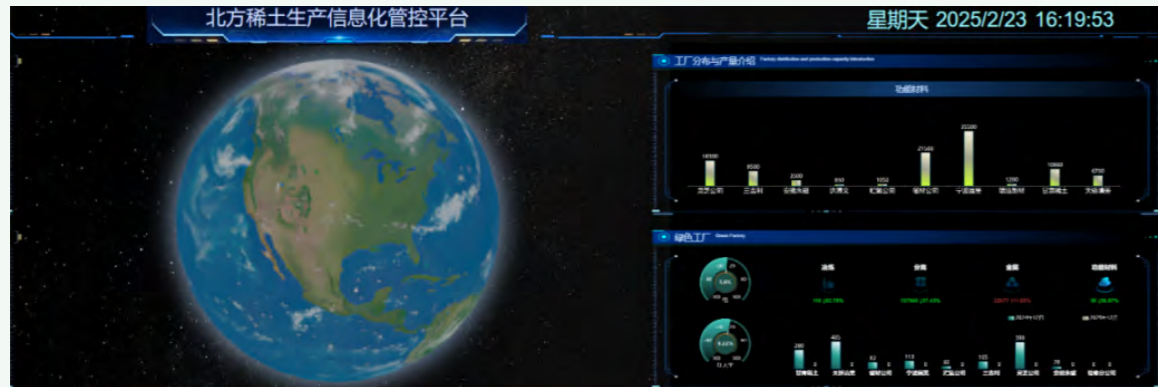
## Metrics and Targets

Based on operational realities, the Company establishes energy metering management objectives in a systematic manner, strengthens end-to-end oversight and assessment of energy consumption, and ensures the timely achievement of annual targets. Each branch/subsidiary decomposes indicators according to its business characteristics and formulates annual energy work plans accordingly, thereby advancing the tiered implementation of energy management responsibilities. The Company also regularly monitors annual target progress and dynamically tracks implementation status to ensure effective execution of energy management measures.

### 2026 Energy Saving Targets

- Total energy consumption of 13 key energy-consuming entities  $\leq 404,900$  tce
- Energy consumption intensity of 7 key assessed entities  $\leq 1,216$  kgce/tREO

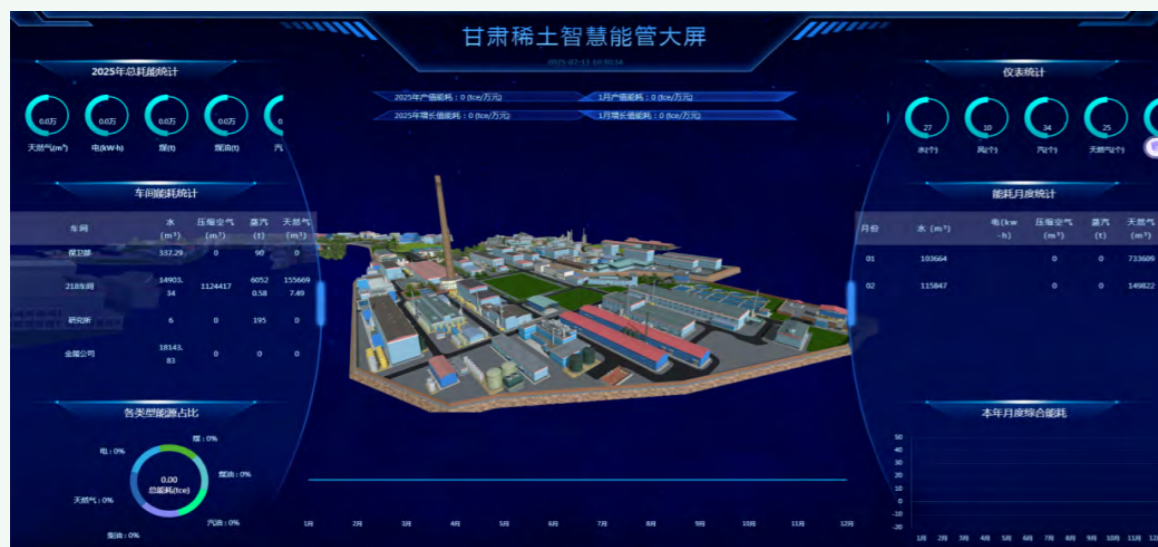
The Company actively promotes the diversified use of clean energy. By constructing distributed photovoltaic power stations, participating in multilateral green power trading, operating biomass boilers for steam production, and purchasing green certificates, the Company's total clean energy consumption reached 187,176 MWh in 2025.



IT-enabled Energy Platform at the Company



IT-enabled Energy Platform at Hefa



IT-enabled Energy Platform at Gansu Rare Earth

### Energy Consumption Performance

Metric	2023 Value	2024 Value	2025 Value
Comprehensive energy consumption per unit of output (kgce/tREO)	997	919	880
<b>Indirect energy consumption</b>			
Purchased electricity (MWh)	739,771	819,687	990,510
Purchased steam (ton)	119,186	41,225	188,004
<b>Direct energy consumption</b>			
Natural gas (Nm <sup>3</sup> )	73,386,298	69,759,526	78,557,292
Petroleum (ton)	58	44	41
Diesel (ton)	1,065	931	839
Coke oven gas (Nm <sup>3</sup> )	22,052,458	20,456,292	37,819,325
Power coal (ton)	102,459	90,899	79,827
<b>New energy/ renewable energy sources</b>			
New energy/ renewable energy consumption (MWh)	/	93,750	187,176
Percentage of new energy/ renewable energy consumption (%)	/	4	7.29

#### Case Study Waste Heat Utilization of Amine Solution and Sulfur Dioxide Flue Gas from Desulfurization System

Huamei implemented a renovation project to recover waste heat from amine solution and sulfur dioxide flue gas in the desulfurization system. The project optimized the sulfur dioxide condenser and lean solution cooler in Workshop 3, transferring part of the waste heat from circulating cooling water to the heating return water system. As a result, the temperature of the heating return water increased from 45 °C to approximately 65 °C. Following the renovation, daily steam consumption at the heating heat exchange station in the Huamei decreased by approximately 40 tons year over year. During the heating season, an estimated 6,000 tons of steam will be saved, resulting in an energy savings of 565 tons of standard coal.

#### Case Study Introduction of Energy-Saving Equipment

Eight subsidiaries including Northern Magnetic Materials have actively implemented energy recycling measures by installing water-source heat pump systems in their workshops to enable seasonal waste heat recovery and utilization. In summer, water-source heat pumps are used to cool circulating water, effectively reducing the production environment temperature. In winter, waste heat from circulating water in smelting furnaces is recovered for heating, replacing conventional energy consumption. This measure improves energy efficiency, reduces reliance on externally purchased energy, and promotes the cascading utilization of production energy, thereby achieving both cost reduction and efficiency gains.

## Water Utilization

### Water Management System

The Company strictly complies with relevant laws and regulations, including the *Water Law of the People's Republic of China*, the *Regulations on Groundwater Administration*, and the *Regulations on Water Intake Licensing and Administration and Water Resource Fee Collection*. It has also developed and refined the *Water Resource Management Measures of Northern Rare Earth* and the *Detailed Rules for Water Resource Management of Northern Rare Earth*, thereby continuously strengthening the institutionalized and standardized management of water resources. Guided by the goal of enhancing water conservation and intensive utilization, the Company adheres to the principles of prioritizing water conservation, ensuring overall coordination, and promoting efficient use. It strengthens binding constraints on water resources and advances their rational allocation and high-efficiency utilization.

In 2025, all Company branches and subsidiaries conducted water resource assessments in strict compliance with management requirements.

### Water Conservation Targets

#### 2026 Water Conservation Targets

- Companies located in Inner Mongolia consistently outperform the values specified in the Water Quota Standards for Industries in Inner Mongolia Autonomous Region (DB15/T385-2022).
- Fresh water consumption per unit of the Smelting Branch (Huamei)  $\leq 17$  m<sup>3</sup>/tREO
- Yellow River clarified water consumption of the Smelting Branch (Huamei): **2.21** million cubic meters

### Water Conservation Management Practices

The Company strengthens the comprehensive management and control of water intake and water use. It formulates annual water-use plans in strict accordance with national and local water quotas, ensuring compliance with water-use intensity targets. The Company actively introduces advanced water-saving technologies and processes, continuously implements water-saving retrofits and benchmarking improvements, and enhances water recycling rates. It also promotes the development and utilization of non-conventional water sources, such as rainwater and construction dewatering water, and reuses reclaimed water. In addition, the Company prohibits the use of groundwater and raw Yellow River water for ornamental purposes and advocates multi-purpose water use and quality-based water supply to improve overall water resource utilization efficiency.

#### Water Management Performance

Total fresh water consumption (ton)

**5,388,526**

Water consumption intensity (ton/10,000 yuan)

**1.27**



Total recycled water (ton)

**59,927,726**

Water recycling rate (%)

**91.75**



Water Recycling and Reuse



The Smelting Branch renovated the recycle steam condensate from coke oven gas preheaters and boiler blowdown water. After treatment, the recovered water is converted into pure water for circulation and reuse. In addition, the heat at approximately 90° C in the recovered water is used to raise the temperature of filtered Yellow River water, thereby reducing steam consumption in pure water production. This project saves approximately 6,000 cubic meters of water annually.



Seven subsidiaries including Hefa adopted combined MVR and multi-effect evaporation technology to treat industrial wastewater, enabling full resource recovery and reuse within the production system and achieving zero discharge of production wastewater.



Gansu Rare Earth implemented an upgrade for the resource-based utilization of ammonia-nitrogen wastewater by constructing new multi-effect evaporation units and relocating and improving the existing four-effect evaporation system. The project ensures comprehensive and effective wastewater treatment while reducing the intake of Yellow River water and tap water.

## Materials Management

The Company strictly regulates all aspects of packaging, including bag classification, specifications, markings, layout printing, and bag-making materials, while advancing the green transformation of its packaging system. By independently developing new packaging technologies and promoting the automation of packaging processes, the Company has strengthened intelligent manufacturing capabilities and improved packaging efficiency. It also expands the use of bulk bags to reduce packaging costs, achieving coordinated gains in resource conservation and environmental performance.

### Case Study Commissioning of Integrated Automatic Inspection and Packaging Production Line for Rare Earth Metals at Ruixin

Our first integrated production line for the automatic inspection and packaging of rare earth metals, jointly developed by our subsidiary Ruixin and NCS Testing Technology, has been officially commissioned. Using customized advanced equipment, the line enables fully automated operations across weighing, feeding, inspection, polishing, weight adjustment, and packaging. Equipped with an intelligent rapid online detector, it significantly improves inspection efficiency and accuracy. It also automatically generates and exports process data to support the digitalization of packaging operations. This upgrade has substantially enhanced packaging quality and efficiency, establishing a benchmark for the rare earth industry's automated and intelligent transformation.

## Circular Economy

The Company fully embraces the circular economy by integrating resource conservation and environmental protection into all aspects of production and operations. It continues to increase investment in technological transformation to advance green processes, including energy conservation, emissions reduction, resource regeneration, and cleaner production. By optimizing production processes and strengthening resource recovery and reuse, the Company promotes comprehensive resource utilization and achieves coordinated growth in both economic and environmental performance. In 2025, the Company obtained SGS Recycled Content Verification certification.



SGS Recycled Content Verification

### 2025 Resource Circularity Performance

Ammonia recovered from industrial wastewater (m<sup>3</sup>)

**130,051**

Ammonium chloride recovered from industrial wastewater (ton)

**184,678**

Hydrofluoric acid recovered from industrial waste gas (m<sup>3</sup>)

**78,137**

Cooling water recovered from industrial wastewater (m<sup>3</sup>)

**3,386,374**

Sulfuric acid recovered from industrial waste gas (m<sup>3</sup>)

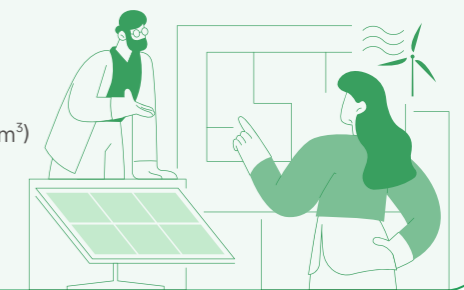
**65,816**

Recovered acid in chlor-alkali process of Gansu Rare Earth (m<sup>3</sup>)

**285**

Ammonium sulfate recovered from industrial wastewater (ton)

**36,056**



The Company focuses on the circular utilization of rare earth resources and advances the high-value-oriented development of secondary resources through technological innovation. By establishing a waste recycling system and achieving breakthroughs in key technologies such as rare earth hydrogen storage and bio-metallurgy, it promotes the resource utilization and green separation of neodymium-iron-boron waste, rare earth tailings, and other materials. The Company continuously improves comprehensive resource recovery efficiency and provides strong support for the green and low-carbon transition of the rare earth industrial chain.

**Case Study** Production of Praseodymium-Neodymium Oxide from Recycled NdFeB Waste

Focusing on the circular utilization of rare earth resources, the Company uses neodymium-iron-boron (NdFeB) waste as a raw material to efficiently produce praseodymium-neodymium oxide that meets industry standards through a full-process workflow encompassing roasting, acid leaching, solvent extraction and separation, precipitation, and calcination. In 2025, output reached 6,048 tons, with an output value of 2.7 billion yuan. The process is stable, controllable, and characterized by a high recovery rate. By removing impurities while enabling efficient leaching and purification of rare earth elements, the Company achieves the high-value utilization of industrial solid waste. This approach reduces dependence on primary rare earth resources and supports solid waste reduction, resource recovery, and the green, low-carbon development of the rare earth industrial chain.

**Case Study** Ton-Scale Industrial Demonstration of Hydrogen Recovery from NdFeB Hydrogen Decrepitation Process with Rare Earth Solid-State Hydrogen Storage Technology

Our independently developed Rare Earth Solid-State Hydrogen Storage and Recovery System has been successfully demonstrated in ton-scale NdFeB hydrogen decrepitation production. It overcomes the technical bottleneck of sustaining long-duration, high-rate hydrogen supply during the hydrogen absorption burst phase of ton-scale NdFeB materials. As the first large-scale demonstration of rare earth solid-state hydrogen storage technology in a NdFeB hydrogen decrepitation production line, the technology fills a critical gap in hydrogen recovery for this sector and establishes a new pathway for the high-value utilization of abundant rare earth elements such as lanthanum and cerium.

## Pollution Prevention and Control

The Company actively complies with national policies, laws, and relevant requirements, and strictly standardizes pollutant treatment in accordance with the *Air Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law on the Prevention and Control of Pollution by Solid Waste of the People's Republic of China*, and applicable local emission standards, thereby improving resource utilization efficiency.

2025 Pollution Prevention and Control Targets	Status
Enterprises within the region have achieved zero discharge of the industrial wastewater and the discharge of domestic sewage only after meeting applicable standards.	Completed
Air pollutant emissions from enterprises in Baotou remain below the special emission limits specified in the <i>Emission Standard of Pollutants for the Rare Earth Industry</i> .	Completed
For enterprises outside the region, both the concentration and total volume of industrial waste gas and wastewater emissions are maintained within permitted limits.	Completed

## Waste Gas Management

Given its manufacturing process characteristics, the Company adopts mature technologies, including ionic liquid desulfurization, the double-alkali method, and SCR denitrification, for advanced treatment of production tail gas, and strictly controls atmospheric pollutant emissions. In 2025, with a focus on environmental improvement, the Company launched several key flue gas treatment projects, including Hefa's three-waste treatment and energy-saving renovation project, as well as Gansu Rare Earth's technological research and industrialization project for roasting tail gas treatment, to continuously enhance waste gas emission reduction and pollution control capacity.

Waste Gas Management Performance

Metric	2024 Value	2025 Value
SO <sub>2</sub> emissions (ton)	313.22	312.18
SO <sub>2</sub> emissions per 100 million yuan revenue (ton)	0.95	0.73
NO <sub>x</sub> emissions (ton)	34794	280.49
NO <sub>x</sub> emissions per 100 million yuan revenue (ton)	1.06	0.66
Flue gas and dust emissions (ton)	38.17	33.22
Flue gas and dust emissions per 100 million yuan revenue (ton)	0.12	0.08

## Wastewater Management

The Company has continuously improved its wastewater pollutant emission reduction performance. Based on their technological characteristics, all branches and subsidiaries adopt mature treatment processes, such as multi-effect evaporation and steam stripping, and strengthen the construction, operation, and maintenance of wastewater pollution control facilities. In 2025, Xinfeng Xinli completed a technological renovation for high-salinity wastewater treatment. Through process optimization and facility upgrades, it further improved wastewater treatment efficiency and water resource recycling rates.

Wastewater Management Performance

Metric	2024 Value	2025 Value
Industrial wastewater discharge (m <sup>3</sup> )	1,502,739.60	1,386,785
COD emissions per 100 million yuan revenue (ton)	0.146	0.142
NH <sub>3</sub> -N emissions (ton)	7.06	6.79
NH <sub>3</sub> -N emissions per 100 million yuan revenue (ton)	0.021	0.016

## Water Source Protection

The Company rigorously complies with the *Regulations of Inner Mongolia Autonomous Region on Building a Key Ecological Security Barrier in Northern China*. These regulations require all branches and subsidiaries to build comprehensive wastewater treatment facilities to ensure compliance with discharge standards, strengthen soil and groundwater management to prevent leakage and groundwater contamination, and establish a real-time groundwater monitoring system to track water quality changes, issue timely warnings, and safeguard against pollution risks. These measures ensure that rare earth resource development does not compromise surrounding water sources, protecting both ecological security and residential water safety.

## Solid Waste Management

The Company has revised the *Measures for the Prevention and Control of Solid Waste Pollution of Northern Rare Earth*. Guided by the principles of waste reduction, recovery, and reuse, it continuously strengthens full-process solid waste management. Hazardous waste is entrusted to qualified institutions for disposal, and transfer documentation is handled in a standardized manner. The Company also conducts regular training and targeted inspections on solid and hazardous waste management, continuously optimizes supervisory procedures, and improves the refined management of solid waste.

The Company places great emphasis on source reduction and the control of risks associated with toxic and hazardous substances, and continuously advances green and cleaner production practices. By optimizing product design, improving production processes, and strengthening supply chain management, it systematically reduces the use and emissions of toxic and hazardous chemicals in production, while ensuring compliance with safety, environmental protection, and occupational health requirements. The Company promotes low-toxicity, non-toxic, and environmentally friendly alternative materials and technologies to mitigate potential impacts on the ecological environment and employee health at the source, and continuously enhances the management of toxic and hazardous substances.

### Case Study Comprehensive Utilization of Sludge for Brick Production

Zibo Lingzhi actively collaborates with external institutions, leveraging partners' strengths in production technology, capital resources, and related areas to advance technological development for comprehensive utilization of sludge. Through compliant pilot utilization, sludge is incorporated into brick production, enabling waste transformation and resource recycling. This initiative improves ecological quality, delivers strong social and environmental benefits, and achieves a clear win-win outcome in environmental protection and resource reuse.



## Solid Waste Management Performance

Metric	2024 Value	2025 Value
General industrial solid waste (ton)	763,249.04	809,807
Hazardous waste (ton)	26.18	31.89
Total general industrial solid waste generated per 100 million yuan revenue (ton)	23.15	19.03
Total hazardous waste generated per 100 million yuan revenue (ton)	0.08	0.07

Regenerated resources generated during rare earth smelting and processing are classified as associated radioactive solid waste. The Company strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Radioactive Pollution* and has established the *Measures for Radiation Safety Protection Management of Northern Rare Earth*. It requires all branches and subsidiaries to develop environmental radiation monitoring plans and conduct monitoring in accordance with relevant regulations. In addition, special sites that meet regulatory requirements have been constructed for the landfilling and storage of waste residues. The Company strengthens the effective treatment and disposal of these regenerated resources, thereby fulfilling its radiation protection and environmental governance responsibilities and supporting the green and sustainable development of China's rare earth industry.

### Case Study New Company Established to Launch Construction of Northern Rare Earth Regenerated Waste Landfill Project

The Company has established a regenerated resources subsidiary to safely landfill rare earth regenerated resources in strict compliance with national laws, regulations, and standards, thereby effectively preventing radioactive pollution from affecting the surrounding environment. This project plays a positive role in supporting the sustainable economic development of Baotou City and the Damao Banner, while also helping to create a cleaner, safer, and more livable environment for local residents.

## Noise Management

The Company has actively established an integrated noise prevention and control system encompassing source control, process management, and terminal monitoring, and has continuously advanced noise pollution prevention and control efforts. All branches and subsidiaries prioritize the use of low-noise equipment and effectively reduce the impact of production noise through measures such as sound insulation, shielding, and sound barrier walls. Through strengthened equipment inspection, maintenance, and regular monitoring, the Company ensures that boundary noise emissions remain consistently in compliance with applicable standards. In 2025, in strict accordance with the *Noise Pollution Prevention and Control Law of the People's Republic of China*, all production and operation entities were required to complete the declaration for industrial noise pollutant discharge permit management.

## Advocating a Green Lifestyle

The Company promotes green office practices, integrating energy conservation, emission reduction, and ecological protection into daily operations. It continuously explores innovative low-carbon management approaches, advocates environmentally responsible lifestyles, and emphasizes biodiversity conservation. These efforts reduce the Company's environmental footprint and foster an efficient, environmentally friendly, and sustainable workplace.

## Green Operation Practices

### Green Office

The Company continues to implement energy conservation and environmental protection measures. It prioritizes the procurement of energy-efficient, water-saving, and renewable products while gradually phasing out high-energy-consumption office equipment. Energy and water-saving reminders are displayed throughout office areas; paperless operations are fully promoted, green commuting is encouraged, and official vehicle management is strengthened to reduce transportation emissions. Meanwhile, the Company promotes waste segregation, launches the Clean Plate Campaign, and continually enhances employees' environmental awareness.



