YAHUA 雅化集团

2025
Sustainability Report

Sichuan Yahua Industrial Group Co., Ltd.



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Message and Vision

Message from Chairwoman

The year 2025 was a year marked by complex and volatile external circumstances, with continuous evolution of industry competition. Facing the opportunities and challenges arising from profound adjustments of global economy, accelerated restructuring of industrial and supply chain, and the continuous deepening of green and low-carbon transformation, Yahua Group remains committed to its corporate spirit of *Integrity, Truth-seeking, Preciseness, and Affinity*. Centering on its dual-core business strategy of civil explosives and lithium, Yahua Group stays firmly on the path of high-quality and sustainable development.

Yahua Group remains committed to sustainable development. The Group recognizes that what determines the long-term stability and success of an enterprise is not merely its short-term business performance, but rather the ability to maintain strategic focus in a complex environment, to enhance resilience in the face of uncertainties, and to continuously create long-term value in the midst of changes. For Yahua Group, sustainability is not just an additional topic separate from business operation, but a crucial imperative embedded through its strategic decision-making, operational management, and the shaping of future competitiveness. Over the past year of 2025, Yahua Group pursued progress while maintaining stability, continuously enhancing its operational quality and development resilience. During the year, the Group recorded an annual revenue of RMB 8.5 billion and made a direct economic contribution of RMB 6.2 billion. These achievements are inseparable from the joint efforts of all the employees and also demonstrate Yahua Group's commitment to creating shared value for its shareholders while continuously providing value to its employees, customers, suppliers, investors, the government, and society.

Yahua Group remains committed to safe development. The Group regards safety as the foundation of its survival and growth. In FY2025, Yahua Group recorded no work-related fatalities involving employees or contractors, and its total recordable injury frequency rate improved further to 1.12 per million hours worked. The Group will continue to advance safety governance through systematic thinking, integrating safety requirements throughout the entire process of strategic planning, production operations, project construction, contractor management, and overseas business, and drive safety management toward higher standards, stricter requirements, and stronger implementation.

Yahua Group remains committed to green development. The green and low-carbon transformation is profoundly reshaping the logic of industrial development and redefining the competitive boundaries of enterprises. In FY2025, the total GHG emissions of the group amounted to 470,489 tCO_2e, the proportion of clean energy usage reached 70.8%, clean electricity accounted for 66.1% of total electricity consumption, the utilization rate of recycled water reached 95.0%, and the GHG intensity of transportation business decreased by 31.2% year-on-year, while the GHG intensity of lithium industry decreased by 7.3% year-on-year. These achievements demonstrate that the green transformation is accelerating into the operational performance and development advantages of Yahua Group and further strengthening the competitive foundation for the future.

Yahua Group remains committed to people-oriented development. The Group attaches great importance to talent as the primary resource for the enterprise's development. The Group regard the construction of organizational capabilities as an important foundation for high-quality development. By integrating responsibility culture, dedication culture and collaborative culture into the entire process of management and operation, the Group creates a safe and healthy working environment for employees, and continuously enhances organizational cohesion, execution abilities and sustainable development capabilities. In FY2025, Yahua Group has continuously improved its talent development mechanism, and the overall satisfaction rate of employees has reached 99.7%. At the same time, it has been continuously fostering a more open, diverse, and inclusive talent environment, with females accounting for 19.5% of total management and 16.3% of STEM positions.

Yahua Group remains committed to social responsibility. The Group insists on actively fulfilling social responsibilities while creating economic value. In terms of overseas community development, the Group adhered to the principle of shared development by continuously creating local employment opportunities and supporting growth of employment in surrounding communities. By making practical investments in education, water supply and community infrastructure improvement, Yahua Group is striving to build community relationships based on mutual trust, stability and shared development.

Yahua Group continuously enhances its ESG governance. In FY2025, the Group received an AA rating in the Wind ESG Best Practices Top 100 and improved its S&P CSA score to 45; Ya'an Lithium maintained its industry-leading position in RMI-ESG certification. These achievements demonstrate that through a more open perspective, higher standards of governance, and stronger execution capabilities, the Group is steadily establishing a management system that is increasingly aligned with international market expectations, trusted by global customers, and suited to long-term development, and thus, enhancing the trust foundation and brand resilience in its globalized growth.

Looking ahead, Yahua Group will remain committed to high-quality development and continue to advance corporate growth, social responsibility and green transformation in parallel through more prudent governance, more robust operations and more concrete action. Together with all stakeholders, the Group will work toward a greener, more resilient and more sustainable future.



Sichuan Yahua Industrial Group Co., Ltd.

Chairwoman

About This Report

This report is the sixth annual sustainability report issued by Yahua Group. It aims to systematically present the Company's management approach, key initiatives and performance in environmental, social and governance (ESG) matters for 2025.

Reporting Scope

This is an annual report covering the period from January 1, 2025, to December 31, 2025. Where relevant, certain content extends beyond this reporting period and is indicated in the corresponding sections. In principle, the organizational boundary of this report is aligned with the Group's consolidated financial statements. Entities are included in the reporting scope based on control relationships determined in accordance with *Accounting Standard for Business Enterprises No. 33 – Consolidated Financial Statements*. For entities newly established, acquired or disposed of during the reporting period, relevant data are included or excluded based on the period during which they were under the Group's actual control. Entities not included in the Group's consolidated financial statements are excluded from the quantitative scope of this report.

For ease of disclosure and readability, this report lists the principal operating entities under each business segment, without separately disclosing their second-tier, third-tier or other lower-level subsidiaries, whether wholly owned or controlled. The environmental, social, and governance performance of such entities has been consolidated and disclosed under the corresponding operating entities or business categories based on management responsibility and data aggregation methodology.

In line with the Group's operating and management structure, the main body of this report is organized around four business segments: the Lithium Business, the Civil Explosives Business, Overseas Mining Services, and Transportation Business. The lithium business includes lithium salt production and lithium mining and processing, while the civil explosives business includes explosives manufacturing, detonator manufacturing, and blasting services.

Business Segment		Subsidiary Abbreviation	Full Name of Subsidiary
Lithium Business	Lithium Salt Production	Ya'an Lithium	Yahua Lithium (Ya'an) Co., Ltd.
		Guoli Corporation	Sichuan Guoli Lithium Materials Co., Ltd.
		Xingsheng Lithium	Blossom Lithium Industrial (Sichuan) Limited
	Lithium Mining and Processing	KMC	Kamativi Mining Company (Private) Limited
Civil Explosives Business		KMC	Kamativi Mining Company (Private) Limited
		Ya'an Company	Sichuan Yahua Civil Explosives Group Co., Ltd.
		Mianyang Company	Yahua Group Mianyang Industrial Co., Ltd.
		Zhongding Company	Sichuan Zhongding Blasting Engineering Co., Ltd.
		Keda Company	Yahua Group Inner Mongolia Keda Chemical Co., Ltd.
		Kaida Company	Sichuan Kaida Chemical Co., Ltd.
		Tongda Company	Sichuan Tongda Chemical Co., Ltd.
		Jinheng Company	Shanxi Jinheng Chemical Group Co., Ltd.
		Santai Company	Yahua Group Santai Chemical Co., Ltd.
		Wangcang Company	Yahua Group Wangcang Chemical Co., Ltd.
		Jiyang Company	Changchun Jiyang Industrial Group Co., Ltd.
		Hengtai Company	Yahua Group Panzhihua Hengtai Chemical Co., Ltd.
Overseas Mining Services		Rarlon Corp	Rarlon Mining Engineering Private Limited
		Yahua Australia	Yahua Australia Pty Ltd.
		RedBull Powder	RedBull Powder Company Limited
Transportation Business		Yahua Transport	Sichuan Yahua Industrial Group Logistics Co., Ltd.

Given differences in operating attributes, production processes, and data collection methods across business segments, quantitative indicators such as energy consumption, water use and greenhouse gas emissions are disclosed under five statistical categories: lithium salt production, lithium mining and processing, civil explosives business, overseas mining services and transportation business.

These statistical categories are used primarily for quantitative performance disclosure and, together with the business-segment structure used in the main body of the report, form the Group's ESG disclosure framework. The business-segment structure reflects the Group's operating model and industrial layout, while the statistical categories are designed to ensure the accuracy, consistency and comparability of quantitative data.

Basis of Preparation

This report has been prepared in accordance with the relevant requirements of the *Self-Regulatory Guidelines No. 1 for Listed Companies on the Shenzhen Stock Exchange – Standardized Operation of Main Board Listed Companies* and the *Self-Regulatory Guidelines No. 17 for Listed Companies on the Shenzhen Stock Exchange – Sustainability Reports (Trial)*. It also draws on the topics covered by the *Global Reporting Initiative (GRI) Standards*.

Data Statement

For ease of reference, "*Sichuan Yahua Industrial Group Co., Ltd*." may be referred to in this report as "*Yahua Group*". Unless otherwise specified, "*the Company*" mainly refers to Sichuan *Yahua Industrial Group Co., Ltd*. and the entities included in its consolidated financial statements, while "*the Group*" is used primarily to emphasize the overall business layout, the group-wide management system, and operating and sustainability practices presented on a consolidated basis. Where a specific subsidiary or operating entity is involved, its standardized short name or full legal name is used.

The information and data presented in this report are primarily derived from the official documents, statistical reports, financial reports, and ESG- and sustainability-related materials that have been collected, compiled and reviewed by the Company. Unless otherwise specified, all monetary amounts in this report are denominated in Renminbi (RMB).

This report was reviewed and approved by the Board of Directors before publication.

Access to the Report

The Chinese and English versions of this report are available through the Company's official website or by contacting Yahua Group by email or telephone.

Website: https://www.scyahua.com
Email: yhjt@scyahua.com
Tel: 028-85325316

01 Building a Strong
Foundation for Sustainable Growth



Business Overview

Founded in 1952, Sichuan Yahua Industrial Group Co., Ltd. (Stock Code: 002497.SZ) is one of the earliest chemical enterprises established in China and listed on the Shenzhen Stock Exchange in 2010. Yahua Group currently has more than 6,000 employees and over 70 wholly owned and controlled subsidiaries located across the provinces and autonomous regions in China, including Sichuan, Inner Mongolia, Shanxi, Jilin, Yunnan, Xinjiang and Tibet, as well as New Zealand, Australia, and Zimbabwe.

Yahua Group operates two core businesses: *Lithium Business* and *Civil Explosives Business*. Yahua Lithium is one of the major global suppliers of lithium salt products, with principal operations covering lithium mining and processing as well as the production of lithium salt products. Yahua Civil Explosives Group is one of the leading civil explosives groups in China, with principal operations spanning civil explosives manufacturing, blasting services, and mining services. Leveraging these two core businesses, Yahua Group has also developed a hazardous materials transportation business.

Yahua Group adheres to the corporate spirit of "*Integrity, Truth-seeking, Preciseness, and Affinity*", established the three major development strategies of "*Dual-Core Businesses, High-Quality Development, and Digital-Intelligent Transformation*", moving forward towards the corporate vision of "*Becoming an Internationally Competitive Lithium Salt Supplier and Civil Explosive Industry Group*". On the journey ahead, Yahua Group remains steadfast in its commitment to providing customers with high-quality products and services, and to creating outstanding value and contributions to society.

History at A Glance

1952
Ya'an Chemical Plant, the Predecessor of the Group, was founded.

2001
Ya'an Chemical Plant underwent SOE restructuring, and Sichuan Yahua Co., Ltd. was established.

2003
Integrated Mianyang Company, taking the lead in mergers and integrations in the civil explosives industry.

2005
Integrated Santai Company and Wangcang Company; established Yahua Blasting Company and Yahua Transport.

2007
Established Hengtai Company.

2008
Established Huili Branch and Yanbian Branch, built ground stations in Panzhihua and Liangshan, and became an early adopter of bulk explosives applications and integrated blasting services in the industry.

2010
Listed on the Shenzhen Stock Exchange.

2011
Integrated Inner Mongolia Keda Company and Baotou Zisheng Civil Explosives Company.

2012
Integrated Kaida Company and Luzhou Anxiang Civil Explosives Company.

2013
Integrated RedBull Powder Company Limited in New Zealand, marking the first cross-border acquisition in China's civil explosives industry; invested in Sichuan Guoli, entering the lithium business and gaining access to the Aba Lijiagou lithium mine.

2014
Acquired a controlling stake in Guoli Corporation and integrated Xingsheng Company, achieving cross-industry development and forming the "*Dual-core Businesses*" of civil explosives and lithium.

2016
Further expanded overseas markets by integrating Nidroid, the Caruana group of companies, and Seco, and established Northern Star.

2017
Integrated Shanxi Jinheng Company; consolidated various Australian companies to form Yahua Australia.

2019
Ya'an Lithium Was Completed and Commenced Operation.

2020
Integrated Yunnan Jindun, Landun, and Shanyou companies, forming a development platform for Civil Explosives Business in the Yunnan region.

2021
Integrated Jilin Jiyang Company.

2022
Integrated Pude Technology to acquire a controlling stake in KMC Zimbabwe, gaining ownership of the Kamativi Lithium Mine.

2023
Established Yahua Civil Explosives Group, creating an independent development platform for the civil explosives business; acquired and integrated Tongda Company.

2024
The Kamativi Lithium Mine in Zimbabwe commenced operation, establishing a production base with an annual run-of-mine ore mining and processing capacity of 2.3 million tonnes.

2025
Established Yahua Lithium Group.

Yahua Lithium

Yahua Group ventured into the lithium industry in 2013. Yahua Lithium's business covers key segments of the lithium value chain, including the exploration, mining, processing, and sale of lithium resources, as well as the production and sale of lithium salt products. It is a core supplier to leading enterprises in the global new energy vehicle, battery manufacturing, and cathode material industries. Yahua Group has an existing lithium salt production capacity of 130 thousand tonnes, with an additional 60 thousand tonnes of overseas capacity planned. Yahua lithium is committed to synergistic development and win-win cooperation across the entire value chain and is a core supplier to industry-leading enterprises such as Tesla, LG Energy Solution, SK On, LG Chem, L&F, Panasonic, Contemporary Amperex Technology Co., Limited (CATL), Guizhou Zhenhua E-chem Inc., XTC New Energy Materials (Xiamen) Co., Ltd., Beijing Easpring Material Technology Co., Ltd., Reshine, Ningbo Ronbay New Energy Technology Co., Ltd., and Minmetals New Energy Materials (Hunan) Co., Ltd., with whom it has established long-term cooperation.

Yahua Lithium has established two lithium resource bases under its control in Zimbabwe and Sichuan, China, while actively pursuing opportunities and expanding in regions such as China, Africa, and Australia, ensuring its ability to secure a stable supply of lithium resources.

Yahua Civil Explosives

Yahua Civil Explosives Group is a leading enterprise in integrated civil explosives services in China, with strong comprehensive competitiveness. Yahua Civil Explosives has more than 20 production sites, located in Chinese provinces and regions with high demand for civil explosives products and rich mineral and hydropower resources, such as Sichuan, Inner Mongolia, Yunnan, Shanxi, and Jilin, as well as in countries like Australia, New Zealand, and Zimbabwe. Yahua Group's current civil explosives capacity includes over 260 thousand tonnes of industrial explosives, over 87 million units of industrial detonators, and 120 million meters of industrial detonating cord and plastic detonating tube. The Group also possesses a comprehensive transportation and storage system for dangerous goods. With a complete range of products and a well-established service system, its products are widely used in fields such as mining, water conservancy and hydropower, transportation infrastructure, and urban renewal. The sales and service network covers all of China and multiple countries in Asia, Africa, Europe, and Oceania. Notably, its electronic detonators have ranked first in national sales for consecutive years due to their outstanding performance and service.

Yahua Mining Services

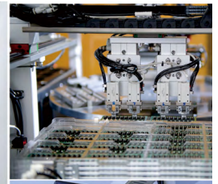
Mining services are one of the core businesses of Yahua Civil Explosives Group. It is currently one of China's leading mining service providers with advanced blasting technology, strong stripping and mining capabilities, and the most comprehensive range of mining services. The Group can provide customers with a series of services including civil explosive products and bulk emulsified explosives, mine infrastructure development, blasting scheme design, drilling, blasting and mining, ore handling, mineral processing, transportation, offtake arrangements, exploration, and financing. Currently, Yahua Civil Explosives Group serves over 100 domestic and international mines for building materials, metals, non-metals, non-ferrous metals, and energy, with a total annual ore extraction volume exceeding 500 million tonnes.

Yahua Transportation

Yahua Transportation is a comprehensive logistics enterprise specializing in the road transportation of dangerous goods, operating a fleet of over 500 specialized vehicles for hazardous chemicals with an annual cargo volume exceeding 2.9 million tonnes. Its business scope covers the entire country and includes qualifications for road transportation of Class 1-9 dangerous goods, hazardous waste, medical waste, and radioactive materials, as well as international road transportation of dangerous and general goods, and it is certified for the road transportation of chemicals, making it one of the enterprises with the most comprehensive qualifications in the domestic transportation industry. Yahua Transportation has developed rapidly by leveraging the substantial resources of Yahua Group, and in addition to ensuring the transport of Yahua Group's civil explosives products, it also provides external services including transportation of hazardous chemicals, military products, radioactive materials, and hazardous waste; general cargo transport; mine-site transfer; warehousing; maintenance; import-export trade; and international freight forwarding.













In the future, Yahua Group will closely follow the national requirements for developing new quality productive forces, adhere to the synergistic development of its lithium and civil explosives businesses, maintain high-quality development as the overarching principle, and pursue the primary goal of achieving sustainable business growth. The Company is committed to strengthening its foundation through innovation and improving quality and efficiency, building seven key advantages to enhance its competitive strength. It will take a practical approach, seek progress while maintaining stability, and work continuously to achieve long-term corporate sustainability.

Competitive advantages
in production capacity and scale.

First-mover advantages
in market share.

Industry-leading advantages
in technology and equipment.

Comparable advantages
in profitability within the industry.

Influential advantages
in international business.

Synergistic efficiency advantages
in its management and control systems.

Sustainable support advantages ***in its talent pool.***

Honors and Recognition



Economic Development

8,543.2 (RMB Million)
Revenue

6,246.8 (RMB Million)
Direct Economic Contribution

68.6 (RMB Million)
Dividends, Including Share Repurchases

40.1 (RMB Million)
Interest

50.0%
Year-On-Year Growth in Cash Dividend per Share

5,337.8 (RMB Million)
Payments to Providers of Capital

767.8 (RMB Million)
Payments to Employees

32.6 (RMB Million)
Payments to Governments

108.7 (RMB Million)
Payments to Suppliers

1.46 (Times)
Growth in Net Profit Attributable to Shareholders of the Parent

Environmental Responsibility

95.0% (+2.3%)
Water Recycling Rate

66.1%
Share of Clean Electricity

7.3%
Reduction in GHG emissions Intensity for Lithium Salt Production

26.7 (RMB Million)
Total Environmental Protection Investment

46.7 (RMB Million)
R&D Investment

95.1% (+10.6%)
Water Recycling Rate in Lithium Mining and Processing

88.8%
Share of Clean Electricity in Lithium Salt Production

31.2%
Reduction in GHG emissions Intensity in the Transportation Business

7.2%
Reduction in Domestic Wastewater Discharge Intensity

28.3%
Share of Clean Technology Patents

Social Responsibility

57.0 (RMB Million)
Health and Safety Investment

1.12 (per Million Hours Worked)
Total Recordable Injury Frequency Rate

2.7 (RMB Million)
Philanthropic Contribution

6.5%
Year-On-Year Growth in Number of Employees

16.3%
Share of Women in STEM Positions

99.7%
Employee Satisfaction

59.9 (Hours)
Average Training Hours per Employee

58.2 (RMB Million)
Employee Incentive Investment

76.8%
Local Supplier Ratio

19.5%
Share of Women in Management

National Green Factory

Ministry of Industry and Information Technology

Excellence-Level Smart Factory

Ministry of Industry and Information Technology

Outstanding ESG Case of the Ministry of Ecology and Environment

Ministry of Ecology and Environment

S&P Global Corporate Sustainability Assessment Rating: 45

S&P Global

Sino-Securities Index ESG Rating: AA

Wind Information

Sino-Securities Index ESG Rating: AA

Sino-Securities Index

Excellent ESG Practice in the Nonferrous Industry

China Nonferrous Metals Environment, Social and Governance Research Centre

Golden Bull ESG Carbon Neutrality Award

China Securities Journal

2025 Typical Practice Case of the Board of Directors of a Listed Company

China Association of Listed Companies

2025 Best Practice of the Board Office of a Listed Company

China Association of Listed Companies

China Red Cross Dedication Medal

Red Cross Society of China

First Prize in Science and Technology Award: Comprehensive Utilization of Lithium and Polymetallic Hard Rock in High-Altitude Cold Regions

China Nonferrous Metals Industry Association

First Prize in Science and Technology Award: Intelligent Assembly Line for Electronic Detonators

China Explosives and Blasting Equipment Industry Association

Sichuan Provincial Advanced-Level Smart Factory

Department of Economy and Information Technology of Sichuan Province

Top 100 Manufacturing Enterprises in Sichuan Province (Ranked 40th)

Sichuan Province Enterprise Federation, Sichuan Province Entrepreneurs Association

2025 Top 100 Private Enterprises in Sichuan (Ranked 49th)

Sichuan Federation of Industry and Commerce

2025 Top 100 Private Enterprises in Sichuan for R&D Investment (Ranked 81st)

Sichuan Federation of Industry and Commerce

2024 "Environmental Integrity" Enterprise

Department of Ecology and Environment of Sichuan Province

Sichuan Province Quality-Powered Enterprise Typical Case

Sichuan Administration for Market Regulation

Sichuan Province Advanced Collective for Employment Promotion Work

Department of Human Resources and Social Security of Sichuan Province



02 Strengthening Governance for Sustainable Development

ESG Governance Structure

Yahua Group's ESG governance is overseen by the Board of Directors as the highest decision-making and supervisory body, with a four-tier governance system established comprising the "Board of Directors – Sustainability Committee – ESG Management Committee – ESG Working Group" that covers key aspects such as strategic coordination, target management, risk control, performance assessment, and information disclosure to ensure that sustainability work is advanced in tandem with business management.



Responsible for reviewing the sustainability strategy and annual priorities and supervising the management performance of material topics and the quality of information disclosure.

Composed of three directors: Zheng Rong, Meng Yan, and Zheng Jiaju (independent director), with Zheng Rong (Chairwoman) serving as the chairperson, it is responsible for proposing sustainability goals and planning recommendations, supervising the progress on material topics, and reporting to the Board of Directors annually.

Composed of the Company's CEO and relevant functional leaders, with Meng Yan (CEO) as the chairperson, it is responsible for implementing decisions, approving annual action plans and KPIs, and promoting closed-loop improvement.

The ESG Working Group is composed of leaders from various functional departments of the Group and heads of operating entities, with Mou Kexiang, Vice President, serving as the head of the Working Group; it is responsible for guiding, inspecting, and assessing the work execution of subordinate companies. The ESG Office handles daily tasks such as data collection, specialized governance initiatives, project implementation, training, and communication to ensure the efficient operation of the system.

Figure: ESG Governance Structure

Adhering to the principle of "institutionalizing requirements, standardizing processes and assigning accountability", the Company continuously improves its sustainability-related policy framework, developing management documents and operational guidelines covering governance, environment, safety, labor and human rights, supply chain, and compliant operations. During the reporting period, the Company revised the *Working Rules of the Sustainability Committee* and five *ESG Policies*[1]; KMC issued 13 *ESG Policies and Related Reports*[2]. Concurrently, the Company established a full-process information disclosure mechanism encompassing "*Data Collection, Review, Consolidation, Deliberation and Disclosure*".

[1]The Company: The *Green Purchasing and Sustainable Supply Chain Management Policy* was revised to the *Supplier Code of Conduct*; the *Guidelines on the Right to Privacy* was revised to the *Information Security and Privacy Protection Management Policy*; and the *Climate Change Response Management Policy, Biodiversity Conservation Policy*, and *Occupational Health and Safety Policy* were updated.

[2]KMC: Published 13 policies and reports, including the *KMC Human Rights Policy Statement*, *Policy on Preventing Forced Labor, Discrimination, and Harassment, Anti-Bribery and Anti-Corruption Policy, Policy on Employee Freedom of Association and Collective Bargaining, Greenhouse Gas Management Policy, Statement on Respect for Indigenous Rights,* and *KMC Responsible Mineral Supply Chain Due Diligence Management Policy.*

Strategic Priorities and Targets[3]

Yahua Group fully integrates sustainability requirements into its development strategy and annual business plans, formulating mid- to long-term development goals and annual action plans for the four key areas of safe and stable operations, green and low-carbon transition, responsible supply chain, and compliant operations, with end-to-end management implemented through KPIs. Referencing the United Nations Sustainable Development Goals (SDGs), and considering its business characteristics and value chain impacts, the Company identifies highly relevant target areas and formulates targeted action plans to drive the effective implementation of sustainability.

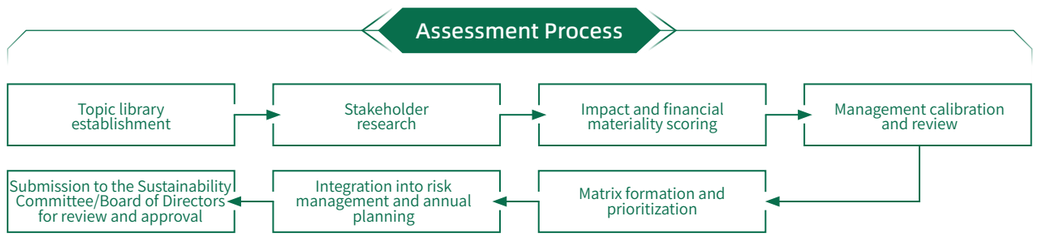
Table: Sustainable Development Goals(SDGs) - Yahua Group's Action

1 NO POVERTY	Boosting local employment: Created over 1,000 new jobs, taking multiple measures to address economic and industry fluctuations, ensuring stable employment for employees, and continuously raising income levels.
2 ZERO HUNGER	Supporting food security: The Company's overseas subsidiaries donated over 10 tonnes of food to local communities and assisted in transporting 20 tonnes of crop seeds.
3 GOOD HEALTH AND WELL-BEING	Strengthening safety and health management: Invested RMB 55.1 million in work safety; recorded zero work-related fatalities; achieved 100% training coverage.
4 QUALITY EDUCATION	Supporting local education: The Company's overseas subsidiaries provided RMB 107 thousand in scholarships and RMB 277 thousand for renovations to local schools.
5 GENDER EQUALITY	Ensuring gender equality: Enhanced equal employment and anti-discrimination mechanisms, with the share of women in management at 19.5%.
6 CLEAN WATER AND SANITATION	Promoting water conservation and recycling: Promoted water conservation and recycling, achieving a water recycling rate of 95.0% and zero industrial wastewater discharge.
7 AFFORDABLE AND CLEAN ENERGY	Improving energy management: Improved the energy management system, with the share of clean energy in total energy use reaching 70.8%.
8 DECENT WORK AND ECONOMIC GROWTH	Standardizing employment management: Ensured compliant employment in accordance with the law, provided an average of 59.9 hours of training per employee, and achieved an employee satisfaction rate of 99.7%.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Driving industrial innovation: Invested RMB 11.9 million in green R&D and held 208 green technology achievements and patents
10 REDUCED INEQUALITIES	Reducing employment inequality: Eliminated employment discrimination and supported vulnerable groups, with employees from ethnic minorities accounting for 3.9%; invested RMB 348,000 in public welfare and support for vulnerable groups.
11 SUSTAINABLE CITIES AND COMMUNITIES	Supporting community development: Invested RMB 93 thousand to support Rural Revitalization, with employee volunteer activities totaling 616 person-times.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Practicing responsible production: Achieved a 100% compliant disposal rate for hazardous waste and a comprehensive utilization rate of 50.6% for general solid waste.
13 CLIMATE ACTION	Climate change response: Annual greenhouse gas emissions of 470,489 tCO_2e; a carbon intensity reduction target was formulated.
14 LIFE BELOW WATER	Protecting underwater ecosystems: The Company conducted ecological risk assessments, organized aquatic life surveys and evaluations, and continuously reduced the impact of its operational activities on underwater ecosystems.
15 LIFE ON LAND	Protecting life on land: The Company carried out mine ecological restoration and reclamation, revegetating over 10 mu and reclaiming and expanding green areas by over 90 mu.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Strengthening compliance management: The Company conducted 6,381 person-times of compliance and anti-corruption training; no violations occurred during the reporting period.
17 PARTNERSHIPS FOR THE GOALS	Building partnerships: The Company collaborated with government, customers, suppliers, and the community to conduct communication and cooperation; it trained 294 suppliers.

[3]The Sustainable Development Goals (SDGs) are a global framework for action adopted by the United Nations in 2015, comprising 17 comprehensive goals to be achieved by 2030, covering issues such as poverty eradication, protection of the planet, and promotion of social equity. Their official descriptions and specific targets can be found on the United Nations website (https://sdgs.un.org/goals).

Materiality Assessment and Stakeholder Engagement

The Company conducts a material topics (double materiality) assessment annually and will initiate a special review in a timely manner if circumstances such as major mergers and acquisitions, business structure adjustments, significant risk events, or major changes in regulatory policies occur. The assessment strictly follows the principles of being "*Value Creation-oriented, Stakeholder-centric, and Evidence-based*", and comprehensively considers the three dimensions of impact materiality, financial materiality, and value creation materiality.



During the reporting period, the Company distributed a total of 1,513 questionnaires and organized 10 interviews and forums, covering key stakeholders such as government and regulatory authorities, shareholders and investors, customers, suppliers, employees, and the community and public. This process precisely gathered their expectations and concerns regarding the Company's sustainability, and these opinions and suggestions were integrated into the entire double materiality assessment process to ensure the results align with the Company's operational realities and respond to stakeholder demands. After being reviewed by the ESG Management Committee, the materiality assessment results were submitted to the Sustainability Committee for deliberation and the Board of Directors for approval, ensuring the compliance of the assessment process and the validity of its outcomes.



Figure: Double Materiality Matrix (Impact Materiality × Financial materiality)

During the reporting period, the Company identified a total of 26 sustainability topics, of which 8 topics[4] possessed both impact materiality and financial materiality. Concurrently, the Company has established a regular stakeholder engagement mechanism, continuously listening to stakeholder demands through diverse methods such as questionnaires, customer visits, exchange forums, information disclosure, and special communications. It has also established multi-channel feedback and grievance mechanisms, implementing closed-loop management for major demands, retaining complete processing records, and forming a virtuous cycle of "*Research and Collection – Analysis and Feedback – Optimization and Improvement*".

Table: Topics of Concern and Communication/Response Methods for Each Stakeholder Group

Stakeholder Group	Topic of Concern	Communication and Response Method
Government and Regulatory Authorities	Corporate Governance, Occupational Health and Safety, Tax Strategy and Tax Transparency, Environmental Compliance Management, Pollutant Emissions, Energy Use, Water Use	Cooperating with Special Inspections, Holding Forums, Paying Taxes in Accordance with the Law, Regularly Submitting Statistical Data
Shareholders	Corporate Governance, Risk and Crisis Management, Supply Chain Security, Tax Strategy and Tax Transparency, Climate Change Response, Audit and Internal Control	Disclosing Relevant Reports, Holding Shareholders' Meetings and Results Briefings, Conducting Investor Communications
Customers	Product and Service Safety and Quality, Innovation-Driven Development, Circular Economy, Anti-Bribery and Anti-Corruption, Data Security and Customer Privacy Protection	Visits and Exchanges, Customer Audits, Questionnaire Surveys, Strengthening After-Sales Service Assurance
Suppliers	Supply Chain Security, Anti-Bribery and Anti-Corruption, Fair Treatment of SMEs	Visits and Exchanges, Supplier Audits, Conducting Supplier Training and Capability-Building
Employees	Employees, Occupational Health and Safety, Human Rights and Responsible Business Conduct, Product and Service Safety and Quality	Organizing forums and surveys, conducting internal and external training, soliciting rationalization proposals, conducting employee satisfaction surveys, responding to employee complaints or grievances
Community and Surrounding Areas	Social Contribution, Rural Revitalization, Waste Management, Pollutant Emissions, Ecosystem and Biodiversity Protection, Water Use	Hazard identification, visits and outreach, organizing or participating in community activities, accepting government guidance, communicating with community leaders and residents
Partners	Innovation-Driven Development, Anti-Bribery and Anti-Corruption, Anti-Unfair Competition	Business Exchanges, Partnership Negotiations, Integrity Commitments, Compliance Training, Industry-University-Research Cooperation, Industry Conferences, Daily Communication

[4]Criteria for material topic assessment: The identification standard for double materiality topics is an impact materiality score of ⩾ 50 and a financial materiality score of ⩾ 50. These topics are: Climate Change Response, Energy Use, Occupational Health and Safety, Supply Chain Security, Product and Service Safety and Quality, Human Rights and Responsible Business Conduct, Corporate Governance, and Risk and Crisis Management.

Value Creation and Resilience

Long-Term Value Creation

Based on the results of the double materiality assessment and stakeholder demands, the Company precisely identifies key topics that have the most significant impact on its long-term value creation and establishes a management mechanism of "*Risk and Opportunity Identification – Implementation of Management Measures – Management of Indicators and Targets – Progress Tracking and Review*". This approach also considers the impact on external stakeholders and guards against emerging risks, thereby forming a complete governance system with value creation at its core, external responsibility as an extension, and risk resilience as a safeguard. During the reporting period, the Company focused on three key value creation topics, integrating them into daily operations and management, and promoted the effective implementation of sustainability value by clarifying associated value, managing risks and opportunities, and carrying out management measures.

Topic	Relevance to Value Creation	Key Risks and Opportunities	Management Measures	Indicators and Targets
Climate Change Response	Affects compliance-based market access, customer cooperation, cost control, and operational resilience	**Risks:** Stricter regulations, extreme weather, increased low-carbon requirements from customers; **Opportunities:** Energy conservation and cost reduction, green certification, enhanced low-carbon competitiveness	Climate Risk Identification, Energy-Saving Technological Upgrades, Clean Energy Substitution, Carbon Accounting, and Development of Customer Response Mechanisms	Total Emissions, Emissions Intensity, Energy Intensity
Occupational Health and Safety	Relates to employee health and safety, regulatory permits, operational continuity, and brand reputation	**Risks:** Accidents, occupational hazards, loss of control over contractors; **Opportunities:** Loss reduction and efficiency improvement, stable delivery, enhanced organizational execution	Dual Prevention Mechanism, Training and Certification, Occupational Health Management, Contractor and Critical Operations Control, Emergency Drills	Number of Work-Related Fatalities, Number of Serious Injury Incidents, Total Recordable Incident Rate (TRIR)
Supply Chain Sustainability and Compliance	Impacts on Customer Access, Delivery Stability, International Market Expansion, and Long-Term Cooperation	**Risks:** Supply disruption, insufficient traceability, compliance transmission risks; **Opportunities:** Enhancing customer trust, increasing audit pass rates, improving supply chain resilience	Supplier Onboarding and Classification, ESG Due Diligence, Mineral Traceability, Business Ethics Training, Closed-Loop Rectification	Due Diligence Coverage, Audit Coverage, CAP Completion Rate, Traceability Coverage

External Stakeholder Topics

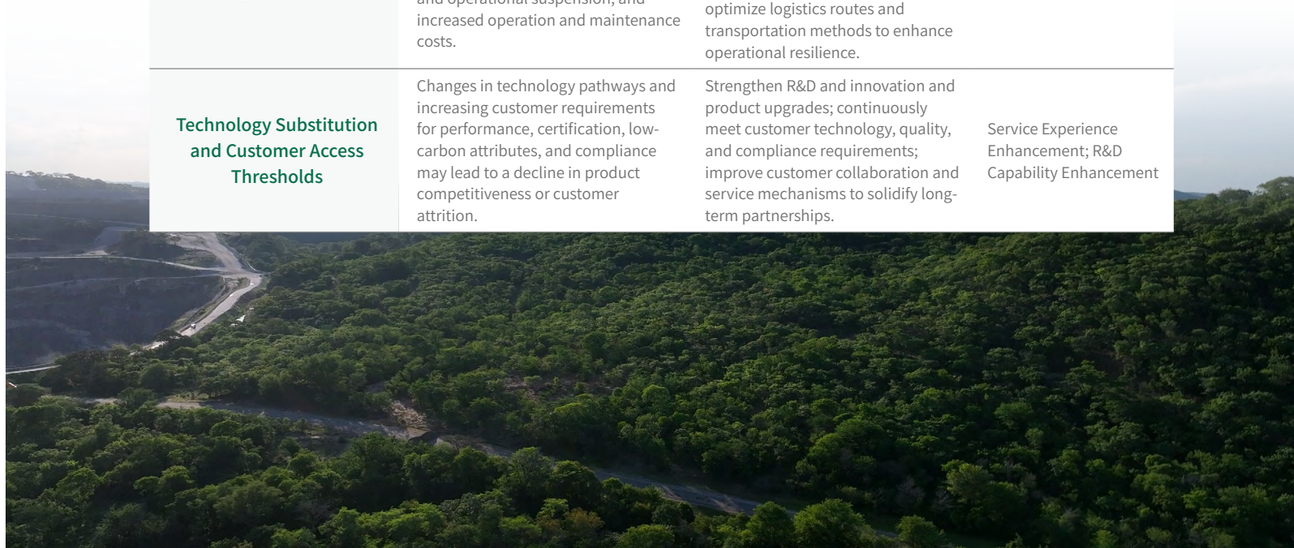
In the process of advancing long-term value creation, the Company simultaneously focuses on the significant impacts of its operational activities on external stakeholders. It screens key external impact topics from dimensions such as the value chain segments where impacts occur, the affected parties, the degree of impact, and the likelihood of occurrence. Through specialized management and disclosure, the Company proactively accepts public oversight and fulfils its external responsibilities.

Key External Impact Topics	Affected Value Chain Segment	Main Affected Groups	Impact Pathway	Management Measures	Grievance and Remedy
Community Safety and Public Risk Management	Own Operations, Logistics and Transportation, Outsourced Operations	Residents of Surrounding Communities, road users, Contractor Personnel	Hazardous operations, transportation, and facility operations may pose safety risks; the probability of accidents and negative impacts on the community are reduced through full-process risk control.	Management of major hazard sources, work permits, contractor management, emergency drills, risk notification, and community communication.	Complaints and whistleblowing, emergency contact, investigation and rectification, feedback on results.
Impacts on Water Resources and the Ecological Environment	Own Operations, Upstream Resource Development	Surrounding Communities, Watershed Ecosystems, Government Regulatory Authorities	Water intake and discharge, land occupation, and production activities may increase the environmental load; environmental impacts are reduced through water conservation, pollution control, standardized disposal, and ecological restoration.	Water resource management, wastewater treatment and reuse, solid and hazardous waste management, ecological restoration, environmental monitoring, and information disclosure.	Environmental incident reporting, complaint handling, investigation and rectification, feedback on results.

Emerging Risks and Resilience

The Company leverages its existing risk management system, combined with annual materiality assessments, dynamic tracking of policies and regulations, and business development analysis, to systematically identify emerging risks that may have a significant impact on its business model, compliance permits, market access, and supply chain stability over the next 3 to 5 years and beyond. It formulates targeted monitoring and response measures to enhance its resilience for sustainable development. The results of emerging risk management are reported annually to the ESG Management Committee and submitted to the Sustainability Committee and the Board of Directors for review when necessary.

Risk Category	Main Potential Impacts	Main Management Initiatives	Corresponding Disclosure Chapter
Policy and Regulatory Trends (CBAM, UFLPA, EU Battery Regulation, IRA, Etc.)	Failure to meet compliance requirements for GHG emissions management, labor rights protection, mineral traceability, and supply chain due diligence could lead to increased tariff costs and restricted market access.	Conduct regulation identification and applicability assessments; advance carbon management, certification, and compliance capability building; strengthen labor and human rights management at mines and factories; improve the mineral traceability and supply chain due diligence management systems.	Climate Change Response; Human Rights Protection; Responsible Procurement
Supply Chain and Geopolitics	Fluctuations in raw material supply, changes in cross-border policies, and insufficient supply chain transparency may affect the acquisition of key raw materials, production continuity, and global business layout.	Optimize domestic and international resource allocation to increase self-sufficiency rates; strengthen supply chain due diligence and compliance reviews; enhance transparency and resilience.	Responsible Procurement
Price Volatility of Key Resources and Energy	Price fluctuations of key resources and energy such as lithium concentrate, water, electricity, and gas may drive up production costs, squeeze profit margins, and affect operational stability.	Establish long-term stable cooperation mechanisms with upstream and downstream partners; optimize procurement and inventory strategies; continuously advance process optimization, energy conservation and consumption reduction, and control of raw material and auxiliary material consumption per unit.	Energy Management; Responsible Procurement
Extreme Weather and Physical Risks	Extreme weather may affect production, warehousing, and logistics, leading to equipment and facility damage, risks of production and operational suspension, and increased operation and maintenance costs.	Improve disaster prevention and mitigation facilities; strengthen climate risk identification, emergency response, and post-disaster recovery mechanisms; optimize logistics routes and transportation methods to enhance operational resilience.	Climate Change Response
Technology Substitution and Customer Access Thresholds	Changes in technology pathways and increasing customer requirements for performance, certification, low-carbon attributes, and compliance may lead to a decline in product competitiveness or customer attrition.	Strengthen R&D and innovation and product upgrades; continuously meet customer technology, quality, and compliance requirements; improve customer collaboration and service mechanisms to solidify long-term partnerships.	Service Experience Enhancement; R&D Capability Enhancement



03 Strengthening the Foundation for Sound Development Through Compliance



Corporate Governance

Yahua Group strictly adheres to the *Company Law,* the *Securities Law*, and the rules for the standardized operation of listed companies on the Shenzhen Stock Exchange. Guided by *the Articles of Association*, it continuously improves its governance structure and internal control system. The Company has established a decision-making and execution mechanism for the shareholders' meeting, the Board of Directors, and the management team, featuring clear rights and responsibilities and effective checks and balances, with internal controls covering all business segments to ensure scientific decision-making. The Board of Directors periodically assesses the effectiveness of internal controls, the operation of its specialized committees, and its own performance, and optimizes its rules of procedure, agenda management, and authorization and oversight mechanisms accordingly. Performance evaluation covers both the Board as a whole and individual directors, using a combination of self-assessment and group-wide democratic evaluation conducted annually. The assessment focuses on dimensions such as the quality of strategic decision-making, risk control and internal control oversight, financial report auditing, compliance management, information disclosure, and investor communications. Major governance matters are strictly subject to the deliberation procedures of the shareholders' meeting. The formulation and revision of core documents, such as the *Articles of Association* and the rules of procedure for the Board of Directors, are approved by the shareholders' meeting to ensure the legality, compliance, and stability of governance rules. The Company has established and regularly updates a succession plan[5] for key positions, defining succession principles, candidate development paths, and emergency replacement arrangements. This plan is led by the Human Resources Department for evaluation and reported to the management team. The candidate list is reviewed by the Nomination and Remuneration Committee before being submitted to the Board of Directors, which bears the ultimate oversight responsibility for the effectiveness of the succession plan.

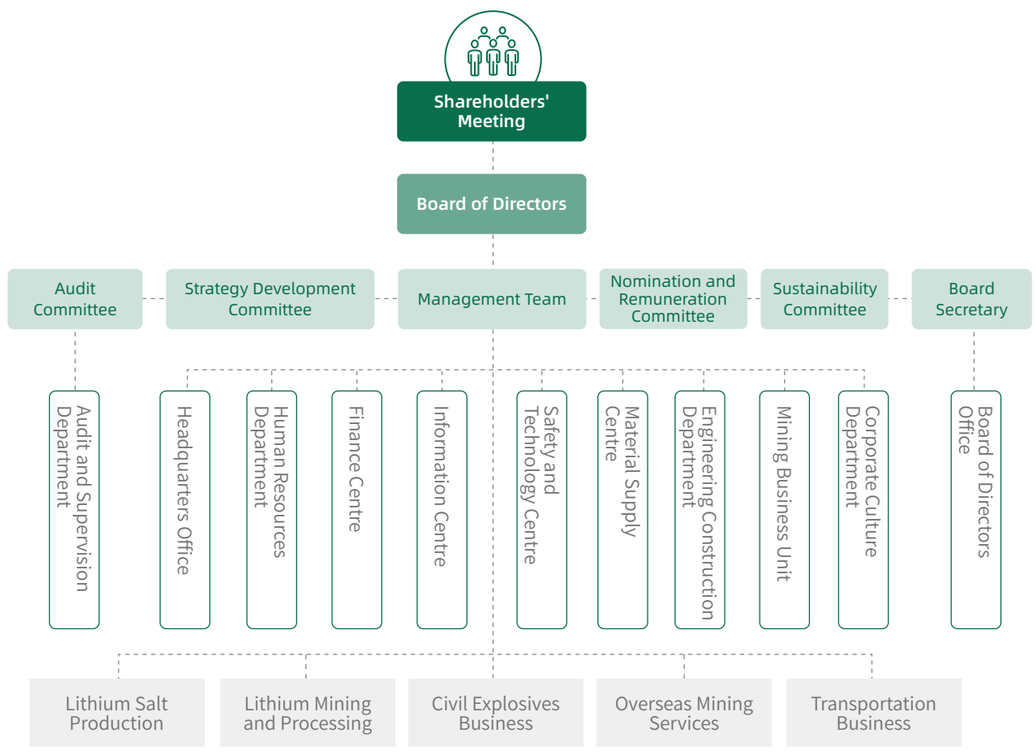


Figure: Corporate Governance Structure

[5]The Company has established and regularly updates its succession plan for key positions, covering directors, senior management, and key management positions in subsidiary companies, and continuously develops a succession pipeline in conjunction with organizational development and talent reviews.

Equity Structure and Major Shareholders

The Company's equity structure is clear and stable. It lawfully discloses its equity structure, the shareholdings of major shareholders, and changes in their equity interests through periodic reports and interim announcements, safeguarding the legal rights of all shareholders, including the right to know, vote, and receive returns. The Company strictly adheres to information disclosure requirements, continuously enhancing the quality and transparency of its disclosures and maintaining open communication channels with the capital market to ensure that information is timely, accurate, and complete. As of 31 December 2025, the Company's total share capital was 1,152,562,520 shares. The controlling shareholder and actual controller was Ms. Zheng Rong. For details on the shareholdings of the top 10 shareholders, please refer to the *Yahua Group 2025 Annual Report*.





Figure: Research Visits by Domestic and International Institutional Investors

The Company values investor relations management and shareholder return. It conducts investor communications through multiple channels and coordinates cash dividends and share buybacks based on its operating performance to protect the rights and interests of all shareholders, especially minority shareholders.

Information Disclosure

In 2025, the Company published a total of 116 announcements and filed 85 documents through the information disclosure system of the Shenzhen Stock Exchange. The quality of its information disclosure has steadily improved, and the Company did not receive any regulatory censures or criticisms.

Investor Communi-cation

In 2025, the Company communicated with over 192 institutional investors through both online and offline channels, releasing 17 research visit records and holding two online earnings briefings. It also answered 139 investor inquiries on the Shenzhen Stock Exchange's Interactive Easy platform, achieving a 100% response rate, which is an outstanding performance among domestically listed companies.

Shareholder Returns

In 2025, the Company distributed cash dividends of RMB 68.6 million to investors, accounting for 10.9% of the net profit attributable to the parent company for 2025. Since its listing, the Company has distributed a cumulative total of RMB 1.24 billion in dividends.

Board Structure and Expertise

As the core of operational decision-making, the Board of Directors focuses on key areas such as strategic investment, financial auditing, selection and incentives, and sustainability, adopting a one-tier governance structure[6] composed of non-independent directors and independent directors. The Board of Directors has four specialized committees: Audit, Strategic Development, Nomination and Remuneration, and Sustainability. In 2025, the Board of Directors convened 6 meetings and proposed 3 items for shareholders' meetings, with both directors and independent directors achieving a 100% attendance rate. A total of 38 proposals were reviewed and approved, fully safeguarding shareholder interests. The Company defines the independence criteria for independent directors based on the relevant rules of the Shenzhen Stock Exchange and its internal governance systems[7] , with a key focus on preventing conflicts of interest[8] . The verification scope covers scenarios that could affect independent judgment, including employment relationships, business transactions, family connections, and associations with audit firms. The Nomination and Remuneration Committee is responsible for reviewing the qualifications of director candidates and assesses the independence of independent directors annually, with the results serving as an important basis for reappointment and nomination. As of the end of the reporting period, the Board of Directors consisted of 9 members, including 3 independent directors (33.3%). The Company ensures that directors have sufficient time and energy to perform their duties. During the reporting period, no independent director held concurrent positions as an independent director in more than two other listed companies.

The Company has formulated and published a Board Diversity Policy, which is embedded into the director nomination and selection process. The Nomination and Remuneration Committee selects candidates based on a "competency matrix + diverse structure" approach, comprehensively considering factors such as gender, age, professional background, industry experience, risk control capabilities, international perspective, and sustainability expertise, and proposes recommendations to address any competency gaps on the Board. The policy is reviewed annually, and the selection criteria are updated during board renewals or appointments. The Company adheres to the principle of selecting individuals with both integrity and ability, while also considering gender, age, and cultural and professional backgrounds, to continuously enhance the Board's inclusiveness and comprehensive decision-making capabilities. As of the end of the reporting period, the Board of Directors had 9 members, including 2 female directors (22.2%). The Company has established a systematic training system to ensure directors maintain their professional competence. In 2025, 6 corporate governance training sessions were organized for directors and senior management to strengthen their capabilities in compliant operations and risk prevention and control.



Figure: Corporate Governance Training

[6]A one-tier board governance structure means that there is only one layer of decision-making and supervision, the Board of Directors, under the shareholders' meeting, without a separate board of supervisors.

[7]Internal governance systems: These include but are not limited to the *Articles of Association*, the *Working System for Independent Directors*, the *Rules of Procedure for the Board of Directors*, and the working rules for specialized committees.

[8]Key points for independence checks include but are not limited to: whether there is an employment or senior management relationship; whether there are significant transactions or remuneration exchanges; whether there are family or significant related-party relationships; whether there is a relationship with the external audit firm; whether there is a consultant/advisory service relationship or other circumstances that may affect independent judgment.

Directors and Senior Management

The Board of Directors is responsible for making decisions on major matters and overseeing the performance of management. The roles of the Chairwoman and the President are separate, ensuring clear responsibilities and an effective system of checks and balances. As of the end of the reporting period, the members of the Board of Directors possessed extensive industry experience, professional risk control capabilities, and strong financial literacy. Their complementary professional backgrounds and diverse skills set effectively enhance the professionalism and prudence of the Board's deliberations and decisions. The average tenure of Board members is 6 years. At the end of the reporting period, 7 directors on the Board had industry experience, including 1 independent director.

Name	Gender	Position / Responsibility	Industry Experience[9]		
			Professional Expertise[10]	Risk Management[11]	Financial Management[12]
Zheng Rong	Female	Chairwoman	✓	✓	✓
Meng Yan	Male	Vice Chairman, President	✓	✓	-
Liang Yuanqiang	Male	Director, Vice President	✓	✓	✓
Mou Kexiang	Male	Director, Vice President	✓	✓	-
Yang Qing	Female	Director, Chief Financial Officer	✓	✓	✓
Zhai Xiongying	Male	Director	✓	✓	✓
Zheng Jiaju	Male	Independent Director	✓	✓	-
Luo Huawei	Male	Independent Director	-	✓	✓
Zhou Yousu	Male	Independent Director	-	✓	-

Board Committee Establishment and Operation

The Company ensures shareholders' right to information and equitable participation through regular disclosures and shareholders' meetings, while its four special committees conduct research, deliberation, and supervision according to their respective duties, providing professional advice to the Board of Directors and promoting the efficient operation of its mechanisms. The Company specifies annual work plans and agenda lists for each committee, and in its annual performance evaluation, it focuses on audit and internal control, the transparency of remuneration decisions, sustainability, and major risk governance, with the evaluation results being used to optimize operational mechanisms. The composition and operation of each committee during the reporting period are as follows:

Special Committee	Responsibilities of Special Committee	Chair	Proportion of Independent Directors	Number of Meetings
Audit Committee	Reviews financial information and its disclosure, and supervises and assesses internal and external audit work and internal controls.	Independent Director	66.7%	5
Strategy Development Committee	Researches the Company's long-term development strategy and major investment decisions and provides recommendations.	Chairwoman	33.3%	1
Nomination and Remuneration Committee	Formulates selection criteria and procedures for directors and senior management, and reviews their qualifications, remuneration plans, and performance.	Independent Director	66.7%	4
Sustainability Committee	Formulates the Company's sustainability targets and development plans.	Chairwoman	33.3%	1

[9]Definition of industry experience: Industry experience refers to a director's relevant experience in business management, industry research, technology research and development, investment and financing M&A, regulatory policy, or supply chain operations within the Company's industry or main business-related industry sectors.

[10]This refers to having a professional background at a company in the "Chemicals" industry under the Materials sector of the Global Industry Classification Standard (GICS®).

[11]This refers to possessing professional knowledge in risk management or having work experience in a risk management-related position.

[12]This refers to possessing professional knowledge in finance, accounting, etc., or having work experience in a finance or audit-related position.

Compliance Management

The Company adheres to *the Company Law*, the *Basic Standards for Enterprise Internal Control*, and the compliance requirements of the Shenzhen Stock Exchange, continuously improving its governance and internal control systems to develop a risk management and internal control framework covering strategic, operational, financial, and compliance areas. Following the closed-loop management principle of "*Risk Identification – Risk Assessment – Risk Response – Problem Discovery – Rectification and Implementation – System Improvement – Risk Prevention and Control*", the Company enhances the standardization and refinement of its business management through the integration of system building, process control, inspection and evaluation, and rectification. The Company has established a collaborative mechanism between internal and external audits. For internal audits, the Audit and Supervision Department formulates an annual audit plan, which is implemented upon approval by the Audit Committee, to supervise and inspect key areas, focusing on the effectiveness of internal controls, management of major risks, and closed-loop rectification, and reports to the management team and the Audit Committee. For external audits, an independent institution qualified for securities-related business is engaged to audit financial information and internal control-related matters, while maintaining communication between the Audit Committee, management team, Audit and Supervision Department, and the external audit firm. ShineWing Certified Public Accountants (Special General Partnership) has consistently issued internal control audit reports with a standard unqualified opinion. The Audit Committee guides and supervises the construction and implementation of the internal control system, approves the annual internal audit plan, and oversees and evaluates the work of internal and external audits. During the reporting period, the committee held 5 meetings to strengthen process supervision and outcome accountability for internal control and audit matters. During the reporting period, the Company established 495 new policies and revised 890 existing ones; it also created 323 new processes and adjusted 1,961 existing ones. The Audit and Supervision Department conducted 14 internal audits, identifying 320 issues with a 97.0% completion rate within the rectification timeframe; there were 0 major financial compliance risk events.