#### Green Office Management Performance

Office paper consumption (ton)

**2.39**

Office paper savings (ton)

**0.99**

Toner cartridge consumption(ton)

**0.31**

Ink cartridge consumption (ton)

**0.17**

Domestic waste generation (ton)

**2,526.74**

Kitchen waste generation (ton)

**1,054.18**



Gasoline consumption (L)

**54,290**

NEV charging piles

**103**



## Environmental Awareness

Aligned with the 2025 national World Environment Day—"Building a Beautiful China, I Took the Lead", the Company developed an innovative dual-track environmental outreach and education model that integrated online quizzes with offline activities. The Northern Rare Earth Ecological and Environmental Protection Knowledge Quiz attracted 2,690 participants. The Company also actively participated in the main venue event for Baotou World Environment Day and was recognized as one of the first groups of Advanced Collectives of Beautiful Baotou Practitioners.



Advanced Collectives of Beautiful Baotou Practitioners



Campaign Site

## Green Commuting

In 2025, the hydrogen-powered electric two-wheeler independently developed by Xi'aoke was officially put into operation. Equipped with self-developed solid-state hydrogen storage cylinders, the vehicle has a hydrogen storage capacity of 80 to 90 grams and a driving range exceeding 90 kilometers, approximately 1.5 times that of conventional electric bikes. It generates power through hydrogen fuel cell reactions, with water as the only byproduct, thereby achieving zero carbon emissions during operation and demonstrating strong environmental sustainability. In addition, it offers superior low-temperature performance compared with traditional lithium battery-enabled wheelers. To date, more than 300 hydrogen-powered two-wheelers have been deployed to meet the last-mile commuting needs of on-site employees. Looking ahead, the Company plans to cooperate with the Baotou municipal government to expand deployment. Beginning in Baotou, the application will gradually extend to other cities across the Inner Mongolia Autonomous Region, supporting the development of a distinctive brand that integrates the rare earth and hydrogen energy industries.



Hydrogen-Powered Electric Two-Wheelers

## Biodiversity Protection

The Company demonstrates unwavering commitment to compliance with pertinent laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Wetland Protection Law of the People's Republic of China*, the *Forest Law of the People's Republic of China*, and the *Regulations on Nature Reserves of the People's Republic of China*. To mitigate ecological impacts, the Company employs strategic measures in its operations. Site selection processes intentionally exclude ecologically protected areas and environmentally sensitive zones. Furthermore, all subsidiaries and branches are mandated to incorporate biodiversity conservation measures at each project stage—design, construction, and operations. Comprehensive and continuous monitoring ensures the coordinated development of production, operations, and nature protection.

In 2025, the Company formulated the *Policy Statement on Biodiversity Conservation*, committing to sustainable management practices throughout its development to minimize adverse impacts on biodiversity. It will actively implement mitigation and compensation measures to preserve ecological balance and achieve the integration of economic and environmental benefits.

### 2025 Landscaping Expenditure

- At the Baiyun Mineral Processing Branch Plant, **9,000** trees and **3,000** shrubs were transplanted at a cost of **1.7** million yuan.
- For the Baiyun Iron Mine geological environment governance project, **4,339** trees and **4,770.75** m<sup>2</sup> of shrubs were planted, with an investment of **1.22** million yuan.
- Barun Plant area greening included the planting of **500** trees at a cost of **65,000** yuan.
- The Guyang Mountain Mine geological environmental management project involved preparing **41,496** m<sup>2</sup> of greening land, sowing mixed grass seed across **30,218** m<sup>2</sup>, planting **8,892** m<sup>2</sup> of flowers, **1,259** clumps of shrubs, and **2,219** trees, as well as removing waste, at a cost of **1.57** million yuan.
- The Green Smelting Upgrade and Renovation Project included greening works across six categories and more than **80** species, covering **205,000** m<sup>2</sup>, with an investment of approximately **30** million yuan.



Geological Environment Governance in Baiyun Iron Mine Malian Garden

## Land Resource Protection

The Company consistently strengthens land resource management and promotes the intensive and economical use of land through optimized land allocation and enhanced protection and restoration measures. During project planning and construction, it strictly complies with land-use control requirements, prioritizes the revitalization of existing land resources, and improves land-use efficiency. Meanwhile, the Company advances land ecological restoration by carrying out timely reclamation and remediation of land occupied or affected by operations, thereby reducing disturbances to terrestrial ecosystems caused by production and construction activities.

# 03 Innovation & Digital Responsibility

The Company continues to increase investment in scientific research and innovation, advance technological breakthroughs and the transformation of achievements, and implement high-standard quality management across all stages of production and operations. It strengthens and refines the safety responsibility system, continuously optimizes products and services, and steadily enhances customer satisfaction and market reputation. Committed to building a sustainable and highly resilient supply chain system, the Company actively collaborates with all partners to create an open and mutually beneficial ecosystem. It strives to become a world-class leader in the rare earth sector with global influence and contribute to the high-quality development of the industry.

## 2025 Performance Highlights

R&D expenditure (billion yuan) **2.408**

Number of R&D personnel **1,320**

Number of safety and occupational health training sessions **249**

Work safety liability insurance expenditure (million yuan) **1.1356**

Number of employees covered by safety liability insurance **8,384**

## Contribution to UN SDGs



## Technology-Driven Quality and Efficiency

Technological innovation is the core driver of industrial leadership. Guided by the philosophy that technology underpins development and innovation shapes the future, the Company continuously strengthens its independent innovation capabilities, accelerates breakthroughs in key core technologies, and steadily advances research, development, and commercialization of scientific achievements. These efforts comprehensively enhance industrial competitiveness and provide strong momentum for building a world-class leader in the rare earth sector with global influence and serving as a leading force in the construction of the Two Rare Earth Bases.

## Governance

### Management System

The Company continues to strengthen its scientific research management system. In accordance with internal policies, including the *Measures for the Administration of Scientific Research Projects*, the *Measures for the Administration of Scientific Research Funds*, and the *Measures for the Transformation of Scientific and Technological Achievements*, it has established a full-cycle research management framework covering project initiation, implementation, acceptance, and achievement transformation. The Company also enhances refined, end-to-end project management, actively integrates social scientific and technological resources, and continuously improves the evaluation and incentive mechanisms for scientific and technological achievements. It vigorously promotes the application of research outcomes in production, thereby effectively improving the quality and efficiency of scientific research work.

The Company has issued the *Science and Technology Innovation Reform Plan* to address key challenges in science and technology innovation. The plan focuses on optimizing the research management system, improving research efficiency and effectiveness, promoting compliance and standardization, strengthening the recruitment and development of scientific and technological talent, and enhancing performance evaluation and incentive mechanisms, thereby comprehensively improving the overall effectiveness of the innovation system.

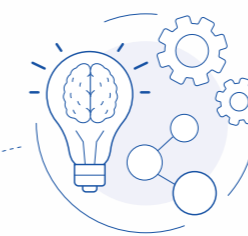
The Company is committed to establishing a multi-level scientific and technological innovation platform system of "1+2+N+4," encompassing the entire industrial chain of basic research, technological innovation, achievement transformation, and supporting guarantees. It has developed a dual-cycle innovation ecosystem in which technology drives industrial development and industry, in turn, advances scientific and technological progress.



## Scientific Research Platform Development

The Company consistently upholds scientific and technological innovation as the core driver of high-quality development and fulfills its mission of advancing the rare earth industry through technological progress. By prioritizing platform development, it continues to build high-level innovation carriers, strengthen its core business, and enhance its competitiveness. In doing so, the Company contributes to the high-end transformation and high-quality development of China's rare earth new materials industry.

The Company has advanced scientific and technological innovation platforms from isolated breakthroughs to a matrix-based model, laying a strong foundation for the development of new quality productive forces. It has established a research platform network spanning the entire rare earth industrial chain, vigorously promoted the transformation and application of scientific achievements, and become a key pillar in addressing national strategic needs and driving industrial progress.



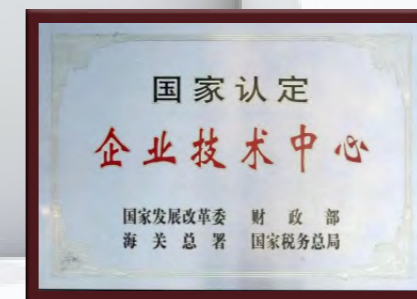
National Innovation Center for Rare Earth Functional Materials



State Key Laboratory



Academician Workstation



Enterprise Technology Center

## Incentives for Technological Innovation

The Company has established a patent incentive and evaluation mechanism. In accordance with the *Measures for the Performance Assessment of Scientific and Technological Innovation* and the *Measures for the Transformation of Scientific and Technological Achievements*, it has revised and issued the *Patent Management Measures*. By recognizing advanced entities, outstanding teams, and individuals in scientific and technological innovation, the Company stimulates researchers' innovative vitality, strengthens their sense of honor and self-worth, promotes technological breakthroughs across the industrial chain, accelerates the transformation of scientific and technological achievements into practical productive forces, and provides strong support for the development of new quality productive forces.

In 2025, the Company completed the disbursement of patent rewards for 2024, totaling 85,000 Yuan. For the 2024 cycle, it recognized 3 outstanding research teams, 22 outstanding technical personnel, and 12 outstanding science and technology management staff, with total bonuses amounting to 32,000 yuan.



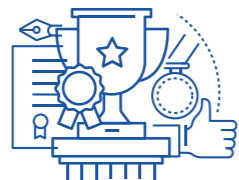
## Technological Innovation Honors

Leveraging its strong technological capabilities and innovative spirit, the Company pursues cutting-edge research and development, overcomes multiple critical technical bottlenecks, and delivers a series of industry-leading and technological achievements. This underscores its technological advantage and innovation capacity in the rare earth sector, establishing a benchmark for the industry's high-quality development.

In 2025, the Company received one First Prize of the Inner Mongolia Autonomous Region Technological Invention Award, one Second Prize of the Inner Mongolia Autonomous Region Science and Technology Progress Award, one Third Prize of the Gansu Provincial Science and Technology Progress Award, and one Third Prize of the Hebei Provincial Science and Technology Progress Award. It also earned four Second Prize of the Rare Earth Science and Technology Award.

### Case Study Receiving the Third Prize of Gansu Provincial Science and Technology Progress

With the project titled Green and Energy-Saving Upgrading and Industrial Application of the Post-Treatment Process for Light Rare Earth Chloride, the Company won the Third Prize of the 2024 Gansu Provincial Science and Technology Progress Award. The project effectively addresses production capacity and energy consumption constraints, advances the green upgrading of rare earth smelting and separation processes, and promotes the efficient and sustainable utilization of rare earth resources.



Third Prize of Gansu Provincial Science and Technology Progress Award

## Strategy

The Company has prepared the *Special Chapter on Scientific and Technological Innovation Planning for the 15th Five-Year Plan Period (2026–2030)*. Guided by national strategies, industry development trends, and the Company's operational needs, it aims to build an open, collaborative, and shared rare earth innovation ecosystem, foster original technological breakthroughs, secure a leading position in scientific and technological innovation, explore new pathways for industrial development, and advance toward becoming a world-class technology-driven rare earth enterprise.



## Risk Identification and Response

### List of Identified Technological Innovation Risks

Risk Type	Risk Description	Potential Financial Impact	Responses
Technology Risk	Emerging technologies are theoretically feasible, yet they face intractable implementation challenges that hinder their effective application and deployment.	<ul style="list-style-type: none"> <li>Out-of-control investment, sunk R&amp;D funds, and low return on investment.</li> <li>Ineffective projects and losses from capital expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>We strengthen technical due diligence and pilot testing, conduct sufficient techno-economic demonstrations of cutting-edge technologies, and verify feasibility through small-scale pilot projects.</li> <li>We implement full life-cycle project management, including refined scheme design, process monitoring, achievement acceptance, and post-evaluation, to ensure investment returns.</li> <li>For key transformation directions, we adopt parallel research across multiple technical pathways to diversify risk.</li> </ul>
Market Risk	Technological iteration is accelerating, and technologies selected for transformation may be superseded by more advanced, cost-effective alternatives, thereby threatening the Company's market position.	<ul style="list-style-type: none"> <li>Declined economic efficiency or impairment of assets.</li> <li>Extended payback period for technological renovation investment, with the internal rate of return (IRR) falling short of expectations.</li> </ul>	<ul style="list-style-type: none"> <li>We focus on upgradable, modular technologies for transformation.</li> <li>We monitor policy and market dynamics to ensure R&amp;D aligns with market reforms and development trends, thereby enhancing product adaptability.</li> <li>We strengthen economic evaluation by incorporating future market fluctuations into project assessment models.</li> </ul>
Intellectual Property Risk	If technological innovations are not protected by intellectual property rights in a timely manner, technology spillover may occur.	<ul style="list-style-type: none"> <li>Eroded technological advantages undermine product pricing power and reduce return on investment.</li> <li>Additional rights protection costs.</li> </ul>	<ul style="list-style-type: none"> <li>We strengthen the intellectual property management system, clarify ownership of R&amp;D achievements, promptly file for patents, software copyrights, and other protections, and advance standardization initiatives.</li> </ul>

## Opportunity Identification and Response

List of Identified Technological Opportunities

Opportunity Type	Potential Financial Impact	Response
 Technology Opportunity	Industrial transformation and upgrading enable enterprises to optimize production processes, improve operational efficiency, and reduce production costs.	<ul style="list-style-type: none"> <li>We have established R&amp;D and innovation platforms, including technology centers and doctoral workstations, to strengthen scientific and technological innovation in support of our core business.</li> <li>We have also developed digital application platforms, optimized production and operational processes, and improved business efficiency.</li> </ul>
 Market Opportunity	Collaborative innovation and development reduce product costs, improve the reliability of products and services, and strengthen supply chain stability. Leading enterprises drive the high-quality development of industrial clusters.	<ul style="list-style-type: none"> <li>We have established dedicated coordination departments and improved cooperation mechanisms.</li> <li>We have also set up a digital collaboration platform.</li> <li>We have established industry-university-research cooperation mechanisms, participated in industry alliances, and jointly cultivated talent.</li> </ul>

## IUR Collaborations

The Company continues to strengthen its technological innovation partnerships with multiple universities and research institutes, collaborating in areas such as the development of science and technology innovation platforms, the advancement of key research projects, the commercialization of scientific and technological achievements, and the cultivation of talent. These efforts promote deep industry-university-research integration and provide robust support for the Company's industrial development.

## Industry Exchange and Cooperation

The Company actively expands channels for industry exchange and collaboration, strengthens strategic partnerships with relevant industry associations and high-quality external businesses, and integrates resources and expertise from diverse stakeholders. Through multi-party cooperation, it promotes the healthy development of the industry ecosystem, advances cutting-edge technologies, and enhances its market influence and social recognition.



### Case Study Research Meeting on Lanthanum-Cerium Materials

In 2025, technical staff from the Company conducted specialized field research at multiple organizations, systematically examining the frontiers of industrial development. This provided strategic guidance for promoting the high-value and balanced utilization of lanthanum-cerium resources.



Research Meeting on Lanthanum-Cerium Materials

### Case Study China Manufacturing Achievements Exhibition

In December 2025, the Company participated in the Building the Foundation for a Strong Nation: China Manufacturing Achievements Exhibition during the 14th Five-Year Plan, jointly organized by the National Museum of China and the Press and Publicity Center of the Ministry of Industry and Information Technology. The exhibition comprised six sections: high-end manufacturing, industrial foundations, intelligent manufacturing, green manufacturing, integrated development, and better life, offering a comprehensive overview of China's manufacturing progress during the 14th Five-Year Plan period. As the sole invited representative from the rare earth industry, Northern Rare Earth systematically presented its full-chain capabilities—from scientific research and development, smelting and separation, and deep processing to functional materials and downstream applications—through exhibits, models, and graphic displays. This presentation effectively underscored the Company's strategic role in supporting the national rare earth supply chain.



China Manufacturing Achievements Exhibition

## R&D Training & Development

The Company organizes specialized research training programs tailored to the specific needs of the rare earth industry. These initiatives are designed to foster a sustainable innovation ecosystem, unlock the potential of science and technology talent, enhance employees' independent innovation capabilities, elevate research quality standards, and continually upgrade technical competencies.

In 2025, the Company conducted four training sessions on scientific research systems and one training session on standard promotion and awareness.



## Management of Impacts, Risks and Opportunities

The Company conducts full-cycle management of technology projects in accordance with relevant policies and regulations, identifying, assessing, and managing technical, market, and intellectual property risks in technology innovation activities. It also conducts regular compliance reviews of research activities and establishes detailed rules for daily research management and accountability in line with the *Measures for the Management of Research Projects*, thereby ensuring compliance, standardization, and effective risk mitigation.

### Management Process

Identification	Assessment	Monitoring	Response
The Company conducts a comprehensive review and assessment of proposed science and technology projects to identify project risks and evaluate the necessity, advancement, feasibility, and economic feasibility of implementation.	Based on technical complexity and in accordance with risk assessment criteria, identified risks are classified by likelihood and potential impact, and hierarchical as well as full-cycle risk management is implemented.	The Company establishes risk and opportunity indicators, including R&D project progress and intellectual property outputs, and continuously monitors risks and opportunities based on application promotion effects, industry recognition, and other relevant factors.	The Company strengthens collaborative partnerships, broadens innovation pathways, and promotes strategic cooperation with key universities, research institutes, and industry-leading enterprises, thereby enabling the efficient integration of innovation resources and accelerating the development of high-level scientific and technological talent and innovation teams.

## IP Protection

The Company strictly complies with relevant laws and regulations, including the *Trademark Law of the People's Republic of China* and the *Patent Law of the People's Republic of China*. In accordance with the actual development of the rare earth industry and the Company's innovation needs, the *Patent Management Measures* are continuously revised, improved, and implemented. These measures clarify responsibilities, patent information use, and patent ownership; define the patent application process; strengthen patent maintenance and management; and establish reward and assessment mechanisms, thereby providing comprehensive protection for technological innovation.

### IP Protection Initiatives

- The Company regularly invites patent experts to hold discussions with project teams, analyze patent landscapes, and propose targeted patent portfolio strategies.
- The Company conducts patent information searches, evaluates research directions, and performs infringement risk screening. By selecting key rare earth metal projects and leveraging professional teams and digital tools, the Company carries out patent early-warning work to accurately identify industry patent trends, technical barriers, and infringement risks, thereby ensuring the smooth progress of core technology research and development as well as industrial deployment.
- The People's Procuratorate of the Rare Earth High-Tech Zone has established an Intellectual Property Prosecution Protection Contact Point at the Company to provide direct judicial protection services.

The Company advances intellectual property protection and related cultural outreach, strengthens employee education and awareness campaigns, enhances awareness of IP protection across all staff, fosters a strong culture of intellectual property protection, and cultivates a corporate environment that respects and safeguards intellectual property.



**Case Study Training Session on High-Quality Intellectual Property Development**

In April 2025, the Company conducted a training session on high-quality intellectual property development, engaging external experts to instruct more than 70 employees on topics such as patent strategy, risk early warning, and patent pools. By integrating theoretical instruction with practical case studies, the session strengthened employees' capabilities in IP management and utilization, establishing a talent foundation for accelerating the transformation of innovation outcomes and enhancing the Company's core competitiveness.

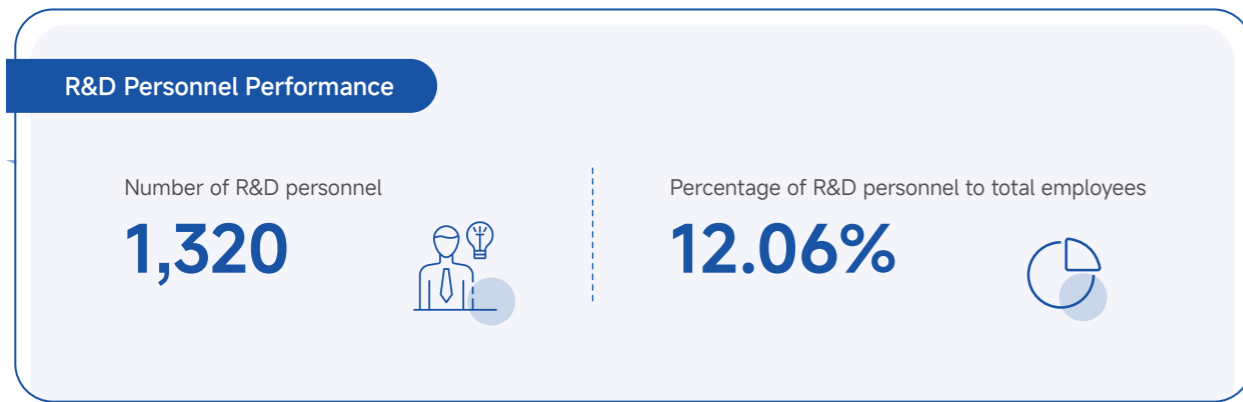


Training Session on High-Quality Intellectual Property Development

**Metrics and Targets**

With an open and inclusive approach, the Company actively encourages diverse innovation initiatives, recognizes the value of intellectual property, and continuously increases investment in scientific and technological R&D, thereby providing a strong foundation for technological advancement and maintaining its leading position in industry development. In 2025, R&D investment reached 2.408 billion yuan, representing 5.65% of revenue.

Talent is the core driver of innovation. The Company has recruited 168 professionals, including 34 doctoral degree holders and 118 master's degree holders, strengthening its R&D team with exceptional expertise.



Based on the *Dedicated Chapter on Science and Technology Innovation Planning for the 15th Five-Year Plan (2026-2030)*, the Company has established its strategic objectives for technological innovation during the 15th Five-Year Plan period.