Risk Management

Yahua Group has established a risk governance and risk management system covering strategic, operational, financial, and compliance areas, which has promoted the deep integration of risk management and internal control. The Company has constructed a collaborative and balanced framework involving the "Audit Committee – Management Team – Audit and Supervision Department", where the Audit Committee provides overall supervision of strategic, operational, financial, and compliance risks; the management team is responsible for risk identification, implementing control measures, and guiding self-inspection and rectification; and the Audit and Supervision Department independently evaluates and tracks rectification efforts. This forms three lines of defense for risk control: front-line business units identify and assess risks and implement closed-loop rectification; functional departments formulate policies and processes and inspect rectification; and the Audit and Supervision Department conducts independent audit supervision and reports to the management team and the Audit Committee. Using policies and processes as a foundation, the Company embeds risk assessment, internal control execution, and audit supervision into its daily operations and internal audit work, and dynamically revises emergency response plans, enhancing response capabilities through communication, and training, on-site inspections, and drill evaluations to shift risk handling toward a model of "*Pre-event Prevention + In-event Control + Post-event Review and Improvement*". During the reporting period, the information systems underwent 5 disaster recovery drills, achieving a 100% vulnerability repair rate for critical systems, thereby enhancing business continuity and information system risk prevention and control.



Figure: Group Management Strategy and Risk Prevention and Control Working Meeting

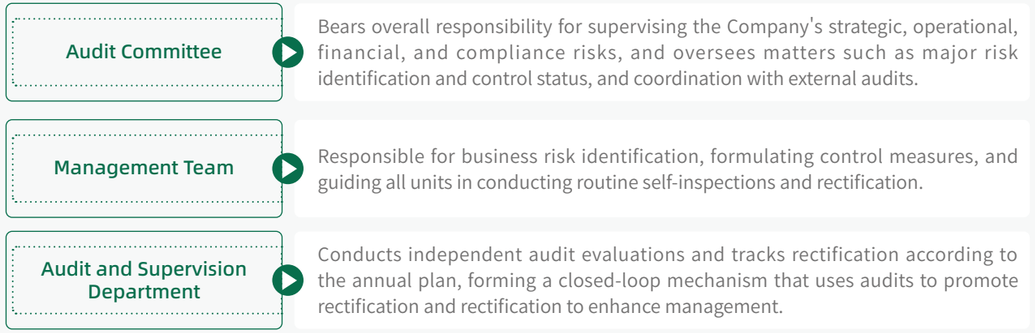


Figure: Risk Management Architecture

Risk Culture Development

Risk management training is included in the annual plan, with 3 sessions of all-staff risk management and internal control training conducted, totaling 10 hours; key positions[13] achieved 100% training coverage, and three sessions of tiered training were conducted. For major investments, mergers and acquisitions, project constructions, important contracts, and significant procurement and bidding, risk assessment and compliance review are required as a prerequisite procedure; for the launch of new products, new processes, and new systems, risk assessment and control verification are implemented, and progression to the next stage is not permitted without passing. work safety, compliant operations, major risk events, prevention and control effectiveness, and closed-loop rectification are incorporated into performance assessments, with a One-vote Veto Mechanism for any red-line violations or major disciplinary breaches.

Table: Yahua Group's Three Lines of Defense for Risk Control

First Line of Defense Operational Risk Ownership 01	The first line of defense is undertaken by frontline business units, such as grassroots production teams, which bear the responsibility for identifying, assessing, recording, and responding to operational risks. This involves embedding control measures into daily operations and promoting hazard identification and closed-loop rectification.
Second Line of Defense Functional Department Inspection 02	The second line of defense involves the Company's governance level establishing management systems and processes, conducting functional inspections, rectifying issues, and improving these systems and processes.
Third Line of Defense Independent Internal Audit Supervision 03	The third line of defense is carried out by the Audit and Supervision Department, which, as the internal audit function, implements audit supervision and reports to the Company's governance level and the Audit Committee, thereby promoting the continuous optimization of the system.

[13]Key positions refer to those with compliance risks in areas such as procurement, sales, investment and financing, project construction, operational digitization, and safety management.

Business Ethics

The Company adheres to the principles of "*Compliant Operations and Integrity in Business*" and has formulated and implemented policies such as the *Measures for the Supervision and Administration of Integrity and Compliance* and the *ESG Complaints and Whistleblowing Handling Policy*. These policies clarify the compliance boundaries for the business activities of employees and partners, demonstrating "Zero Tolerance" for improper conduct such as corruption and commercial bribery. Execution is ensured through the signing of integrity agreements, in-process inspections, audit supervision, and accountability measures. The Company publicly discloses its *Code of Business Conduct*, which applies to all personnel (including interns) of the Group and its subsidiaries at all levels, and requires suppliers and partners to adhere to it. During the reporting period, no verified material violations or material penalties[14] occurred in relation to corruption and bribery, conflicts of interest, anti-unfair competition/antitrust, anti-money laundering and insider trading, discrimination and harassment, or customer privacy and information security. The amount of political contributions was RMB 0. The anti-fraud and anti-corruption system, reviewed and issued by the Board of Directors, is regularly assessed, with its effectiveness supervised by the Audit Committee. The Company clearly defines boundaries and approval requirements for gifts, entertainment, and travel reimbursements, and implements pre-approval and registration for gifts and hospitality involving sensitive parties, strictly prohibiting kickbacks and improper transfer of interests.

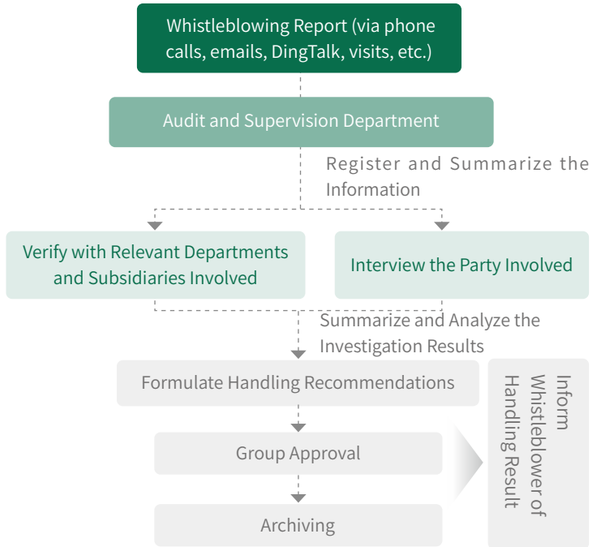
The Company provides public whistleblowing channels through platforms like DingTalk and its official website and standardizes the handling process. The Audit and Supervision Department is responsible for the unified receipt, registration, tiered distribution, and investigation of all reports, and reports regularly to the management team and the Audit Committee. Reports can be made either by name or anonymously. The Company has established whistleblower protection and confidentiality mechanisms and strictly prohibits retaliation. During the reporting period, no incidents of retaliation against whistleblowers occurred. Training on whistleblowing channels is included in new employee orientation, annual employee training, and is part of supplier contracts and integrity agreements. The closed-loop handling process for leads includes report receipt and numbering, initial screening and classification, case authorization, investigation and evidence collection, conclusions and handling recommendations, rectification and accountability, and case closure, feedback, and archiving, which are incorporated into statistical analysis and continuous improvement.



Figure: The Company's Values and Code of Business Conduct

Yahua Group's complaint and whistleblowing channels

- Email: sjb@scyahua.com
- Hotline: 028-84166069, 13350972366
- Mailing Address: Audit and Supervision Department, Sichuan Yahua Industrial Group Co., Ltd., 21st Floor, Building 1, Hangxing International, 66 Tianfu 4th Street, Chengdu, Sichuan Province



Whistleblowing Report Handling Flowchart

The Company has established a tiered and classified training mechanism covering both employees and suppliers, incorporating the signing of integrity commitments and compliance awareness into new employee orientation and annual training. During the reporting period, 3 anti-corruption/integrity and compliance training sessions were conducted, totaling 19,406 hours and reaching 6,381 participants. The coverage rate for directors, senior management, and key positions was 100%. The Company conducted 287 supplier integrity reviews (159 on-site and 128 via questionnaire), signed 1,086 integrity agreements, and held targeted training sessions such as "*Contractual Legal Risk Prevention*" to enhance the integrity risk awareness of personnel in key positions.

[14]"Material compliance violations or material penalty events" refer to illegal or non-compliant matters that have been investigated, verified, and formally processed, or that have resulted in litigation, significant administrative penalties, external fines, criminal convictions, or major data leakage; statistics include the Group and its subsidiaries included in the consolidated financial statements.

Fair Competition

The Company adheres to the principles of fair, honest, and transparent market competition, strictly complies with relevant laws and regulations such as those concerning laws and regulations on anti-unfair competition, and integrates fair competition requirements into its corporate governance, risk management, and business ethics systems. Leveraging the "three lines of defense" internal control mechanism, the Company implements continuous supervision and rectification in key business processes to prevent improper competitive practices from affecting its reputation and operational stability. Through the *Yahua Group Rules on Integrity Discipline*, the *Yahua Group Measures for the Supervision and Administration of Integrity and Compliance*, and related complaint and whistleblowing policies, the Company clearly defines the compliance boundaries for employees and partners, and continuously strengthens constraints on unfair competition, improper transfer of interests, and other non-compliant behaviors. During the reporting period, the Company enhanced its communication and training on fair competition through integrity training, the signing of integrity clauses, and the communication of its Supplier Code of Conduct. It also maintains accessible internal and external whistleblowing channels via its official website, hotlines, email, and mail, strictly implementing whistleblower protection and closed-loop issue resolution. During the reporting period, there were 0 litigation cases, administrative fines, or settlements arising from unfair competition, and no material violations involving anti-money laundering or insider trading occurred.

Public Affairs Expenditure

The Company adheres to the principles of legal compliance, business integrity, and political neutrality, integrating public policy engagement, industry association membership management, and related external expenditures into its business ethics, anti-bribery, anti-corruption, and compliance management systems. The Company does not provide political contributions in the form of cash, in-kind contributions, services, or any other form to any political party, political organization, or political candidate, and prohibits direct or indirect political support through third parties, related parties, or other arrangements. The Company's participation in industry associations and related organizations is primarily based on business needs such as industry exchange, technical collaboration, standards discussions, regulatory communication, and research on sustainability topics. Related membership and membership fees are considered normal business management matters and do not constitute political contributions. Such expenditures are executed in accordance with internal authorization and compliance review procedures and are included within the scope of record-keeping, internal control, and audit supervision to ensure that the purpose of the expenditure is clear, the approval process is standardized, and management accountability is traceable. During the reporting period, the Company incurred no expenditures related to political campaigns, made no contributions to political parties, political organizations, or political candidates, and incurred no lobbying-related expenditure, nor did it engage in such activities through third parties. All membership fees and expenditures for industry associations, chambers of commerce, and related organizations were based on business and industry management needs and were subject to approval, review, and record-keeping procedures as required by the Company's policies.

Table: Political Contributions and Related Expenditures (Currency: RMB)

Category	Amount	Main Recipients	Total Proportion of Top 3
Expenditure Related to Political Campaigns	0	NA	0
Donations to Political Parties/Organizations	0	NA	0
Lobbying-Related Expenditure	0	NA	0
Other tax-deductible donations or support related to public affairs	0	NA	0
Total	0	——	

Digital and Intelligent Governance

Digital and Intelligent Development Strategy

Yahua Group regards the development of digital and intelligent capabilities as a key driver for supporting Work safety, lean operations, and high-quality development. Adhering to the overall principles of "*Unified Planning, System Integration, Precise Control*", the Company focuses on the main lines of digital governance and digital and intelligent business enablement. It promotes the deep integration of digital and intelligent technologies in the Group's key business scenarios, including lithium salt production, lithium mining and processing, civil explosives business, transportation business, and overseas mining services. This approach significantly enhances management efficiency while strengthening risk management and compliant operations.



Digital Governance

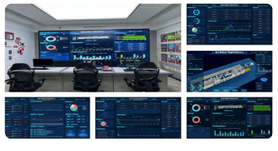
The Company is advancing data governance and system integration and collaboration across key production and operational processes. During the reporting period, it conducted specialized governance initiatives for a special initiative to improve the comprehensiveness, completeness, full-chain coverage and end-to-end process management of material data, as well as for customer, supplier, and statistical data. Through the HR2.0 project, the Company comprehensively advanced the governance of organizational and personnel data, thereby improving the standardization of foundational data and enhancing the capability for inter-system integration and updates, which supports cross-business and cross-regional operational synergy. In terms of technical support, in 2025, the Company strengthened the development of its information technology standards system, formulating and issuing the *Management Measures for Yahua Group's Information Technology Standards System Documents*. It completed the development and issuance of 17 information technology standards system documents across 4 categories, including production equipment interface specifications and system development technical standards, providing technical support for the Group's digital governance.

Digital and Intelligent Business Enablement

The Company continues to advance the application of digitalization and intelligence across different business scenarios. In civil explosives manufacturing, Mianyang Company has continuously optimized its smart manufacturing system, enhancing the transparency and precision of its production processes, and was recognized by the Ministry of Industry and Information Technology as an Excellence-Level Smart Factory. In lithium salt production, the Company has advanced the in-depth application of its smart production line, adding visualized modeling for 23 core processes to achieve real-time collection of process data, abnormality alerts, and quality process control. It has focused on optimizing and upgrading the production management module to achieve online management of the entire process, from the circulation of raw and auxiliary materials and lithium resource control to the integration of production and sales, providing data support for stable production and lean management. In transportation business, the Company is advancing the construction of a hazardous goods transportation management platform, which implements dynamic monitoring and process tracking for the entire transportation process. This enhances operational efficiency and the visibility and traceability of risks. It has also developed mini programs for different user groups, namely the "Weiyun'an Carrier" and "Weiyun'an Shipper" mini programs, along with an AI-powered smart order entry function, leveraging digitalization and intelligence to improve business efficiency.



Visualized Modelling of Core Processes at Ya'an Lithium



MES System at Mianyang Company



Hazardous Goods Transportation Management Platform

Information Security and Privacy

The Company incorporates information security and privacy protection into its digital and intelligent governance system. It implements a management model of "*Centralized Leadership with Tiered Accountability*" and adheres to the principle that "*Whoever is Responsible for Management, Operation or Use is Accountable*", thereby implementing an information security accountability system at each departmental and individual level.

At the governance level, the Group's Management Decision Committee coordinates the review of major information security matters, resource allocation, and annual priorities. The Group executive responsible for IT and digitalization, who serves as the highest-ranking executive accountable for information security, leads the system's operation and coordinates cross-departmental resources, reporting to senior management annually and including items for follow-up to ensure that major risks are identifiable, major issues are decidable, and key resources are secured. The executives in charge of each system and the general managers of each subsidiary are the primary persons accountable within their respective units, responsible for policy implementation, closed-loop rectification, and incident response. At the execution level, the Information Centre, as the lead department, is responsible for policy development, system security management, risk monitoring, and emergency coordination, fostering a chain of accountability that extends from "*Group-level Coordination to Unit-level Implementation to Individual-level Responsibility*", and incorporates third-party data governance requirements into the supplier management process to strengthen data and privacy risk control in the supply chain.

Action Measures

The Company complies with the *Cybersecurity Law*, *Data Security Law*, *Personal Information Protection Law*, *GDPR*, and other relevant requirements to build a privacy protection compliance framework and information security policy system covering the Group's business scope. It publicly discloses its *Information Security Policy* on its official website, committing to continuously improving its information security management system, strengthening data integrity and security protection, establishing a mechanism for monitoring and responding to information security threats, and defining the information security responsibilities of all employees. The Company also sets information security management requirements for suppliers and other third-party partners to promote information security control across the entire value chain. During the reporting period, the Company formulated the *Specification for Data Classification and Grading Management for Yahua Group's Information Systems* and revised the *Internal Audit System for Yahua Group's Operational Digitization* to enhance information security and privacy risk control from an internal audit perspective. The Company continues to strengthen threat monitoring, vulnerability analysis, and closed-loop rectification management, promptly identifying and addressing risks and vulnerabilities through internal audits, external audits, and special compliance inspections. The Company has established a "*Dual-review, Dual-control*" audit mechanism for its information systems, conducting 1-2 external audits annually and 1-3 internal audits or inspections quarterly. Employees can directly report incidents, vulnerabilities, or suspicious activities to the Group's Information Centre, which organizes a response according to a classification mechanism, with major or major or extremely severe threats reported to management on the same day. During the reporting period, the Company conducted 163 information security vulnerability scans and assessments, achieving a 100% remediation rate for critical system vulnerabilities.

The Company has established a management mechanism for responding to data leakage and cybersecurity incidents, formulating a data leakage contingency plan and a business continuity plan (BCP). These plans define incident classification, handling procedures, escalation and reporting protocols, and emergency coordination requirements, and their effectiveness is tested through drills. During the reporting period, a total of 5 disaster recovery drills were organized (including 3 disaster recovery drills for core application systems and 2 network emergency drills) to continuously enhance the recovery capabilities and business resilience of critical systems in the event of an emergency. During the reporting period, no data breach incidents occurred. The Company considers employee security awareness and capability building as a key aspect of its information security governance. It organizes information security training covering all employees; during the reporting period, the training coverage rate reached 95%, with an average training duration of about 5 hours per person. The Company also uses channels like DingTalk announcements to reinforce awareness of virus protection, security consciousness, and incident reporting procedures.



Information Security Training

Third-Party Data Protection

The Company implements requirements such as informed consent, data minimization, security protection, and traceability in its official website, supplier relationship management system (SRM), and related mini programs. It publicizes its privacy policy and user data protection clauses to safeguard users' right to know and control their data. The Company also implements requirements for protecting children's data; during the reporting period, it did not collect personal information from users under the age of 16. Relying on its *Information Security Policy*, the Company has established unified privacy protection standards and compliance requirements for cross-border data processing. It embeds data protection clauses into its SRM system, achieving a 100% coverage rate for data protection clauses in supplier contracts, thereby promoting the implementation of privacy and data governance requirements among its partners.

04 Advancing Green Development for a Shared Ecological Future



Climate Change Response

Governance System

Yahua Group incorporates climate change risks and opportunities into its ESG management and risk management systems, having established a robust climate governance mechanism coordinated by the Board of Directors, supervised by a dedicated committee, advanced by management, and implemented by business units. It has issued the *Policy on Climate Change Response Management* to integrate climate-related issues into internal management. This is achieved by formulating a climate strategy, setting major objectives and targets, and then driving progress through decomposition for implementation, performance tracking, training, and awareness campaigns, thus creating a closed-loop system of "*Decision-making – Execution – Supervision – Feedback*" within daily operations (the climate performance assessment system[15]). The lithium business has prepared a *Net Zero Carbon White Paper*, clarifying its direction and phased pathway for a low-carbon transition. Companies in the lithium business have obtained greenhouse gas verification from a third-party organization in accordance with ISO 14064, enhancing the standardization and transparency of emissions data.

	Governance Level	Core Responsibilities
Decision-making Level	Board of Directors	Reviews overall emission reduction strategies and targets; incorporates climate issues into its agenda once a year
	Sustainability Committee	Monitors the progress of strategy execution; oversees major risks and improvements
Management Level	Group ESG Management Committee	Coordinates emission reduction planning; dynamically manages risks and opportunities; organizes resource allocation
	Group ESG Office	Decomposes targets and conducts assessments; standardizes methodologies and data management; organizes verifications
Execution Level	Climate Working Group	Implements projects; coordinates management of energy audits, carbon inventories, energy efficiency improvements, and Supply Chain carbon reduction
	Business Unit	

Figure: Climate Governance Structure and Division of Responsibilities

Management Exploration

To enhance the precision of its carbon management, the Company is researching the application of an internal carbon pricing mechanism in investment decisions, production operations, and carbon cost management. This will involve defining the mechanism's objectives, scope, type, price, and application scenarios, and developing supporting internal policies and procedures as needed. The Company is not currently subject to mandatory carbon allowance compliance but will continue to track policy and market developments such as national and local carbon markets, the *Carbon Border Adjustment Mechanism (CBAM)*, the new EU Battery Regulation, and *China Certified Emission Reductions (CCER)*. It will assess their impact on allowance management, export business, product carbon footprint accounting, and carbon cost management to prepare for related capacity building in advance.

Climate Strategy

Climate change is profoundly affecting global energy and industrial landscapes. The Company closely aligns its climate strategy with the temperature goals of the *Paris Agreement* and China's dual carbon goals, advancing it in stages. Before 2030, it will solidify its carbon management foundation, improve its accounting system, and reduce its GHG emissions intensity per unit of product. Before 2040, it will increase the share of clean energy, promote low-carbon technologies, and achieve breakthroughs in emission reductions in key business areas. From 2040 to 2060, the Company will significantly reduce GHG emissions from its core operations and build a low-carbon model across the entire value chain, contributing to the industry's green transformation and the achievement of the nation's dual carbon goals, as green and low-carbon development has become a core direction for economic transformation.

[15]Climate performance assessment system: Climate-related performance indicators have been integrated into the Company's annual performance management system and are linked to variable compensation. The subjects of the assessment include leaders of each business division, heads of energy and carbon management functional departments, and relevant implementation personnel. The Company assigns quantitative targets, such as carbon emission intensity and energy intensity, through the annual *Target and Task Statement*, specifying their weighting and assessment criteria. The setting, weighting, and execution of climate-related performance indicators are reviewed by management and incorporated into the annual performance evaluation.

Scenario Analysis

The Company conducts climate scenario analysis based on industry trends, policy direction, and market conditions. Using IPCC[16] scenario models, the Company has selected a low-emissions scenario (RCP2.6/SSP1)[17] and a high-emissions scenario (RCP8.5/SSP5) [18]to assess the impact of transition risks such as policy, market, and technology, as well as physical risks like heavy rainfall, high temperatures, and drought on its operations.

Table: Scenario Selection and Application

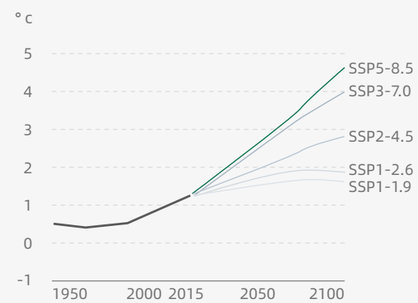
Scenario Type	Selected Scenario	Scenario Source	Projected Warming[19]	Scenario Description	Application
Transition Risk Analysis Scenario	(RCP2.6/SSP1) Low-Emissions Scenario (RCP2.6/SSP1)	IPCC	1.2–1.8° C (near-term). 1.3–2.2° c (Mid-Term)	Stricter policy and regulation, proactive global low-carbon transition, rapid optimization of energy structure	Assess the Impact of Transition Risks Such as Policy, Market, and Technology on the Business
Physical Risk Analysis Scenario	(RCP8.5/SSP5) High-Emissions Scenario (RCP8.5/SSP5)	IPCC	1.3–1.9° C (near-term); 1.9–3.0° C (mid-term)	Relatively Lenient Policies, Increased Emissions, Frequent Extreme Weather Events	Assess the Impact of Physical Risks Such as Heavy Rainfall, High Temperatures, and Drought on Operations

[16]Intergovernmental Panel on Climate Change (IPCC)

[17]RCP 2.6 represents a strict Representative Concentration Pathway scenario, and SSP 1 represents a strict Shared Socioeconomic Pathway scenario. Under this scenario, policy regulations are the most stringent, and the impact of transition risks on the enterprise is the greatest, which is used as the basis for this transition risk analysis.

[18]RCP 8.5 represents a high-emissions Representative Concentration Pathway, and SSP 5 represents a high-emissions Shared Socioeconomic Pathway. Under this scenario, where policy and regulatory oversight is most lenient, the enterprise faces the greatest physical risks, and it is used as the basis for the physical risk analysis.

[19]Projected Temperature Rise: Refers to the Average Increase in Global Surface Temperature by the Year 2100.



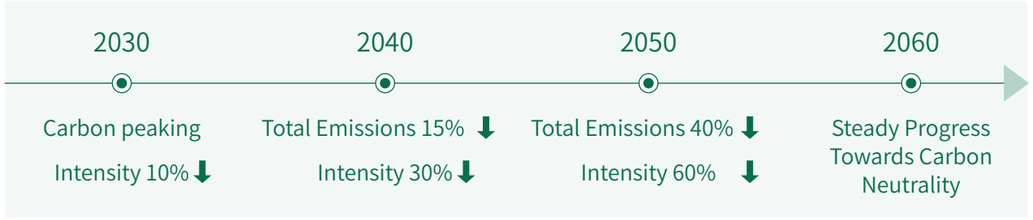
Indicator	Short-term，2021-2040		Mid-term，2041-2060	
Scenario	Best Estimate(° c)	Most Likely Range(° c)	Best Estimate(° c)	Most Likely Range(° c)
SSP1-1.9	1.5	1.2-1.7	1.6	1.2-2.0
SSP1-2.6	1.5	1.2-1.8	1.7	1.3-2.2
SSP2-4.5	1.5	1.2-1.8	2.0	1.6-2.5
SSP3-7.0	1.5	1.2-1.8	2.1	1.7-2.6
SSP5-8.5	1.6	1.3-1.9	2.4	1.9-3.0

Figure: Global Surface Temperature Change under the Comparative Scenarios Selected by Yahua Group

Emission Reduction Pathway and Target System

Centering on its carbon peaking and carbon neutrality goals, the Company has built an emission reduction management system that is "*Led by Targets, Broken Down into Pathways, Coordinated Across Business Units*". Focusing on Scope 1 and 2 emissions, it is promoting a phased reduction in GHG emissions intensity and control of total emissions, while continuously driving the optimization of its energy structure and improvements in production efficiency to achieve an orderly transition from carbon peaking to carbon neutrality.

Emission Reduction Pathway



Breakdown of Business Objectives

Lithium Salt Production	Baseline Year：2023
Intensity Targets	Total Emission Targets
2029: ↓ **15%**	2030: Carbon Peak
2039: ↓ **50%**	2045: ↓ 30%
2045: ↓ **90%**	2050: Carbon Neutral

Lithium Mining and Processing (New)	Baseline Year：2025
Intensity Targets	Total Emission Targets
2026: ↓ **5%**	2030: Carbon Peak
2029: ↓ **30%**	2050: Carbon Neutral
2039: ↓ **50%**	

Civil Explosives Business	Baseline Year：2024
Intensity Targets	Total Emission Targets
2026: ↓ **2%**	2030: Carbon Peak
2029: ↓ **5%**	2060: Carbon Neutral

Transportation Business	Baseline Year：2024
Intensity Targets	Total Emission Targets
2026: ↓ **3%**	2030: Carbon Peak
2029: ↓ **6%**	2060: Carbon Neutral

Risk Management

Management Process

The Company has established a closed-loop climate risk management mechanism of "*Identification – Assessment – Response – Monitoring and Reporting*" that covers its main business segments and value chain. Under the coordination of the Group's ESG Office and in collaboration with the risk management department and various business units, the Company conducts systematic identification and tiered management of physical and transition risks. For significant and key climate risk matters, responsibilities, control strategies, and implementation timelines are clearly defined. This facilitates the integrated coordination and implementation of climate risk mitigation measures and adaptation strategies. The Company also uses scenario analysis models to quantitatively assess the potential impacts on its business operations and financial condition. Progress in climate risk management is incorporated into the Company's regular monitoring mechanisms and performance appraisal system. Special reports are periodically submitted to the Sustainability Committee, and related management practices and their effectiveness are disclosed annually.

Risk Quantification

The Company conducts climate scenario analysis and stress testing based on two types of scenarios: a high-emissions scenario (RCP8.5/SSP5) and a low-emissions scenario (RCP2.6/SSP1). This allows for a comprehensive assessment of the potential impacts of climate change on business continuity, cost structure, compliance requirements, and asset resilience under different climate pathways. Focusing on key variables such as extreme weather, carbon price volatility, tightening environmental regulation, energy mix transition, and market changes, the Company carries out impact analysis and management assessment tailored to its actual operations. The results of this analysis are systematically embedded into processes for emergency system development, capital expenditure planning, project investment feasibility studies, and operational decision-making optimization, achieving a deep integration of climate-related factors with the business management system. For identified key climate risks, the Company continues to advance response measures such as reinforcing infrastructure for disaster prevention and resistance, enhancing supply chain resilience, applying low-carbon technologies, optimizing the product mix, and implementing dynamic monitoring and early warning systems to mitigate potential adverse impacts. Meanwhile, the Company continues to focus on development opportunities in areas like green energy, low-carbon products, and carbon asset management, promoting climate action alongside business transformation and upgrading to continually enhance its long-term climate resilience and sustainability.

Table: Climate Risk and Opportunity Matrix

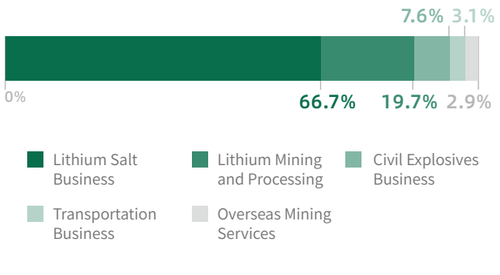
Impact Type	Specific Description	Financial Impact	Response Measures
Physical Risk - Acute	Extreme weather events such as heavy rainfall, extreme temperatures, and floods may damage production equipment and transportation facilities, leading to operational interruptions or increased repair costs.	Operating costs ↑ Revenue ↓	Establish a disaster early warning and response system; strengthen disaster prevention reinforcement of infrastructure; diversify the supply chain.
Physical Risk - Chronic	High Temperatures or Drought Can Affect the Stability of Energy Supplies Such as Hydropower, Increasing the Cost of Externally Purchased Energy and Limiting Production Capacity.	Operating costs ↑ Revenue ↓ Limited production capacity; Capital expenditure ↑	Optimize resource efficiency; enhance production flexibility and process redundancy; improve energy security.
Transition Risks - Regulatory	Increasingly Stringent Low-Carbon Transition Policies, Expansion of Carbon Markets Coverage, and Tightening of Quotas May Lead to Increased Compliance Costs.	Operating Costs ↑	Track changes in policies and regulations; formulate carbon compliance strategies; enhance carbon management and trading capabilities.
Transition Risks - Regulatory	The demand for zero-carbon operations is driving technological iteration in areas such as clean energy and digital management. Lagging research, development, and application could affect the achievement of emission reduction targets.	Operating Costs ↑	Increase investment in technological innovation; collaborate with external partners to share technology; pilot new technologies.
Transition Risks - Legal	Stricter Enforcement of Climate Regulations, Increased Stakeholder Attention, and More Rigorous Compliance Standards for Emissions and Energy Consumption.Insufficient Fulfilment of Low-Carbon Contractual Clauses, Which May Trigger Administrative Penalties, Rectification Orders, Production Halts or Restrictions, Contractual Claims, or Litigation.	Fines and litigation ↑ Rectification and remediation costs ↑ Operational interruptions; Revenue ↓	Incorporate climate compliance into internal risk management; introduce third-party verification for GHG emissions data; clearly define mechanisms for carbon data submission and changes, as well as liability for breach of contract, in contractual agreements.
Transition Risks - Market	Increased customer demand for emission reductions and low-carbon certification, combined with insufficient low-carbon products or disclosure, may lead to customer loss. Under the guidance of green finance, financing costs for high-carbon businesses may rise.	Financing costs ↑ Operating costs ↑ Revenue ↓	Increase investment in the research, development, and certification of green products; strengthen customer communication; optimize the business structure.
Transition Risks - Reputation	The Chemical Industry Receives High Levels of Environmental Scrutiny. Insufficient Disclosure or Inadequate Low-Carbon Transition Measures Could Damage the Brand Image.	Operating costs ↑ Customer Loss	Enhance ESG information disclosure; strengthen stakeholder engagement; improve reputation through third-party assessments.
Climate Opportunities	Growth in Demand for Low-Carbon Products, Technological Innovation in Clean Energy, Improved Resource Efficiency, and the Low-Carbon Transition of the Supply Chain.	Revenue ↑ Operating costs ↓ Enhanced Competitiveness	Invest in the research and development of green products; advance the optimization of the energy structure; deepen digital management to improve energy efficiency; build a low-carbon Supply Chain.

Metrics and Targets

Progress on Targets

In 2025, the Group's total GHG emissions were 470,489 tCO_2e, a year-on-year increase of 49.4%, which was below the annual emissions control target of 477,500 tCO_2e[20]. The increase in total emissions was primarily due to factors such as the expansion of lithium salt production, the release of lithium mining and processing capacity, and the inclusion of overseas mining services in the reporting scope. Among these, lithium salt production increased by 58,054 tCO_2e year-on-year; lithium mining and processing increased by 79,714 tCO_2e; Civil Explosives Business increased emissions by 3,857 tCO_2e; Transportation business added 446 tCO_2e; and overseas mining services, newly included in the reporting scope, contributed 13,576 tCO_2e. The Group's total emissions intensity was 0.65 tCO_2e per tonne of product, outperforming the annual target of 0.68 tCO_2e per tonne of product. The emissions intensity targets for all business segments were achieved.

The Proportion of GHG Emissions by Business (2025)



Proportion of GHG emissions by Scope (2025)

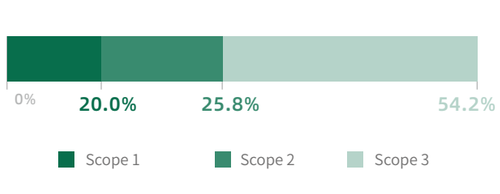


Table: Yahua Group GHG Emissions(Unit: tCO_2e)

Indicator	2025	2024	YoY Change
Total GHG Emissions[21]	470,489	314,872	49.4%
- Lithium Salt Production	313,789	255,735	22.7%
- Lithium Mining and Processing	92,792	13,078	609.5%
- Civil Explosives Business	35,930	32,073	12.0%
- Transportation Business	14,402	13,954	3.2%
- Overseas Mining Services (Newly)	13,576	N/A	N/A
Scope 1[22]:	205,429	167,588	22.6%
Scope 2[23]:	265,060	147,284	80.0%
Scope 3[24](Partial):	556,396	578,172	-3.8%

[20]The 2025 emissions control target consists of Scope 1 and Scope 2 target data. The Group as a whole achieved its established overall target; however, the Scope 1 target was not met due to higher-than-expected emissions resulting from KMC's production capacity exceeding forecasts. The Scope 2 target was achieved.

[21]Total GHG emissions = Scope 1 + Scope 2 .

Table 2: Achievement Status of GHG Emissions Intensity Targets by Business (Unit: tCO_2e/Tonne of Product)

GHG Emissions Intensity[25]	2025 Actual	2025 Target	Achievement Status
Total GHG missions Intensity of the Group	0.65	0.68	Achieved
- Lithium Salt Production	5.88	6.00	Achieved
- Lithium Mining and Processing	2.25	2.30	Achieved
- Civil Explosives Business	0.16	0.17	Achieved
- Transportation Business	0.04	0.05	Achieved

Emission Reduction Actions

The Company adheres to the principle of "*Prioritizing Emission Reduction, Supplementing with Offsets*", advancing reduction efforts through measures such as process optimization, green electricity procurement, renewable energy project construction, and the application of low-carbon technologies. It also continuously tracks the *China Certified Emission Reduction (CCER)* and other carbon credit markets to provide supplementary tools for future carbon offsetting and neutrality planning.

Reduction Method	Key Progress During the Reporting Period
Production Process Optimization	Lithium salt production bases reduced GHG emissions by approximately 1,800 tCO_2e by optimizing production processes.[26]
Green Electricity Procurement and Green	Purchased 2,000 green certificates; striving to achieve 100% green electricity for mining operations by 2030 and 100% green electricity coverage for lithium salt production by 2035.
Renewable Energy Project Construction	The photovoltaic power project of Yahua Australia was connected to the grid, with an annual power output of 74 thousand kWh. In 2026, the Company will focus on advancing the KMC photovoltaic project, striving to achieve 100% green electricity for its mining operations by 2030.
Emission Reduction Project Development	Ya'an Lithium conducted research and feasibility studies on biomass steam/power generation projects, assessing their development potential. The estimated carbon dioxide reduction is 50 thousand tCO_2e (post-project implementation).
Carbon Capture and Utilization (CCU) Technology Pilot	In lithium carbonate production, carbon dioxide captured from an upstream cement plant is used as a raw material, reducing emissions at the process level.

[22]Scope 1 calculations include emissions from solid fuels, liquid fuels, gaseous fuels, and chemical emissions from production processes; calculations are based on the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* and the *Guidelines for Corporate Greenhouse Gas Emissions Accounting and Reporting* issued by China's Ministry of Ecology and Environment.

[23]Scope 2 calculations include purchased electricity, purchased heat, purchased steam, and purchased cooling; energy conversion is performed based on standard conversion factors from standards such as the *General Principles for Calculation of Comprehensive Energy Consumption* (GB/T 2589-2020).

[24]Scope 3 currently only includes Category 4, upstream transportation and distribution of raw and auxiliary materials for lithium salts. In the future, statistics for Category 6 (business travel) and Category 7 (employee commuting) emissions will be progressively included.

[26]The calculation of GHG emissions intensity only includes Scope 1 and Scope 2 emissions data and does not include Scope 3 data.

[26]Optimizing production processes refers to initiatives such as the retrofitting of pre-drying for lithium concentrate, optimizing acidification heating, adjusting the temperature for the alkalization and decalcification process, recycling and reusing condensate water, and increasing output per unit of time.

Energy Management

Governance System

Energy management is a key pillar supporting the Company's efforts in energy conservation, carbon reduction, and operational efficiency improvement. Using the ISO 50001 energy management system as its foundation, the Company has formulated the *Yahua Group Energy Management Regulations* and established a four-tier energy management mechanism, Group-level coordination, promotion by responsible departments, execution and control by subsidiaries, and on-site implementation by workshops. This has formed an end-to-end energy management system covering target cascading, process control, data monitoring, audit rectification, and continuous improvement, which constantly enhances energy use efficiency and refined management throughout all production and operational processes. The Company is accelerating the digitalization of its energy management. It has installed 1,588 units/sets of energy metering instruments at its production bases, covering major energy categories such as electricity, natural gas, diesel, and steam, achieving a metering coverage rate of 98.6%. Leveraging its energy management digital and intelligent dashboard, the Company achieves energy consumption data collection, analysis, and early warnings for abnormalities, providing support for energy consumption control of key equipment and critical processes. ISO 50001 certification coverage has reached 100% for the Company's lithium mining and processing and lithium salt production companies.



KMC ISO 50001 certificate

Ya'an Lithium ISO 50001 certificate

Guoli Corporation ISO 50001 certificate

Table: Tiered Responsibilities for Energy Management

Level/Position (Department)	Role	Key Responsibility
Group Safety and Technology Director	Overall Supervision	Coordinates overall energy management, approves annual targets and key tasks, and supervises energy audits, closed-loop rectification, and annual evaluations.
Group Energy Management Department[27]	Planning and Organization	Establishes management systems, prepares annual plans, organizes budget reviews, and coordinates the implementation of energy-saving projects and energy efficiency improvements in key processes.
Subsidiary Energy Management Department	Execution and Control	Responsible for metering, record-keeping, and energy consumption analysis; identifies anomalies and weaknesses; and promotes project implementation and audit rectification.
Workshop Energy Management Personnel	On-Site Implementation	Conducts on-site energy-saving operations, tracks process energy consumption, responds to anomalies, promotes the implementation of energy-saving measures, and provides feedback for improvement.

[27]The Group's energy management departments: the Group Safety and Technology Centre (covering lithium salt production, lithium mining and processing, and overseas mining services), the Safety and Technology Department of the Civil Explosives Group, and the Transportation Safety Management Department.

Energy Management

At the end of each year, the Company formulates energy management targets for the following year and cascades them down to various business segments and key production bases. It conducts monthly energy data statistics and energy efficiency analysis, and at year-end, it prepares a dedicated assessment report through a comprehensive review. The results of this assessment are used to continuously optimize energy management work. The Company systematically promotes energy conservation and consumption reduction through four core pathways: management improvement, technological transformation, process optimization, and energy substitution.



Figure: Energy Metering and Monitoring System

16
Specialized Energy Management Training Sessions:

1,400+
Participants covered (Person-Time)

30 / 16
Suggestions Collected/ Adopted

Table: Energy Management Plan

Management Plan	Key Dimension
Identifying Opportunities	Conducts regular energy audits and special inspections to identify energy-Saving opportunities and management gaps.
Quantifying Targets	Formulates annual energy targets and cascades them to segments/bases, conducting tracking and reviews.
Energy-Saving Measures	Variable frequency drives, waste heat recovery, system upgrades, process optimization, energy substitution, etc.
Progress Assessment	Monthly tracking, quarterly assessments, and annual reviews to generate assessment reports for continuous improvement.
Clean Energy	Increases the use of clean energy through green electricity procurement, energy substitution, green electricity trading, distributed photovoltaics, etc.
Process and Technology Upgrades	Integrates energy-saving projects into technological transformation and equipment upgrade plans, allocating special budgets and resources.
Energy Efficiency Training	Conducts specialized energy management training and solicits improvement proposals to strengthen the energy-saving culture.

Risk Management

The Company incorporates risks related to energy use into its key risk management framework, focusing on core risk points such as energy price and supply fluctuations, changes in compliance requirements, deviations in key equipment energy efficiency, and insufficient metering accuracy. It mitigates the impact of these risks through measures like routine monitoring and early warning, monthly energy efficiency analysis and anomaly correction, and refined energy efficiency control for key processes. In 2025, the Company conducted a Group-wide energy audit covering production processes, equipment operation, and energy procurement. It identified and implement 40 energy-saving technological transformation opportunities, including 16 equipment upgrades such as new lithium concentrate pre-drying units and electric steam generators replacing gas-fired boilers, 15 process optimizations, and 9 management enhancements, with a total investment of RMB 7.8 million to reduce thermal energy loss.

16 Energy-Saving Technological retrofits

15 Process Optimizations

9 Management Improvements

7.8 million RMB Technological Upgrade Investment

Metrics and Targets

Energy Consumption

Total Energy Consumption

1,233,897 MWh

+36.0% Year-on-year

(Below the targeted annual increase of 37.3%)

Clean Energy Performance

70.8%

Proportion of clean energy consumption

27,148.1 MWh

Green Electricity Consumption

(63.5% ↑ Year-on-year)

The Proportion of Energy Consumption by Business (2025)



In 2025, the growth in total energy consumption was primarily driven by increased output from lithium salt production and lithium mining and processing, with their respective energy consumption increasing by 26.0% and 321.7% year-on-year. During the same period, the energy intensity for lithium salt production and lithium mining and processing decreased by 4.8% and 19.5% year-on-year, respectively, demonstrating significant energy-saving results. During the reporting period, the Company's clean energy consumption reached 873,761 MWh, mainly from hydropower, wind power, and photovoltaic power. By leveraging the hydropower advantages in the Sichuan region, the Company continuously enhances its use of green electricity.

Table: Energy Consumption

Energy Indicator	Unit	2025	2024	YoY Change
Total Direct Energy Consumption	MWh	822,202	648,550	26.8%
Total Indirect Energy Consumption	MWh	411,695	259,023	58.9%
Total Energy Consumption[28]	MWh	1,233,897	907,573	36.0%
- Lithium Salt Production	MWh	911,528	723,572	26.0%
- Lithium Mining and Processing	MWh	103,073	24,442	321.7%
- Civil Explosives Business	MWh	117,300	101,323	15.8%
- Transportation Business	MWh	51,075	53,051	-3.7%
- Overseas Mining Services	MWh	50,921	49,983	1.9%
Total Energy Intensity	MWh/Tonne of Product	1.71	1.60	6.9%
- Lithium Salt Production	MWh/Tonne of Product	17.09	17.95	-4.8%
- Lithium Mining and Processing	MWh/Tonne of Product	2.50	3.11	-19.5%
- Civil Explosives Business	MWh/Tonne of Product	0.53	0.41	29.3%
- Transportation Business	MWh/Tonne of Product	0.13	0.20	-35.8%
- Overseas Mining Services	MWh/Tonne of Product	5.18	10.78	-51.9%
Clean Energy[29]Consumption	MWh	873,761	639,409	36.7%
- Lithium Salt Production	MWh	844,701	607,996	38.9%
- Civil Explosives Business	MWh	29,060	31,811	-8.7%
Clean Energy Consumption Ratio	%	70.8	70.5	0.4%
- Lithium Salt Production	%	92.7	84.0	10.4%
- Civil Explosives Business	%	24.8	31.4	-21.0%

[28]Total energy consumption is the sum of direct and indirect energy consumption. All energy data is converted using standard conversion factors based on *the General Principles for Calculation of Comprehensive Energy Consumption* (GB/T 2589-2020), the *Design Standard for Energy Efficiency of Civil Buildings*, and the *Design Standard for Energy Efficiency of Public Buildings*.

[29]Clean energy: Referencing the definition by the Shenzhen Stock Exchange, clean energy refers to sources such as wind, solar, hydro, geothermal, biomass, ocean energy, and natural gas. Yahua Group's clean energy consumption comprises the total consumption of wind power (wind electricity generation), solar power (photovoltaics and solar thermal), hydropower (hydroelectricity generation), and natural gas.

Energy-saving Technological Upgrades

The Company focuses on advancing energy-saving and technological upgrade projects in core business segments, managing them through a process of "*Project Initiation – Implementation – Acceptance – Evaluation*" to generate quantifiable energy conservations and emission reductions.

Table: Progress and Effectiveness of Key Energy-saving and Technological Upgrade Projects

Emission Reduction Measures	Project Details
Equipment Introduction	Ya'an Lithium: Frequency conversion upgrades, saving 200 thousand kWh of electricity and reducing GHG emissions by 100 tCO_2e annually. Ya'an Lithium: Dryer kiln material distribution upgrades, saving 1.1 million kWh of electricity and 1.2 million m^3 of gas annually, reducing GHG emissions by approximately 3,200 tCO_2e. KMC: Vibrating screen upgrades, saving 300 thousand kWh of electricity and reducing GHG emissions by 166 tCO_2e annually. Ya'an Company: Electric steam generator upgrades and adoption of solar-powered streetlights, saving 2 million kWh of electricity and reducing GHG emissions by 1,100 tCO_2e annually. Santai Company: Replacement of Boilers with Steam Generators, Reducing GHG emissions by 61 tCO_2e annually.
Process Optimization	Hengtai Company: Upgrades to Liquid Ammonium Nitrate and Liquid Oil Phase Processes, Reducing GHG emissions by 408.56 tCO_2e Annually. Guoli Corporation: Stabilization of the acidification kiln heating process, saving 6.3 million kWh of electricity and reducing GHG emissions by 3,500 tCO_2e annually. Wangcang Company: Technological upgrade of the one-touch emulsion preparation process, saving 10 thousand kWh of electricity and reducing GHG emissions by 5.6 tCO_2e annually.
Management Enhancement	Mianyang Company: Optimized management and control of the electronic detonator assembly line, resulting in a 6.3% year-on-year decrease in energy consumption per unit of output. Ya'an Company: Secondary water is collected and treated by a dedicated facility to meet standards, then recycled for use in the water-oil phase preparation process. Wangcang Company: Production drainage is collected and, after treatment, used for greening irrigation within the plant area.
Digitalization and Intelligent Upgrades	Yahua Transport: Introduced on-board diagnostics (OBD) equipment to automatically collect and monitor data on fuel consumption, mileage, and driving habits, achieving digitalized management of individual vehicle fuel consumption. Ya'an Lithium: Upgraded the energy management platform by incorporating DCS modeling to improve metering accuracy.



Figure: Ya'an Lithium's Dryer Kiln Material Distribution Production Line



Figure: Ya'an Company's Secondary Water Treatment Facility

Water Resource Management

Governance System

Yahua Group focuses on key areas including compliant water intake and use, water recycling, drainage impact control, water risk management, and watershed-level coordination to continuously improve its water resource management system across all business segments. The topic of water resources is integrated into the environmental management and operational risk management frameworks for coordinated advancement. The Company pays close attention to water availability and seasonal fluctuations, water quality changes and discharge compliance requirements, ensuring operational continuity in water-stressed regions, and the potential impact of production operations on surrounding communities and ecosystems. By consistently strengthening end-to-end identification, scientific assessment, precise control, and continuous improvement, the Company reinforces its defenses for water resource management.

In terms of management mechanisms, the Sustainability Committee is responsible for overseeing water resource management strategies, major water risks, annual targets, and key initiatives, and it regularly reviews management performance and significant progress. The management team is responsible for reviewing annual target setting, advancing key projects, and allocating resources, driving the integration of key water resource indicators into the entire business management process. Relevant functional departments are responsible for system development, standardizing management approaches, data statistics and analysis, audit rectifications and enhancements, as well as supervising water-saving technological upgrades, recycling system construction, and compliance of water intake and discharge. Each production site, based on its operational realities, strictly implements a closed-loop management mechanism of "*Target – Action – Monitoring – Correction*". Key sites are comprehensively advancing water balance management and early warning systems for anomalies to ensure the effective implementation of all water resource management measures.

In terms of system development, the Company strictly implements a series of Group documents, including the *Energy (Water Resources) Management System*, the *Administrative Measures for Mine Water Intake and Drainage*, and the *Water Pollution Prevention and Control Management Procedures.* These are effectively aligned with the ISO 14001 environmental management system, driving continuous improvement in the standardized, regulated, and refined management of water resource management.

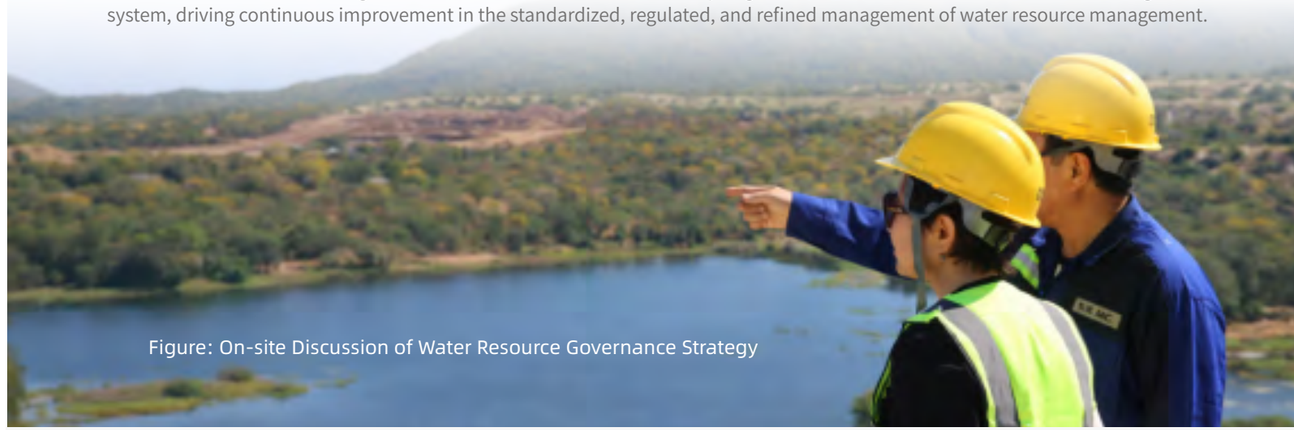


Figure: On-site Discussion of Water Resource Governance Strategy

Management Strategy

Based on the water usage characteristics of each business segment, the Company has formulated a differentiated and tiered water resource management strategy centered on improving water efficiency, reducing water intensity, strengthening recycling, and ensuring water resource security, with both short-term and medium-term management targets. With 2024 as the baseline year, the Company has set water intensity improvement targets for 2026 to 2029 and has developed specific targets tailored to the development characteristics of its lithium salt production, lithium mining and processing, and Civil explosives business.

Table: Overview of Yahua Group's Water Resource Management Strategic Targets

Category	Baseline	Targets by Business Segment
Entire Group	Baseline Year: 2024	Intensity Reduction Target: - 4.1% Reduction by the end of 2026 - 8.8% Reduction by the end of 2029
- Lithium Salt Production	Baseline Year: 2024 Characteristic: Continuous Production Expansion	Intensity Reduction Target: - 5.5% Reduction by the end of 2026 - 15.0% Reduction by the end of 2029
- Lithium Mining and Processing	Baseline Year: 2024 Characteristic: Trending Towards Stability	Intensity Reduction Target: - 5.0% Reduction by the end of 2026 - 15.0% Reduction by the end of 2029
- Civil Explosives Business	Baseline Year: 2024 Characteristic: Stable Scale	Intensity Reduction Target: - 2.5% Reduction by the end of 2026 - 4.0% Reduction by the end of 2029

To ensure the implementation of these targets, the Company has established a supporting water efficiency management plan, which covers water use assessment and monitoring, water conservation and substitution, recycling and reuse, wastewater quality improvement, quantitative target management, and employee training. The Company regularly conducts annual water use assessments to identify high-water-consumption processes and key water use points, forming a list for improvement. Metering devices are installed at major water intakes, key process sections, and recycling systems to promote tiered and categorized metering. For key production sites in water-stressed areas, a water balance management mechanism is established to enhance process monitoring and early warnings for anomalies. Through process optimization, equipment management, and pipeline network governance, the Company reduces the replenishment of fresh water and prioritizes the use of alternative sources such as rainwater and recycled water, provided that water quality and compliance requirements are met. The Company promotes the construction of reuse systems for applications such as cooling water circulation, process condensate, tailings return water, and production wastewater reuse to enhance the level of water recycling.

Table: Water Resource Efficiency Management Plan

Management Element	Specific Measure
Water Use Assessment	Annual water use assessment; water use justification and water resource impact assessment for modification and expansion projects
Water Reduction Measures	Process Optimization, Leakage Management, Water-Saving Appliances, Water Consumption Quotas and Refined Management
Quantitative Water-Saving Targets	The Group and Its Sites Set Targets, Which Are Tracked and Reviewed Annually
Water Recovery and Recycling	Tailings Water Recovery, Condensate Reuse, Wastewater Reuse, and Efficiency Improvement of Circulating Cooling Water Systems
Employee Training	Specialized Training, Improvement Proposals, and Incentive Mechanisms

Risk Identification and Assessment

The Company uses the WRI Aqueduct tool to conduct water resource risk assessments at its production sites, covering physical risks, transition risks, and compliance risks, verifying the findings against local water resource bulletins, watershed management requirements, and water withdrawal permit conditions, while also assessing the potential impact of various risks on the cost of goods sold (COGS) and assets to formulate targeted management plans. The Company conducts a water risk review annually; for production sites in water-stressed areas or regions with high water risk, it conducts a water risk assessment at least once a year and initiates special assessments in the event of major changes such as drought, policy adjustments, or production expansion. The assessment results are used to develop a risk inventory and are incorporated into the annual capital expenditure and operational improvement plans. During the reporting period, the Company had a total of 20 production sites/mines, of which 4[30] are located in water-stressed regions[31], representing a risk exposure of 20.0%. Fresh water consumption in water-scarce areas was 649,445 tonnes, a year-on-year decrease of 44.2%, which exceeded the set target of 30%. The water conservation plan for the Kamativi mine was implemented, completing the annual risk control plan for water-stressed regions.