**Strategic Objectives for Technological Innovation**



- We must strengthen our independent and collaborative innovation capabilities and steadily improve key innovation indicators, including R&D investment intensity, the quality of new platform development, the number of patents, and the transformation of scientific and technological achievements.
- By the end of the 15th Five-Year Plan period, we aim to establish technological leadership in key rare earth industry sectors, build world-class professional technology innovation platforms, and cultivate a number of distinguished industry experts and research teams. We will also generate a series of scientific and technological achievements that drive industry advancement and significantly enhance our capacity to undertake major national science and technology innovation tasks. In doing so, we will support the development of a full-element, full-category rare earth industrial system and strive to become a world-class, technology-leading rare earth enterprise with strong innovation vitality, robust innovation capacity, an excellent innovation system, and a favorable innovation environment.

- The annual R&D intensity will be maintained at **5%**. Achieve breakthroughs in **10** core technologies. Undertake **15** major projects at the provincial/ministerial level or above.
- We will develop **60** new products, processes, or equipment covering all rare earth elements and categories, including no less than **20** new lanthanum-cerium products.
- We will complete the transformation of **40** scientific and technological achievements, build **10** new pilot lines, and cultivate **1-2** major scientific and technological achievements eligible for nomination for national science and technology awards.
- The number of authorized inventions will reach **580**.
- The total number of standards formulated or revised will reach or exceed **175**.



## R&D Achievements

We take technological innovation as the core engine, anchor our efforts in the deep integration of technological and industrial innovation, deepen the reform of systems and mechanisms for technological innovation, promote the integrated development of technological and industrial innovation, advance collaborative breakthroughs in core technologies, strengthen research on cutting-edge technologies. As a result, a number of original, strategic, and high-quality scientific and technological achievements have been generated, which allows us to fully leverage the leading role of innovation and continuously enhance our core competitiveness.

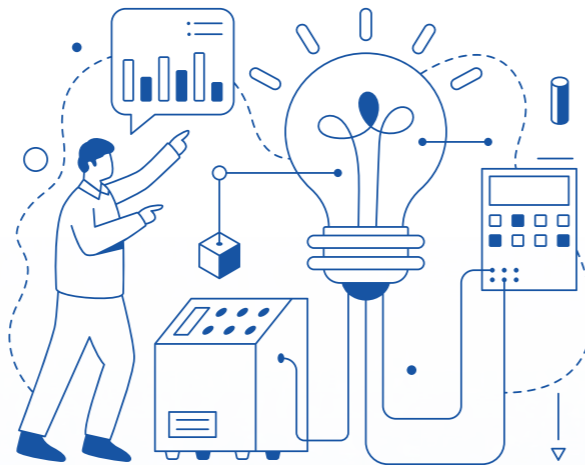
In 2025, we achieved breakthroughs in two core technologies, developed six new products, three new processes, and four advanced pieces of equipment, and advanced the construction of six demonstration production lines. We undertook more than 40 major scientific research projects. Innovation-driven development has become embedded in our corporate DNA, accelerating the transformation of scientific and technological innovation—the key variable—into the strongest driving force for high-quality development.

In 2025, we were advancing more than 40 major scientific research projects, including the National Key R&D Program, Major National Science and Technology Projects, national "chain leader" initiatives, Inner Mongolia Autonomous Region "technological breakthrough" projects, key R&D and achievement transformation projects, Gansu Province science and technology programs, and the company's key internal projects.

## Conversion of R&D Achievements

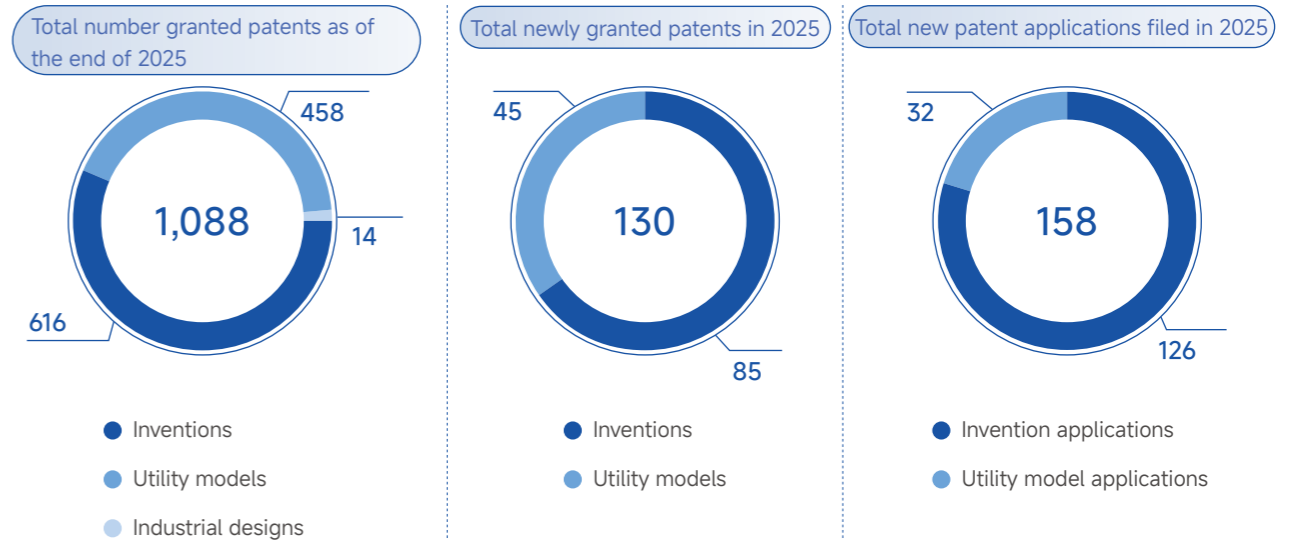
The transformation of scientific and technological achievements serves as a critical bridge between scientific research and industry, as well as a core pathway for translating intellectual properties into new quality productive forces. The Company has established a robust mechanism for commercializing research outcomes. Guided by market demand, it fully leverages existing innovation resources and platform advantages to accelerate the conversion of scientific and technological advances into tangible productive capacity.

In 2025, the Company filed 158 new patent applications, including one international invention, 126 inventions, and 32 utility models, providing robust intellectual property protection for technological innovation.



## Patent Overview

Number of technological innovation projects launched in 2025 **58**



The Company plays an active role in the formulation of industrial standards. Drawing on strong R&D capabilities and extensive market experience, it contributes to the development of international, national, and industry standards, helping to regulate industrial growth and advance the sector's technological level. In 2025, it led 34% of national and industry standards, ranking first in the industry.



## Quality Benchmarking

The Company regards quality as the cornerstone of its development, consistently pursuing excellence in product creation. It actively innovates quality management models, advances lean management, strengthens quality culture, and enhances process control and performance improvement. By continuously improving product quality, the Company generates new demand, expands high-end product offerings, and drives quality across the entire industrial chain to industry-leading levels.

## Governance

The Company consistently upholds the quality philosophy of customer first, brand supremacy and continuously advances the development and refinement of its quality management system. It strictly complies with applicable laws and regulations, including the *Product Quality Law of the People's Republic of China*, and systematically implements quality management activities in accordance with internal policies such as the *Management Manual of Northern Rare Earth*, the *Procedure Documents of Northern Rare Earth*, and the *Quality Management Measures of Northern Rare Earth*. In doing so, the Company enhances the standardization of quality management, regulates operational procedures, and ensures the compliant operation and stable control of its product quality management system.

The Company has established a work framework centered on the Chief Quality Officer, second-level quality committee, and third-level quality specialists. By clearly defining responsibilities at each level, it systematically advances quality management. The Company continuously strengthens ISO 9001 quality management system certification to ensure the standardized and efficient operation of quality management.

ISO 9001 Quality Management System Certificates



## Quality Culture Development

The company actively encourages a quality culture through multi-level publicity and training initiatives that engage all employees and span the entire process. It fosters a strong environment in which everyone values quality and everyone creates quality, strengthening employees' quality awareness and reinforcing their responsibility and commitment to excellence in daily work.

The Company has significantly strengthened its quality management capabilities by actively implementing QC group initiatives and professional skills competitions. Through platforms such as Quality Month and labor contests, it encourages and monitors all branches and subsidiaries to conduct regular publicity, training, and quality improvement activities. These efforts continuously enhance employees' professional competencies and foster a corporate culture centered on quality and excellence.

### Case Study Quality Competition Held at Ruixin

In 2025, Ruixin organized a quality competition themed *Striving for Excellence and Improving the First-Pass Yield*. Using electrolytic furnaces as the unit of evaluation, the competition established specific assessment indicators. Through the optimization of production scheduling, the refinement of process management, and the deepening of mutual inspection and mutual review mechanisms, it fostered a healthy competitive environment, effectively motivated employees to pursue excellence, and provided internal impetus for the organization's efforts to strengthen technical capabilities and improve product quality.

## Awards and Honors



In September 2025, the Company was awarded the China Quality Award Nomination.

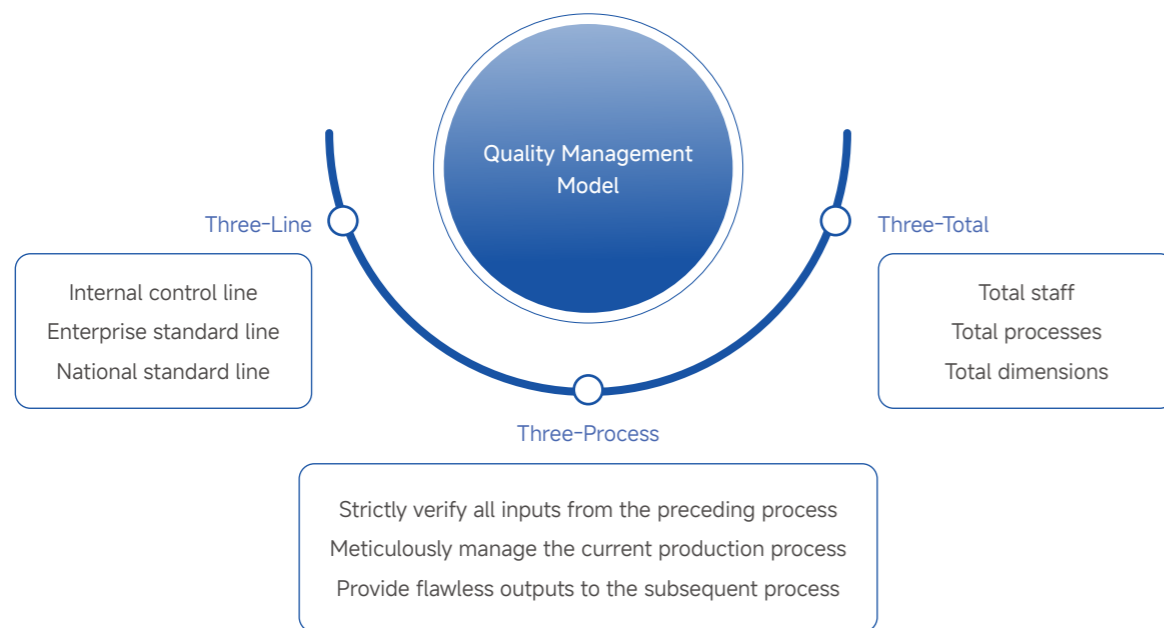


## Strategy

The Company adheres to a quality-driven development strategy, treating quality management as a core priority. Through systematic implementation of quality planning, rigorous product quality control, efficient quality complaint handling, and strengthened quality supervision and assessment, it continuously enhances the quality and consistency of rare earth products, thereby providing sustained momentum for the industry's high-quality development.

The Company has introduced an innovative quality management mode encompassing Three-Line, Three-Total, and Three-Process. The Three-Line framework enforces stringent internal control standards, effectively creating a protective net for product quality. The Three-Total model broadens accountability, establishing a responsible chain that underscores product quality at every level. Meanwhile, the Three-Process framework facilitates hierarchical control, forming a robust regulatory mechanism for quality assurance.

Quality Management Model Featuring Three Lines, Three Totals and Three Processes.



## Risk Identification and Response

List of Identified Quality Management Risks

Risk Type	Risk Description	Potential Financial Impact	Responses
<p>Reputation Risk</p>	Some products' noncompliance with industrial standards or customer requirements may prompt complaints, thereby damaging the Company's brand image and eroding customer loyalty.	Defects in product quality or design may trigger negative commentary, undermine consumer trust, and influence prospective customers.	<ul style="list-style-type: none"> <li>Upgrade equipment operation and maintenance, and monitor process parameters in real time;</li> <li>Strengthen staff training and standardize operating procedures.</li> </ul>

## Opportunity Identification and Response

List of Identified Quality Management Opportunities

Opportunity Type	Potential Financial Impact	Response
<p>Technology Opportunity</p>	Continuous research and development of new technologies, along with introducing automated equipment, can consistently reduce production costs.	<ul style="list-style-type: none"> <li>We promote lean production through technological transformation, reducing costs, enhancing efficiency, and strengthening competitiveness.</li> </ul>
<p>Market Opportunity</p>	With improved quality standards, the Company gains consumer recognition, encouraging positive feedback and strengthening customer loyalty while supporting premium pricing and higher gross profit margins.	<ul style="list-style-type: none"> <li>Safety, quality, and sustainable design are integrated into R&amp;D.</li> <li>We strictly control compliance and quality in production, promote green manufacturing, and disclose data.</li> <li>We communicate compelling brand narratives through ESG reports and social media platforms.</li> </ul>

## Management of Impacts, Risks and Opportunities

The Company places significant emphasis on product quality management and strictly implements all requirements outlined in the *Northern Rare Earth Procedure Documents*. It has established and continuously refined its quality assurance system, standardized management processes, clarified responsibilities, and addressed quality complaints promptly and efficiently. This approach effectively controls nonconforming products, protects customer rights, and enhances satisfaction and trust.

Management Process

Identification	Assessment	Monitoring	Response
Potential risks in workshops, production processes, and personnel are screened and identified one by one, with multiple factors considered to determine potential risk points.	The identified product risks are then evaluated, and risk coefficients are assigned according to criteria such as severity and frequency of occurrence, enabling the identification of major risk items.	Relevant personnel are assigned to monitor the implementation progress and effectiveness of the measures, thereby ensuring their effective execution. The effectiveness of corrective actions is continuously evaluated until the established objectives are achieved.	Each department determines appropriate responses to risks and opportunities, adopting approaches such as risk acceptance, risk reduction, and risk avoidance to ensure that risk control measures are both effective and feasible.

## Full-cycle Quality Management

In accordance with the *Quality Management Measures*, the Company has established a comprehensive quality management system spanning quality planning, quality control throughout the product realization process, finished product quality management, quality dispute resolution, incident management, and quality supervision and assessment. This framework effectively mitigates quality risks and ensures both the qualified rate of final products and customer satisfaction.

In 2025, the Company launched **37** quality improvement initiatives, generating an estimated quality benefit of approximately **14.7** million Yuan.

### Quality Management Initiatives



## Lean Management

The Company has deeply advanced a lean management system grounded in the excellence performance model. It has formulated the *Detailed Rules for Lean Management*, implemented lean concepts and methods, continuously applied lean tools to enhance operational management, and established lean benchmark production lines.

In 2025, the Company initiated 76 lean projects, surpassing the annual target by 26.7%. It consistently provided on-site guidance for lean production lines, workshops, and teams, thereby enhancing production-line maturity, steadily refining evaluation benchmarks for workshop and team development, and further strengthening lean principles.

## Metrics and Targets

In 2025, the first-pass yield for separated products reached 99.98%, for metal products 93.19%, and for functional material products 99.72%. No major product-quality liability incidents or recalls occurred during the year.

Company-wide quality management training strengthened quality awareness and the use of quality management tools, with a total of 3,441 attendances.

Company-wide quality management training with a total of **3,441** attendances



### 2025 Quality Management Targets

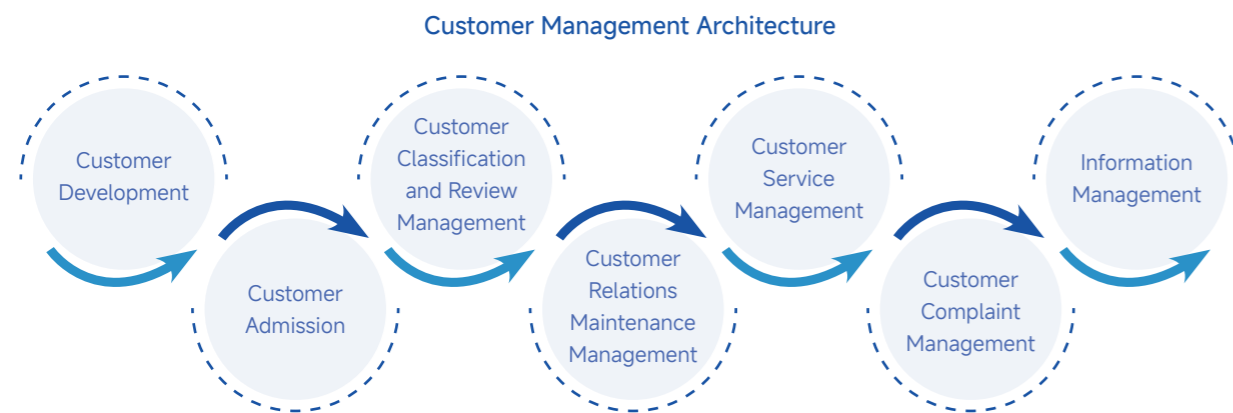


# Integrity and Consumer Protection

The Company has consistently maintained a customer-centric approach, prioritizing customer needs and continuously optimizing its service system. It has strengthened customer service capabilities, safeguarded customer rights, and enhanced privacy protection. By delivering high-quality products and service solutions, the Company aims to improve customer satisfaction and brand loyalty while fostering mutually beneficial, sustainable growth.

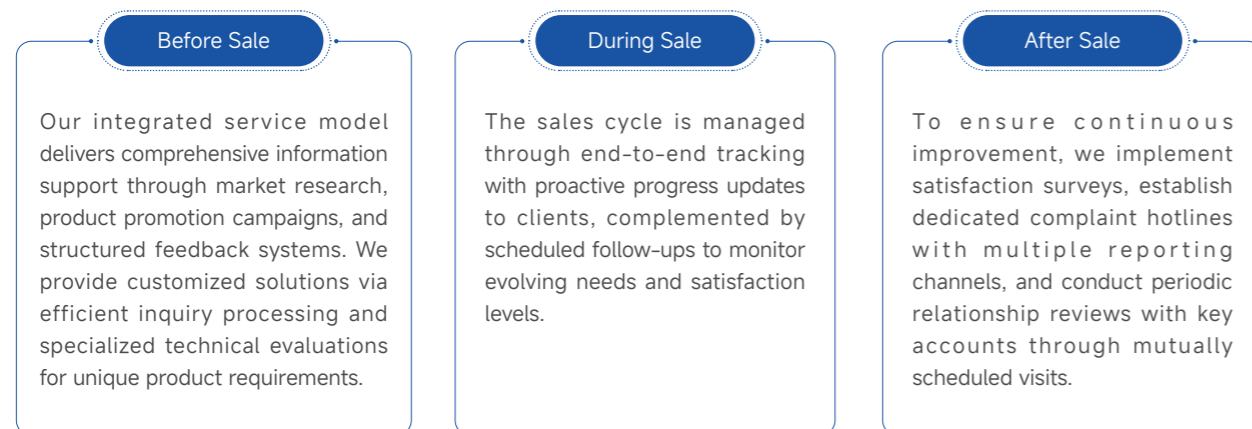
## Protecting Customer Rights

The Company upholds a customer-first service philosophy and conducts its business in strict compliance with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*. It has also established internal policies, including the *Northern Rare Earth Customer Management Measures* and the *Marketing Service Management Measures*, to standardize customer relationship management and service procedures, strengthen employees' market service awareness, and continuously enhance the Company's brand influence and overall market competitiveness.



The Company consistently prioritizes customer rights and is committed to establishing a high-quality service system that encompasses the full lifecycle of pre-sales, in-sales, and after-sales support. It actively incorporates customer feedback, refines product and service details, continuously improves customer experience and satisfaction, and fosters long-term, stable, and mutually trustworthy partnerships with every client.

### Customer Service System



The Company has issued the *Northern Rare Earth Measures for Handling After-Sales Product Quality Complaints*, thereby establishing a systematic customer complaint management framework. This framework implements a closed-loop process encompassing complaint classification, detailed recordkeeping, cause investigation, solution development, progress tracking, and communication of outcomes to customers, accompanied by feedback solicitation. This approach ensures clear accountability and a verifiable basis at each stage, thereby supporting the continuous optimization and effective operation of the management system. In 2025, the Company reported no customer complaint incidents.

## Customer Satisfaction Survey

In accordance with the *Northern Rare Earth Measures for Customer Satisfaction Measurement*, the Company has systematically standardized customer satisfaction survey management, conducted regular surveys, advanced measurement activities, prepared satisfaction analysis reports, and established a scientific evaluation mechanism. These measures have enabled the consistent delivery of high-quality products and services exceeding customer expectations. In 2025, customer satisfaction remained at 100%.

## Customer Communication

The Company continually optimizes its marketing strategies by closely monitoring national and local policy developments and strengthening collaboration with local governments in project coordination and resource integration. It prioritizes long-term, stable customer relationships and maintains close communication through flexible channels, including phone calls, emails, WeChat, and regular on-site visits. This communication focuses on contract formation, contract execution details, product usage, and service feedback.

The Company also seeks to deepen collaborative relationships with high-quality strategic partners across diverse sectors. By integrating multi-party resources and capabilities, it jointly establishes a virtuous closed-loop mechanism of needs insights-service upgrade-ecological synergy, thereby systematically enhancing overall service efficiency and market competitiveness.