20%
Percentage of production sites in high water risk areas

649,445 tonnes
Fresh water consumption in water-scarce areas

-44.2% ↓
Year-on-year change
(significant decrease at the Kamativi mine)

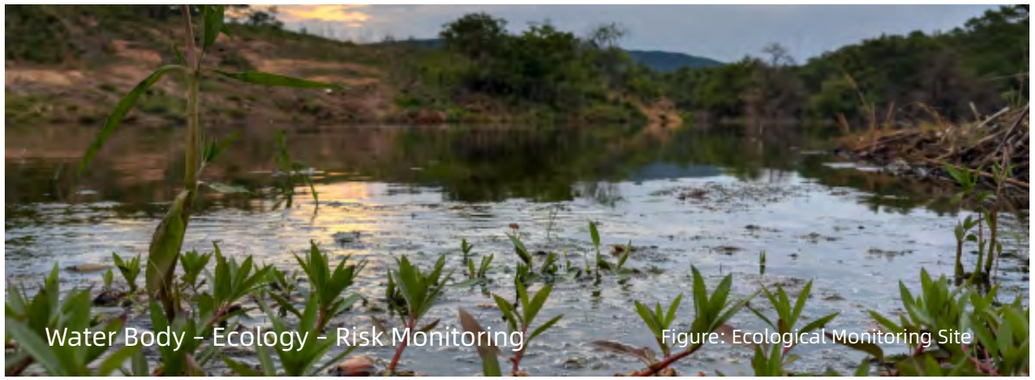


Figure: Ecological Monitoring Site

Table: Risk Exposure in Water-stressed Regions(Unit: Tonnes)

Production Sites in Water-Scarce Areas	2025	2024	YoY Change
Jiyang Company Site	3,845	10,580	-73.1%
Jinheng Company Site	34,131	31,879	7.1%
Keda Company Site	34,695	15,326	126.4%
Kamativi Mine	576,774	1,106,908	-47.9%
Total	649,445	1,164,693	-44.2%

[30]The production bases and mines located in water-stressed regions are the Jinheng Company base, the Jiyang Company base, and the Keda Company base in northern China, as well as the Kamativi Mine in Zimbabwe (KMC and the Rarlon Corp Kamativi Project Department).

[31]A water-stressed region is defined by referencing any of the following criteria: an area mapped as having "High/Extremely High" water risk or water stress by the WRI Aqueduct tool; an area where per capita water resources are below 1,700 m^3/person per year; or an area mapped as high-risk by other authoritative institutions.

Risk Event Management

The Company has established a mechanism for identifying, statistically managing, and controlling water risk events, tracking on a fiscal year basis whether operational disruptions or shutdowns occur[32] at each production site due to water supply interruptions or regulatory restrictions on water withdrawal, and assessing their impact on costs and revenue. Over the past four years, no water risk-related events of any kind have occurred within the Company's operations. For its production sites in water-stressed regions, the Company has formulated and implemented special water risk management plans. It conducts water balance tests and targeted management for production sites in northern China; for KMC, it concurrently assesses dependency risks (such as seasonal water shortages and infrastructure disruptions) and impact risks (such as the effects of drainage on water bodies and the community), developing a risk inventory and response plan that covers factors like future water availability, water quality risks, impacts on local stakeholders, and potential regulatory changes. Special assessments are initiated in the event of major changes such as drought, policy adjustments, or production expansion.

Table 9-5 Water Risk Management Plan

Risk Type	Triggering Factors	Potential Impact	Key Mitigation Measures	Key KPIs
Water Shortage	Low Water Levels/ Drought/Restricted Withdrawal	Production Halt/ Reduction	Backup Water Sources, Enhanced Water Reuse, Regulation and Storage	Days of Water Storage Security, Reuse Rate
Changes in Water Quality	Upstream Pollution/ Increased Salinity	Process Limitations/ Increase in Costs	Upgraded Pretreatment, Differentiated Water Use	Water Quality Compliance Rate
Tighter Regulations	Reduced Permits/ Higher Standards	Increase in CAPEX/ OPEX	Proactive Retrofits, Compliance Reserves	Compliance Rate, Zero Penalties
Community Conflicts	Competition for Water Use	Reputational Risks/ Grievances	Collaborative Projects/ Transparent Disclosure	Timeliness of Grievance Response

Risk Control Measure

In 2025, the Company formulated a water risk management plan focused on enhancing water security and recycling levels, and has promoted its implementation at relevant sites; for example, Ya'an Lithium implemented a rainwater harvesting system, which replaced 370 thousand tonnes of fresh water consumption during the year; Guoli Corporation increased its recycled water utilization rate to 49.7% through rainwater sedimentation and reuse, and the reuse of secondary water from its 9TMVR system; KMC expanded its existing reservoir capacity to 2.2 million m^3 by adding retaining walls and further increased its storage capacity by 1.7 million m^3 after constructing a new dam, while also ensuring safe water levels and storage volumes by drawing water from the river during the rainy season, and simultaneously, through water recycling upgrades in Workshops 1 and 2, reduced fresh water consumption from 8,000 m^3/day to 1,000 m^3/day, effectively mitigating the risk of water shortages, and during the year, no production halts occurred due to insufficient water supply.



Case: Rainy Season Water Withdrawal, Reservoir Expansion, and Operational Security

Figure: Gwayi River water intake facility

[32]Water-risk-related incidents are included in disclosures only if they result in an "operational interruption/shutdown" and have a financial impact exceeding US$10,000. The "actual costs" and "opportunity costs" are jointly calculated by the Company's finance department and the relevant operational unit.

Metrics and Targets

The Company's main sources of water withdrawal include municipal water supply, surface water, groundwater, and reclaimed water. During the reporting period, total water withdrawal reached 2.5 million tonnes, a year-on-year increase of 2.1%, while water withdrawal intensity decreased by 19.7% year-on-year; this figure includes 52 thousand tonnes of water withdrawn by the newly added overseas mining services business, which accounted for 2.1% of the total. Total freshwater consumption[33] was 2.5 million tonnes, exceeding the annual control target by 13 thousand tonnes; water withdrawal from non-traditional water sources[34] amounted to 408 thousand tonnes, with the volume from lithium salt production sites being lower than expected. Recycled water volume[35] reached 48.0 million tonnes, and the recycled water utilization rate was maintained at a high level of 95.0%; KMC's implementation of a water recycling technical upgrade project led to a 47.9% year-on-year decrease in fresh water consumption and a 46.8% year-on-year decrease in consumption intensity, surpassing its targets set at the beginning of the year; the fresh water consumption intensity of the civil explosives business decreased by 3.1% year-on-year, achieving a steady decline.

Proportion of Net Freshwater Consumption by Business

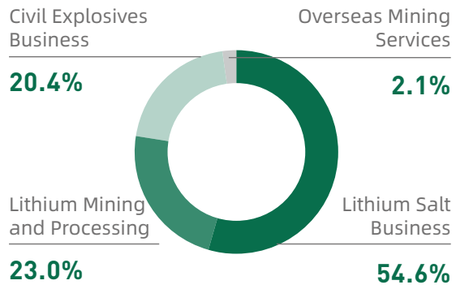


Table: Yahua Group Water Withdrawal and Consumption Data

Water Use Indicator	Unit	2025	2024	YoY Change
Total Water Withdrawal	Tonnes	2,544,579	2,491,732	2.1%
Total Water Withdrawal Intensity	Tonnes/Tonne of Product	3.52	4.39	-19.7%
Total Fresh Water Consumption	Tonnes	2,512,923	2,455,573	2.3%
- Lithium Salt Production	Tonnes	1,372,308	773,467	77.4%
- Lithium Mining and Processing	Tonnes	576,774	1,106,908	-47.9%
- Civil Explosives Business	Tonnes	511,371	575,198	-11.1%
- Overseas Mining Services (New)	Tonnes	52,470	NA	NA
Total Fresh Water Withdrawal Intensity	Tonnes/Tonne of Product	2.96	2.62	13.0%
- Lithium Salt Production	Tonnes/Tonne of Product	19.13	17.94	6.6%
- Lithium Mining and Processing	Tonnes/Tonne of Product	14.0	26.31	-46.8%
- Civil Explosives Business	Tonnes/Tonne of Product	2.2	2.27	-3.1%
- Overseas Mining Services (New)	Tonnes/Tonne of Product	5.35	NA	NA
Water Withdrawal from Non-Traditional Water Sources	thousand Tonnes	48.0	1004	-59.3%
Percentage of Water Withdrawal from Non-Traditional Water Sources	%	16.1	40.3	-60.0%
Recycled Water Consumption	Million Tonnes	48.0	31.8	51.0%
Water Recycling Rate	%	95.0	92.7	2.4%

[33]Total Fresh Water Consumption = Total Water Withdrawal - Total Water Discharge (Industrial Wastewater + Domestic Wastewater).

[34]Non-traditional water sources: The total volume of water obtained from non-municipal or non-groundwater sources, such as rainwater collection ponds, mine pit inflow, and reclaimed water reuse.

[35]Recycled water sources: The volume of water reused multiple times within the plant's water recycling system (including recycled cooling water and water repeatedly used in production processes).

Environmental Management System

Yahua Group has established and released the *Environmental Management Policy*, which is approved and overseen by the Board of Directors. The policy focuses on requirements such as legal and regulatory compliance, pollution prevention, resource efficiency improvement, and environmental risk management and control, while also defining the division of responsibilities and establishing mechanisms for continuous improvement and objective-based management. The policy applies to all business segments, production bases, and overseas assets within the consolidation scope, and extends to key suppliers, contractors, and partners. During the formulation and implementation of the policy, KMC incorporates external feedback through channels such as communication with regulatory bodies, community engagement, and third-party reviews to continuously enhance the policy's applicability and execution effectiveness.



Governance System

The Company integrates environmental management into its corporate governance and operational management systems, having established a five-tier environmental management structure: Group – Segment/Operating Entity – Base/Subsidiary – Department – Position. The responsibilities at each level are clearly defined: the Group level is responsible for the unified institutional framework, target definitions, and requirements for managing major environmental risks; segments and operating entities are responsible for professional coordination and organizational implementation; bases and subsidiaries are responsible for executing environmental management processes and reporting relevant data; and departments and positions focus on operational controls, ledger management, and the fulfilment of job-specific responsibilities. The Company promotes the standardized operation of environmental management based on "*Six Major Work Systems, 21 Core Work Elements*". Key indicators such as environmental incidents and emissions exceeding standards are incorporated into the remuneration and performance assessments of all employees and senior executives to reinforce accountability.



Table: Environmental Management Targets

Topic	The Group's Environmental Management Targets	Target Achievement Status
Environmental Management Targets	Environmental Pollution Incidents: 0	0 Incidents
	Environmental Monitoring Compliance Rate: 100%	100%
	Compliance Rate for Emissions of Waste Gas, Wastewater, and Solid Waste: 100%	100%

Environmental Management

The Company continuously improves its system development, operational control, and audit and improvement mechanisms. During the reporting period, the audit coverage of its environmental management system was 100%, and its ISO 14001 certification coverage was 81%. The Company conducts environmental management system verification based on standards such as ISO 14001, combining third-party certification audits with internal expert inspections. Environmental management experts from the headquarters inspect system implementation, the completeness of records, the performance of duties in key positions, the effectiveness of risk control points, and the quality of rectification verification, developing a list of issues and tracking them in a closed loop to drive continuous improvement. In terms of environmental compliance control, the Company has established a mechanism for compliance identification and closed-loop management of violations. There were no major environmental violations or administrative fines, environmental pollution incidents were zero, and both the environmental monitoring compliance rate and the compliance rate for emissions of waste gas, wastewater, and solid waste reached 100%. Concurrently, it conducted 341 environmental hazard investigations, identifying 2,868 hazards and achieving a 100% rectification rate. In terms of resource assurance, the Company manages environmental investments by classifying them as capital or operating expenditures and implements full-process closed-loop control. Total environmental investment amounted to RMB 26.7 million, with RMB 22.9 million in the lithium business and 3.8 million RMB in the civil explosives business. In terms of capacity building, the Company conducted environmental training and on-site briefings for new employees, key position holders, and contractors[36] on topics such as operational boundaries, pollution prevention and control, waste classification and handover, and incident reporting and response. A total of 154 training sessions were held, with a cumulative attendance of 12,215 person-times, for a total of 29,831 training hours, achieving a 100% training coverage rate for all categories.

Table: Environmental Protection Investment and Expenditure

Indicator	2023	2024	2025
Environmental Protection Investment[37] (Capex, RMB million)	3.7	8.0	13.0
Environmental Protection Investment[38] (Opex, RMB million)	5.4	9.4	13.7
Total Environmental Protection Investment (RMB million)	9.1	17.4	26.7

Risk Management

The Company has established an environmental risk management mechanism centered on "*Risk Identification – Monitoring and Early Warning – Hierarchical Control – Emergency Response – Review and Improvement*" and has fully integrated the relevant requirements throughout its daily operations and emergency management processes. To ensure the effective implementation of this mechanism, in terms of monitoring management, all subsidiary companies strictly conduct pollution source monitoring in accordance with the *Guidelines for Self-Monitoring of Polluting Units (General Principles)* and industry environmental standards. They have built a monitoring system that combines "*Self-monitoring + Third-party Monitoring + Online Monitoring at Key Points*" and strictly implement it according to the monitoring plan to ensure that environmental data is traceable, risk signals are identifiable, and abnormal situations are manageable. Meanwhile, in emergency management, the Company precisely identifies major environmental risk sources and implements hierarchical management, establishes emergency response plans for sudden environmental incidents and files them with the competent authorities as required, and continuously enhances its emergency response capabilities by conducting regular drills and revising the plans based on drill results. During the reporting period, the Company conducted a total of 46 comprehensive environmental protection drills and 157 specialized drills, which effectively tested the performance of its emergency management work.

[36]Regarding contractor training, the Company incorporates environmental management requirements for contractors into its stakeholder management and site induction training. This training focuses on key areas such as operational boundaries, on-site civilized construction and pollution control requirements, waste sorting, collection, and handover standards, and emergency environmental incident reporting and response procedures. For contractor personnel involved in high-risk tasks or work in critical areas, the Company conducts pre-work retraining and on-site briefings to ensure their conduct complies with the Company's environmental management requirements and is subject to supervision and verification.

[37]Capex: Primarily refers to capitalized expenditures for the construction of new environmental protection facilities, the renovation and expansion of existing ones, technological upgrades, the establishment of online monitoring systems, and the enhancement of environmental protection capabilities.

[38]Opex: Primarily refers to expensed costs such as the operation and maintenance of environmental facilities, third-party monitoring and testing, compliant disposal of hazardous waste, environmental training and drills, and environmental consulting and reviews.

Environmental Honors

The Company continues to advance green manufacturing, environmental compliance, and environmental risk control. During the reporting period, Ya'an Lithium was awarded the "National Green Factory" designation; seven enterprises maintained their provincial "Environmentally Credible Enterprise" designation, and two maintained their "Environmentally Sound Enterprise" designation. KMC received the Zimbabwe National ESG and Sustainable Development Achievement Award for Excellence in Community Empowerment & Social Impact, reflecting the Company's phased achievements in green manufacturing practices, environmental compliance management, and overseas sustainability.



Figure: Green Manufacturing: Ya'an Lithium Awarded the "National Green Factory"

Figure: Provincial "Environmentally Credible Sound Enterprise"



Figure: Zimbabwe National ESG and Sustainable Development Achievement Award

Emissions Management

Based on its industry characteristics, actual production processes, and discharge permit requirements, the Company identifies major and characteristic pollutants and has developed a full-process emissions management mechanism of "*Source Control – Process Control – End-of-pipe Treatment – Monitoring and Verification*" to achieve systematic control of pollutant emissions. To ensure the implementation of this mechanism, the Company, in line with its own process flows and discharge permit control requirements, conducts comprehensive identification of fixed and fugitive emission sources, with a key focus on fixed combustion facilities such as combustion, roasting, and boilers, as well as dust control points like crushing and screening, to achieve precise and targeted control. At the same time, the Company strictly adheres to a management logic of "*Discharge Permit – Emission Outlet – Treatment Facility – Monitoring Arrangement – Position Responsibility*". It has established and dynamically updates a master list of emission outlets, which serves as the core basis for setting annual targets, managing the operation and maintenance of environmental protection facilities, and assessing emission performance, further solidifying the foundation for implementing the full-process emissions management mechanism.

Wastewater Management

In wastewater management, the Company strictly implements separate control for industrial wastewater and domestic wastewater, defining the core goals of "*Zero Discharge of Industrial Wastewater, Compliant Discharge of Domestic Wastewater*", and continuously promotes segregated collection, recycling and reuse, and operational assurance of treatment facilities. To achieve these core goals, industrial wastewater is treated professionally and recycled in a closed loop with no external discharge, eliminating the risk of industrial wastewater pollution at the source. Domestic wastewater is treated to meet discharge standards before being released, with real-time monitoring of discharge dynamics and timely investigation of any abnormalities. During the reporting period, the Company maintained zero external discharge of industrial wastewater. The total discharge of domestic wastewater was 31,657 tonnes, with Chemical Oxygen Demand (COD) emissions of 0.36 tonnes, Suspended Solids (SS) emissions of 0.15 tonnes, and Ammonia Nitrogen (NH3-N) emissions of 0.04 tonnes. The discharge of domestic wastewater increased this year compared to the previous year, primarily due to the expansion of lithium salt production capacity, an increase in the number of employees, and the inclusion of overseas mining services and transportation business in the statistical scope.

Wastewater Management Indicators	Unit	2025	2024	YoY Change
Total Industrial Wastewater Discharge[39]	Tonnes	0	0	NA
Total Domestic Wastewater Discharge	Tonnes	31,657	26,829	18.0%
Chemical Oxygen Demand (COD)	Tonnes	0.36	0.42	-14.3%
Suspended Solids (SS)	Tonnes	0.15	0.11	36.4%
Ammonia Nitrogen (NH3-N) Emissions	Tonnes	0.04	0.05	-20.0%

Emissions Reduction Measures

The Company formulates emissions reduction measures based on the principles of controlling sources at the front end, preventing leakage during production, and improving quality at the end of the process. At the front end, the Company reduces wastewater generation through recycling, segregated collection, and clean production. During the production process, it strengthens the management of pipelines and temporary storage ponds to prevent leaks, seepage, and the ingress of external water. At the end of the process, it uses processes such as neutralization, precipitation, and recovery to ensure treatment effectiveness. During the reporting period, a wastewater treatment station was built as part of the Ya'an Company's relocation project, enabling production wastewater to be pre-treated, subjected to electrodialysis, and then reused in the water-oil phase preparation process. Tongda Company invested RMB 75 thousand in a new wastewater treatment pond, which allows for the complete collection, recovery, and recycling of all production wastewater.



Figure: New Wastewater Treatment Station at Ya'an Company

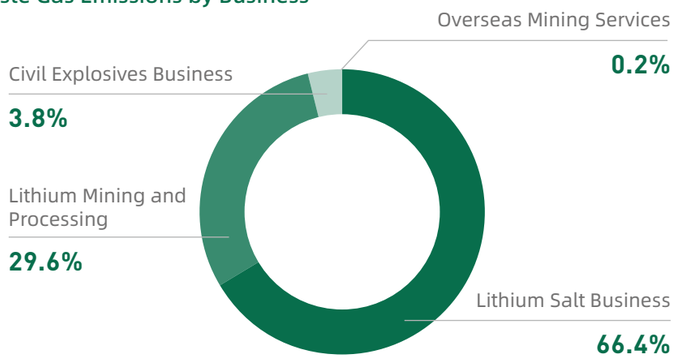
[39]Yahua Australia indirectly discharged 156 tonnes of treated water to a wastewater treatment plant, and these emissions are included within the emissions statistics of the downstream plant. The production wastewater from all other operational units is 100% recycled and reused, with water content removed through evaporation and product consumption. Consequently, the Company achieves zero discharge of industrial wastewater.

Waste Gas Management

The Company uses its pollutant discharge permit as a foundation, breaking down waste gas control requirements into process, equipment, discharge point, and post responsibilities, thereby developing a management mechanism of "*Permit Limits – Key Control Points – Treatment Facilities – Monitoring and Verification*". At the source, the focus is on controlling the compliance of fuel and raw/auxiliary materials, ensuring sealed collection, and maintaining stable operating conditions. During the production process, the focus is on key parameters such as combustion efficiency, load fluctuations, and the collection efficiency of dust- and acid-laden gases. At the end of the process, treatment facilities for desulfurization, denitrification, dust removal, and acid mist removal ensure stable, compliant emissions. Each production base has clearly defined responsibilities for roles in environmental protection management, production operations, and equipment maintenance, and implements requirements for operational records, maintenance management, and incident response. The Company has set phased emissions intensity reduction targets for NOx, SOx, and particulate matter (PM) per unit of product, using 2024 as the baseline year. During the reporting period, the Company's emissions intensity per unit of product for relevant pollutants decreased overall compared to the baseline year. See the relevant indicator table for details.

Indicator Name	Baseline	Group Emissions Intensity Target per Unit of Product	Target Achievement Status
NOx Emissions Intensity	Baseline Year: 2024	Intensity Reduction Target: - 3.0% Reduction by the end of 2026 - 7.0% Reduction by the end of 2029	4.1% (Target Achieved Ahead of Schedule)
SOx Emissions Intensity		Intensity Reduction Target: - 3.0% Reduction by the end of 2026 - 7.0% Reduction by the end of 2029	3.9% (Target Achieved Ahead of Schedule)
PM (Particulate Matter) Emissions Intensity		Intensity Reduction Target: - 4.0% Reduction by the end of 2026 - 9.0% Reduction by the end of 2029	4.4% (Target Achieved Ahead of Schedule)

Proportion of Waste Gas Emissions by Business



During the reporting period, the Company's total waste gas emissions were 122.9 tonnes, with an emissions intensity of 17.0×10^{-5} tonnes per tonne of product. This comprised 81.6 tonnes from lithium salt production, 36.4 tonnes from lithium mining and processing, 4.7 tonnes from civil explosives business, and 0.2 tonnes from overseas mining services. The Company conducted an assessment of the applicability of VOCs/non-methane total hydrocarbons. Considering the characteristics of the composite oil phase used in industrial explosives and the process changes resulting from replacing solid oil phases with liquid ones, the relevant indicators were determined to be not applicable.

Table: Waste Gas Emissions

Waste Gas Management Indicators	Unit	2025	2024	YoY Change
Total Waste Gas Emissions	Tonnes	122.9	100.2	22.7%
Total SOx Emissions	Tonnes	31.5	26.1	20.7%
Total NOx Emissions	Tonnes	51.5	41.7	23.5%
Total PM Emissions	Tonnes	39.9	32.3	23.5%
Total Waste Gas Emissions Intensity ($x10^{-5}$)	Tonnes/Tonne of Product	17.0	17.6	-4.0%
Total SOx Emissions Intensity ($x10^{-5}$)	Tonnes/Tonne of Product	4.4	4.6	-4.4%
Total NOx Emissions Intensity ($x10^{-5}$)	Tonnes/Tonne of Product	7.1	7.4	-2.7%
Total PM Emissions Intensity ($x10^{-5}$)	Tonnes/Tonne of Product	5.5	5.7	-3.5%

Emission Reduction Measures

The Company reduces waste gas emissions by replacing conventional heating and steam sources with cleaner alternatives and upgrading end-of-pipe treatment facilities, adopting electric boilers, air-source heat pumps, or natural gas boilers and completing low-nitrogen burner retrofits; it has also configured facilities for desulfurization, denitrification, dust removal, and acid mist removal. During the reporting period, Ya'an Lithium upgraded its dust removal system, reducing fugitive dust emissions through measures such as enclosing vertical mill bins and conveyor corridors and upgrading dust collectors; Guoli Corporation retrofitted its desulfurization tower, reducing sulfur dioxide emissions from 5.27 tonnes to 3.45 tonnes in 2024 and concurrently advancing the optimization of its acid mist collection system. The civil explosives business of Ya'an Company and Santai Company replaced gas-fired boilers with electric steam generators, thereby reducing waste gas from combustion.

Noise Management

The Company strictly complies with *GB 12348-2008 Industrial Enterprise Boundary Environmental Noise Emission Standard* and commissions qualified testing agencies to conduct annual boundary noise monitoring; during the reporting period, all relevant indicators met the specified limits. The Company identifies noise impacts by considering sensitive points at the plant boundary and the characteristics of its operations, reducing noise source intensity through engineering measures such as equipment vibration damping, sound insulation, and sound absorption, while also carrying out noise reduction optimizations during the inspection and maintenance of key equipment. The Company's mining operations implement millisecond-delay blasting and vibration/noise reduction measures during production organization to mitigate the impact of operational noise on the surrounding areas.



Figure: Dust Removal System Upgrade at Ya'an Lithium

Circular Economy

Management Mechanism

The Company conducts management and performance assessments focused on the principles of "*Reduction, Resource Recovery, Harmless Treatment*" for solid waste. Based on the characteristics of its operations and waste properties, the Company identifies and manages waste streams by category, with a focus on mining waste such as tailings and waste rock, lithium by-products, other general industrial solid waste, domestic waste, and hazardous waste. In accordance with environmental laws, regulations, and standards, the Company specifies the labeling, temporary storage conditions, and disposal routes for each type of waste. General solid waste is prioritized for recycling and reuse; domestic waste is handled according to waste removal agreements; recoverable by-products are utilized through a productization management approach; hazardous waste is treated as a key control item and managed through an inventory system. The Company has established a closed-loop management mechanism covering the entire process of waste "*Generation – Collection – Storage – Transport – Utilization/Disposal*", using ledgers, agreements, and manifests as the primary basis for management. The resource recovery and standardized disposal of general solid waste are implemented through recycling or removal agreements; hazardous waste management follows a process of prompt collection, temporary storage in dedicated facilities, ledger management, manifest tracking, and qualified disposal, which is entrusted to qualified third-party organizations to ensure compliant disposal and traceability.

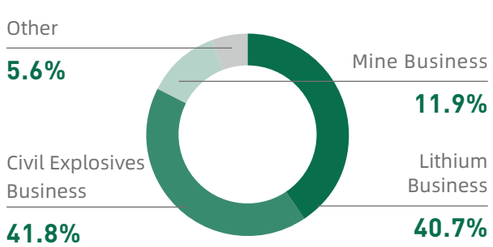
Metrics and Targets

During the reporting period, the Company's total mining waste, including tailings and waste rock, amounted to 6.2 million tonnes, a significant reduction compared to the initial mining phase, with 100% safely stockpiled in line with established targets; lithium by-products totaled 698,311 tonnes and were 100% utilized through designated utilization pathways. Other non-hazardous waste amounted to 2,031 tonnes, of which 1,028 tonnes were recycled, resulting in a recycling rate of 50.6%; hazardous waste generation was 68.7 tonnes, with a 100% safe disposal rate. By business segment, other non-hazardous waste primarily originated from lithium salt production, lithium mining and processing, Civil explosives business, and overseas mining services; hazardous waste also primarily originated from these same segments. During the reporting period, a 100% safe stockpiling rate for tailings and waste rock and a 100% resource recovery rate for lithium by-products were achieved; the emissions intensity of other non-hazardous and hazardous waste decreased year-on-year, and related targets are generally progressing as planned.



Figure: Safe Stockpiling of Mining Waste

Proportion of Other Waste Generation



100% safely stockpiled

During the reporting period, tailings and waste rock were

100% resource utilizationduring the reporting period.