## Customer Privacy Protection

### Customer Information Archive

The Company continuously strengthens customer information management by establishing a filing system that encompasses key data, including credit assessments, sales contract execution, correspondence, and legal documents related to dispute resolution. The system is regularly updated and analyzed to ensure data accuracy and timeliness, thereby improving the completeness and reliability of customer information while enhancing customer satisfaction and long-term trust.

The Company upholds exemplary standards in customer privacy protection, strictly adhering to the Consumer Rights Protection Law of the People's Republic of China. We have implemented stringent protocols to safeguard all customer information obtained during business operations, prohibit unauthorized access or disclosure of client data, and eliminate any potential breaches of customer privacy.

The Company actively protects sensitive information, including confidential data, intellectual property, and proprietary technologies, to safeguard its long-term interests and support sustainable, stable, and efficient development in a highly competitive market. The Company and its subsidiaries implement advanced technical measures to secure information belonging to suppliers, customers, and employees, effectively mitigating risks such as data leakage, tampering, damage, and unauthorized access.

No customer privacy leakage incidents occurred within the Company in 2025.

# Product Safety and Sustainable Operations

The Company rigorously upholds fundamental workplace safety principles by diligently enforcing safety production responsibilities and continually enhancing safety management systems and operational procedures. These initiatives are designed to strengthen safety awareness among employees, develop smart, safety-focused factories, and establish a secure operational foundation for sustainable business growth. For 2025, a dedicated safety investment allocation amounts to 36.21 million yuan.

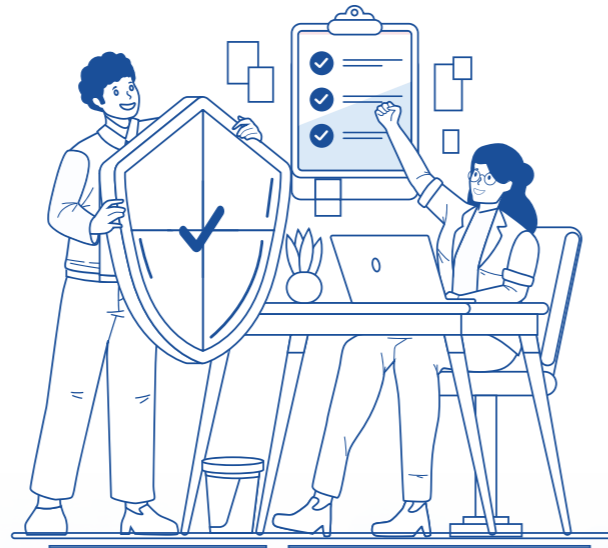
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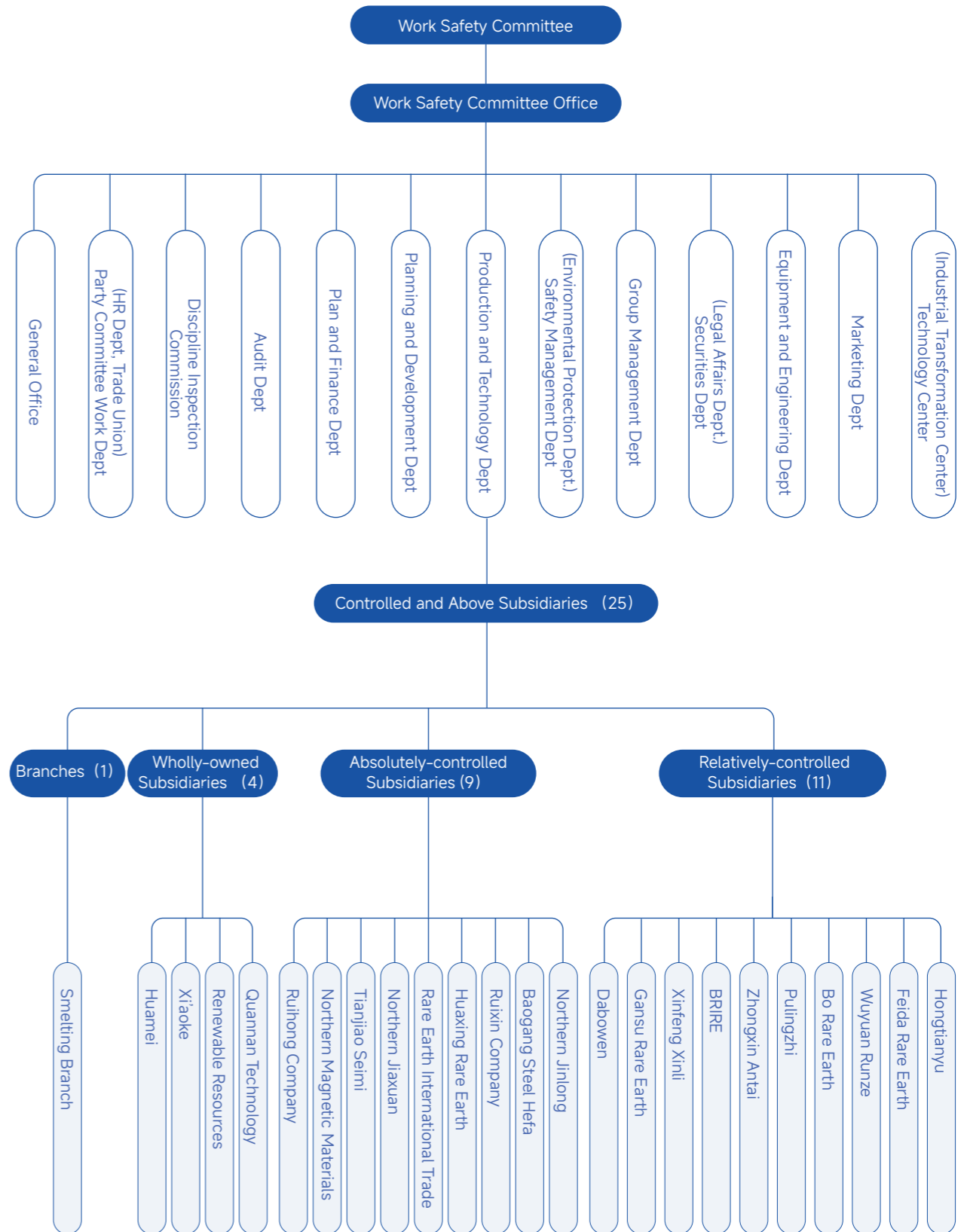
## Governance

In strict compliance with the principles of Three-Responsibility and Three-Must stipulated in the *Work Safety Law of the People's Republic of China*, the Company revised and enhanced the full-staff work safety responsibility system. It also optimized the performance duty list for all departments and positions and incorporated quantitative assessment criteria, thereby providing strong support for the annual evaluation of work safety performance. Meanwhile, in accordance with the requirements for work safety standardization, the Company improved supporting safety documentation and strengthened on-site management across all production and business units.

In 2025, the Company issued the *Measures for the Administration of Dual Prevention Mechanisms for Hierarchical Control of Safety Risks and Inspection and Rectification of Hidden Dangers* and the *Measures for the Administration of Laws, Regulations, Standards, and Norms on Work Safety*. These measures further clarified the requirements for implementing the dual prevention mechanism and identifying relevant work safety laws, regulations, standards, and specifications.



Organizational Chart of Safety Management



The Company has established a promotion mechanism of supervision by headquarters, implementation at entities and support from experts to help its affiliated entities complete the grading assessment for work safety standardization. The number of secondary-level standardization units increased by 40% year over year, while tertiary-level standardization units achieved full coverage. Overall safety governance capacity has improved significantly. Currently, seven affiliated entities hold secondary-level work safety standardization certification, and sixteen subsidiaries hold tertiary-level certification.



Work Safety Standardization Certificate

In accordance with the relevant requirements of the *Measures for Accountability of Persons Responsible for Work Safety Accidents*, the Company promptly addresses all work safety liability incidents. Accountability is pursued in line with the principles of three-responsibility and three-must. Disposal proposals for the responsible persons are submitted to the Company's Work Safety Committee for review and implementation. Subsequent accident investigation teams conduct follow-up reviews in accordance with the "four no exceptions" principle, ensuring full-process, closed-loop management.

## Safety Culture Development

The Company further advances the development of safety culture, leveraging its guiding role to ensure the effective implementation of the *Safety Culture Development Implementation Plan*. It strengthens employees' safety awareness, standardizes daily operating practices, progressively enhances the overall safety literacy and emergency response capabilities of all staff, and consistently fosters a safe, stable, and orderly working environment.

In 2025, the Company and its affiliated entities systematically implemented a range of safety education and training activities in accordance with the annual work safety training plan established at the beginning of the year. A total of 249 sessions were conducted, reaching 21,184 attendees and effectively enhancing employees' safety awareness and professional safety knowledge.

### Safety Training Performance

Number of safety and occupational health training sessions

249



Safety and occupational health training hours

2,067

Attendance in safety and occupational health training

21,184

### Case Study Safety Training for Team Leaders

In 2025, the Company organized two safety training sessions for team leaders, with more than 130 attendees. The training emphasized job responsibilities and accident case studies, thereby strengthening the implementation of safety responsibilities at the team level, enhancing grassroots risk prevention and safety management capabilities, and supporting the sustained effectiveness of safety management.



### Case Study Fire Safety Training

In 2025, the Smelting Branch (Huamei) conducted fire safety training in accordance with its annual plan. The program focused on relevant provisions of the *Rules for the Identification of Major Fire Hazards*, thereby further enhancing the professional knowledge and competency of fire safety management personnel.



The Company fully implements national policies on work safety and fire prevention and responds proactively to the guiding principles of the national Work Safety Month and Fire Prevention Publicity Day campaigns. It further strengthens employees' responsibility for work safety and fire prevention, firmly establishes the concept of safe development, enhances fire safety awareness, and comprehensively improves employees' safety competence and self-rescue and mutual rescue capabilities, thereby effectively preventing work safety accidents and fire incidents.

In 2025, leveraging Work Safety Month and Fire Prevention Publicity Day as key opportunities, the Company actively promoted a strong safety culture, disseminated fire management knowledge, and organized a range of diverse awareness activities.

**Case Study Campaign for Safety Cultural Creative Works**

During the 2025 Work Safety Month, the Company launched a selection campaign for safety cultural creative works under the theme Cultural Cohesion, Safe Progress. Entries were required to focus on identifying and preventing potential safety hazards. Participants developed works centered on fire safety, electrical safety, machinery safety, hazardous chemicals safety, construction safety, traffic safety, or other specific fields, or created comprehensive pieces addressing multiple areas to provide an in-depth analysis of common safety risks and their associated hazards. Submissions demonstrated innovation, insight, and rich safety cultural elements, effectively promoting safety education for all employees, and vividly reflect the Company's work safety practices and achievements across various production positions.



**Strategy**

The Company has formulated the *Implementation Plan for the 2025 Three-Year Action Plan of Northern Rare Earth for Tackling Fundamental Issues in Work Safety* to ensure the thorough and systematic implementation of the broader three-year action initiative.

Based on its actual operational conditions, the Company comprehensively identifies safety risks and improvement opportunities throughout the production process. Through scientific evaluation, it continuously optimizes its management system, clarifies priorities for improvement, and develops effective risk prevention and enhancement strategies, thereby strengthening safety assurance and supporting the enterprise's sustainable development.

**Case Study Family Safety Message Campaign**


During Work Safety Month, the Company organized a family safety message contest titled Family Wishes for Safety – Building Safety Together. This initiative integrated family care into safety management, strengthened employees' safety awareness, and encouraged them to recognize the close connection between workplace safety, family well-being, and corporate development. By emphasizing self-discipline and attention to detail, employees were motivated to comply with safety regulations, perform standardized operations, identify and mitigate potential hazards, and eliminate risks. As a result, the activity fostered a strong culture of safety that united employees and their families in supporting safe and sustainable development.



**Risk Identification and Response**


List of Identified Safety Management Risks

Risk Type	Risk Description	Potential Financial Impact	Responses
Legal Risk	If the Company lacks a sufficient understanding of work safety laws and regulations and fails to implement the relevant measures effectively, it may face severe penalties, including substantial fines and mandated rectification within a specified timeframe. Such consequences could significantly disrupt daily operations, undermine economic performance, and ultimately threaten the foundation of the Company's sustainable development.	<ul style="list-style-type: none"> <li>Significant fine expenses, revenue losses from production suspension and rectification, and increased compliance retrofitting investment.</li> <li>Reputational damage resulting in reduced market share.</li> </ul>	<ul style="list-style-type: none"> <li>Annual training plans for work safety practices and relevant laws and regulations are developed and incorporated into the annual plan.</li> <li>Promotional activities for Work Safety Month are organized regularly.</li> </ul>

Risk Type	Risk Description	Potential Financial Impact	Responses
 Reputation Risk	If the Company neglects safety management in production operations, a major safety incident—especially one involving serious injury or fatalities—can quickly damage public trust once exposed. Such an event may severely harm the brand image, attract intense public scrutiny, and place pressure on the Company’s market position. It may also weaken financing capacity and constrain future business expansion.	<ul style="list-style-type: none"> <li>• Sharp increases in compensation expenses for casualties and litigation costs, coupled with the immediate depreciation of brand value.</li> <li>• Loss of market orders and declining operating revenue.</li> <li>• Higher financing costs and restricted refinancing channels.</li> <li>• Termination of project cooperation, thereby limiting future expansion and impairing long-term profitability.</li> </ul>	<ul style="list-style-type: none"> <li>• Relevant management rules are formulated.</li> <li>• A work safety responsibility system is established, clarifying the responsibilities of each department.</li> <li>• Hazard investigations are conducted in accordance with applicable regulations;</li> <li>• Emergency management plans are developed and drills are regularly organized to strengthen employees’ work safety awareness.</li> </ul>

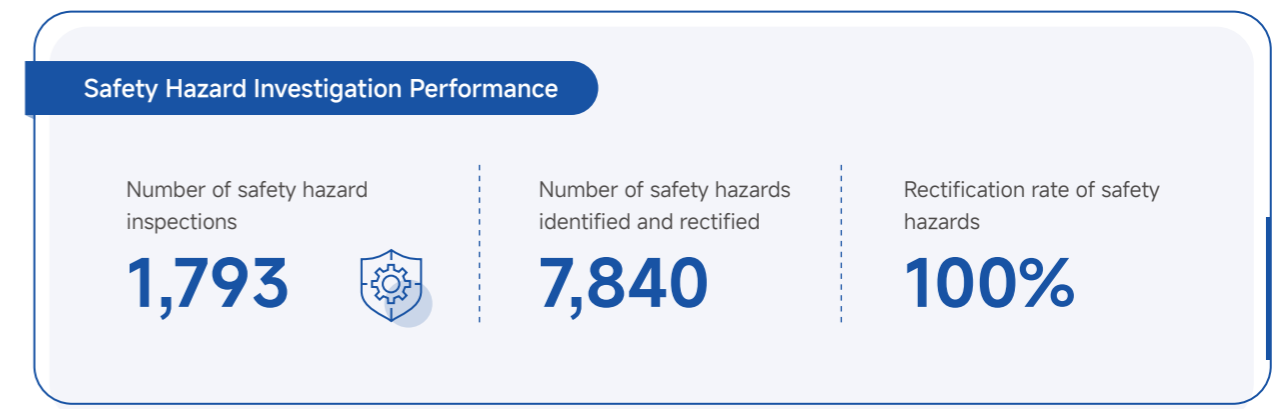
## Opportunity Identification and Response

List of Identified Safety Management Opportunities

Opportunity Type	Potential Financial Impact	Response
 Management Efficiency	This helps improve overall operational efficiency, significantly reduce the probability of accidents, and thereby avoid financial expenditures caused by accidents.	By leveraging information systems to enable early risk warnings and visualized management, the Company achieves rapid detection, real-time monitoring, proactive alerts, and coordinated response, thereby strengthening its overall capability to prevent workplace safety risks.

## Safety Hazard Investigations

The Company implemented a combined supervision model, integrating company-led oversight with mutual entity inspections, comprehensive inspections with specialized inspections, zone-based inspections with off-site inspections, and key entity oversight with construction project inspections. Throughout the year, it conducted a total of 314 safety supervision inspections across its affiliated entities. These inspections focused on the development of work safety standardization systems, hierarchical risk control and hazard identification and rectification mechanisms, confined space operations management, the storage and use of hazardous chemicals, occupational health management, and fire safety. This approach effectively supported subsidiaries in steadily enhancing their safety management capabilities.



### Detailed Procedure for Safety Hazard Inspection



**Case Study** Pre-Holiday Safety Inspections by the Company

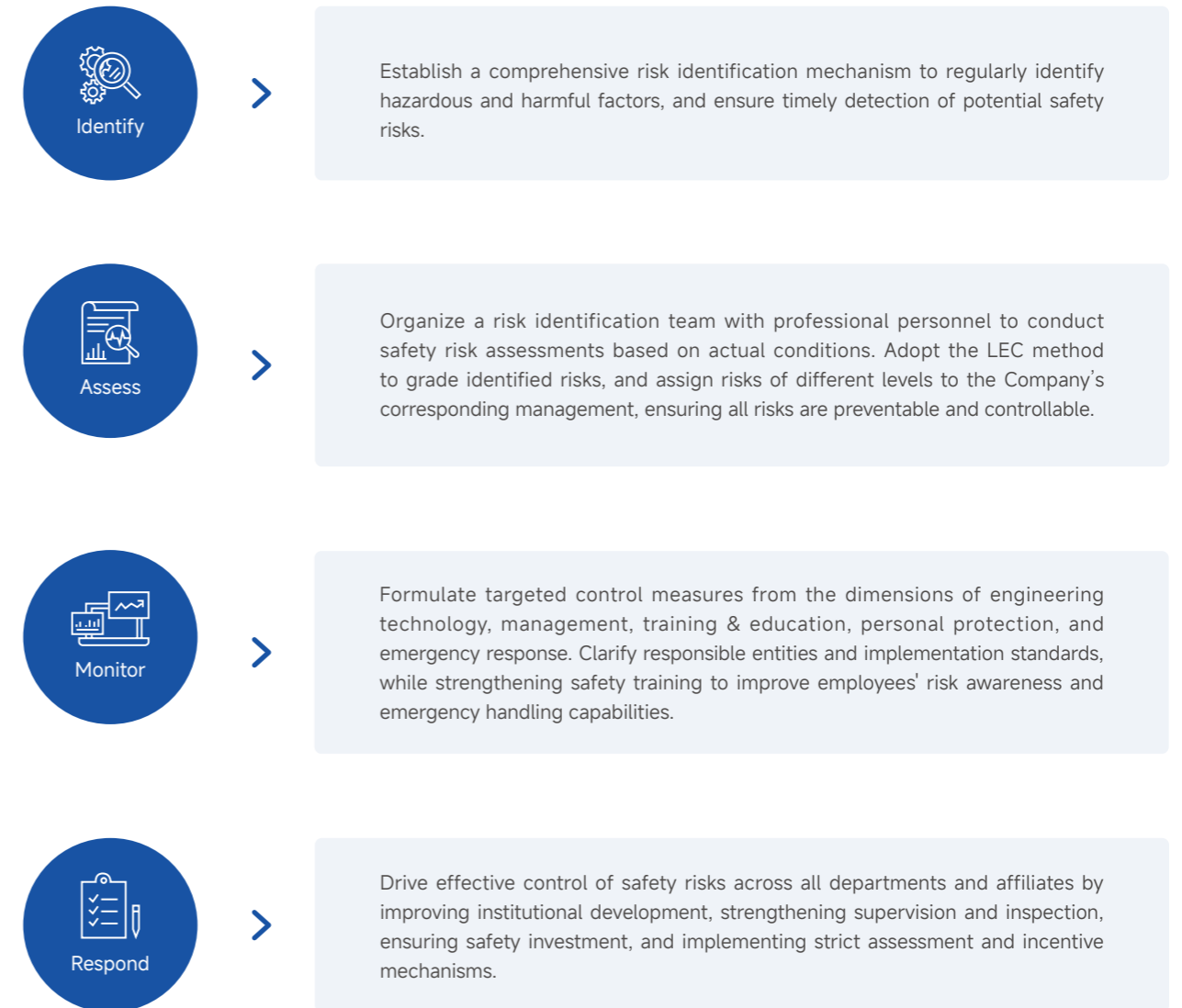
Before the Spring Festival, the Company conducted pre-holiday safety inspections at its affiliated entities. It thoroughly examined key production equipment and firefighting facilities, assessed potential safety hazards employees might encounter during operations, and reviewed safety supervision in critical positions and key areas, as well as the implementation of the leadership duty system and the work safety status of each entity. The Company strictly enforced the work safety responsibility system and internal safety management regulations, strengthened the identification and control of safety and fire hazards, and ensured dynamic hazard identification, rectification, and closure. It also closely monitored weather changes, promptly tracked weather warning information, made advance preparations to protect employee safety and property, and effectively carried out safety work during the holiday period. In addition, the Company strictly implemented the leadership duty system, maintained comprehensive awareness of its work safety status, ensured smooth information flow, and guaranteed the stable operation of work safety throughout the holiday.

Prior to the Spring Festival, the Company conducted on-site pre-holiday safety inspections at the Hefa workshop and emphasized strict adherence to the principle of "Three-Responsibility and Three-Must". The Company further intensified special inspections and rectification of major accident hazards, strengthened safety prevention measures, standardized operational management and procedures, effectively urged workshop-level principal leaders to fulfill their duties, and reinforced safety supervision in key areas, critical processes, and special operations. These measures ensured a stable work safety situation throughout the holiday period.



## Management of Impacts, Risks and Opportunities

### Management Process

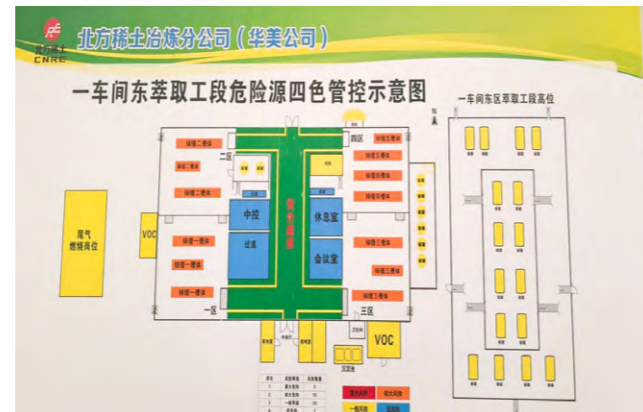


### Safety Risk Management

The Company has launched the Three-Year Action Plan for Fundamental Improvement in Work Safety (2024-2026). This plan is designed to enhance risk management improve the quality of hazard identification and rectification, and ensure the dynamic clearance of major accident risks. Additionally, it aims to strengthen intrinsic safety and modernize the work safety governance system, fostering a virtuous cycle of high-quality development alongside elevated safety standards. As of 2025, 100% of identified risk points under daily management have been effectively controlled.

## Graded Risk Management

For our existing production system, we have established a complete industrial chain encompassing rare earth smelting and separation, functional materials, and end-product applications. It has also formulated the *Management Policy for Hazard Source and Hidden Danger Monitoring of Northern Rare Earth*. In accordance with the operational requirements of the safety management system, all affiliated entities arrange professional personnel to form risk identification teams before the first quarter of each year. These teams conduct a comprehensive re-identification of safety risks in response to changes in personnel, production processes, equipment, and other on-site conditions. The company classifies identified risks by grade using the LEC risk assessment method and designates workshops and plant areas with a four-color zoning system: red, orange, yellow, and blue. Risks of different grades are assigned to corresponding management levels for hierarchical control.



Four-color Map for Safety Risk Identification

## Safety Emergency Management

Emergency drills are performed in accordance with the *Emergency Response Plan for Work Safety Accidents* and in response to actual conditions, thereby strengthening the response capabilities of its emergency rescue teams. Each production and operating entity has also developed its own work safety accident emergency response plans, including comprehensive, specialized, and on-site response plans, ensuring that these plans are lawful, compliant, scientifically grounded, and practical.

In 2025, each production and operating entity, in accordance with the emergency drill plan formulated at the beginning of the year, systematically organized and conducted 555 emergency drills. These comprehensive, specialized, and on-site response exercises involved 8,342 attendees, effectively strengthening the on-site response capabilities of emergency rescue teams and fully verifying the feasibility and applicability of the emergency response plans.



### Emergency Drills Performance

Number of emergency drills

555



Attendance in emergency drills

8,342



### Case Study Gansu Rare Earth Conducts Chlorine Leak Emergency Drill at Liquid Chlorine Storage Tank Area in the Liquefaction Section of the Chloric Acid Workshop

In June 2025, Gansu Rare Earth conducted a chlorine leak emergency drill in the liquid chlorine storage tank area of the liquefaction section of the chloric acid workshop. After the alarm was activated, all personnel responded promptly, and emergency responders, equipped with protective gear, managed the incident effectively. Firefighting water was used to absorb the leaked chlorine, enabling the hazard to be eliminated and normal production to resume. The drill confirmed the feasibility of the emergency response plan and demonstrated strong cross-departmental coordination, thereby strengthening workplace safety preparedness.



### Case Study Fire Emergency Drill

In June 2025, Xi'aoke conducted a specialized fire emergency drill for metal fire incidents, simulating a smoldering hydrogen storage alloy powder scenario. The exercise integrated firefighting and rescue, evacuation and escape, and the use of fire protection equipment, thereby comprehensively testing the company's emergency response mechanism and strengthening employees' fire safety awareness and emergency response capabilities.



The Company has released the *Notice on Strengthening Emergency Duty and Safety Management During Extreme Weather and Critical Periods*, which outlines comprehensive preventive measures for addressing extreme weather challenges. Furthermore, a strategic work deployment meeting was convened to coordinate and enhance preparedness and response initiatives specifically for the upcoming flood season.

## Safety Management Information System

The Company has optimized its safety management information system, advancing the transformation of management models and continuously enhancing system functionality. By integrating safety data resources and streamlining management processes, it has shifted safety management from experience-based to data-driven practices, and from decentralized control to coordinated collaboration.

## Metrics and Targets

In 2025, the Company recorded no work safety accidents at the general level or above for which it was held liable.

### Work Safety Performance

Metric	Value
Number of work certificates obtained by professional personnel (attendance)	1,200
Number of special operation qualification certificates obtained by professional personnel (attendance)	1,296
Work safety liability insurance expenditure (million yuan)	1.1356
Number of employees covered by safety liability insurance	8,384

## Safety Management Targets

2025 Safety Management Targets

- Zero major production safety accidents, zero major equipment safety accidents, zero major traffic safety accidents, zero major fire accidents.
- Injury rate per thousand persons  $\leq$  0.6%.
- Implementation rate of safety education and training plans, rate of all-employee training, rate of three-level safety education, and rate of training for special operation and special equipment operators to obtain or renew certificates: 100%.
- Annual inspection, periodic inspection, and registration certification rate for special equipment: 100%.
- In daily management, 100% of risk points are under control, hazard rectification rate: 100%.

Status

- ✓ Completed
- ✓ Completed
- ✓ Completed
- ✓ Completed
- ✓ Completed

## Supply Chain Collaboration and Ecosystem Building

The Company is resolutely committed to establishing a secure, healthy, and stable supply chain through several strategic initiatives. These include the integration of ESG principles into supply chain management, equitable treatment of all suppliers, the adoption of green and transparent procurement strategies, and the enhancement of supplier management standards. Our purpose is to actively co-create a collaborative and sustainable supply chain ecosystem, ensuring long-term viability and ethical responsibility.

Win-win cooperation through integration is essential for aligning upstream and downstream resources across the industrial chain and building a high-quality rare earth ecosystem. As a chain leader, the Company leverages its leadership and influence to enhance core functions, strengthen competitiveness, and deepen collaboration with governments, enterprises, research institutions, and social organizations. By fully considering the interests and needs of all stakeholders, it promotes mutual benefit and shared success, thereby creating new opportunities for the development of China's rare earth industry.

## Supplier Management

The Company firmly employs the principles of "categorized management and dynamic maintenance", establishing robust supplier management systems through internal regulations, notably the *Northern Rare Earth Supplier Management Procedures*. We have implemented standardized processes for supplier sourcing, qualification, and tiered evaluation, as well as optimal resource utilization and quality-assured procurement mechanisms. This comprehensive framework facilitates the development of a transparent, efficient, and sustainable procurement and supply chain management system.

### Supplier Management Principles

- 01 Reasonable authorization, graded evaluation, categorized management, and necessary updates.
- 02 Internal sharing of supplier resources, with priority given to strategic and key suppliers.
- 03 Open, fair, and impartial selection; those who engage the supplier shall conduct the evaluation.

## Supply Chain Risk Management

The Company continuously strengthens supplier ESG management by explicitly integrating ESG principles into supplier management measures, including supplier access, evaluation, and assessment. It closely monitors supplier performance in labor rights protection, environmental protection, occupational health and safety, and business ethics. By implementing categorized supplier management and strictly controlling supplier access, assessment, evaluation, and exit processes, the Company effectively assesses supplier risks and further enhances the stability and reliability of the supply chain.

### Supplier Management Mechanism



During the supplier development process, the Company actively expands its supply channels. For major bulk materials, it adopts a strategic cooperation model with leading domestic and international enterprises. Through emergency procurement and related measures, the company ensures the stable and continuous supply of the supply chain under unforeseen circumstances.

In 2025, no major supplier risks or related impact incidents occurred.

#### Supply Chain Risk Management

<p>Critical risk incidents in suppliers</p> <p style="font-size: 2em; font-weight: bold; color: #0070C0;">0</p>	<p>Suppliers involved in critical supply chain risk incidents</p> <p style="font-size: 2em; font-weight: bold; color: #0070C0;">0</p>	<p>Persons involved in critical supply chain risk incidents</p> <p style="font-size: 2em; font-weight: bold; color: #0070C0;">0</p>
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## Synergistic Development with Suppliers

Guided by the principles of prioritizing strategic cooperation, manufacturers, quality, credibility, and service, the Company has intensified its efforts in market expansion, resource development, and partnership negotiations. By benchmarking industry peers, leveraging official websites and industry associations, and participating in exchanges and training activities, it continues to expand its supplier network. Through strategic cooperation with high-quality suppliers, the scope and proportion of direct procurement have increased, ensuring a stable supply of materials.

The Company also strengthens mutual trust and industrial coordination with outstanding suppliers through telephone communication, formal correspondence, on-site visits, and strategic cooperation seminars. Both parties share development plans and work together to build an industrial ecosystem characterized by seamless connection, efficient operation, and sustainable circulation.

## Efficient Procurement Transparency

The Company adheres to the principles of openness, fairness, impartiality, good faith, and merit-based selection. In accordance with the *Procurement Management Measures of Northern Rare Earth* and the *Procurement Operation Specifications for State-owned Enterprises*, procurement activities are conducted through electronic procurement platforms and other public channels via bidding, public announcements, and related procedures. Through strategic procurement and long-term supply agreements, the Company has established a mutually beneficial partnership model with high-quality suppliers, ensuring a stable supply chain and reducing procurement risks.

The Company has consistently upheld open and transparent procurement practices. To ensure standardized and transparent procurement procedures, it regularly provides systematic professional training for procurement staff, thereby continuously strengthening employees' operational capabilities, professional competence, integrity awareness, and self-discipline. By reinforcing ideological safeguards, the Company effectively prevents misconduct, including negligence of duty, fraud, and abuse of power.

In addition, the Company actively collaborates with supplier partners to establish a rigorous, two-way integrity management and supervision system. Integrity agreements are formally signed to clarify the rights, obligations, and codes of conduct of all parties. Together, these efforts promote an efficient, transparent, and incorruptible procurement ecosystem, foster a sound and ethical procurement environment across the industry, and support the healthy development of the supply chain.

## Equal Treatment of Small and Medium Enterprises

The Company places great importance on and actively supports the development of small and medium-sized enterprises (SMEs), effectively safeguarding their legitimate rights and interests through concrete actions. It promotes coordinated development across the industrial chain, contributing to shared prosperity and sustainable progress. In 2025, the Company had no overdue payments to SME suppliers.

# 04 People & Workplace Culture

The Company has consistently upheld a development philosophy that integrates business operations with social responsibility. Internally, it earnestly implements the human resources principle of Cultivate Integrity and Talent, Empower Others and Achieve Self-Fulfillment, Strengthen the Enterprise and Benefit Employees. By respecting, developing, and empowering employees, the Company fosters motivation and supports the shared growth of both employees and the organization. Externally, it firmly embraces a sound development approach centered on Commitment, Fulfillment, and Contribution, and proactively promotes industrial progress, supports local development, and contributes to social advancement. Through the coordinated enhancement of internal management and external engagement, the Company is committed to advancing harmonious coexistence, mutual benefit, and sustainable development among the enterprise, individuals, and society.

## 2025 Performance Highlights

Trade union satisfaction **99.22%**

Rate of requests resolved by trade unions **100%**

Total training expense **1.7786** million yuan

Occupational health examination coverage **100%**

## Contribution to UN SDGs



## Employee Rights and Protection

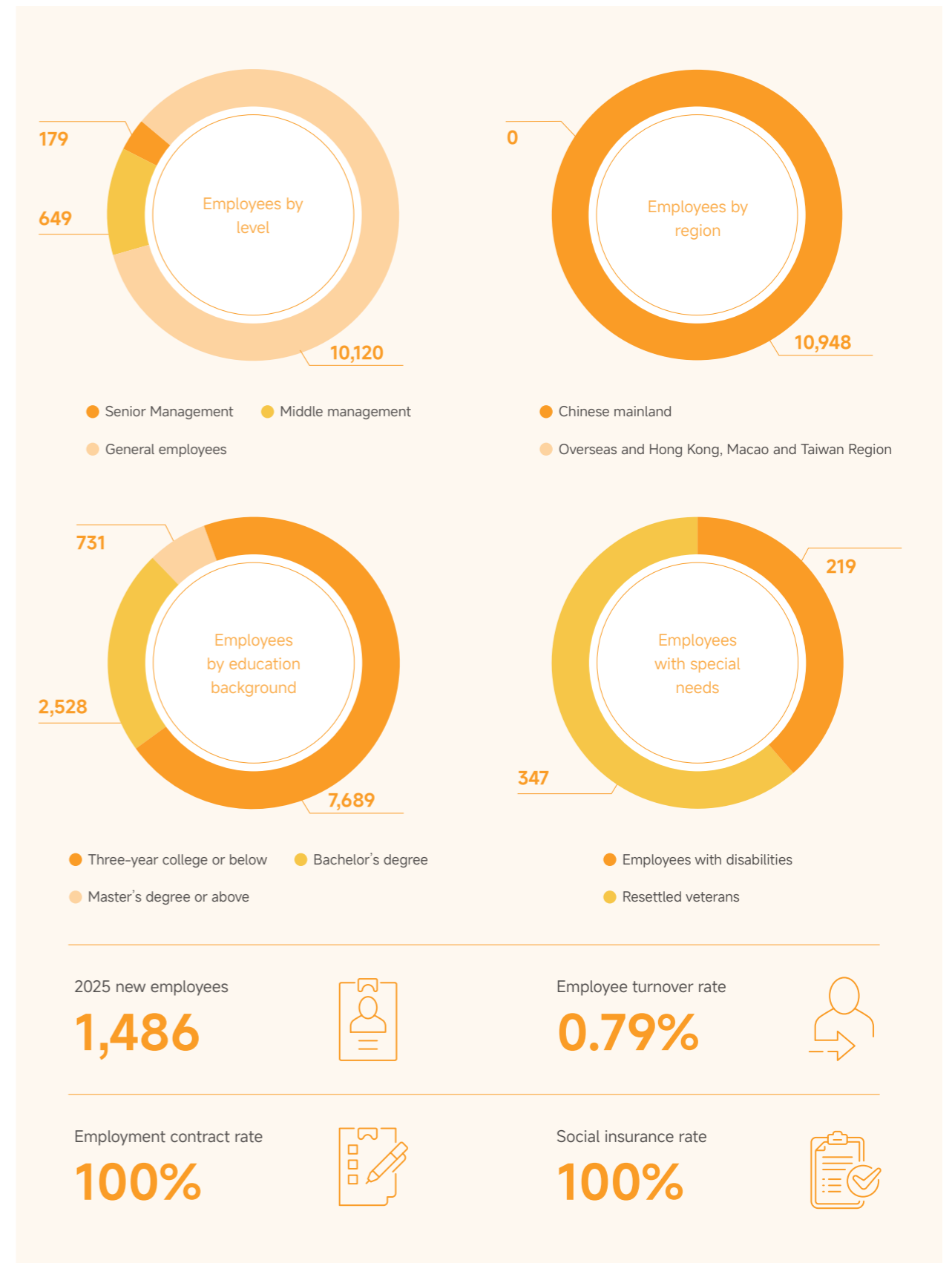
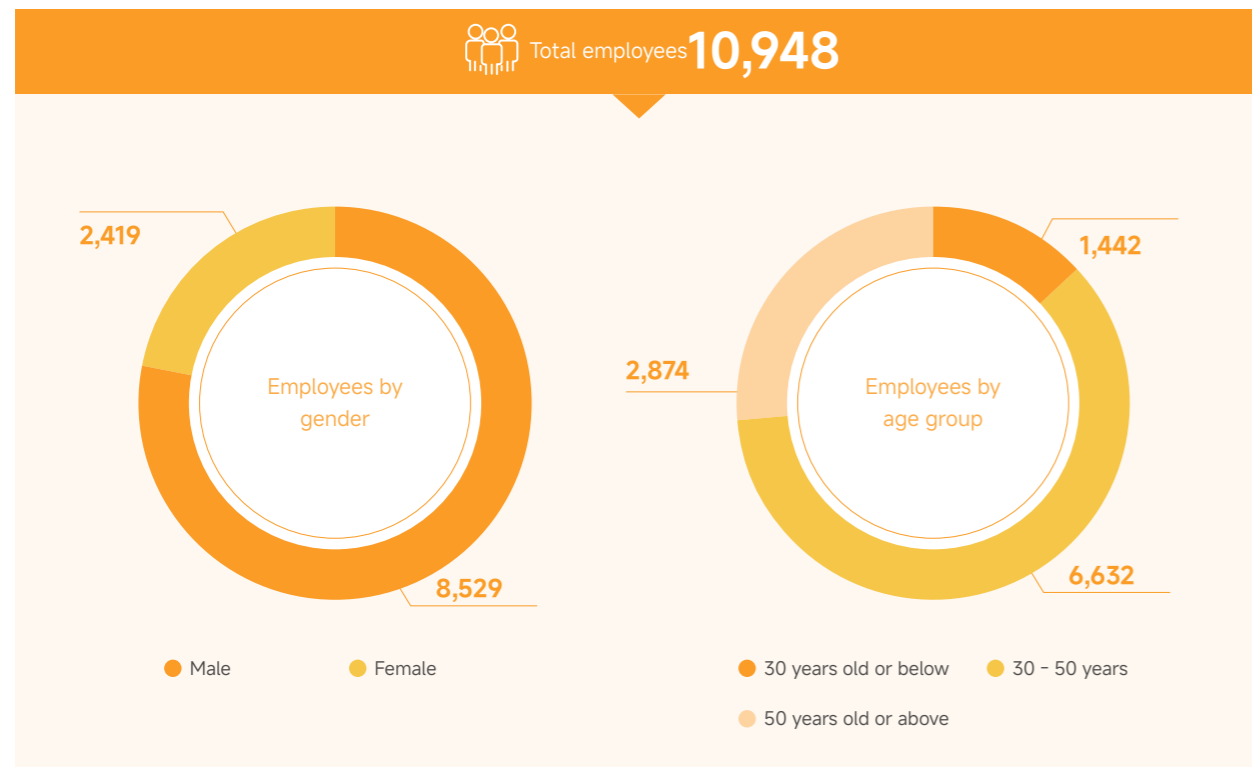
The Company places strong emphasis on safeguarding employees' rights and interests. By continuously refining its compensation and benefits systems and implementing effective incentive mechanisms, it ensures that employee contributions are appropriately recognized and rewarded. Moreover, the Company strengthens democratic management, protects employees' rights to know, participate, and supervise, and fosters stable labor relations that support high-quality, sustainable development.

## Lawful Employment

The Company strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other relevant laws and regulations. It fully integrates the principles of equality, diversity, and inclusion into its human resource management practices. By continuously improving policies such as the *Labor Employment Management Measures*, the Company rigorously applies anti-discrimination principles in recruitment, employment, promotion, and other processes, thereby ensuring equal rights and development opportunities for all employees.

In accordance with legal and ethical standards, the Company firmly prohibits child labor and forced labor, implements equal pay for equal work between men and women, and signs labor contracts with all employees in compliance with the law. Through both institutional design and operational execution, the Company effectively safeguards employees' rights and interests. In 2025, no incidents involving child labor or forced labor occurred within the Company.

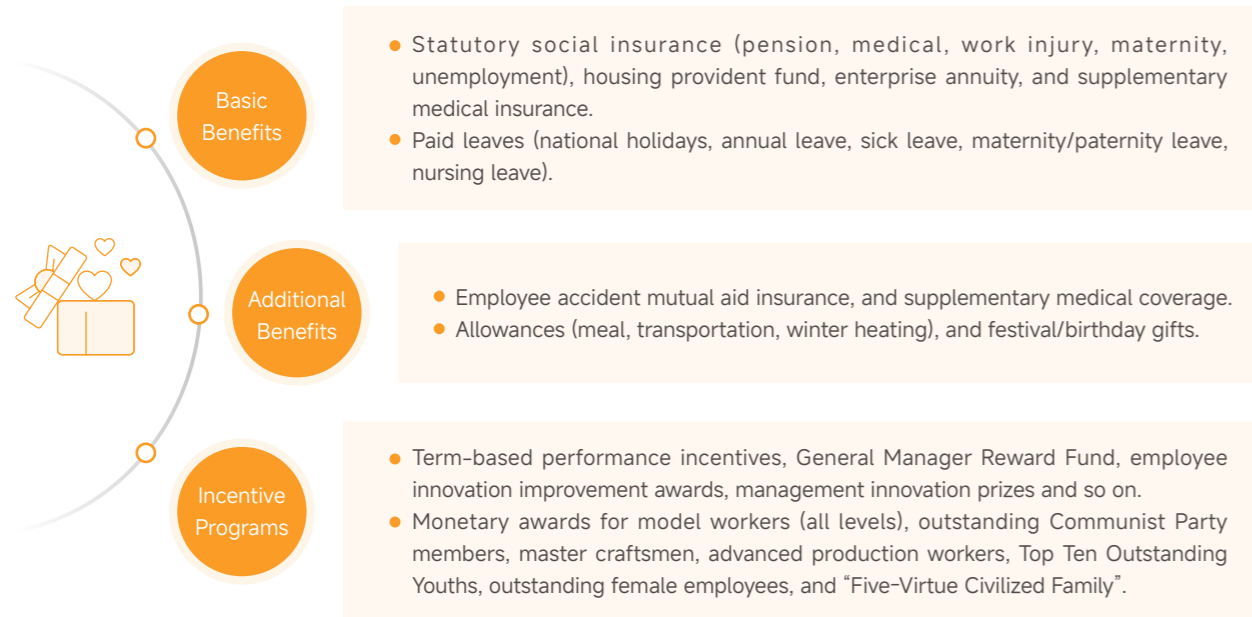
Staff Composition



## Compensation Distribution Management

The Company is committed to establishing a sound, equitable, scientific, and reasonable compensation, benefits, and incentive system. Guided by strict control, rigorous assessment, and strong incentives, it continues to advance the "133N" salary system reform and has developed supporting policies, including corporate compensation management measures and detailed implementation rules, ensuring that salary distribution is closely aligned with the Company's economic performance and employees' actual contributions.