Lithium industry by-products achieved

Table: Progress on Waste Management Targets

Indicator	Baseline Year	Group Target	Target Progress
General Solid Waste Generation Intensity	2024	100% Safe Stockpiling of Tailings and Waste Rock 100% Utilization of Lithium By-Products Reduction Target for Other Solid Waste Intensity: - 5% Reduction by the end of 2026 - 10% Reduction by the end of 2029	100% Safe Stockpiling 100% Utilization of Lithium By-Products 33.1% Reduction in Other Solid Waste Generation Intensity
Hazardous Waste Generation Intensity		Intensity Reduction Target: - 3% Reduction by the end of 2026 - 8% Reduction by the end of 2029	2025: 36.7% Reduction in Intensity
Waste Recycling and Reuse Rate (%)		Recycling and Reuse Rate Target: - Increase to 65% by the end of 2026 - Increase to 70% by the end of 2029	2025: Recycling and Reuse Rate 50.6%

Table: Non-hazardous Waste Generation Indicators

Non-Hazardous Waste Indicators	Unit	2025	2024	YoY Change
Total Slag[40]	Million Tonnes	6.2	15.7	-60.5%
Lithium Business By-Products[41]	Tonnes	698,311	518,641	34.6%
Other Non-Hazardous Waste[42]	Tonnes	2,031	2,384	-14.8%
- Lithium Salt Production	Tonnes	827	1,135	-27.1%
- Lithium Mining and Processing	Tonnes	242	296	-18.2%
- Civil Explosives Business	Tonnes	849	955	-11.1%
Other Non-Hazardous Waste Generation Intensity (X10-4)	Tonnes/Tonne of Product	28.1	42	-33.1%
- Lithium Salt Production ($\times10^{-4}$)	Tonnes/Tonne of Product	155.1	281.5	-44.9%
- Lithium Mining and Processing ($\times10^{-4}$)	Tonnes/Tonne of Product	51.8	262.8	-80.3%
- Civil Explosives Business ($\times10^{-4}$)	Tonnes/Tonne of Product	38.6	38.5	0.3%
Other Non-Hazardous Waste Recycled and Reused	Tonnes	1,028	1,496	-31.3%
Other Non-Hazardous Waste Recycling Rate	%	50.6	62.8	-19.4%

[40]Slag: Waste rock or soil stripped during mining or drilling processes, ore tailings, and waste rock.

[41]Lithium industry by-products: Includes lithium slag (leaching residue), sodium sulfate, etc. These industrial by-products are sold to industries such as cement, ceramics, or commercial concrete to be used as clinker additives, thereby reducing clinker consumption and enhancing material activity, achieving 100% comprehensive utilization of these by-products.

[42]Non-hazardous waste: Refers to non-hazardous waste other than slag and lithium industry industrial by-products, including discarded wooden pallets, wooden boxes, waste packaging materials, product scrap, domestic waste, office paper waste, and metal parts from dismantled equipment and facilities.

▶ Table: Hazardous Waste Generation Indicators

	Unit	2025	2024	YoY Change
Hazardous Waste[43]	Tonnes	68.7	85.1	-19.2%
- Lithium Salt Production	Tonnes	21.4	48.0	-55.4%
- Lithium Mining and Processing	Tonnes	13.4	5.0	168.9%
- Civil Explosives Business	Tonnes	16.1	32.2	-49.9%
- Overseas Mining Services	Tonnes	17.8	NA	Newly Added
Hazardous Waste Generation Intensity ($\times 10^{-5}$)	Tonnes/Tonne of Product	9.5	15.0	-36.5%
- Lithium Salt Production ($\times 10^{-5}$)	Tonnes/Tonne of Product	40.1	119.0	-66.3%
- Lithium Mining and Processing ($\times 10^{-5}$)	Tonnes/Tonne of Product	32.6	63.6	-48.7%
- Civil Explosives Business ($X10^{-5}$)	Tonnes/Tonne of Product	7.3	13.0	-43.7%
- Overseas Mining Services ($\times 10^{-5}$)	Tonnes/Tonne of Product	181.0	NA	Newly Added
Safe Disposal Rate	%	100	100	0

Best Practices

The Company adheres to the principle of "*Recovering What can Be Recovered, Turning Waste into Resources Wherever Possible*", reducing the final disposal volume through the productization of by-products and agreements for general solid waste recycling. Sodium sulfate, a by-product of the lithium business, is recovered as a raw material for producing other products, and the reuse of packaging bags is promoted, forming a traceable evidence chain covering "*Total Volume – Destination – Agreement/Contract – Ledger*". In the civil explosives business, lead plates and detonator busbars are recovered for use in product testing and bundling, reducing the consumption of single-use materials. For hazardous waste, the Company uses dedicated storage facilities, ledger management, and transfer manifests as core control points, entrusting qualified third-party organizations for recovery and treatment. This maintains full-process traceability of disposal destinations, and the safe disposal rate of hazardous waste remained at 100% during the reporting period.

100%

During the reporting period, the safe disposal rate of hazardous waste remained



[43]Hazardous waste: Includes waste oil, spent catalysts, waste acid, phenol-containing sludge, dyes and coatings, HW49, and HW09.

Tailings Management

Governance and Operation

Tailings generated from KMC's mineral processing are transported as a slurry via dedicated pipelines to a designated tailings storage facility. After settling, the clarified water is recovered and recycled back into the production system, which conserves water resources and prevents environmental impact. The Company includes the safety of its tailings storage facility as a key monitoring priority, guarding against various environmental and safety risks. A governance mechanism has been established for the mine, emphasizing "full lifecycle, tiered accountability, equal focus on engineering and management, and continuous improvement." An Engineer of Record (EoR) with appropriate qualifications and experience is responsible for reviewing key design assumptions, confirming operational boundary conditions, assessing stability, and providing technical support for major technical changes. A technical review mechanism independent of the EoR has been set up to prevent vulnerabilities from a single point of technical management. KMC implements a management model of "*Routine Technical Support + Periodic Independent Reviews + Triggered Supplementary Reviews*". All reviews are documented in writing, with issue lists specifying rectification responsibilities and deadlines. This forms a closed-loop management system for rectification and verification, and high-risk hazards are subject to escalated supervision to ensure all control measures are effectively implemented.



Figure: Sunset over the KMC Tailings Storage Facility

▶ Table: Technical Review Strategy for the Tailings Storage Facility

Operational Strategy	Specific Measures
Routine Technical Support	During the operational period, the EoR continuously conducts on-site reviews and provides technical support based on the control requirements of the *KMC Tailings Storage Facility Operation*, *Maintenance, and Surveillance (OMS) Manual* to ensure compliant operation of the facility.
Periodic Independent Review	A systematic independent technical review is organized at least every 3 years, strictly following the review standards of the *KMC Tailings Storage Facility Operation, Maintenance, and Surveillance (OMS) Manual*. The review focuses on core aspects such as structural stability, operational status, and the effectiveness of the monitoring system.
Triggered Supplementary Review	When events such as the heightening or expansion of the tailings storage facility, design changes, extreme weather events, or abnormal monitoring data occur, a special supplementary review is initiated to promptly re-assess risks against the risk control requirements of the tailings management system, ensuring that risks remain manageable.

Community and Safety

KMC pays close attention to the potential impact of its tailings storage facility operations on the surrounding environment and stakeholders, incorporating risk prevention, operational monitoring, and emergency preparedness into daily management. In response to risks such as reduced flood discharge and drainage capacity, water level fluctuations in the tailings storage facility, and seepage stability risks that may be brought on by concentrated rainfall during the rainy season and extreme weather, the mine has established a special management mechanism for the rainy season. Special inspections are organized before each rainy season, focusing on storage capacity and freeboard, the condition of the flood discharge system, the integrity of the dam structure and drainage facilities, and the operational status of the monitoring system. Identified issues are managed through a rectification list with clear departmental responsibilities and deadlines, and efforts are made to resolve related hazards before the rainy season begins.

In terms of operational management, KMC continuously tracks key parameters such as dam deformation, seepage, water level in the tailings storage facility, and rainfall. These are combined with on-site inspection results to conduct a comprehensive assessment of the operational status of the tailings storage facility, leading to the formulation of a Trigger Action Response Plan (TARP)[44]. In response to risks such as reduced flood discharge capacity, water level fluctuations in the tailings storage facility, and seepage stability risks that may be brought on by concentrated heavy rainfall during the rainy season and other extreme weather, the mine has established a special management mechanism for the rainy season. Special inspections are organized before each rainy season, focusing on storage capacity and freeboard height, the condition of the flood discharge system, the integrity of the dam body and drainage facilities, and the operational status of the monitoring system. Identified issues are managed through a rectification list with clear departmental responsibilities and deadlines, and efforts are made to resolve related hazards before the rainy season begins.

This is combined with on-site inspection results to conduct a comprehensive assessment of the operational status of the tailings storage facility. In response to situations such as heavy rainfall, monitoring anomalies, or fluctuations in facility conditions, the mine promptly takes measures such as intensified inspections, operational adjustments, on-site responses, and escalated reporting based on the actual risks to reduce the likelihood of anomalies expanding or compounding. All trigger events, response processes, and rectification results are documented and incorporated into subsequent reviews and management improvements.

In terms of early warning and response, KMC has established a threshold-based action mechanism that specifies requirements for intensified monitoring, on-site verification, management response, and emergency measures according to different warning levels. This enhances the timeliness of risk identification and ensures that response measures can be effectively implemented. The mine periodically reviews the triggering of warnings and the effectiveness of responses, continuously optimizing monitoring priorities, warning thresholds, and response procedures based on operational experience.

Regarding emergency preparedness, KMC continuously improves emergency arrangements for the tailings storage facility, focusing on scenarios such as extreme rainfall, abnormal leakage, and anomalies in the flood discharge system. Drills are conducted regularly to test the effectiveness of on-site coordination, information dissemination, and emergency response. Although there are currently no communities or buildings downstream of the tailings storage facility, KMC still incorporates community safety into its management considerations. The Company maintains communication with surrounding communities and relevant emergency agencies, continuously improving drills for warning information dissemination and personnel evacuation procedures to improve coordinated emergency response capabilities.

[44]For details on the Trigger Action Response Plan (TARP), please refer to the internal KMC document, the *KMC Tailings Storage Facility Operation, Maintenance and Surveillance (OMS) Manual*.



Ecosystem and Biodiversity Protection

Yahua Group incorporates biodiversity protection into its key environmental management priorities, covering major business activities such as lithium mining and processing, lithium salt production, Civil explosives business, mining services, and Transportation business. It aligns its biodiversity protection work with the principles of the *Convention on Biological Diversity* and complies with applicable laws, regulations, and standards in the locations where it operates. Ecological protection requirements are integrated throughout the entire process of project initiation, construction, operation, and restoration. The environmental management department coordinates and organizes implementation, while each business unit carries out specific measures based on local characteristics and operational contexts. The Company also conducts awareness training and supervision for key contractors and suppliers.



Risk Identification

The Company has developed a nature-related risk identification and assessment system with reference to the TNFD's LEAP approach[45], which is integrated with existing risk management processes to progressively achieve risk identification and prioritization to progressively identify and prioritize risks across sites, business activities, and the value chain. During the feasibility study stage, the IBAT tool is used for a comprehensive screening of 20 operating sites, with a focus on identifying sites within 10km of biodiversity-sensitive areas to proactively identify potential risks and provide a basis for project decision-making. In the risk evaluation and assessment stage, tools such as ENCORE are used to identify the value chain's impacts on and dependencies on nature, forming a list of nature-related risks. Combined with climate scenario analysis, short-, medium-, and long-term nature-related risks and opportunities are systematically assessed to support the formulation of risk control strategies. Among the business segments, mining and mining services have a higher dependency on water supply, soil bearing capacity, and habitat integrity, with major impacts concentrated in land occupation and surface disturbance, habitat loss and fragmentation, tailings and waste rock stockpiling, and dust emissions. Lithium salt and civil explosives manufacturing businesses need to focus on managing nature-related risks associated with solid waste disposal and the storage and transportation of hazardous chemicals, strengthening control throughout the entire process. For new projects, the environmental impact assessment report includes a chapter on environmental baseline surveys (including special surveys of flora and fauna), a compliance analysis based on the "Three Lines and One List" ecological environment zoning control requirements, and an analysis of environmental impacts during the construction and operation phases. Construction begins only after approval is obtained from the local environmental authorities, ensuring that project development and nature conservation proceed in a coordinated manner.

[45]Taskforce on Nature-related Financial Disclosures (TNFD); the LEAP four-phase approach: "Locate, Evaluate, Assess, Prepare".

Table: Biodiversity Risk and Impact Assessment

Dependencies and impacts		Lithium Mining and Processing	Lithium Mining and Processing	Lithium Salt/ Civil Explosives Manufacturing	Logistics and Transportation
Nature-related dependencies	Water Supply	Very High	High	High	Low
	Soil Structure and Bearing Capacity	Very High	Very High	Medium	Low
	Habitat Integrity	Very High	High	Medium	Low
	Water Purification and Cycling	High	Medium	High	Low
	Climate Regulation (High Temperatures, Extreme Weather)	High	High	High	Medium
	Flood Regulation/Drainage	High	Medium	Medium	Low
	Dust suppression and air dispersion capacity	Very High	Very High	High	Low
	Geological Stability and Slope Stability	Very High	Very High	Low	NA
	Overall Dependence on Ecosystem Services	Very High	High	Medium	Low
Nature-related impacts	Land Occupation and Surface Disturbance	Very High	High	Medium	Low
	Habitat Loss and Fragmentation	Very High	High	Medium	Low
	Solid Waste Generation	High	Medium	Very High	Low
	Tailings and Waste Rock Storage	Very High	High	Low	NA
	Water Pollution Risk (Acidity/Heavy Metals)	High	Medium	Very High	Low
	Greenhouse Gas Emissions	Medium	Medium	High	Medium
	Dust and Particulate Matter Emissions	Very High	Very High	High	Low
	Noise and Vibration Impact	High	Very High	Medium	Low
	Hazardous Chemical Leakage Risk	Medium	Medium	Very High	Medium
	Invasive Alien Species Risk	Medium	Low	Low	NA
	Ecological Disturbance During Transportation	NA	NA	Low	High

Very High High Medium Low NA

Table: IBAT Identification Results for Biodiversity-sensitive Areas

Value of Assessment Indicator for Ecologically Sensitive Areas	Quantity
Total Number of Analyzed Sites for the Company's Own Operations and Key Upstream/Downstream Partners	20
Number of Operational Sites with Protected Areas Within a 10 Km Radius[46]	1
Number of Operational Sites with Key Biodiversity Areas Within a 10 Km Radius	1
Number of Operational Sites Where the Weighted Number of Threatened Species Within a 50 Km Radius Is Greater Than 50	0

[46]The only operational site with a protected area within a 10 km radius is Hengtai Company, near the Cycad Protected Area (the plant was established before the protected area was designated).

Mitigation Strategies

Following the mitigation hierarchy principle, the Company has developed a biodiversity conservation strategy of "*Avoid – Minimize – Restore – Offset/collaborative conservation*" and formulates Biodiversity Management Plans (BMPs) for key priority sites, defining control measures and monitoring indicators. The Company conducts annual monitoring and assessments, involving third parties and communities as necessary, to establish a closed-loop improvement cycle of "*Measures – Monitoring – Correction – Re-verification*". Concurrently, the Company systematically reviews biodiversity exposure and assessment information for its operational sites, supported by evidence such as site inventories and boundary maps.

Full Lifecycle Practices and Safeguards

During the mine closure and post-closure care stages, the Company proactively formulates and dynamically updates reclamation and closure plans, incorporates public and independent expert participation, and establishes a long-term monitoring system covering land damage, soil quality, vegetation restoration, pit lake water quality, and biodiversity. The overseas KMC project follows a primary approach of "*Source Identification – Process Control – Concurrent Mining and Reclamation – Mine Closure and Post-closure Care*", integrating biodiversity into full lifecycle mine management and improving its systems, engineering, and monitoring frameworks based on the *KMC Geological Environment Protection and Land Reclamation Plan*. During the exploration phase, the Company implements a "restores affected areas promptly after disturbance" policy, which involves plugging exploration holes, restoring topsoil, and rehabilitating platforms after operations conclude. During the operational phase, the Company promotes "concurrent mining and reclamation," focusing on soil reconstruction, vegetation restoration, and water and soil conservation. In the future, it plans to sow grass seed at a density of 225 kg per 10,000 m^2 across an approximately 2 million m^2 reclamation area, while simultaneously planting around 9,900 bougainvillea plants. The Company has established a financial assurance mechanism for mine closure and reclamation responsibilities. KMC has introduced an independent financial institution guarantee to enhance the certainty of reclamation funding. Concurrently, it has conducted geochemical risk assessments, confirming a low immediate risk of acid rock drainage, and is advancing long-term leach testing, water monitoring well installation, and groundwater monitoring to strengthen the identification and control of seepage and water environment risks, continuously enhancing the resilience and closed-loop capabilities of its ecological management.

At domestic mines and production bases, the mining business completed the reclamation of a cement mine in Bozhou area of Guizhou and a limestone mine in the Pingguo area of Guangxi, both of which passed green mine acceptance inspections. The civil explosives business completed the planting of over 10 mu of trees for revegetation in industrial parks. The lithium salt production operations established seedling plantings over approximately 32 thousand m^2 and clover coverage over approximately 30 thousand m^2.



Figure: Mine Reclamation and Revegetation at Zhongding Company

05 Strengthening Safety Management for Sustainable Operations

In compliance with the *Work safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and other regulations, the Company continuously improves its occupational health and safety management system. It strengthens risk classification and control and hazard identification and rectification, promotes the application of safety technology and the development of a safety culture, and drives a shift in safety management from post-incident response to process-based prevention. The Group's management approach focuses on "Risk Identification – Classified Control – Hazard Rectification – Emergency Preparedness – Review and Improvement", continually enhancing its preventive management capabilities through the control of major risks, fulfillment of duties by principal accountable persons, standardized management of contractors, and review and rectification of accidents and incidents.



Safety Accountability

Governance Structure

The Board of Directors assumes supervisory responsibility for occupational health and safety matters within the Group. At the operational level, the Group has established a multi-tiered safety management organization centered around the Work safety Committee. The Group Work safety Committee is the highest leadership and decision-making body for safety management, with the President serving as its chairman, responsible for deliberating and deploying safety strategies and major initiatives. The Group's Safety and Technology Centre serves as the office of the Work safety Committee, responsible for overall coordination, supervision, inspection, and performance evaluation. Each sub-group and subsidiary has established its own Work safety committee to implement safety management responsibilities within its respective unit and ensure that safety requirements are executed at the grassroots level.

Board of Directors	Highest accountability body responsible for oversight
Group Work safety Committee	Review and Deployment of Safety Strategy and Major Matters
Group's Safety and Technology Centre	Serves as the Office of the Safety Committee and manages day-to-day work
Safety Committees of each business segment	Implement production safety management within each unit

Appendix: Group Safety Management Structure Chart

Management Policy

The Company has issued the *Occupational Health and Safety Policy* as the guiding document for its OHS management. This policy outlines requirements for compliance, risk prevention, and continuous improvement, covering all production and business activities as well as all employees, contractors, and other relevant personnel. It has been disclosed in the "Sustainability" section of the Company's official website for public supervision. The Company is committed to strictly complying with applicable laws, regulations, and relevant standards, and to continuously improving its occupational health and safety performance. It promotes risk classification and control and hazard identification and rectification with a focus on risk prevention to reduce personal injuries and occupational health hazards. The Company enhances the safety capabilities of employees and relevant external parties through training, communication, and participation mechanisms. It applies consistent safety management requirements to all personnel working under its supervision. Furthermore, the Company has established a closed-loop system for incident investigation, experience feedback, and corrective and preventive measures to prevent the recurrence of similar incidents.

The Company has established a mechanism for full employee participation. The Work safety Committee includes employee representatives who participate in discussions related to safety management, including goal setting, risk analysis and assessment, and hazard identification and rectification. During accident investigations and risk identification (JHA) processes, frontline employees or team representatives are invited to participate in analysis and reviews from the bottom up. Employees can provide opinions and suggestions through channels such as near-miss reporting, rationalization proposals, and safety communication meetings, and can track the progress of rectification and improvements. The Company guarantees the right of employees to stop or refuse unsafe work when they identify significant safety risks, ensuring they will not face adverse consequences for reporting risks or refusing unsafe work. The Company classifies risks based on the principle of "*Prioritizing Major Risks, High Accident Frequency, High Personnel Exposure*". For high-risk areas, it develops specific rectification plans with clear responsibilities and deadlines, which are included in monthly performance reports and assessments, with major risks subject to dedicated supervision and follow-up.



Figure: The Chairwoman Inspecting On-site Processes and Work Areas at Mine Site

Policy Framework

In accordance with the ISO 45001 standard, the Company has formulated and implemented core policies such as the *Safety Management Measures* and *the Work safety Accountability System*. These policies cover safety controls for key areas including safety accountability, risk identification and hazard rectification, work permits, emergency management, and incident management, providing guidance for the standardized management of work safety across all business segments. During the reporting period, the Company established 2 new policies and revised 12 existing ones. The ISO 45001 system certification coverage rate for its production bases was 71%. All domestic companies have passed and met the national standards for work safety standardization.



Figure: Occupational Health and Safety Management System Certification

Responsibility Mechanism

The Company implements a work safety accountability system, linking safety targets such as incident numbers and hazard rectification rates to remuneration and performance. Within the Group, *Safety Objective Responsibility Letters* are signed at all levels to reinforce the implementation of responsibility among all employees. For units and individuals who fail to meet safety targets or are responsible for accidents, the Group imposes performance deductions, restrictions on commendations, and accountability measures in accordance with its policies. For units and individuals with outstanding safety management performance, the Group provides recognition and rewards according to its policies.

During the reporting period, the Group's total recordable injury frequency rate was 1.12 per million hours worked, achieving the established Group target of ⩽ 1.35. Specifically, the lithium mining and processing segment, in conjunction with production line construction and trial production, effectively controlled accidents by strengthening safety education for employees, risk identification and classified control, and safety inspections and hazard rectification. Its total recordable injury frequency rate decreased from 4.59 in the previous year to 1.13 per million hours worked, showing a significant improvement in safety performance. The total recordable injury frequency rate for lithium salt production increased from 1.14 in the previous year to 2.33 per million hours worked, failing to meet the annual control target. This was mainly due to production capacity expansion and an increase in new employees. The Company will strengthen specialized training for new personnel (raising the passing score to 80), implement one-on-one mentorship and practical assessments, and take other measures to drive down risks.

Table: Safety Targets and Performance

Annual Target		Target Achievement Status	
Work-Related Fatalities (Employees):	0 Persons	0	
Work-Related Fatalities (Contractors):	0 Persons	0 Persons	
Serious Injuries:	0 Persons	1 Person	
Serious Injuries:	0 Persons	0 Persons	
Hazard Rectification Completion Rate:	100%	98.7%	
Total Recordable Injury Frequency Rate (TRIFR): Per Million Hours Worked			
The Group	⩽ 1.35	The Group:	1.12
Lithium Salt Production	⩽ 1.45	Lithium Salt Production:	2.33
Lithium Mining and Processing	⩽ 1.20	Lithium Mining and Processing :	1.13
Civil Explosives Business	⩽ 1.35	Civil Explosives Business:	0.92
Transportation Business	⩽ 1.20	Transportation Business:	0.86
Overseas Mining Services	⩽ 1.35	Overseas Mining Services:	0

Contractor and External Party Management

The Company has formulated policies such as the *Safety Management System for Project Implementation and the Management System for External Personnel Entering Production* Areas to regulate the management of contractors, subcontractors, and external personnel. It signs safety agreements and implements entry (plant) safety briefings, safety education and training, and safety technical briefings. For personnel from relevant external parties involved in high-risk operations, the Company strengthens pre-work risk identification, work permit approval, process supervision, and on-site control to ensure their safety management aligns with the Company's standards.

▶ Table: Key Requirements for Contractor Safety Management

Management Phase	Key Management Points	Implementation Status
Access and Qualification	Qualification Review, HSE Capability Assessment, Certification for Key Positions	The Company conducts HSE capability access reviews for relevant external parties such as those involved in construction, equipment installation, outsourced equipment maintenance, and miscellaneous work like landscaping.
Contracts and Responsibilities	Safety Clauses in Contracts, Penalties for Violations, Right to Halt Work	In accordance with Article 49 of the Work safety Law, the Company's various entities incorporate relevant external parties into their safety management systems. Through contracts, agreements, education, and training, they clarify responsibilities for risk identification and hazard investigation. Violations and disciplinary infractions are handled according to regulations, and the Company has the right to halt work if safety measures are inadequate.
Training and Disclosure	Entry Education, Work Task Disclosure, Pre-Shift Meetings	Each operational base conducts entry (plant) safety education for relevant external parties, provides safety technical briefings for operations, and urges them to hold pre-shift meetings to ensure all safety requirements are effectively communicated to teams and individual positions.
On-Site Supervision	Joint Inspections, Work Supervision, Correction of Violations	Each operational base conducts comprehensive, special-purpose, and routine safety inspections covering the construction activities of relevant external parties. They supervise the effective implementation of work monitoring and promptly correct any violations or disciplinary infractions.
Performance Evaluation	Statistics on Accidents/ Near Misses/Violations, Assessment, and Exit	The Company compiles factual statistics on safety accidents, near misses, and violations involving relevant external parties within their operational areas. It conducts assessments of the corresponding business units, responsible entities, and the relevant external parties themselves. An exit mechanism is implemented for stakeholders who fail the evaluation.

Safety Risk Prevention and Control

The Company considers safety risk prevention and control a bottom-line requirement for its production and operations. It continuously improves its safety risk prevention and control mechanisms and emergency management system, promotes the closed-loop management of accident hazards, and strengthens process control and continuous improvement.

Risk Prevention and Control

The Group has formulated the Administrative Measures for Safety Risk Assessment, advancing the development of a safety risk classification and control system and standardizing the procedures for safety risk identification, assessment, and control in production and operational activities. Through a process of "*Defining Identification Scope – Dividing Risk Units – Selecting Applicable Identification Methods – Identifying and Analyzing – Assessing and Grading – Implementing Classified Control*", the Group identifies safety risk factors related to human, physical, environmental, and management elements, and formulates control measures to be implemented on-site. During the reporting period, the Group organized timely risk identification and assessments in conjunction with technological upgrade projects, the application of new chemical agents, inspection and maintenance work, and typical national and industry accident cases. Throughout the year, 524 new risks were identified, and 1,540 new control measures were added. The civil explosives and lithium salt production companies spot-checked employees' understanding of risks and control measures, achieving an initial assessment pass rate of over 99%. For employees with incomplete understanding, strengthened training and special assessments were conducted, ultimately resulting in a 100% mastery rate. The Group urges units at all levels to investigate and rectify various safety hazards based on risk identification results and control levels. This is achieved through comprehensive, special-purpose, cross-functional, and routine management inspections, as well as employee self-inspection and correction, to prevent all types of production safety accidents. During the reporting period, the Group identified and investigated a total of 26,460 hazards and disbursed RMB 68,040 in rewards for hazard rectification. The Group strengthened safety control for non-routine operations, improved the safety prohibitions for special operations and equipment maintenance, and compiled and implemented a checklist for equipment maintenance risk prevention and control and emergency response, while also verifying employees' understanding. During the reporting period, over 1,000 safety management measures for abnormal conditions and non-routine operations were developed and issued, 92 Job Hazard Analyses (JHAs) were completed, and 100 Permits to Work (PTWs) were processed.

The Group adheres to the principle of "*Timeliness, Accuracy, Completeness*" for information reporting. It has formulated policies such as the *Administrative System for Safety Information Reporting* and the *Administrative Measures for Safety Rewards and Penalties* to clarify the content, format, deadlines, and assessment requirements for hazard and accident reporting. This improves reporting and response procedures, enhances employees' awareness for identifying and reporting abnormal conditions, near-miss events, and potential hazards, and promotes proactive risk management.