### Employee Benefits



## Democratic Management

The Company consistently prioritizes employee welfare, fully leverages the trade union's bridging role, and systematically plans and continuously improves its welfare system. Through diverse welfare initiatives, it effectively enhances employees' sense of fulfillment and well-being while providing strong support for their holistic development.

The Company upholds and continually improves its democratic management system, with the staff congress, factory affairs disclosure, and collective bargaining serving as its fundamental mechanisms. It strictly implements the factory briefing system and standardizes the handling of proposals submitted to the staff congress. By continuously expanding channels of communication with employees, the Company safeguards their rights to information, participation, and supervision, thereby ensuring the effective exercise of the staff congress's functions and powers. Throughout proposal handling, the Company applies whole-process follow-up management to achieve a 100% satisfaction rate for proposal responses. In addition, in-depth inspections by staff representatives further strengthen democratic management and employee participation. Through these efforts, the Company consistently fosters harmonious and stable labor relations and provides strong internal momentum for high-quality enterprise development.

In 2025, the employee satisfaction rate for the Company reached 99.22%, and no labor disputes occurred during the year.

### Trade Union Performance

Total trade union members

10,948



Full-time trade union staff

21



Trade union count

41

Trade union satisfaction

99.22%

Rate of requests resolved by trade union

100%

### Case Study The Fourth Session of the Third Workers' Congress and the Sixth Session of the Third Members' Congress

The Company successfully conducted the fourth session of the third Workers' Congress and the sixth session of the third Members' Congress, where representatives engaged in a thorough evaluation of the Company's leadership and the development of the Workers' Home. Empowered by a profound sense of responsibility, worker representatives actively contributed by sharing their experiences, providing suggestions, and offering effective strategies tailored to their specific roles. This collaborative effort reflects a commitment to advancing the collective goals of the Company as they embark on a promising new journey together.



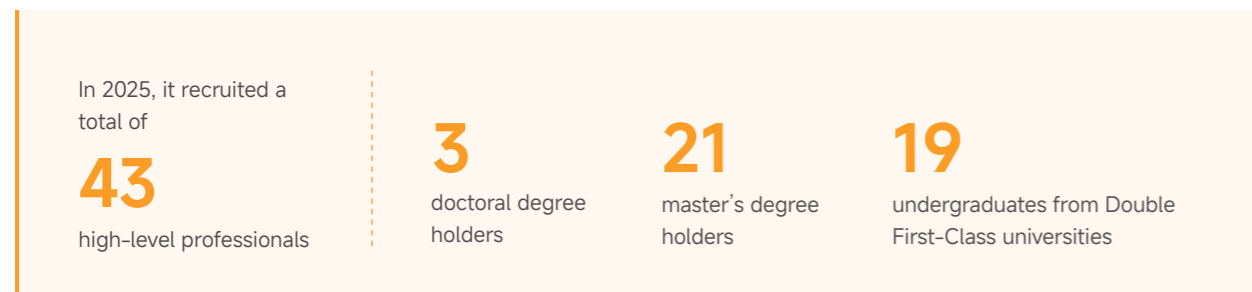
# Employee Development

The Company fully implements the strategy of strengthening the enterprise through talent development. Guided by two core objectives—successfully completing the 14th Five-Year Plan and proactively planning for the 15th Five-Year Plan—it remains firmly focused on the overarching goal of high-quality corporate development. By adhering to the principle of precision in talent recruitment, development, retention, utilization, and support, the Company continues to deepen reforms in talent-related systems and mechanisms, thereby stimulating innovation among professionals. This approach has strengthened the talent pool and provided sustained intellectual support for advancing the Company’s transformation into a world-class leader in the rare earth sector and for fulfilling its core role in the high-quality development of the Two Rare Earth Bases.

## Talent Acquisition and Cultivation

### Gathering Talent

The Company continuously advances the recruitment of high-level talent. In 2025, it recruited a total of 43 high-level professionals, including 3 doctoral degree holders, 21 master’s degree holders, and 19 undergraduates from Double First-Class universities. Recruitment from Double First-Class institutions achieved twofold growth.



### Cultivating Talent

#### Case Study Ten Measures to Support the Growth of High-Level Talent

The Company has launched the *Special Training Plan for High-Level Talent*, introducing ten major initiatives, including a Three-Stage Progressive Training model and a “1+1+1” mentorship system, to support the development of high-level talent. The Company will continue to implement its talent-strengthening strategy, deepen reforms of the talent development system and mechanism, and align the “talent chain” more precisely with the “industrial chain”. Through these efforts, it will promote the deep integration of talent development and industrial development, thereby establishing a strong talent foundation for becoming a world-class leader in the rare earth sector and serving as a key force in the development of the Two Rare Earth Bases.

The Company has introduced the *Special Training Plan for High-Level Talent*, supporting the development of high-level talent through ten key measures.

#### Special Training Plan for High-Level Talent



Support for academic degree advancement

Participants are encouraged to pursue advanced education through support for part-time master's and doctoral studies. Academic lectures and tutoring courses are regularly delivered by renowned university professors and scholars, and tuition fees are reimbursed in accordance with company policy.

Project platforms

Participants in the special training program are granted access to the Company's core laboratories and R&D centers, where they are engaged in major strategic initiatives and cutting-edge research projects, thereby broadening their industry perspectives and strengthening their professional networks.

A comprehensive system for achievement transformation

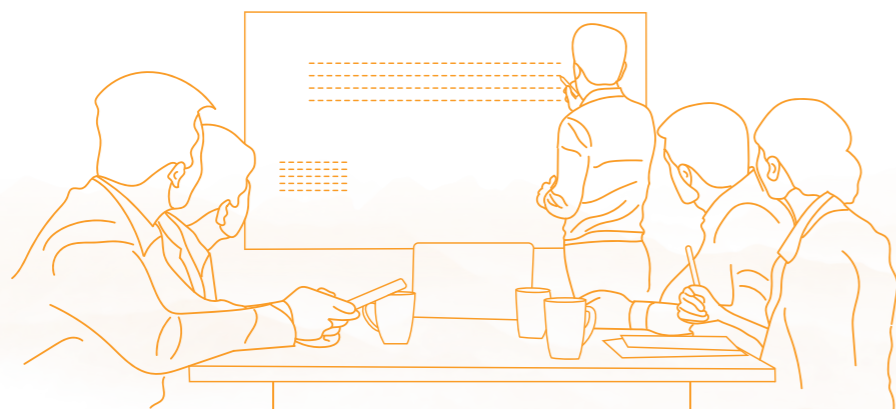
A reward fund is established to support achievement transformation. In addition, services such as intellectual property protection, legal consulting, and market promotion are provided for the achievement transformation projects of special training program participants. Experience exchange meetings are also held regularly to foster a favorable environment for achievement transformation.

Compensation and benefits support

Competitive benefits are provided to enhance participants' sense of belonging and satisfaction.

Honorary awards such as "Annual Outstanding Newcomer Award" and "Innovation Pioneer Award"

The advanced achievements and outstanding contributions of distinguished participants are widely publicized to stimulate work enthusiasm and innovation motivation.



The Company recommends outstanding talent for prestigious honors and awards at the national, autonomous region, and Baotou municipal levels.

It has nominated **six** individuals for distinctions such as Sci-Tech Entrepreneurship Leading Talent, Western Light Visiting Scholar, and the Talent Revitalizing Inner Mongolia program. **One** person has also been nominated for the Youth Talent Project of the Autonomous Region Department of Science and Technology. In addition, **forty-seven** individuals and **two** teams have been nominated as Baogang Talents. The Company has further developed and recognized **one** national model worker in the industry and information technology system, **seven** Baogang model workers, **two** Baogang Top Ten Youth, **three** Baogang Gold Medal Workers, **forty-two** Baogang Good Workers, and **five** Rare Earth Good Youth.

**Case Study** National Occupational Standards Rare Earth Smelting Workers and Rare Earth Material Production Workers are Created to Fill a Gap in National Vocational Skill Standards

In November 2025, the national occupational standard titled Rare Earth Smelting Workers passed its final review, while the standard titled *Rare Earth Material Production Workers* passed its preliminary review. The development of these national occupational standards not only demonstrates the Company's deep commitment and responsible role in the industry but also marks a significant milestone in the high-quality development of Baotou's rare earth sector. This achievement represents an important step toward establishing a national occupational standard system for China's rare earth industry, filling a critical gap in national occupational standards for the field and providing new momentum for strengthening the protection of national strategic resources and advancing the industry's high-quality development.



**Case Study** The Company Approved to Establish a National-Level Postdoctoral Research Workstation

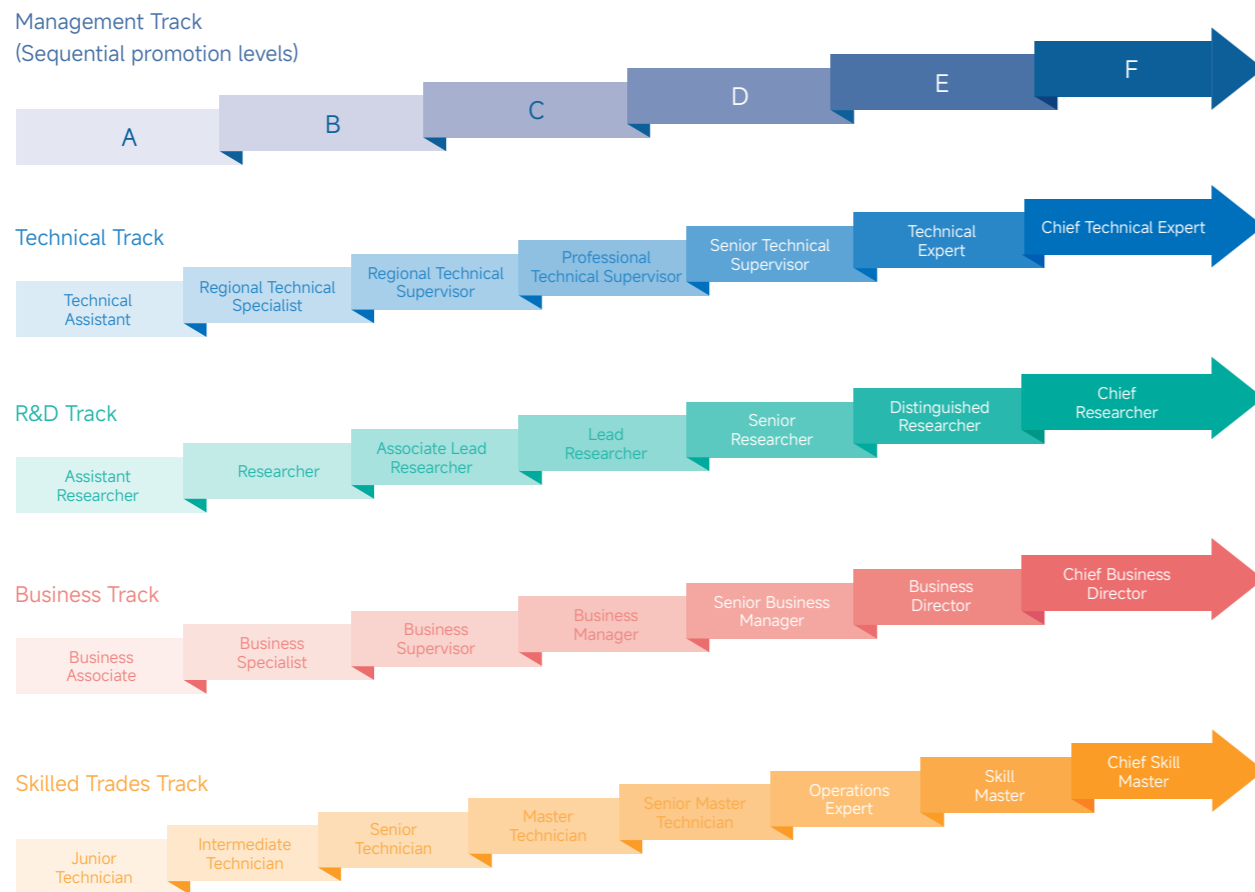
In February 2025, the Company was approved to establish a national-level postdoctoral research workstation, demonstrating its strong capabilities in talent cultivation, scientific research innovation, and achievement transformation. This marks a new stage for Northern Rare Earth in technological innovation, high-level talent development, and the deep integration of industry, university, and research.

## Talent Management

### Promotion Channels

The Company has implemented a comprehensive Employee Career Pathway System designed to optimize the potential and expertise of every individual. This initiative fosters an environment where all talents are effectively utilized, and specialized skills are strategically aligned to enhance overall success.

#### Promotion Channels



### Talent Reserve

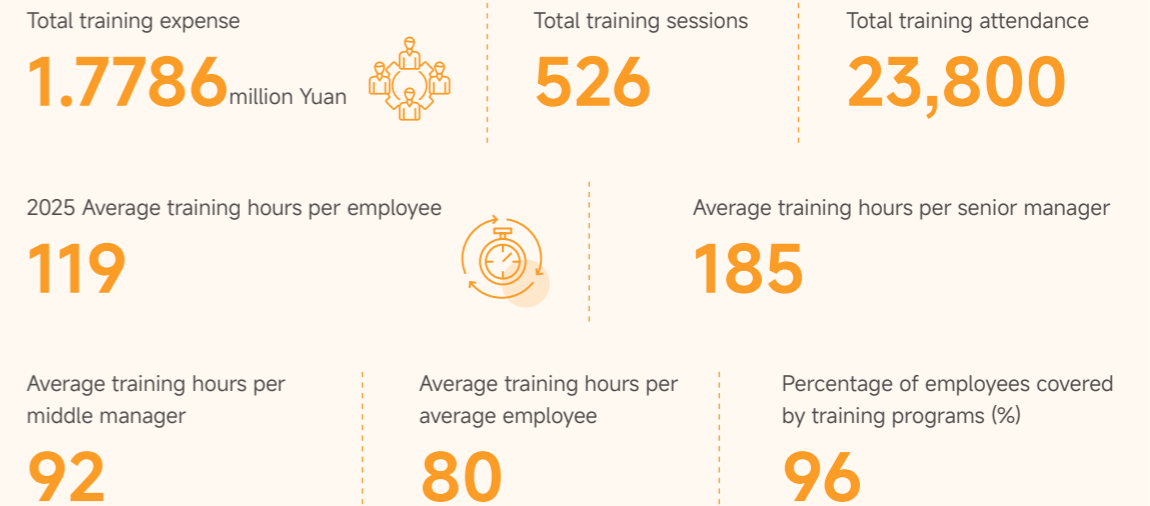
The Company has instituted the *Reserve Talent Cultivation and Selection Management Procedures*. It employs bottom-up nominations and targeted open recruitment to build a reserve of managerial talent that is both ample and high-caliber, organized by level and specialized by function. Through early-stage identification, diversified development, and dynamic management, the Company has established a well-structured talent pipeline with seamless succession between experienced and emerging leaders.

## Employee Training

The Company has thoroughly implemented an all-staff quality improvement initiative. Through targeted planning, demand-oriented design, coordinated implementation, categorized advancement, and strengthened management, new progress has continuously been achieved in employee education and training, thereby providing solid talent support and intellectual resources for the Company's deepened reform and high-quality development.

The Company has also continuously innovated training models and enriched training platforms. By actively advancing the digital transformation of training and integrating online and offline learning, it has expanded the development of online courses through internal platforms such as the Corporate Cloud Classroom and regional systems such as the Inner Mongolia Digital Intelligent Cadre Education System, thereby broadening training resources and strengthening learning flexibility.

#### Employee Training Performance



#### Case Study Training on the Applications of Quality Management Tools

In October 2025, training on the application and practice of quality management tools was organized by the Company. This training effectively enhanced the participants' understanding of the importance of these tools and further clarified the key priorities and direction of quality control. As a result, a solid foundation for the enterprise's high-quality development was thus established.



**Case Study Training on Public Opinion Management for Listed Companies**

In December 2025, the Company organized training on public opinion management for listed companies. The program enhanced relevant personnel’s understanding of the importance of public opinion risk management, strengthened their ability to respond to complex situations, and established a solid foundation for mitigating risks and sustaining a strong industry image.



The Company encourages employees to pursue various certifications, including professional skill level, professional title, and practicing certificates, to continuously strengthen their professional competence and overall qualifications.

**Case Study 2025 Professional Skill Level Certification Examination**

In August 2025, the Company organized the 2025 Professional Skill Level Certification Examination, with more than 1,300 employees from 16 subsidiaries participating. The examination covered 42 rare earth and general trades, including rare earth extraction workers, rare earth permanent magnet material production workers, industrial wastewater treatment workers, and safety officers, thereby achieving full coverage of independent vocational skill level certification for all employees.



## Employee Well-being

The Company remains committed to cultivating a supportive and harmonious work environment. By establishing robust employee care mechanisms, providing targeted assistance to employees facing hardship, safeguarding the legitimate rights and interests of female employees, and regularly organizing diverse cultural and athletic activities, the Company strengthens communication and collaboration across the workforce while enhancing employees’ sense of fulfillment, well-being, and security.

## Staff Well-being

The Company has established a comprehensive, multi-tiered employee well-being system. By continuously enhancing employee benefits, improving the work environment, and enriching cultural and spiritual life, it has significantly strengthened employees’ sense of fulfillment and well-being. The Company has also developed and refined mechanisms for targeted assistance and long-term support for employees experiencing hardship and for special groups, addressing practical concerns with diligence and empathy while conveying the organization’s warmth and solidarity. In 2025, the Company implemented more than 160 initiatives under the I Do Things for People campaign and invested over 1 million yuan in renovating relevant facilities, thereby further improving employee welfare.

### Staff Care Performance

Employee care expenditure

**2.362** million yuan



Number of employees assisted

**166**

Number of employees assisted per 10,000 yuan revenue

**0.39**

**Case Study Spring Festival Greetings**

During the Spring Festival, Company leaders led teams to visit employees from multiple affiliated entities in Baotou, including model workers, exemplary employees, and those facing hardship, to convey the organization’s care and extend festive greetings and blessings.



**Case Study** Tutoring Initiative to Employees' Children

In May 2025, the Company launched a tutoring initiative, Warm Path to Learning – A New Journey of Wisdom, to support employees' children preparing for the chemistry experiment component of the high school entrance examination. Nearly 20 children received tailored guidance. The program strengthened their sense of support, belonging, and pride in the Company.



**Case Study** Making Happiness Tangible and Striving

In 2025, the Smelting Branch (Huamei) addressed high-frequency employee needs, including commuting and dining, through concrete measures that eased travel difficulties, ensured convenient charging, and improved access to meals. By upgrading services, the branch transformed organizational care into visible and meaningful actions. Guided by employee feedback as the primary benchmark, it also converted the outcomes of education and learning into a strong driving force for employee service.



**Case Study** Health Supply Station

In September 2025, Northern Magnetic Materials further enhanced the health supply stations in its workshops, enabling employees to relieve fatigue with immediate and accessible support. In addition, the medical kits at these stations were fully stocked with essential summer heatstroke prevention medicines, such as Huoxiang Zhengqi water and cooling oil, as well as common cold and fever medications, antiseptics, bandages, and adhesive bandages for treating bruises and sprains, thereby effectively safeguarding employee health.



## Gender Equality in the Workplace

The Company recognizes the vital contribution of female employees to enterprise development and has implemented a range of effective support initiatives to promote their well-being.



The Special Collective Contract for the Protection of Female Employees' Special Rights and Interests is signed on schedule, thereby empowering women's rights to participate in democratic management, access career development opportunities, and receive equal benefits.



In addition, participation in and renewal of special disease insurance for on-the-job female employees are actively promoted.



Outstanding female employees are recognized and commended, while Women's Model Positions and innovation studios are created to facilitate their continued excellence and contributions.

**Case Study** Reading Sharing Session

In March 2025, the Company held a themed reading and sharing session Fragrant Books Nourish Youth, Reading Shines Brightly which attracted more than 100 female employees from 16 affiliated entities.



**Case Study** Flower Arrangement

In March 2025, Northern Rare Earth hosted a flower arrangement event themed Rare Earth Remain Loyal to the Party and Forge Ahead on a New Journey. During the event, employees gathered to hear a proposal delivered by their representatives. The initiative encouraged all employees to pursue progress proactively, embrace innovation in their work, demonstrate the professionalism, and contribute their wisdom and strength to the high-quality development of the enterprise.



**Case Study** Staff Choir Competition

In June 2025, the Company held a staff choir competition to commemorate the 104th anniversary of the founding of the Communist Party of China and the 100th anniversary of the All-China Federation of Trade Unions, under the theme Singing in Praise of the Party. The event reinforced a spirit of resilience, strengthened extreme thinking and task-completion mindset, and energized efforts to achieve annual production and operational goals.



## Employee Activities

The Company actively organizes a diverse range of cultural and sports activities, integrating humanistic care into its corporate development framework. These initiatives continually strengthen team cohesion and employees' sense of belonging, thereby jointly advancing the enterprise toward higher-quality and more dynamic development.

**Case Study** Fun Sports Meet

In September 2025, the Company organized a fun sports meet themed Gathering Hearts, Forging Spirit, Showing Responsibility; Joining Forces, Fighting for the Future, with more than 180 employees from 18 entities. The event not only encouraged physical activity and personal expression, but also strengthened solidarity among employees of all ethnic groups. It further promoted a strong sense of community for the Chinese nation, fostering unity, cooperation, and shared commitment to common prosperity and development.