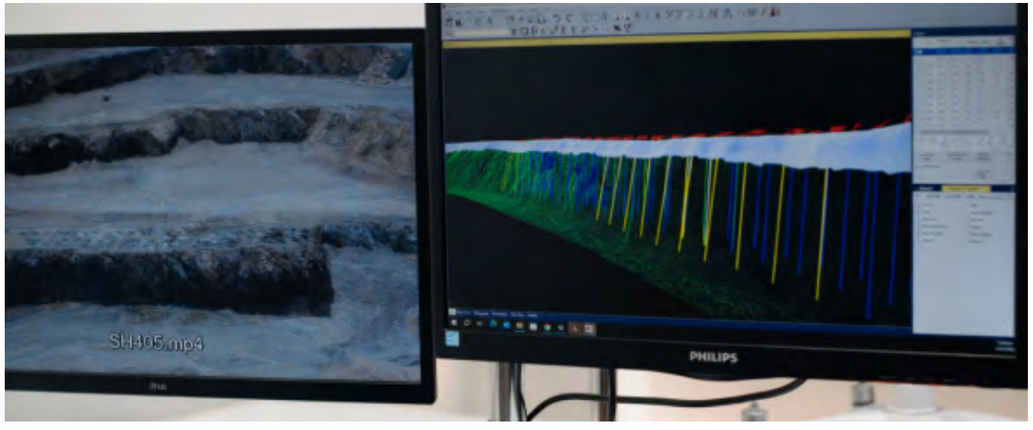


Figure: Blasting Safety Monitoring and Risk Warning

Table: Key Progress in Risk Identification and Control

Indicator	2025
Number of New Risks Identified	524
Number of New Control Measures Added	1,540
Job Hazard Analyses (JHAs)	92
Permits to Work (PTWs)	100
Number of Hazards Investigated	26,460
Incentives for Hazard Rectification	RMB 68,040
Measures for Abnormal Operating Conditions and Non-Routine Operations	Over 1,000

Near-Miss Incidents

To enhance its preventive management capabilities, the Group has established a reporting and closed-loop mechanism for abnormal operating conditions, near-miss incidents, and high-potential risks. This mechanism specifies reporting content, timelines, investigation requirements, and corrective and preventive measures to encourage front-line identification, proactive reporting, and experience sharing.

Table: Leading Indicators for Preventive Management

Indicator	Data for the Reporting Period
Number of Near-Miss/Attempted Incident Reports	5 Cases
Number of High-Potential Risk Event Reports (HPH) Incident Reports	2 Cases
Closure Rate of Corrective and Preventive Actions	100%
Number of On-Site Safety Communications by Management	35 Times
Thematic Safety Communications/Centralized Warning Activities	27 Times

Emergency Management

Each of the Company's production bases has formulated an Emergency Rescue Management System, improved the *production safety Incident Emergency Response Plan*, established emergency rescue teams, and stockpiled emergency supplies to ensure rapid response and handling of emergencies, thereby reducing accident losses and impacts. Front-line teams adhere to the principle of "using drills to promote prevention and training for preparedness" by organizing comprehensive, specialized, and on-site emergency response drills covering scenarios such as firefighting, hazardous chemical leaks, equipment failures, and transportation emergencies. During the reporting period, 580 emergency drills for various production safety incidents were conducted, with 7,852 person-times participating. Following the drills, timely reviews and assessments were conducted, resulting in improvement lists that were incorporated into plan optimization, training enhancement, and dynamic updates of risk inventories, thereby promoting the continuous improvement of emergency response capabilities.



Case: Mianyang Company Conducts a Firefighting Drill

In November 2025, Mianyang Company conducted a hands-on drill by simulating fire hazards in three different locations: a power distribution room, a delay composition production room, and an AGV charging station set up in the office area. During the drill, on-site response personnel identified the fire types and selected the appropriate fire extinguishing equipment for response as required by the plan, completing all stages including alarm, initial response, personnel evacuation, and on-site review.

Work safety Management

Work safety

The Group adheres to the philosophy of safe development, focusing on strengthening foundational and grassroots management, improving the safety management system, addressing weak links, and consolidating the results of special safety campaigns. Concurrently, it advances the application of operational digitization and intelligentization in work safety to enhance intrinsic safety levels and ensure the stable operation of production and business activities. During the reporting period, no production safety accidents classified as relatively major or above occurred, and there were 0 work-related fatalities. Units at all levels of the Group, based on existing risk identification, have further sorted, identified, and supplemented risk control measures and emergency response measures. They have also carried out special rectification for weak links, promoting the implementation of on-site control measures down to the post and specific operational levels. In response to issues such as a high number of new employees and deviations in the execution of operating procedures under the master-apprentice system, Ya'an Lithium and Guoli Corporation have produced standardized operating procedure (SOP) manuals and videos for various posts. These resources standardize job responsibilities, spot-checks on safety and quality prohibitions, operating procedures, safety precautions, and procedures for abnormal situation handling and safety reviews, thereby innovating and strengthening the methods and effectiveness of daily safety education and training for team members and enhancing their safety skills and awareness.

Enhancing Safety Through Technology

The Group comprehensively promotes the development of operational digitization for work safety, exploring the application of "*Replacing Manual Labor with Mechanization, Reducing Personnel Through Automation, and Achieving Unmanned Operations Through Intelligentization*" in high-risk scenarios. This initiative aims to enhance risk identification, early warning, and management coordination capabilities, driving the transformation of safety management from an experience-based model to a data-driven one. All sub-groups and subsidiaries integrate operational digitization into their production safety management processes to improve the efficiency of information acquisition, transmission, and coordinated response. The Group integrates resources from its OA system and digital safety management platform to build an indicator-based safety supervision system focused on major risks and key processes. Through data aggregation and analysis functions, it automatically generates core work safety indicators and pushes them to Group management and relevant safety departments in a timely manner, enabling rapid information access, coordinated response, and support for risk assessment and resource allocation. The "Technology R&D and Application of an Intelligent Production Line for Electronic Detonator Ignition Components and Assembly" project by Mianyang Company won the first prize for technological progress from the China Explosives and Blasting Equipment Industry Association.





Occupational Health

The Group values the occupational health and safety of its employees. In compliance with the *Occupational Disease Prevention and Control Law of the People's Republic of China*, the Administrative Measures for Occupational Health Examinations, and other requirements, its subsidiaries have formulated systems such as the *Administrative Measures for Occupational Health and Hygiene Prevention and Control and the Responsibility System for Occupational Hazard Prevention and Control*. They have also established annual occupational disease prevention plans and management objectives to promote the implementation of occupational health management requirements. During the reporting period, the Group continued to conduct occupational health examinations, monitor occupational hazard factors, and manage personal protective equipment to safeguard the health rights and interests of its employees.



Table: Key Occupational Health Indicators

Indicator	Indicator Description	Data for the Reporting Period
Occupational Disease Incidents	Number of New Occupational Disease Cases During the Reporting Period	0
Occupational Health Examination Coverage Rate	Percentage of Employees Undergoing Occupational Health Examinations	100%
Number of Health Examinations	Total Person-Times of Occupational Health Examinations	3,655 Person-Times
Work-Related Injury Insurance Investment	Invested in Work-Related Injury Insurance	RMB 4.5 million
Work-Related Injury Insurance Coverage Rate	Coverage Ratio for Regular Employees	100%

Safety Culture Development

The Group continues to advance the development of its safety culture by organizing safety education, training, and thematic awareness activities to strengthen employees' safety skills and awareness and foster a safety culture of full participation. The Group formulates an annual safety training plan and manages training in a standardized and systematic manner in accordance with the *Work safety Education System.* The training content covers three-level safety education, training for transferred and returning employees, safety laws and regulations, special operation skills, and occupational health.

Table: Key Data on Safety Training

Indicator	Data for the Reporting Period
Number of Safety Training Sessions	430
Participant-Times	25,644 Person-Times
Number of Training Courses	198
Training Coverage Rate	100%
Total Training Hours	26.4 Hours/Person
Average Training Hours per Person	26.4 Hours/Person



Figure: New Employee Safety Education and Training

In conjunction with activities such as "Work safety Month" and "Fire Safety Publicity Month," the Group encourages all units to create and share experiences in safety culture. It summarizes practices in safety system construction, management mechanisms, and on-site safeguards to promote the application of outstanding management experience and foster a safety culture where everyone takes responsibility, is accountable, and performs their duties diligently.



Figure: Specialized Training on Fire Emergency Knowledge

Case: Safety Culture Creative Works Collection and Competition

The Group held a competition to collect creative works such as safety warnings, slogans, comics, and management experiences from all employees. During the reporting period, more than 600 submissions were received from which 46 award-winning works were selected after review, and 5 units won the "Organization Award". Various units used signs, team bulletin boards, and online platforms for publicity, driving the effective implementation of safety concepts in on-site and team daily management and advancing the development of the Group's safety culture.



06 Empowering People
Through Talent Development

Employment Compliant and Rights Protection

Labor Rights

Yahua Group has established a HR management system tailored to its business characteristics, covering compliant employment, compensation and benefits, training and development, and employee communication and care. The Company adheres to the Labor laws and regulations of its operating locations and applicable human rights-related standards. It incorporates Labor rights protection, occupational health and safety, and employment risk identification into its daily management. Furthermore, the Company provides guidance on local compliance requirements and conducts process supervision for its overseas operations, continuously enhancing the standardization of its management.

The Company strictly abides by relevant laws and regulations on Labor and employment, referencing international human rights standards such as the *Universal Declaration of Human Rights* and the *United Nations Global Compact* to formulate and implement management systems for recruitment, training, employment, performance, and compensation. At the same time, the Company requires its suppliers and partners to comply with the Yahua Group Employment and Human Rights Policy and applicable human rights and labor standards.

The Company incorporates requirements for labor rights and human rights protection into its corporate-level policies and has published the *Yahua Group Employment and Human Rights Policy* on the Group's official website. This policy applies to the Group's headquarters and all subsidiary levels and extends to suppliers, contractors, and partners. The Company explicitly prohibits human trafficking, forced labor, child labor, discrimination, and harassment. It has also established a management mechanism covering receipt and handling of reports, investigation and verification, remediation, and anti-retaliation protection, promoting a closed-loop process for human rights risk identification, issue resolution, and continuous improvement. During the reporting period, no incidents of child labor, forced labor, or non-compliant employment occurred within the Company.

Fair and Adequate Compensation	Compensation allocation adheres to objectivity and fairness, allocated based on the value created by labor. The Company provides competitive salary standards by referencing the cost of living, statutory minimum wage, and industry levels in its operating locations.
Working Hours and Overtime Management	The Company strictly controls working hours and overtime approvals, strengthens the recording of work hours and payment for overtime, and optimizes work scheduling systems based on local laws and business characteristics to protect the physical and mental health of employees.
Leave Management	The Company revised the Administrative Measures for Leave of Overseas Expatriate Employees, increasing the frequency of annual home leave for expatriate employees, extending the number of leave days, and ensuring that all salary and benefits are paid in full during their home leave.
Equal Pay for Equal Work	The Company adheres to the principle of equal pay for equal work, determining wage standards based on factors such as employee contribution, technical skill, capability, and labor intensity. It strictly prohibits differential treatment based on gender, nationality, or other factors.
Management of Workforce Restructuring	For large-scale personnel adjustments, the Company strictly follows the labor policies and legal procedures of its operating locations. It communicates and provides explanations in advance, drafts adjustment plans, and fully solicits opinions from the labor union/employees. The Company also reports to local administrative regulatory authorities, prioritizes internal transfers where possible, and provides compensation to departing personnel in accordance with legal regulations.

Employment Management

The Company has established a recruitment and hiring process that covers "*Demand Confirmation, Plan Approval, Job Posting, Resume Screening, Interview and Assessment, Background Checks, Hiring Approval, Probationary Period Management, and Confirmation Assessment*". In the recruitment stage, the Company implements fair recruitment and equal opportunity requirements, prohibiting employment discrimination based on factors such as gender, age, ethnicity, religious belief, or disability. It has formulated and strictly implements policies such as the *Protection of Minors and Prohibition of Child Labor Policy*, Anti-Discrimination and Anti-Harassment Policy, and Prohibition of Forced Labor Policy. The Company resolutely prohibits the employment of child labor, forced labor, and human trafficking, and is committed to treating and respecting all individuals equally, with zero tolerance for any form of discrimination, harassment, or bullying. The Company recruits and deploys talent through channels such as campus recruitment, open-market recruitment, industry talent acquisition, and internal mobility. It collaborates with universities like Central South University, Sichuan Agricultural University, and Chengdu University of Technology to attract recent graduates for core business areas and include them in special training programs. For overseas projects, the Company adheres to a localized employment strategy, promoting the integrated implementation of "Local Recruitment + Skills Training" to enhance the capabilities of local employees and foster community integration.

At the end of the reporting period, the Group had a total of 5,598 employees across regions including China, Africa, and Australia. Among them, 71 held master's degrees or higher, 1,265 held bachelor's degrees, and 4,262 held associate degrees or below. During the reporting period, 888 new employees were hired, including 102 from campus recruitment, 786 from open-market recruitment, and 197 local hires overseas. The total employee turnover rate was 11.5%.

5,598 persons

At the end of the reporting period, the total number of employees was

888 persons

New employees hired during the reporting period

Empowered by Unity, Enriched by Diversity

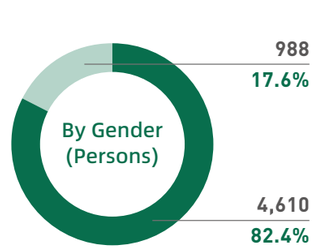

Joseph Tshuma, KMC, Zimbabwe

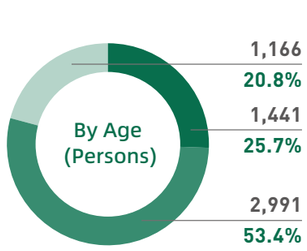

Nian Chen, Mianyang Company, Mianyang, China


Yuriy Tigay, RedBull Powder, New Zealand


Ping Yi, Group Headquater, Chengdu, China


Andre Nair, RedBull Powder, New Zealand



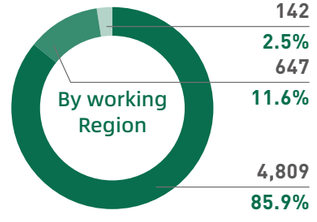


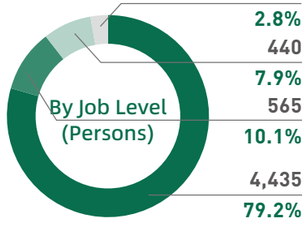


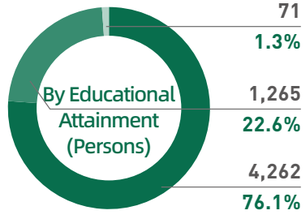
Male Female

Years and Under Years Years and Over

Chinese Employees - Han Ethnicity Chinese Employees - Ethnic Minorities Foreign Employees - Other







China (Mainland, Hong Kong, Macao, and Taiwan) Africa Other Overseas Regions (Australia)

General Employees Middle Management Junior Management Senior Management

College Degree or below Master's Degree or Above Bachelor's Degree

Table: Employee Gender Diversity

Indicator	2025 Target	Actual Value (%)
Share of Women in Management	19.0	19.5
Share of Women in Junior Management	17.0	17.5
Share of Women in Senior Management	16.0	16.5
Share of Women in Revenue-Generating Management Positions	19.0	19.7
Share of Women in STEM Positions	15.0	16.3

Staff Adjustments

The Company adheres to the labor laws and local compliance requirements of each operating location, following the principles of "*Compliance, Full Communication, Proper Arrangement*" to standardize management processes for large-scale staff adjustments and reduce potential impacts on employee rights. Overseas subsidiaries have issued the *Redundancy and Employee Placement Management Procedures*, which specify the trigger conditions for large-scale staff adjustments, internal approval processes, negotiation and notification period requirements, and employee placement measures. During the reporting period, a subsidiary underwent a staff adjustment involving 36 people due to business transformation. The Company provided a 30-day notice and initiated internal and external communication procedures, prioritizing internal transfers and placements. For employees who could not be transferred internally, the Company handled their departure in a compliant and orderly manner, and no labor disputes occurred.

Compensation, Benefits and Social Security

Compensation and Incentives

The Company bases remuneration on contribution and performance, and determines benefits based on responsibility and risk, creating an applicable, effective, and diverse compensation and benefits system. It adheres to a performance-oriented, innovation-oriented, business-oriented, and pragmatic approach, dynamically adjusting and continuously optimizing its incentive mechanisms in response to changes in business models, work methods, objectives, and incentive effectiveness. The Company strictly complies with all legal and compliance requirements concerning remuneration and social security in its operating locations, paying remuneration and providing corresponding benefits in accordance with the law. During the reporting period, the Company actively responded to various challenges, stabilizing employee positions and continuously raising compensation levels through measures such as improving labor efficiency, role consolidation, workforce optimization, coordinating labor utilization, and upgrading wage structures.

In terms of medium- and long-term incentives, the Company implements manager and employee stock ownership plans, and regulates the scope of eligible participants, grant conditions, and implementation procedures in accordance with the *2025 Employee Stock Ownership Plan Management Measures*. The 2025 employee stock ownership plan covers core management and technical professionals, allowing them to share in the benefits of the Company's growth. The Company has also improved its diversified recognition and reward system, establishing honors such as Model Worker, Outstanding Employee, and Excellent Manager, complemented by incentive measures like technological innovation awards, special contribution awards, and salary and rank promotions. During the reporting period, 22 outstanding individuals and 66 advanced collectives were commended and rewarded at the Company level.



Figure: Yahua Labor Commendation Conference

Employee Benefits and Welfare

The Company has built a multi-level benefit guarantee system, improving labor and working conditions for employees by applying automated and intelligent process equipment and advancing digital and intelligent transformation. It also enhances the production and work environment through greening and beautification efforts, providing employees with a pleasant and comfortable workplace. The Company provides employees with labor protection equipment and actively promotes occupational disease prevention, reducing occupational hazards through technological transformation to safeguard employee health. The Company contributes to the five statutory social insurance programs and the housing provident fund for employees in accordance with the law. Based on the economic efficiency and working conditions of each operating unit, it has established other benefits such as meal plans, housing benefits, meal subsidies, transportation subsidies, site subsidies, healthcare, holiday greetings, and birthday benefits. During the reporting period, the overall employee compensation increased by 4.2% year-on-year, with the average contribution to five social insurances and one housing fund increasing by 4.8% and average benefits increasing by 1.4%.



Gymnasium



Trade Union



Reading Room



Employee Home



Wellness Station



Employee Canteen

Talent Development and Succession Building

Training System

Focusing on capability needs for industrial upgrading, digital transformation, and low-carbon development, the Company has established a stratified and categorized training system. This system covers modules such as new employee onboarding, job skill enhancement, retraining for transfers/reassignments, qualification (certification) training, pre-appointment training for managers, and expert capability enhancement, implemented through a combination of offline training and an online learning platform. The training system is open to all employees at all levels. In 2025, the Group partnered with Quantum Education to launch "Yahua Cloud Classroom", providing online course resources to key employees. The platform offers 947 courses, with learners accumulating 12,285 learning hours, for an average of 17.5 learning hours per person. To address transformation areas such as intelligent manufacturing, AI applications, energy conservation and carbon reduction, supply chain management, and safety and emergency response, the Group engages external experts for in-house training or sends employees on external visits and exchanges to expand their management perspectives and enhance their capabilities, thereby accelerating knowledge transfer and skill enhancement.

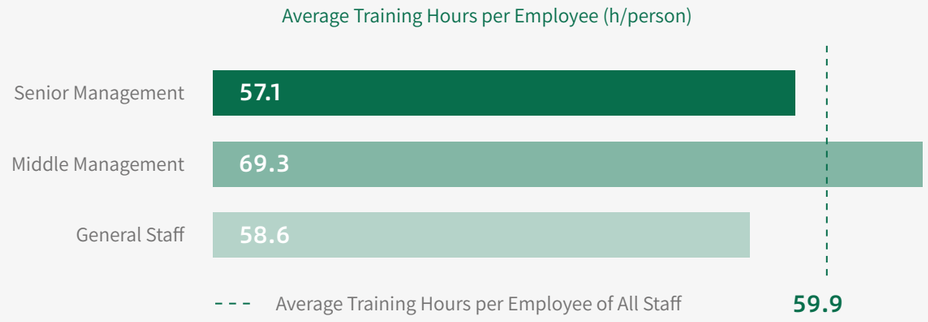
During the reporting period, the total training investment was RMB 4.8 million, with a total attendance of 44,784 participants. The total training duration was 335,486 hours, resulting in an average of 59.9 training hours per person. Concurrently, the Company conducted an employee satisfaction survey covering dimensions of career development, work environment, employee relations, and compensation and benefits, achieving an overall satisfaction rate of 99.7%.



Figure: Talent Development - 20th Fledgling Eagle Training Camp



Figure: KMC Management Personnel Selection Competition



Career Development

The Company has established a full-cycle talent management system covering "*Selection, Cultivation, Utilization, Retention*", and implements dual career development tracks for both administrative and technical positions, with clear job-level systems, qualification requirements, promotion standards, and review processes. During the reporting period, the Company hired 888 new employees, including 173 mid- to senior-level management and technical personnel. It advanced cadre surveys and competitive selection for positions, completing surveys for 2 operating entities and 8 subsidiaries, interviewing 304 people and covering 102 management personnel. This resulted in the promotion and development of 34 individuals and the optimization and adjustment of 20 individuals in unsuitable posts, promoting the dynamic optimization of the management team. To build core business capabilities, the Company conducted professional certification training in areas such as material supply, project management, and civil explosives manufacturing technology, certifying 119 employees at senior, intermediate and junior levels. Through a competitive selection process for engineering experts, 166 individuals were appointed as chief experts, experts at various levels, and reserve experts, enhancing the expert pipeline. For overseas talent, the Group has optimized its talent deployment and local cultivation mechanisms, sending over 50 technical experts and managers from China to rotate through overseas companies while simultaneously advancing the development of local management talent, gradually forming a talent structure of "*Domestic Support + Local Cultivation*".

888 persons
Newly recruited employees of the company

173 persons
Introduce middle and senior management and technical personnel

2 a business entities
Complete the cadre survey

8 subsidiary companies
Complete the cadre survey

304 persons
interview

102 persons
cadre coverage

34 persons
promote and cultivate

20 persons
Optimize and adjust unsuitable positions

Corporate Culture and Employee Care

Cultural Cohesion

With the corporate spirit of "*Integrity, Truth-seeking, Preciseness, and Affinity*" at its core, the Company continues to deeply integrate its corporate culture with business management. It has established a Corporate Culture Department that systematically promotes communication of corporate values, brand communication, strengthening employees' identification with the Company, and cultural implementation through three work systems: corporate communications, cultural activities, and image building. This approach transforms the corporate culture from a conceptual advocacy into an organizational consensus and from value recognition into conscious action, constantly enhancing corporate cohesion, unity, and execution. This provides an internal driving force for strategy implementation and sustainability. The Company insists on embedding its corporate spirit throughout the entire process of governance and daily management, advocating that "*Integrity Is the Foundation of the Enterprise, Pragmatism Is the Business Philosophy*". It guides employees to practice the work requirements of integrity, pragmatism, and rigor in their job duties, collaborations, and behavioral norms, fostering a standardized, orderly, collaborative, and efficient organizational atmosphere.

In the process of implementing its culture, the Company focuses on enhancing employees' sense of participation, identity, and belonging. It continuously expands cultural communication channels, integrating the corporate culture into employees' daily work and collective life through communication platforms, themed activities, holiday care, and team-building exercises. This fosters a shift in cultural development from "passive acceptance" to "active participation". The Company champions the idea that "simplicity is beauty, building an efficient corporate team through simple interpersonal relationships". It strives to create a work environment characterized by candid communication, practical cooperation, and mutual respect, thereby reducing ineffective internal friction, enhancing team collaboration efficiency, and promoting mutual understanding, trust, and shared goals among employees at different levels and in different positions. At the same time, the Company values the positive role of values guidance, atmosphere creation, employee services, and team integration. By conducting diverse employee care and communication activities, it builds platforms for employee communication, facilitates channels for expressing opinions, and strengthens the emotional connection between the organization and its employees.

The Company believes that corporate culture is not only an expression of values but also a vital support for stable organizational operations and the mutual growth of employees. By continuously advancing cultural development, the Company strengthens employees' understanding of and identification with its development goals, management concepts, and behavioral norms. It guides employees to closely align their personal growth with the Company's development, channeling individual wisdom and team strength into a unified force for the Company's High-quality development. This further cultivates a positive situation of shared goals, joint construction, and shared benefits.



Figure: Young Employee Symposium



Figure: Care for Female Employees



Figure: Mid-autumn Festival Activity



Figure: Employee Day Activity



Figure: Employee Day Activity



Figure: International Women's Day Activity

Employee Care

The Company upholds the principle of simplicity and efficiency, building an efficient corporate team, fostering a harmonious work atmosphere, establishing an approachable humanistic environment, and creating a coordinated and collaborative work mechanism through simple interpersonal relationships. The Company does not discriminate against employees based on factors such as nationality, race, gender, or age. It also strictly complies with international human rights protection policies and national labor laws, placing great importance on equal employment opportunities and the protection of employees' legal rights.

The Company considers it its responsibility to provide all employees with an ideal lifelong career, values the selection and appointment of talent, and implements a competitive selection mechanism where employees are managed through competitive selection, assessment and evaluation, merit-based appointment, and appropriate exit mechanisms, encouraging both management and professional talent to enhance their value in their respective fields; the Company adopts diverse and effective compensation allocation mechanisms, adheres to the principles of being "*Performance-oriented, Innovation-driven, Business-focused, and Pragmatic*", and continuously optimizes its compensation and distribution mechanisms to ensure employees are motivated, management is efficient, and operations are profitable; through labor competitions and on-the-job training activities, the Company stimulates employees' enthusiasm for learning new technologies and skills to meet the evolving needs of the enterprise; through channels such as the corporate "Love Fund" and union visits, the Company genuinely cares for employees facing difficulties, helps them resolve problems, provides support in their lives and emotional well-being, and guides them with healthy and positive lifestyles; and by organizing a rich variety of cultural activities, the Company contributes to the physical and mental health of its employees, fostering a positive and uplifting corporate culture.

Through cultural cohesion and employee care, the Company strives to create a corporate culture atmosphere that fosters a core set of values and a sense of mission that all employees can sincerely identify with; a psychological environment that motivates employees to strive for excellence; a driving force that promotes continuous improvement in the Company's business performance; and an environment that actively propels organizational change and development, which in turn brings collective wisdom, a spirit of collaboration, and fresh vitality, providing a continuous source of spiritual motivation for the Company's innovative development.

07 Fostering Shared Value Through Collaborative Development

Product Quality Management

Yahua Group adheres to the quality objective of "*Satisfying Customers with High-quality Products and Excellent Services*" and upholds the quality philosophy of "*Customer Needs Are Quality Standards*". The Company integrates product and service management into its operational management system and continuously improves its end-to-end management mechanism covering R&D, supply chain, production, delivery, and after-sales service. With stable and reliable product quality as well as timely and professional service responses, the Company supports the high-quality development of industries such as power batteries, new materials, and mining and infrastructure construction. The Company has built a closed-loop for product responsibility management based on a framework of "*Governance System – Full-lifecycle Control – Compliance and Hazardous Substance Management – Low-carbon Collaboration – Risk and Performance*". This approach continuously enhances product safety, quality stability, and traceability, thereby strengthening customer trust and the foundation for long-term cooperation.