**Employee Activity Performance**

Number of sports and cultural activities for employees

90



Number of employee activities of other types

76



Including:  
Number of labor competitions

41

Number of vocational skill competition

19

Number of self-initiated improvements

16

Case Study Children's Day · Enter the Rare Earth Museum

In June 2025, the Company organized a visit titled Colorful Summer, Cool Learning on Children's Day · Enter the Rare Earth Museum. Nearly 50 employees' children, accompanied by their parents, toured the Baotou Rare Earth Museum. Through the facilitators' detailed and patient explanations, the mysteries of rare earths were gradually revealed. The children not only deepened their understanding of the rare earth industry but also gained a clearer appreciation of the significance of their parents' profession, inspiring a strong sense of pride.



Case Study Themed Walking Race

In August 2025, the Company organized a walking race at Saihantala Urban Grassland with the theme of Two Rare Earth Bases · Becoming a World-class Leading Enterprise. The activity helped employees relax both physically and mentally, fully demonstrating the staff's vibrant and positive spirit while fostering an atmosphere of positivity, health, and harmony.



# Occupational Health and Safety

The Company places employees' occupational health and safety at the forefront of its management priorities. In accordance with the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*, the *Administrative Provisions on Occupational Health Supervision in Workplaces*, and other relevant regulations, and taking into account its operational realities, the Company has established supporting policies, including the *Detailed Implementation Rules for Safety Management (Occupational Health)*. It actively conducts monitoring of occupational hazard factors, arranges regular occupational health examinations for employees, and provides training on occupational health laws and regulations, the fundamental nature of occupational hazards, safe operating procedures, and the proper use and maintenance of occupational disease prevention facilities and personal protective equipment. These measures are designed to comprehensively safeguard employees' occupational health.

In 2025, the Company allocated **2.5699** million Yuan in dedicated funds for occupational health.



## Occupational Health System

It also continues to refine and optimize its occupational health and safety management systems and has established a dedicated Occupational Disease Prevention Committee. Through internal audits, routine supervision and inspections, and continuous improvement mechanisms, the Company has consistently strengthened its overall safety management and ensured the effective operation of its occupational health and safety management system. In 2025, the Company and its 22 entities obtained certification for the occupational health and safety management system.



Certificate of Occupational Health and Safety Management System

## Mental and Health Wellbeing

Various entities within the Company arrange regular health examinations for all employees in accordance with the annual plan and have arranged specialized occupational health examinations for employees in positions exposed to occupational hazards. In compliance with legal requirements, the Company also conducts periodic systematic testing and evaluation of workplace occupational hazards, consistently maintaining a 100% pass rate for all indicator tests.

In addition, the Company provides personal protective equipment that meets national standards to employees in relevant positions in a timely manner and in sufficient quantities. It has also equipped key areas, such as the production frontline, with cardiopulmonary resuscitation (CPR) training equipment and emergency medicines for cardiovascular and cerebrovascular conditions, thereby effectively enhancing employees' on-site self-rescue and mutual-aid capabilities in emergency situations.



Standards for Wearing PPEs



Occupational Hazard Warning Signs



职业卫生管理制度

职业卫生操作规程



Occupational Health Bulletin Board

### Case Study Special Training on Improving the Work-related Injury Prevention

In May 2025, the Company conducted two specialized training sessions aimed at enhancing the capability of employees to prevent work-related injuries. These sessions focused on critical aspects, including pertinent laws and regulations related to workplace safety, comprehensive understandings of work-related injury prevention, the identification of occupational hazards, and effective emergency response measures for handling injuries. The training also included practical instruction on essential skills such as cardiopulmonary resuscitation (CPR), the Heimlich maneuver, and wound care. By integrating theoretical knowledge with hands-on practice, this initiative significantly improved employees' awareness and competence in injury prevention. Consequently, this proactive approach effectively mitigated the occurrence of workplace accidents at their source, thereby fortifying the "safety net" for employees and establishing a robust foundation for becoming a world-class leader in the rare earth sector.



Special Training on Improving the Work-related Injury Prevention

The Company actively addresses and reduces employees' psychological stress through a range of measures, including regular mental health seminars and the establishment of an internal psychological counseling room. It is committed to building a comprehensive employee care system that supports both physical and mental well-being, thereby laying a strong foundation for the Company's long-term stability and sustainable operational development.

### Case Study "Stress Relief and Emotional Adjustment" Mental Health Workshop

In October 2025, the Company successfully organized a mental health workshop centered on stress relief and emotional adjustment, employing interactive strategies to promote employee well-being. The workshop featured visual discussion sessions with image-based activities, personalized psychological assessments to evaluate stress levels, and practical sharing of coping strategies for emotional adjustment. As a result, participants demonstrated improved skills in stress identification, enhanced self-regulation capabilities, and a significantly strengthened workplace culture.

#### 2025 Occupational Health Performance

Occupational health examination coverage

100%



Incidence rate of occupational health problems

0%



# 05 Community & Social Impact

The Company earnestly upholds the core socialist values and adheres to the sound development philosophy of taking responsibility bravely, fulfilling social obligations, and giving back to society. It serves the industry, local communities, and the public, thereby promoting harmonious coexistence, mutual benefit, and shared progress among the enterprise, individuals, and society. In response to the rural revitalization strategy, the Company actively engages in a wide range of public welfare initiatives. While achieving steady growth, it continues to contribute to society, share its development achievements with the public, fulfill its social responsibilities, and demonstrate the commitment and accountability of a state-owned enterprise.

## 2025 Performance Highlights

Rural revitalization expenditure **4.8086** million

Employee volunteering times **173**

Public welfare expenditure **326,700** yuan

## Contribution to UN SDGs



## Rural Revitalization

The Company is fully committed to advancing the rural revitalization strategy, focusing on infrastructure improvement, industrial support, and the modernization of agriculture. By tailoring initiatives to local conditions, we promote rural economic revitalization and livelihood improvement, actively supporting sustainable rural development through a range of diversified efforts. In 2025, the Company invested a total of 4,808,600 yuan in rural revitalization initiatives.

### Rural Revitalization Performance

Investment in rural revitalization

**4.8086** million yuan



Number of people assisted

**8,150**



The Company is deeply committed to rural revitalization and enhancing farmer's income through an array of strategic initiatives. Key components include multi-faceted poverty alleviation efforts encompassing industrial support projects and employment assistance programs, and measures for sustainable economic stabilization. Additionally, the talent support program facilitates the annual deployment of elite cadres to villages, focusing on industrial revitalization, environmental enhancements, and Party building initiatives that foster agricultural development.

In 2025, the Company actively responded to the call to develop the agricultural and livestock product processing industry and advance rural revitalization. By purchasing agricultural and livestock products, such as beef and mutton, it helped increase the income of farmers and herders and contributed new momentum to rural revitalization.

### Rural Revitalization Support Measures by Gansu Rare Earth

- Eleven cadres have established a paired care and support mechanism for 16 orphans and severely disabled individuals from 11 destitute families. Through face-to-face ideological exchanges, close emotional communication, and direct problem-solving, they have gained a clear understanding of the families' conditions and living difficulties, while also providing material and financial assistance within their capacity.
- The company supported infrastructure development in three designated villages in Huining County, allocating a total of 120,000 yuan for infrastructure maintenance in Zhangwa, Zhangli, and Tumenxian villages.
- Regular door-to-door visits were conducted to strengthen community ties. In Zhangwa, Zhangli, and Tumengxian villages, five-guarantee households, persons with disabilities, and other families experiencing extreme poverty were regularly visited by the Party Committee of Gansu Rare Earth. During these visits, care packages containing rice, flour, and cooking oil were presented.
- The company supported key poverty-alleviated households in Zhangwa and Zhangli Villages, Huining County, in developing ecological breeding and planting industries. It purchased 7,500 kilograms of mutton and potatoes at prices slightly above market rates, thereby increasing household income and helping consolidate the achievements of poverty alleviation.
- In 2025, Gansu Rare Earth invested 1.7 million yuan in consumption assistance, prioritizing the procurement of Ganwei series agricultural products. Through offline labor union welfare channels, the company increased purchases of support products, expanded consumption-based poverty alleviation initiatives, and promoted effective alignment between rural revitalization and employee needs, delivering mutual benefits for farmers and employees.

## Community Engagement and Philanthropy

The Company actively advances social welfare initiatives through charitable programs and volunteer services. Charitable donations help people in need, and on-going volunteer services help strengthen community resilience. These measures promote social welfare, support community development and demonstrate the Company's SOE leadership in social responsibility.

### Public Welfare Performance

Number of social contribution events

**53**



Attendances at social contribution events

**96**

Hours of social contribution events

**305**

Number of staff volunteering events

**173**

Staff volunteering hours

**253.5**

Attendances at staff volunteering events

**1,134**

Public welfare expenditure

**326,700** yuan

### Case Study Blood Donation Campaign

In August 2025, Gansu Rare Earth launched the Blood Donation from the Heart, Benevolence and Virtue in Action campaign, demonstrating the strong sense of social responsibility and commitment of its employees. The initiative also highlighted the company's role as a state-owned enterprise devoted to public welfare and the active fulfillment of social responsibilities, thereby reinforcing its compassionate corporate image.



### Case Study Regular Community Public Welfare Activities in Partner Communities

In 2025, the Company consistently conducted public welfare activities in its partnered communities. Each month, more than 100 young employee volunteers provided services including cleaning, sanitation, and civic etiquette promotion in Tuan 15 Neighborhood, Kundulun District, Baotou City. These efforts contributed to the development of a civilized city and demonstrated the Company's commitment to social responsibility as a state-owned enterprise.

The Company strives to establish a robust and effectively implemented management system, cultivate a dynamic and committed volunteer service team, and develop a distinctive brand identity that embodies service-oriented values. It has launched the volunteer service brand, Turn to Xiaoxi When in Need. The Company also independently designed a volunteer service logo, original brand ambassadors, and a slogan, thereby creating a unique cultural symbol centered on the Mongolian horse Xiaoxi. This brand has effectively promoted the concept of Turn to Xiaoxi When in Need throughout society. Over the past five years, the Company has organized 1,515 volunteer activities, involving 16,400 attendees and contributing more than 10,680 hours of service.



Volunteer Brand Turn to Xiaoxi When in Need

### Case Study Volunteer Activity

In March 2025, the Company organized young volunteers to conduct an activity themed "Youth Building Dreams, Contributing at the Frontline" in support of key projects. More than 70 young volunteers from 12 entities participated. Wearing Xiaoxi vests and carrying cleaning tools, they worked in teams to clean designated areas at the Northern Rare Earth Green Smelting Upgrading Project site. Through their careful efforts, the public areas were left clean, orderly, and visibly refreshed. Their actions embodied the spirit of Lei Feng and effectively promoted the values of civic responsibility and conduct.



### Case Study Volunteer Campaign

In April 2025, the Company launched the campaign titled Writing Warmth through Action, Interpreting Responsibility through Volunteerism, putting the Lei Feng spirit into practice through concrete service, conveying care, and further strengthening the Learn from Lei Feng volunteer service brand. By establishing long-term support mechanisms, expanding public service domains, and innovating activity formats, the Company institutionalized volunteer service, enabling the Lei Feng spirit to flourish in the new era.



## Future Outlook

Serving the development of the Two Rare Earth Bases and accelerating the establishment of a world-class leader in the rare earth sector, the Company remains committed to advancing high-quality development with confidence and strategic focus. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company will fully, accurately, and comprehensively implement the new development philosophy, deeply integrate ESG principles into strategic decision-making and daily operations, and advance steadily along a path of high-quality growth.

Green and low-carbon transformation will continue to serve as the central thread of the Company's future development. By leveraging the green smelting upgrading and transformation project, the Company will further optimize production processes and enhance resource recycling efficiency. In addition, by relying on the waste recycling production lines of Jinmeng and Xinfeng Xinli, the Company will accelerate the construction of a 10,000-ton comprehensive resource utilization system, thereby contributing a "rare earth solution" to the achievement of the Dual Carbon goals.

Technology and talent will remain the twin drivers of high-quality development. The Company will fully leverage platforms such as the Industrial Transformation Center and the Technology Innovation Center for Rare Earth New Materials to accelerate the transformation and application of existing R&D achievements. At the same time, it will rigorously implement the talent-strengthening enterprise strategy and, through the three-tier training system, develop a high-caliber talent pool to provide strong support for the cultivation of new quality productive forces.

The Company will also steadfastly pursue compliant operations and modern governance. It will continue to improve its ESG management framework, strengthen compliance and risk control mechanisms, and safeguard the rights and interests of shareholders through transparent information disclosure and proactive investor engagement. Furthermore, the Company will play an active role in rural revitalization and public volunteer services. While generating economic value, it will share its development achievements with society, striving to contribute to a new chapter characterized by harmony between humanity and nature and synchronized progress between the enterprise and the times.

## ESG Performance

Metric	2025 Value
<b>Economic Performance</b>	
Total assets (billion yuan)	48.128
Net assets attributable to owners of the parent company (billion yuan)	24.661
Operating revenue (billion yuan)	42.563
Total profit (billion yuan)	3.384
Net profit attributable to owners of the parent company (billion yuan)	2.251
Total tax payments (billion yuan)	1.743
<b>Governance Performance</b>	
Number of general meetings	3
Number of proposals passed at general meetings	22
Board meetings	10
Proposals approved by the Board	55
Meetings of specialized committees	13
Special meetings of independent directors	2
Number of anti-corruption training sessions	48
Management-level anti-corruption training sessions	42
Employee-level anti-corruption training sessions	6
Total hours of anti-corruption training	77
which: Management-level anti-corruption training hours	68

Metric	2025 Value
Employee-level anti-corruption training hours	9
Total attendance at anti-corruption training	32,323
which: Management-level attendances at anti-corruption training	3,552
Employee-level attendances at anti-corruption training	28,771
Anti-corruption training coverage rate (%)	97
Percentage of directors receiving anti-corruption training (%)	91
Percentage of management personnel receiving anti-corruption training (%)	100
Percentage of employees receiving anti-corruption training (%)	80
Total hours of compliance risk training	35
Total attendances at compliance risk training	1,000
Total number of compliance risk training sessions	14
Total tax payments (billion yuan)	1.743
Number of audit projects	15
Audit project correction rate (%)	95
Number of announcements disclosed	69
Number of regular reports released	4
Number of earnings briefings held	4
Number of investor engagement activities conducted	50
Number of questions answered via e-interactive platform ( <a href="https://sns.sseinfo.com/">https://sns.sseinfo.com/</a> )	210

Metric	2025 Value
e-Interactive response rate (%)	100
Number of information security training sessions	3
Total hours of information security training	60
Total attendances at information security training	125
Number of data governance items (10,000)	2,460
Number of cybersecurity risk assessments and security hardening activities	4
Number of vulnerability scans on business system hosts	12
Number of cybersecurity emergency drills	2
Number of emergency response incident handlings	5
Number of security device signature database updates	12
Number of national cybersecurity threat intelligence handlings (batch)	53
Number of internet asset attack surface scans and penetration tests	5
Number of cybersecurity alerts handled	About 2,400
Number of network attack blocks	About 22,000 (Number of daily blocks)
Number of vulnerability remediation programs	5
Number of cybersecurity policy optimizations	30
<b>Environmental Performance</b>	
Dedicated environmental protection expenditure (million yuan)	707
Number of the Company and its affiliates with an environmental management system certification	24
Percentage of the Company and its affiliates with an environmental management system certification (%)	85.71

Metric	2025 Value
Number of environmental training sessions	69
Environmental protection training hours	167
Attendances at environmental protection training	3,612
Direct GHG emissions (Scope 1) (tCO <sub>2</sub> e)	489,376.71
Indirect GHG emissions (Scope 2) (tCO <sub>2</sub> e)	830,629.26
Other indirect GHG emissions (Scope 3) (tCO <sub>2</sub> e)	326,877.34
Total GHG emissions (tCO <sub>2</sub> e)	1,646,883.31
Total GHG emissions intensity (tCO <sub>2</sub> e/per 10,000 yuan operating revenue )	0.31
Comprehensive energy consumption per unit of output (kgce/tREO)	880
Purchased electricity (MWh)	990,510
Purchased steam (ton)	188,004
Natural gas (Nm <sup>3</sup> )	78,557,292
Petroleum (ton)	41
Diesel (ton)	839
Coke oven gas (Nm <sup>3</sup> )	37,819,325
Power coal (ton)	79,827
New energy/ renewable energy consumption (MWh)	187,176
Percentage of new energy/ renewable energy consumption (%)	7.29
Total fresh water consumption (ton)	5,388,526
Water consumption intensity (ton/10,000 yuan)	1.27
Total recycled water (ton)	59,927,726

Metric	2025 Value
Water recycling rate (%)	91.75
Ammonia recovered from industrial wastewater (m <sup>3</sup> )	130,051
Cooling water recovered from industrial wastewater (m <sup>3</sup> )	3,386,374
Ammonium sulfate recovered from industrial wastewater (ton)	36,056
Ammonium chloride recovered from industrial wastewater (ton)	184,678
Sulfuric acid recovered from industrial waste gas (m <sup>3</sup> )	65,816
Hydrofluoric acid recovered from industrial waste gas (m <sup>3</sup> )	78,137
Recovered acid in chlor-alkali process of Gansu Rare Earth (m <sup>3</sup> )	285
SO <sub>2</sub> emissions (ton)	312.18
SO <sub>2</sub> emissions per 100 million yuan revenue (ton)	0.73
NO <sub>x</sub> emissions (ton)	280.49
NO <sub>x</sub> emissions per 100 million yuan revenue (ton)	0.66
Flue gas and dust emissions	33.22
Flue gas and dust emissions per 100 million yuan revenue (ton)	0.08
Industrial wastewater discharge (m <sup>3</sup> )	1,386,785
COD emissions per 100 million yuan revenue (ton)	0.142
NH <sub>3</sub> -N emissions	6.79
NH <sub>3</sub> -N emissions per 100 million yuan revenue (ton)	0.016
General industrial solid waste (ton)	809,807
Hazardous waste (ton)	31.89
Total general industrial solid waste generated per 100 million yuan revenue (ton)	19.03
Total hazardous waste generated per 100 million yuan revenue (ton)	0.07

Metric	2025 Value
Office paper consumption (ton)	2.39
Office paper savings (ton)	0.99
Toner cartridge consumption (ton)	0.31
Ink cartridge consumption (ton)	0.17
Domestic waste generation (ton)	2,526.74
Kitchen waste generation (ton)	1,054.18
Gasoline consumption (L)	54,290
NEV charging piles	103
<b>Social Performance</b>	
R&D expenditure (billion yuan)	2.408
Number of research-related training and exchange activities	22
Attendances at research-related training and exchange activities	300
Number of intellectual property protection training sessions	2
Attendances at intellectual property protection training	120
Intellectual property protection training hours	6
Number of R&D personnel	1,320
Percentage of R&D personnel to total employees	12.06
Number of technological innovation projects launched in 2025	58
Total number of granted patents as of the end of 2025	1,088
Inventions	616
Utility models	458
Industrial designs	14

Metric	2025 Value
Total newly granted patents in 2025	130
Inventions	85
Utility models	45
Total new patent applications filed in 2025	158
Invention applications	126
Utility model applications	32
Total number of standards developed in 2025	82
International standards	2
National standards	29
Industry standards	7
Group standards	22
Company standards	22
Total number of standards developed as of the end of 2025	564
Dedicated safety expenditure (million yuan)	36.2131
Number of safety and occupational health training sessions	249
Safety and occupational health training hours	2,067
Attendances at safety and occupational health training	21,184
Number of emergency drills	555
Attendances at emergency drills	8,342
Number of work certificates obtained by professional personnel	1,200
Number of special operation qualification certificates obtained by professional personnel	1,296
Work safety liability insurance expenditure (million yuan)	1.1356
Number of employees covered by safety liability insurance	8,384

Metric	2025 Value	
Number of critical risk incidents involving suppliers	0	
Suppliers involved in critical supply chain risk incidents	0	
Persons involved in critical supply chain risk incidents	0	
Total employees	10,948	
Employees by gender	Male	8,529
	Female	2,419
Employees by level	Senior Management	179
	Middle management	649
	General employees	10,120
Employees by region	Chinese mainland	10,948
	Overseas and Hong Kong, Macao and Taiwan, Province of China	0
Employees by education background	Three-year college or below	7,689
	Bachelor's degree	2,528
	Master's degree or above	731
Employees with special needs	Employees with disabilities	219
	Resettled veterans	347
2025 new employees	1,486	
Employee turnover rate (%)	0.79	
Employment contract rate (%)	100	
Social insurance rate (%)	100	
Total trade union members	10,948	
Full-time trade union staff	21	
Trade union count	41	

Metric	2025 Value
Trade union satisfaction (%)	99.22
Rate of requests resolved by trade union (%)	100
Total training expense (million yuan)	1,778.6
Total training sessions	526
Total training attendances	23,800
2025 Average training hours per employee	119.00
Average training hours per senior manager	185.00
Average training hours per middle manager	92.00
Average training hours per non-managerial employee	80.00
Percentage of employees covered by training programs (%)	96.00
Employee care expenditure (million yuan)	2,362
Number of employees assisted	166
Number of employees assisted per 100 million yuan revenue	0.39
Number of sports and cultural activities for employees	90
Number of employee activities of other types	76
Including: Number of laboring competitions	41
Number of vocational skill competition	19
Number of self-initiated improvements	16
Occupational health examination coverage	100
Incidence rate of occupational health problems	0
Rural revitalization expenditure (million yuan)	4,808.6
Number of people assisted	8,150

Metric	2025 Value
Number of social contribution events	53
Attendances at social contribution events	96
Hours of social contribution events	305
Number of staff volunteering events	173
Staff volunteering hours	253.5
Attendances at staff volunteering events	1,134
Public welfare expenditure (Yuan)	326,700

## Appendix II. Content Index

### Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)

Dimension	Number	Topic	Section in this Report
Environment	1	Climate change tackling	Climate Change Response
	2	Pollutant discharge	Pollution Prevention and Control
	3	Waste disposal	Pollution Prevention and Control
	4	Ecosystem and biodiversity protection	Biodiversity protection
	5	Environmental compliance management	Environmental Compliance Management
	6	Energy usage	Resource Recycling Utilization
	7	Usage of water resources	Resource Recycling Utilization
	8	Circular economy	Resource Recycling Utilization
Society	9	Rural revitalization	Rural Revitalization
	10	Contributions to the society	Community Engagement and Philanthropy
	11	Innovation-driven	Technology-Driven Quality and Efficiency
	12	Ethics of science and technology	The Company's core business does not cover scientific research or technology development in sensitive areas such as life sciences or AI ethics, so ethics of science and technology has not been included as a material issue.
	13	Supply chain security	Supply Chain Collaboration and Ecosystem Building
	14	Equal treatment to small and medium-sized enterprises	Supply Chain Collaboration and Ecosystem Building
	15	Safety and quality of products and services	Quality Benchmarking
	16	Data security and customer privacy protection	Advancing Digital-Intelligent Transformation
	17	Employees	Employee Rights and Protection Employee Development Employee Well-being Occupational Health and Safety
Sustainability related governance	18	Due diligence	ESG Management
	19	Communications with stakeholders	ESG Management
	20	Anti-commercial bribery and anti-corruption	Ensuring Ethical Compliance
	21	Anti-unfair competition	Ensuring Ethical Compliance

### GRI Sustainability Reporting Standards issued by Global Sustainability Standards Board (GSSB)

GRI Standard	Disclosure	Section in this Report
GRI2:General Disclosures		
2-1	Organization details	About Northern Rare Earth
2-2	Entities included in the organization's sustainability reporting	About this Report
2-3	Reporting period, frequency and contact	About this Report
2-4	Restatements of information	/
2-5	Organization details	/
2-6	Activities, value chain and other business relationships	About Northern Rare Earth
2-7	Employees	People-Centered Cohesion for a Harmonious Home
2-8	Workers who are not employees	/
2-9	Governance structure and composition	Enhancing Governance Performance
2-10	Nomination and selection of the highest governance body	Enhancing Governance Performance
2-11	Chair of the highest governance body	Enhancing Governance Performance
2-12	Role of the highest governance body in overseeing the management of impacts	Enhancing Governance Performance
2-13	Delegation of responsibility for managing impacts	Enhancing Governance Performance
2-14	Role of the highest governance body in sustainability reporting	ESG Management
2-15	Conflicts of interest	/
2-16	Communication of critical concerns	Investment Accountability
2-17	Collective knowledge of the highest governance body	ESG Management
2-18	Evaluation of the performance of the highest governance body	/
2-19	Remuneration policies	/
2-20	Process to determine remuneration	/
2-21	Annual total compensation ratio	/
2-22	Statement on sustainable development strategy	ESG Management
2-23	Policy commitments	ESG Management

GRI Standard	Disclosure	Section in this Report
2-24	Embedding policy commitments	/
2-25	Processes to remediate negative impacts	/
2-26	Mechanisms for seeking advice and raising concerns	/
2-27	Compliance with laws and regulations	Ensuring Ethical Compliance
2-28	Membership associations	/
2-29	Approach to stakeholder engagement	ESG Management
2-30	Collective bargaining agreements	/
3-1	Process to determine material topics	ESG Management
3-2	List of material topics	ESG Management
3-3	Management of material topics	ESG Management
201-1	Direct economic value generated and distributed	ESG Data List
201-2	Financial implications and other risks and opportunities due to climate change	Climate Change Response
201-3	Defined benefit plan obligations and other retirement plans	Employee Rights and Protection
201-4	Financial assistance received from government	/
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	/
202-2	Proportion of senior management hired from the local community	/
203-1	Infrastructure investments and services supported	/
203-2	Significant indirect economic impacts	Rural Revitalization
204-1	Proportion of spending on local suppliers	/
205-1	Operations assessed for risks related to corruption	/
205-2	Communication and training about anti-corruption policies and procedures	Ensuring Ethical Compliance
205-3	Confirmed incidents of corruption and actions taken	/
<b>Anti-competitive behaviour</b>		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	/
207-1	Approach to tax	Ensuring Ethical Compliance
207-2	Tax governance, control, and risk management	Ensuring Ethical Compliance
207-3	Stakeholder engagement and management of concerns related to tax	/

GRI Standard	Disclosure	Section in this Report
207-4	Country-by-country reporting	/
301-1	Materials used by weight or volume	/
301-2	Recycled input materials used	Resource Recycling Utilization
301-3	Renewable products and their packaging materials	Resource Recycling Utilization
302-1	Energy consumption within the organization	Resource Recycling Utilization
302-2	Energy consumption outside the organization	/
302-3	Energy intensity	Resource Recycling Utilization
302-4	Reduction of energy consumption	/
302-5	Reductions in energy requirements of products and services	Resource Recycling Utilization
303-1	Interactions with water as a shared resource	Resource Recycling Utilization
303-2	Management of water discharge-related impacts	Resource Recycling Utilization
303-3	Water withdrawal	Resource Recycling Utilization
303-4	Water discharge	Resource Recycling Utilization
303-5	Water consumption	Resource Recycling Utilization
304-1	Sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Advocating a Green Lifestyle
304-2	Significant impacts of activities, products and services on biodiversity	/
304-3	Habitats protected or restored	Advocating a Green Lifestyle
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operation	/
305-1	Direct /Scope 1 GHG emissions	Climate Change Response
305-2	Energy indirect /Scope 2 GHG emissions	Climate Change Response
305-3	Other indirect /Scope 3 GHG emissions	Climate Change Response
305-4	Intensity of GHG emissions	Climate Change Response
305-5	Reduction of GHG emissions	/
305-6	Emissions of ozone-depleting substances /ODS	/
305-7	Nitrogen oxides /NO <sub>x</sub> , Sulfur oxides /SO <sub>x</sub> , and other significant air emissions	Pollution Prevention and Control
306-1	Waste generation and significant waste-related impacts	/

GRI Standard	Disclosure	Section in this Report
306-2	Management of significant waste-related impacts	Pollution Prevention and Control
306-3	Waste generated	Pollution Prevention and Control
306-4	Waste diverted from disposal	Pollution Prevention and Control
306-5	Waste directed to disposal	Pollution Prevention and Control
308-1	New suppliers that were screened using environmental criteria	Supply Chain Collaboration and Ecosystem Building
308-2	Negative impacts of the supply chain on the environment and actions taken	/
401-1	New employee hires and employee turnover	Employee Rights and Protection
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights and Protection
401-3	Parental leave	Employee Rights and Protection
402-1	The shortest notice periods regarding operational changes	/
403-1	Occupational health and safety management system	Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	Product Safety and Sustainable Operations
403-3	Occupational health services	Occupational Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
403-5	Worker training on occupational health and safety	Occupational Health and Safety
403-6	Promotion of worker health	Occupational Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	/
404-1	Average hours of training per year per employee	Employee Development
404-2	Programs for upgrading employee skills and transition assistance programs	Employee Development
404-3	Percentage of employees receiving regular performance and career development reviews	/
405-1	Diversity of governance bodies and employees	Enhancing Governance Performance Employee Rights and Protection
405-2	Ratio of basic salary and remuneration of women to men	/
406-1	Incidents of discrimination and corrective actions taken	/
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	/
408-1	Operations and suppliers at significant risk for incidents of child labour	/
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	/
410-1	Security personnel trained in human rights policies or procedures	/

GRI Standard	Disclosure	Section in this Report
411-1	Incidents of violations involving rights of indigenous peoples	/
413-1	Operations with local community engagement, impact assessments, and development programs	Spotlight
413-2	Operations with significant actual and potential negative impacts on local communities	/
414-1	New suppliers that were screened using social criteria	Supply Chain Collaboration and Ecosystem Building
414-2	Negative social impacts in the supply chain and actions taken	/
415-1	Political contributions	/
416-1	Assessment of the health and safety impacts of product and service categories	Quality Benchmarking
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	/
417-1	Requirements for product and service information and labelling	/
417-2	Incidents of non-compliance concerning product and service information and labelling	/
417-3	Incidents of non-compliance concerning marketing communications	/
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	/

## Reference of ESG Indicators System for ESG Reports of Listed Companies Controlled by Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council

Tier 1 Indicator	Tier 2 Indicator	Tier 3 Indicator	Section in this Report	
Environmental				
E.1 Resources consumption	E.1.1 Water resources	E.1.1.1 Fresh water consumption	Resource Recycling Utilization	
		E.1.1.2 Recycled water consumption	Resource Recycling Utilization	
		E.1.1.3 Proportion of recycled water consumption	Resource Recycling Utilization	
		E.1.1.4 Intensity of water consumption	Resource Recycling Utilization	
	E.1.2 Materials	E.1.2.1 Non-renewable materials consumption	/	
		E.1.2.2 Toxic and hazardous materials consumption	/	
		E.1.2.3 Intensity of materials consumption	/	
	E.1.3 Energy	E.1.3.1 Fossil energy consumption	Resource Recycling Utilization	
		E.1.3.2 Non-fossil energy consumption	Resource Recycling Utilization	
		E.1.3.3 Proportion of non-fossil energy usage	Resource Recycling Utilization	
		E.1.3.4 Total energy consumption	Resource Recycling Utilization	
		E.1.3.5 Intensification of energy consumption	Resource Recycling Utilization	
	E.1.4 Packaging materials	E.1.4.1 Packaging materials usage	/	
		E.1.4.2 Lightweighting and minimization of packaging materials	/	
	E.2 Pollution prevention and treatment	E.2.1 Wastewater	E.2.1.1 Wastewater discharge compliance	Pollution Prevention and Control
			E.2.1.2 Wastewater management and emissions reduction measures	Pollution Prevention and Control
E.2.1.3 Wastewater discharge			Pollution Prevention and Control	
E.2.1.4 Wastewater and pollutants discharge			Pollution Prevention and Control	
E.2.1.5 Discharge concentration of wastewater and pollutants			Pollution Prevention and Control	
E.2.2 Waste gas		E.2.2.1 Waste gas emissions compliance	Pollution Prevention and Control	
		E.2.2.2 Waster gas and pollutants discharge	Pollution Prevention and Control	
		E.2.2.3 Discharge concentration of waste gas and pollutants	Pollution Prevention and Control	

Tier 1 Indicator	Tier 2 Indicator	Tier 3 Indicator	Section in this Report
E.2 Pollution prevention and treatment	E.2.3 Solid waste	E.2.3.1 Solid waste disposal compliance with laws and regulations	Pollution Prevention and Control
		E.2.3.2 Management of general industrial solid waste	Pollution Prevention and Control
		E.2.3.3 General industrial solid waste disposal	Pollution Prevention and Control
		E.2.3.4 Management of hazardous waste	Pollution Prevention and Control
		E.2.3.5 Hazardous waste disposal	Pollution Prevention and Control
E.3 Climate Change	E.3.1 GHG emissions	E.3.1.1 GHG sources and types	Climate Change Response
		E.3.1.2 Management of GHG emissions	Climate Change Response
		E.3.1.3 Scope 1 emissions	Climate Change Response
		E.3.1.4 Scope 2 emissions	Climate Change Response
		E.3.1.5 Scope 3 emissions	Climate Change Response
		E.3.1.6 Intensity of GHG emissions	Climate Change Response
	E.3.2 Reduction management	E.3.2.1 Reduction management of GHG emissions	Climate Change Response
		E.3.2.2 Reduction of GHG emissions	/
	E.3.3 Environmental rights trading	E.3.3.1 Participation in the Carbon Emissions Trading Exchange	/
		E.3.3.2 Participation in usage rights , water rights and pollution discharge rights trading exchange	/
		E.3.3.3 Participation in green power trading	Resource Recycling Utilization
	E.3.4 Climate risks management	E.3.4.1 Climate risks management	Climate Change Response
E.4 Biodiversity	E.4.1 Impacts of activities, products and services on biodiversity	E.4.1 Impacts of activities, products and services on biodiversity	Advocating a Green Lifestyle
E.5 Measures for resource and environmental management	E.5.1 Formulation of low-carbon development goals and strategic measures	E.5.1.1 Formulation of low-carbon development goals and strategic measures	Climate Change Response
	E.5.2 Measures for resource management	E.5.2.1 Management of water usage	Resource Recycling Utilization
		E.5.2.2 Management of materials usage	Resource Recycling Utilization
		E.5.2.3 Energy usage and energy conservation management	Resource Recycling Utilization
	E.5.3 Energy conservation and carbon reduction statistical monitoring and systems for assessment , rewards and punishments	E.5.3.1 Energy conservation and carbon reduction monitoring, statistical reporting and assessment system	Resource Recycling Utilization

Tier 1 Indicator	Tier 2 Indicator	Tier 3 Indicator	Section in this Report
E.5 Measures for resource and environmental management	E.5.4 Green environmental protection actions and measures	E.5.4.1 Clean production	Pollution Prevention and Control
		E.5.4.2 Green technological transformation and recycling use	Pollution Prevention and Control
		E.5.4.3 Green Building Renovation	/
		E.5.4.4 Green offices and operations	Advocating a Green Lifestyle
		E.5.4.5 Green procurement and green supply chain management	Supply Chain Collaboration and Ecosystem Building
		E.5.4.6 Environmental protection public interest activities	Advocating a Green Lifestyle
	E.5.5 Green and low-carbon certification	E.5.5.1 Environmental Management System Certification	Environmental Compliance Management
		E.5.5.2 Green and low-carbon enterprise certification	/
		E.5.5.3 Green and low-carbon products and services certification	/
	E.5.6 Environmental compliance with laws and regulations	E.5.6.1 Emergency response plans for environmental emergencies	Environmental Compliance Management
E.5.6.2 Violations of laws and regulations in environmental sector		/	

Tier 1 Indicator	Tier 2 Indicator	Tier 3 Indicator	Section in this Report
S1 Employee rights and interests	S1.5 Employee satisfaction	S1.5.1 Employee satisfaction survey	/
		S1.5.2 Labor disputes	/
		S1.5.3 Employee turnover	Employee Rights and Protection
S2 Products and services management	S2.1 Products safety and quality	S2.1.1 Policies and measures for manufacturing practices	Quality Benchmarking
		S2.1.2 Quality management	Quality Benchmarking
		S2.1.3 Product recall and withdrawal	Quality Benchmarking
		S2.1.4 Negative events on products or services	/
	S2.2 Customer services and benefits	S2.2.1 Customer satisfaction	Integrity and Consumer Protection
		S2.2.2 Customer complaints and handling	Integrity and Consumer Protection
		S2.2.3 Customer information and privacy protection	Integrity and Consumer Protection
	S2.3 Innovation development	S2.3.1 R&D and innovation management system	Technology-Driven Quality and Efficiency
		S2.3.2 R&D investment	Technology-Driven Quality and Efficiency
		S2.3.3 Innovation achievements	Technology-Driven Quality and Efficiency
S2.3.4 IPR protection		Technology-Driven Quality and Efficiency	
S3 Supply chain safety and management	S3.1 Supplier management	S3.1.1 Supplier choice and management	Supply Chain Collaboration and Ecosystem Building
		S3.1.2 Supplier amount and distribution	/
	S3.2 Supply chain management	S3.2.1 Supply chain management policies and measures	Supply Chain Collaboration and Ecosystem Building
		S3.2.2 Supply chain safety guarantee and emergency response plans	/
S4 Social contributions	S4.1 Tax payment	S4.1.1 Tax payment	Ensuring Ethical Compliance
		S4.2 Community co-construction	S4.2.1 Policies and measures for participation in local community construction
	S4.3 Public welfare activities	S4.2.2 Contribution and impacts for the local community	Rural Revitalization
		S4.3.1 Policies and measures for participation in public interest activities	Community Engagement and Philanthropy
		S4.3.2 Investment and effectiveness of participation in public interest activities	Community Engagement and Philanthropy
	S4.4 Response to national strategies	S4.3.3 Barrier-free environment construction	/
		S4.4.1 Industrial transformation	Topic
		S4.4.2 Rural revitalization and regional coordinated development	Topic Rural Revitalization

Social

S1 Employee rights and interests	S1.1 Recruitment and employment	S1.1.1 Enterprise recruitment policies and executions	Employee Rights and Protection
		S1.1.2 Employee structure	Employee Rights and Protection
		S1.1.3 Avoid employing child labor or compulsory labor	Employee Rights and Protection
	S1.2 Remuneration and benefits	S1.2.1 Remuneration concepts and policies	Employee Rights and Protection
		S1.2.2 Working time, rest and vocation	Employee Rights and Protection
		S1.2.3 Remuneration and benefits guarantees	Employee Rights and Protection
		S1.2.4 Employee democratic management	Employee Rights and Protection
	S1.3 Employee health and safety	S1.3.1 Employee occupational health and safety management	Occupational Health Protection
		S1.3.2 Prevention and control for employee safety	Product Safety and Sustainable Operations
		S1.3.3 Safety incidents and occupational injury measures	Product Safety and Sustainable Operations
		S1.3.4 Employee caring and assistance	Employee Well-being
	S1.4 Employee development and training	S1.4.1 Employee stimulations and promotion policies	Employee Development
		S1.4.2 Employee education and training	Employee Development
		S1.4.3 Employee career development and job changes support	Employee Development

Tier 1 Indicator	Tier 2 Indicator	Tier 3 Indicator	Section in this Report	
S4 Social contributions	S4.4 Response to national strategies	S4.4.3 The Belt and Road and overseas duties performance	/	
		S4.4.4 Industrial characteristics and other social duties performance	Topic	
<b>Governance</b>				
G1 Governance strategy and organizational structure	G1.1 Governance strategy and process	G1.1.1 Governance strategy implementation	Enhancing Governance Performance	
		G1.1.2 Process to supervise governance strategy	Enhancing Governance Performance	
		G1.1.3 Process to approve and review governance strategy	Enhancing Governance Performance	
		G1.1.4 Party leadership	/	
	G1.2 Structure and function	G1.2.1 Ownership duties	Enhancing Governance Performance	
		G1.2.2 Organizational structure and functions of the Board of Directors, the Supervision Committee and the management	Enhancing Governance Performance	
		G1.2.3 Process to appoint the Board of Directors, the Supervisory Committee and the management and its structure	Enhancing Governance Performance	
	G1.3 Remuneration management	G1.3.1 Remuneration plan of directors and supervisors	/	
		G1.3.2 Remuneration transparency of the Board of Directors	/	
		G1.3.3 Remuneration reasonableness of the management	/	
	G2 Normative governance	G2.1 Internal control	G2.1.1 Internal audit	Ensuring Ethical Compliance
			G2.1.2 Internal control structure, mechanism and process	Ensuring Ethical Compliance
		G2.2 Integrity construction	G2.2.1 Integrity construction criterion	Ensuring Ethical Compliance
			G2.2.2 Effectiveness of integrity construction measures	Ensuring Ethical Compliance
		G2.3 Fair competition	G2.3.1 Fair competition criterion	Ensuring Ethical Compliance
G2.3.2 Effectiveness of fair competition measures			Ensuring Ethical Compliance	
G3 Investor relations management and shareholder equity	G3.1 Investor relations management	G3.1.1 Investor relations management strategy	Investment Accountability	
		G3.1.2 Investor communication	Investment Accountability	
		G3.1.3 Construction of investor relations management department	Investment Accountability	
	G3.2 Shareholder equity	G3.2.1 General meeting	Enhancing Governance Performance	
		G3.2.2 Shareholder communication	Enhancing Governance Performance	
		G3.2.3 Shareholders' right to know and right to make decisions	Enhancing Governance Performance	

Tier 1 Indicator	Tier 2 Indicator	Tier 3 Indicator	Section in this Report
G3 Investor relations management and shareholder equity	G3.3G3 Creditor equity	G3.3.1 Credit information	/
		G3.3.2 Bond market performance	/
G4 Information disclosure transparency	G4.1 Information disclosure system	G4.1.1 Financial information disclosure	Investment Accountability
		G4.1.2 Non-financial information disclosure	Investment Accountability
	G4.2 Information disclosure quality	G4.2.1 Regularly supervise, audit and assess all information disclosure	Investment Accountability
G5 Compliance management and risk management	G5.1 Compliance management	G5.1.1 Compliance management system	Ensuring Ethical Compliance
		G5.1.2 Compliance system construction	Ensuring Ethical Compliance
		G5.1.3 Compliance review process	Ensuring Ethical Compliance
	G5.2 Risk management	G5.2.1 Risk identification and early-warning	Ensuring Ethical Compliance
		G5.2.2 Risk control and tracing	Ensuring Ethical Compliance
		G5.2.3 Risk reporting and management	Ensuring Ethical Compliance

## Appendix III: Reader Feedback Form

Dear readers:

Thank you for reading this Report. We value your feedback and that of our stakeholders, which informs our ongoing efforts to enhance ESG management and disclosure.

1. Your overall assessment of our ESG performance is:

Excellent    good    average    bad    very bad

2. Your overall assessment of this Report is:

Excellent    good    average    bad    very bad

3. What do you think of our performance in communication with stakeholders?

Excellent    good    average    bad    very bad

4. What do you think of our performance in corporate governance?

Excellent    good    average    bad    very bad

5. What do you think of our performance in environmental management?

Excellent    good    average    bad    very bad

6. What do you think of our performance in social responsibility?

Excellent    good    average    bad    very bad

7. What do you think of our performance in ESG?

Excellent    good    average    bad    very bad

8. What are your opinions and suggestions regarding our ESG performance and this Report?

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