System Development

The Company has established a comprehensive, end-to-end quality management system based on "*Four Dimensions, Three Levels, Six Elements*", using its quality management system certification as a foundation to ensure that quality management requirements achieve vertical integration and horizontal synergy across all business units. At the organizational level, a chain of responsibility for "*Governance and Supervision – Management and Execution – Professional Support – On-site Implementation*" has been established. The governance level oversees key systems and major quality risks through a four-tier structure. The management level coordinates quality strategy and resource allocation. At the execution level, the Safety and Technology Centre coordinates system development at the group level, while each subsidiary is responsible for system development and daily operations. These subsidiaries also work with departments such as production, safety, supply, and marketing/customer service to form a cross-departmental closed-loop mechanism. Concurrently, a "four-tier" communication mechanism has been established with customers at the senior management, middle management, technical, and operational levels to ensure that customer needs, quality standards, and improvement requirements are promptly communicated and undergo closed-loop implementation within business units.

Table: Quality and Testing System Certification Coverage

Certification Standard	Business Unit	Certification Coverage
ISO 9001:2015	Lithium Salt Production	All 3 lithium salt production subsidiaries and KMC are certified, achieving 100% coverage.
	Lithium Mining and Processing	
	Lithium Salt Production	11 subsidiaries are certified, for a coverage rate of 91.7%. Tongda Company's certification has been included in the 2026 annual plan, and upon its completion, the coverage rate will reach 100%.
IATF 16949:2016	Lithium Salt Production	2 subsidiaries: Ya'an Lithium, Guoli Corporation
ISO/IEC 17025	Lithium Salt Production	Ya'an Lithium Testing Centre has been awarded the CNAS National Laboratory Accreditation Certificate.
	Civil Explosives Busines	Mianyang Company has obtained the CNAS-CL01 National Laboratory Accreditation Certificate.



National Laboratory Accreditation Certificate | ISO 9001 Quality Management System Certificate | IATF 16949 System Certificate

Full-Lifecycle Management

The Company has established a full-lifecycle quality management system covering procurement, manufacturing, delivery, and after-sales service. This system integrates key processes such as supplier management, incoming material inspection, process control, and outgoing inspection into its scope, forming a traceable, closed-loop management system. Environmental factors are considered concurrently during new product development. The Company strengthens supplier admission and performance evaluation for raw and auxiliary materials. During the production process, it strictly controls key parameters and the management of non-conforming products. In warehousing, transportation, and delivery, it optimizes packaging quality management and traceability management.

During the reporting period, the Company advanced supplier audits in accordance with its annual plan, achieving a supplier audit coverage rate of 100% and an incoming material inspection pass rate of 100%. Training coverage for key positions reached 100%, the product first-pass yield reached 98.0%, and the outgoing inspection pass rate reached 100%. The Company organized quality-specific activities and training programs focused on quality culture and capability enhancement. During the reporting period, it conducted 19 quality training sessions and promoted continuous improvement in process quality and the consolidation of improvement outcomes through QC activities.

Procurement: The Company promotes mutual quality improvement with suppliers through methods such as supplier admission screening, proactive risk management, designated supplier selection, and annual quality performance assessments.

Manufacturing: The Company identifies key manufacturing processes and elements related to personnel, machinery, materials, methods, environment, and measurement. It implements Statistical Process Control (SPC) for key parameters, enhances equipment automation levels, and improves consistency and stability through digital and intelligent transformation.

Delivery: The Company has established the Administrative Measures for Product Preparation and Shipment to identify quality risks in the preparation and shipment stages and has set up an outgoing inspection and confirmation mechanism to ensure the qualification rate of products leaving the factory.

Testing and Traceability: The Company has established professional testing institutions and standardized inspection procedures, creating a closed-loop management process for "Identification – Labeling – Segregation – Review – Disposition – Improvement" of non-conforming products. Samples from each product batch are retained as required. It has also formulated the Administrative Measures for Product Recalls and conducts regular reviews of quality incidents and case study education.

Green Practices: Adhering to a packaging material strategy of "Reduce, Recycle, Replace", the Company uses recyclable molded paper pulp instead of plastic fillers for its civil explosives and mining equipment packaging. The lithium business segment enhances resource efficiency and reduces packaging material consumption and waste generation through measures such as streamlining packaging layers and recycling transit pallets.

Table: Key Control Points for Full-lifecycle Quality Management

Stage	Key Control Point
Supplier Management	Admission, Audit, Performance Evaluation, Closed-Loop Rectification
Incoming Material Inspection	Sampling Rules, Release Criteria, Exception Handling
Process Control	SPC for Key Parameters, Equipment Spot Checks, Process Release, Quality Reports
Outgoing Inspection	Outgoing Release Standards/Records, Batch Traceability, Traceability Ledger
Non-Conforming Product Management	Identification, Segregation, Review, Disposition, Re-Inspection
Recall and Review	Recall Procedures, Event Review, Case Study

Training Activity	Training Method	Scope of Coverage
Lithium Industry Quality Campaign Training	Online + Offline	Management level, production line employees, quality inspectors, and technical support teams
Civil Explosives Quality QC Activity	Online + Offline	Personnel related to process quality and production workshops
External Audit Training for the Three ISO Management Systems (Quality, Occupational Health and Safety, and Environmental Management)	Online + Offline	Personnel related to process quality and management systems



Mianyang Company - Excellent QC Achievement Certificate

Yahua Lithium - Quality Month Activity



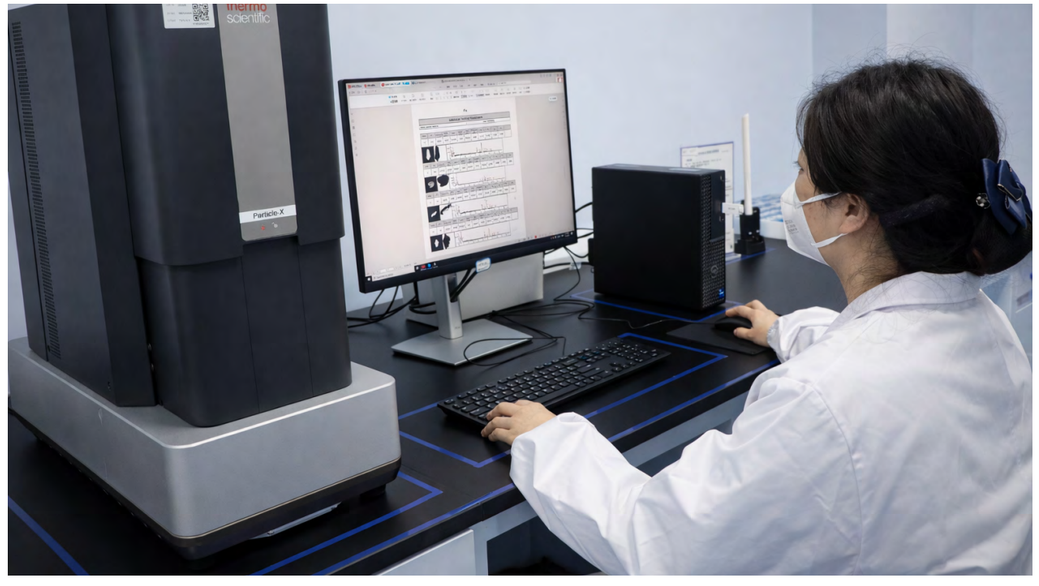
2025 Internal Auditor Certification Training

Management of Hazardous Substances

As a key component of product compliance management, Yahua Group adheres to the principles of "*Compliance Baseline, Risk Orientation, Full-process Control, and Verifiable Evidence*" to systematically identify, assess, and control chemicals throughout the entire process of procurement, storage, collection, use, transportation, and disposal, and to identify and control safety, occupational health, and environmental risks. The Company has established a clear division of responsibilities: "*Group Coordinates, Subsidiaries Implement, and Roles are Assigned to Specific Positions*". It has established a chemical inventory and ledger management mechanism, and implemented control measures such as procurement access controls, warehouse zoning, compatibility management, dedicated management for key chemicals, dual-person dual-lock systems, and limited-quantity collection. It also conducts qualification audits of carriers and disposal parties, strengthening the management of manifests and ledgers. The Company's main products include lithium salt products and civil explosives, with lithium concentrate being a raw material for internal use by the Company and not for external sale. In line with the requirements of downstream customers and major market regulations, the Company conducts REACH, RoHS, halogen, and other tests of customer concern for its lithium salt products and manages the relevant compliance documentation to support customer due diligence and compliance audits.



REACH Test Report | RoHS Test Report | Product Halogen Test Report | Product Tin Test Report



During the reporting period, the REACH SVHC screening results for lithium salt products showed that the tested substances were not detected, with SVHC concentrations at ⩽ 0.1% (w/w). The test results for RoHS restricted substances complied with relevant compliance requirements. Halogen and tin were not detected. The Company continuously monitors regulations[47] updates, new customer requirements, and risks identified through supply chain verification, and implements dynamic identification, assessment, and list-based management for restricted or high-concern substances, and proceeds with reduction, substitution, or elimination according to established procedures. The Company is committed to collaborating with industry associations to find alternatives for hazardous substances and will provide R&D resources and budget support for substituting or eliminating hazardous substances. Related progress is incorporated into the annual disclosure and continuous improvement work plan.

Table: Summary of Test Results for Lithium Salt Products

Test Item	Product	Screening Focus	Conclusion (Summary)	Method Detection Limit (MDL)
REACH SVHC Screening	Lithium Hydroxide:	Screening for 247 SVHCs and 4 proposed SVHCs	SVHC concentration ⩽ 0.1% (w/w); tested substances not detected (N.D.)	Limit: 0.1% (W/W)
REACH SVHC Screening	Lithium Carbonate:	Screening for 251 SVHCs and 4 Candidate SVHCs	SVHC concentration ⩽ 0.1% (w/w); tested substances not detected (N.D.)	Limit: 0.1% (W/W)
RoHS Restricted Substance Testing	Lithium Hydroxide:	Pb, Cd, Hg, Cr(VI), PBBs, PBDEs, and 4 Phthalates	Complies with Relevant RoHS Compliance requirements (PASS)	MDL：Pb/Cd/Hg 2 mg/kg；Cr(VI) 8 mg/kg
RoHS Restricted Substance Testing	Lithium Carbonate:	Pb, Cd, Hg, Cr(VI), PBBs, PBDEs, and 4 Phthalates	Complies with Relevant RoHS Compliance requirements (PASS)	MDL：Pb/Cd/Hg 2 mg/kg；Cr(VI) 8 mg/kg
Product Halogens (F/Cl/Br/I)	Lithium Hydroxide:	F、Cl、Br、I	All Not Detected (N.d.)	10 mg/kg
Product Halogens (F/Cl/Br/I)	Lithium Carbonate:	F、Cl、Br、I	All Not Detected (N.d.)	10 mg/kg
Other Items of Concern (Tin, Sn)	Lithium Hydroxide:	Sn	Not Detected (N.d.)	10 mg/kg

The Company monitors regulatory trends and customer requirements for the reduction and substitution of hazardous substances and considers the "Management of Restricted and High-concern Substances" as a key component of product compliance and risk management and has established a mechanism for precautionary substitution or elimination. When regulatory updates, new customer requirements, or risks identified through supply chain verification occur, the Company will assess and proceed with substitution, reduction, or elimination according to established procedures, and implement list-based management with set deadlines for phasing out clearly restricted or high-risk substances. The Company is committed to collaborating with industry associations to find alternatives for hazardous substances and will provide R&D resources and budget support for substituting or eliminating hazardous substances. Related progress is incorporated into the annual disclosure and continuous improvement work plan.

[47]Relevant regulations primarily include applicable laws, regulations, and regulatory lists from China, the European Union, the United Kingdom, the United States, Japan, South Korea, Australia, Switzerland, and other countries and regions concerning the management of restricted substances, substances of very high concern, persistent organic pollutants, and key chemicals. These include but are not limited to REACH, RoHS, POPs, and relevant national chemical inventories and control regulations.

Low Carbon and the Value Chain

The Company promotes product life cycle assessment (LCA) and carbon footprint management, progressively integrating low-carbon requirements into product research and development, production, and supply chain management. During the reporting period, Ya'an Lithium, Guoli Corporation, and KMC completed LCA reports for products such as lithium hydroxide monohydrate, micronized lithium hydroxide monohydrate, and lithium carbonate. They obtained product carbon footprint verification certificates for lithium concentrate, lithium hydroxide monohydrate, micronized lithium hydroxide monohydrate, and lithium carbonate, and completed the 2025 organizational-level GHG inventory and SGS verification. Based on this work, the Company has identified key emission links to promote collaborative carbon reduction across the value chain.

Implementing Entities Ya'an Lithium, Guoli Corporation, KMC



Achievement

01 Product life cycle assessment (LCA)

02 Product carbon footprint verification

03 Organizational-level GHG verification.

Quality Targets and Performance

The Company adheres to the principle of prioritizing controllable customer risks and compliance responses. Tailoring its approach to the unique characteristics of different business segments, it has established quality incident handling and external communication mechanisms. Regular customer service meetings and special topic reports are held to detail the requirements for accepting, investigating, rectifying, and reviewing quality incidents. Furthermore, the Company integrates quality improvement into its performance management system, using KPI assessments to shift risk management upstream and reduce process defects. During the reporting period, all indicators met their annual targets.

Quality Indicator	Target Value	2025	Status
Product Acceptance Rate (%)	≥ 98	99	Achieved
Customer Complaint Cases (#)	10	5	Achieved
Complaint Handling Rate (%)	100	100	Achieved
Ex-Factory Product Quality Inspection Pass Rate (%)	100	100	Achieved

Enhancing Customer Service Experience

Customer Service System

Centered on "*Stable Supply + Technical Collaboration + Rapid Response*", Yahua Group has established a customer service system covering pre-sales, sales, and after-sales stages. It dynamically identifies customer needs and areas for improvement through various communication channels, including telephone, email, WeChat, online customer service platforms, on-site visits, customer audits, and technical exchanges. During the reporting period, the Company successfully passed factory audits conducted by 21 customers, including China Yajiang Group Co., Ltd, BYD, and BTR, and completed quality visits to 31 key customers, continuing to solidify long-term cooperative relationships.

▶ Table: Customer Management and Communication Mechanism

Item	Description
Responsible Departments	The relevant marketing, sales, and quality departments for the civil explosives and lithium businesses are jointly responsible for customer management and satisfaction improvement.
Management-Level Responsibility	The Company's management leader overseeing quality and technology spearheads special projects on customer service and satisfaction improvement, and regularly reviews key issues and improvement progress.
Governance-Level Supervision	The Group's Safety and Technology Centre supervises the handling of major customer risks and quality incidents.
Systems and Procedures	Customer Onboarding Management Measures, Quality Complaint Handling System, Blasting Services Customer Relationship Maintenance Procedures, etc.
Communication Channels	Telephone, email, WeChat, online customer service, on-site visits/audits/technical exchanges, etc.





Figure: Customer Audit





Figure: Customer Quality Visit

Customer Response Mechanism

The Company regularly conducts customer satisfaction surveys, analyzing, and evaluating key dimensions such as product quality, service response speed, and technical support. Improvement items are incorporated into a closed-loop management system. In response to customer feedback on issues like packaging optimization and product quality indicator suitability, the Company continuously enhances the contextual fit of its products and services through process optimization, inspection method improvements, and enhanced packaging management. During the reporting period, the Company's customer satisfaction rate was 97.5%. All customer complaints were responded to within 48 hours, and the customer satisfaction rate with the handling of these issues reached 100%.

97.5%
Company's customer satisfaction rate

100%
Complaint handling rate

100%
the customer satisfaction rate with the handling of these issues

▶ Table: Satisfaction with Key Service Experience Touchpoints[48]

Touchpoint Indicator	Satisfaction Rate %	Description
Pre-Sales Technical Support Satisfaction	99.0	Sample Verification, Technical Exchanges, Indicator Confirmation, etc.
Delivery Satisfaction	97.0	Timeliness of Delivery, Consistency of Goods upon Arrival, Handover Experience, etc.
After-Sales Service Satisfaction	98.0	Problem Response Speed, Resolution Effectiveness, Recurrence Control, etc.

Responsible Product Marketing

Upholding the principles of compliant operations and contractual integrity, the Company strengthens responsible marketing and customer rights protection in product promotion, business communication, and service delivery, providing customers with authentic, accurate, and traceable product information and technical materials to ensure transparency of quality and compliance information, while concurrently offering necessary technical support and risk warnings based on product safety and compliance requirements; the Company places a high degree of importance on the security management of customer business information and data, preventing leakage risks through access control and process management, adhering to the principles of data minimization and purpose limitation, and continuously enhancing service compliance and the consistency of the customer experience.

[48]Touchpoint Metrics: These are the points of interaction between a user and a company's products or services and are a key part of shaping the user experience. Effective analysis of user touchpoints enables a company to gain insights into user needs, optimize service processes, and enhance user satisfaction, thereby gaining a competitive advantage in a fierce market.

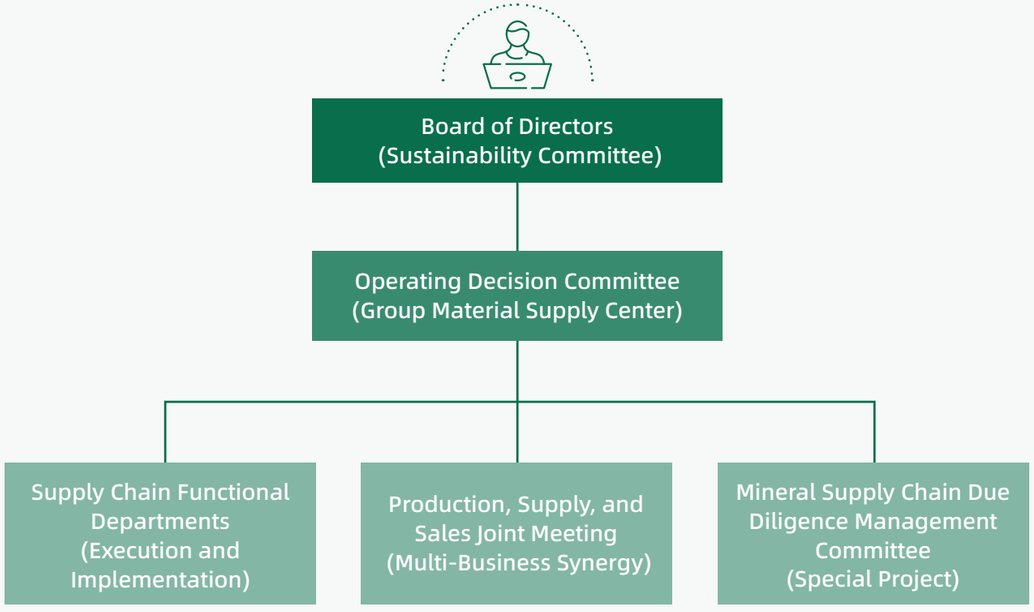
Responsible Procurement

Yahua Group integrates responsible procurement and supply chain ESG risk management into its governance and operational management system and taking into account the characteristics of its lithium salt, lithium mining and processing, civil explosives, and transportation business. It focuses on the safety and compliance of hazardous chemicals and civil explosives-related materials, suppliers' environmental and occupational health and safety performance, labor and human rights, business ethics, and mineral supply chain due diligence, while also incorporating the supply stability of key raw and auxiliary materials into its supply chain resilience management.

Supply Chain Governance System

Governance Structure

Supervision is implemented by the Board of Directors and its authorized mechanisms, while the management level coordinates supply chain ESG strategy, system development, and resource allocation. The Group Material Supply Centre, as the key functional body for supply chain governance, is responsible for system implementation, process execution, risk identification, supplier assessment, and closed-loop management of rectification. Considering the characteristics of its businesses, including lithium salts, lithium mining and processing, civil explosives, and transportation, the Company focuses on issues such as the safety and compliance of hazardous chemicals and civil explosives-related materials, suppliers' environmental and occupational health and safety performance, labor and human rights protection, business ethics and compliance risks, and mineral supply chain due diligence, continuously enhancing supply chain transparency, resilience, and traceability. The Company also focuses on the supply stability of key raw and auxiliary materials, incorporating it into its supply chain resilience management.





Management System

The Company has established and continuously improves a full-lifecycle supplier management system, including documents such as *Yahua Group Supplier Management Measures and the Supplier Code of Conduct*, which specify requirements for supplier admission, contract terms, performance evaluation, on-site audits, rectification, and exit, and embeds requirements related to compliant operations, business ethics, environmental protection, occupational health and safety, and labor and human rights into key procurement and supplier management processes. The Company publicly released the *Supplier Code of Conduct* and made it an important condition for suppliers to establish cooperative relationships, participate in bidding, and sign contracts, thereby promoting procurement activities that are lawful, compliant, open, transparent, and traceable. During the reporting period, the Company had a total of 1,529 suppliers, including 1,052 from mainland China, 2 from Hong Kong, Macao, and Taiwan, and 475 from overseas.



Figure: Supply Chain Management Training

Code of Conduct

The Company publicly released the Supplier Code of Conduct and explicitly established it as a prerequisite for suppliers to build cooperative relationships, participate in bidding, and sign contracts. The Code of Conduct covers three core categories of requirements – human rights and labor, environmental responsibility, and business ethics and compliance – and is integrally enforced throughout supplier admission reviews, contract terms, performance evaluations, on-site audits, and exit management. The Company disclosed the Supplier Code of Conduct and related policy documents externally through its official website or public reports to ensure they are accessible, understandable, and verifiable by suppliers and stakeholders.



SupplierTraining

Table: Core Elements of Yahua Group's *Supplier Code of Conduct*

Assessment Dimension	Requirement
Human Rights and Labor	Prohibition of forced labor, human trafficking, and use of child labor. Working conditions requirements: Rational management of working hours, guaranteed remuneration and benefits, and arrangements for work intensity, rest, and leave in compliance with applicable laws and regulations. Occupational health and safety: Establish an occupational health and safety management system and risk control measures, with a focus on employees' physical, mental, and psychological well-being. Anti-discrimination and anti-harassment: Prohibition of any form of discrimination, bullying, and harassment. Freedom of association and collective bargaining: Respect for employees' legal rights to freedom of association and collective bargaining.
Environmental Responsibility	Greenhouse gas emissions and energy consumption management: Encourage suppliers to implement energy conservation and carbon reduction measures, improve energy efficiency, and advance low-carbon production. Pollution prevention and waste management: Standardize the management and disposal of waste gas, wastewater, and solid waste (including hazardous waste) to prevent environmental pollution. Resource efficiency: Enhance the utilization efficiency of resources such as water and raw materials and promote recycling. Biodiversity and land protection: Avoid adverse impacts on ecologically sensitive areas and advocate for land protection and ecological risk management.
Business Ethics and Compliance	Anti-corruption and conflict of interest: Prohibit commercial bribery, improper transfer of interests, fraud, and other such acts, and establish a mechanism for declaring and managing conflicts of interest. Anti-unfair competition: Prohibit unfair competitive practices such as bid-rigging and price manipulation to maintain a fair-trading order.

Integrity and Compliance

The Company has established a procurement integrity and compliance management mechanism, strengthening compliance constraints and risk prevention and control in the procurement process through measures such as disseminating policies, training key personnel, signing integrity agreements, obtaining supplier commitments, and handling violations. During the reporting period, the Company conducted integrity and compliance outreach to 1,086 suppliers and completed the signing of integrity agreements with them, which explicitly prohibit commercial bribery, conflicts of interest, and unfair competition. For any discovered leads on violations, the Company investigates and handles them in accordance with internal control and investigation procedures and based on the circumstances, takes measures such as issuing warning notifications, requiring rectification, restricting transactions, or suspending cooperation, thereby forming a closed-loop management system.

Supplier Management System

Supplier Admission

The Company conducts admission reviews for potential suppliers, with a focus on verifying qualifications and licenses, quality systems, environmental and occupational health and safety management capabilities, compliance records, and performance capabilities. For high-risk categories involving flammable and explosive materials, hazardous chemicals, mining, and transportation, further attention is given to work safety conditions, hazardous materials management and emergency response capabilities, qualifications of special operations personnel, and transportation compliance capabilities, with these requirements incorporated upfront into the admission assessment and contract terms. During the reporting period, the Company conducted due diligence on 13 potential suppliers.

Supplier Assessment

The Company has established a key supplier identification and ESG assessment mechanism to systematically identify suppliers based on environmental, social, governance, and business importance dimensions, and implements graded early warnings and dynamic maintenance by factoring in country, industry, and material risks, creating an annual list of key suppliers that is updated annually. The Company has established a scoring system (with 31 indicators) based on the *Supplier ESG Assessment Guidelines*, classifying key suppliers into three tiers – Class A (Excellent), Class B (Meets Requirements), and Class C (Close Monitoring) – and implements differentiated management; for Class A suppliers, priority is given to strategic cooperation and order allocation; for Class B suppliers, regular supervision is maintained; and for Class C suppliers, time-bound rectification, re-verification, and necessary transaction restrictions are imposed, with those failing to rectify being added to a negative list and subject to an exit mechanism.

During the reporting period, the Company identified a total of 329 key suppliers. ESG risk screening and assessment have been completed for 220 of them, representing an assessment coverage rate of 66.9%. Among those assessed, Class A suppliers accounted for 71.6%, Class B suppliers for 26.2%, and Class C suppliers for 2.2%.

Table: Identification and ESG Assessment Results for Key Suppliers

Dimension	Unit
Total Number of Tier-1 Suppliers[49] :	1,529
Number of Key Tier-1 Suppliers[50] :	292
Procurement Value from Key Tier-1 Suppliers as a Percentage of Total:	80.7%
Number of Key Non-Tier-1 Suppliers:	37
Total Number of Key Suppliers:	329
Number of Key Suppliers that Underwent ESG Assessment:	220
Assessment Coverage Rate for Key Suppliers:	66.9%

[49]Tier-1 suppliers are suppliers that have a direct contractual relationship with the Company during the reporting period and provide products or services directly to the Company. This includes suppliers of raw materials, components, equipment, engineering services, and other directly procured items.

[50]This refers to the number of Tier-1 suppliers identified as "key suppliers" during the supplier screening process, which are material in terms of their risk of negative ESG impacts, their business relevance, or both. Each supplier is counted only once during the period.

Supplier Audits

The Company conducts on-site audits of suppliers with abnormal performance or higher risks and has established a *Corrective and Preventive Action Plan (CAP)* management mechanism that specifies responsible departments, rectification requirements, completion deadlines, and review processes to ensure closed-loop rectification of issues. During the reporting period, the Company conducted on-site audits of 9 suppliers, proposing 56 improvement suggestions, all of which were fully rectified; it also continuously tracked the ESG rectification plans of 9 suppliers, achieving a 100% completion rate for rectification. The Company simultaneously conducts compliance and ESG risk reviews of its procurement processes and terms to ensure procurement practices are consistent with the *Supplier Code of Conduct* and to avoid triggering labor, occupational health and safety, or environmental compliance risks for suppliers due to unreasonable price pressure, delivery schedules, or non-transparent terms.

▶ Table: Supplier On-site Audits and CAP Rectification

Metric	Unit
Number of Suppliers Identified with Significant Actual/Potential Negative Impacts:	9
Proportion of These Suppliers that Have Agreed to a Corrective/Improvement Action Plan (CAP):	100%
Number of Suppliers with Whom Cooperation Was Terminated Due to Significant Negative Impacts:	0
Number of Suppliers that Received Technical Support for Rectification from the Company:	9

Supplier Training

The Company consistently conducts supplier training, on-site coaching, and policy communication to elevate the overall ESG management level of its supply chain. During the reporting period, the Company trained more than 570 person-times from 294 suppliers through methods such as supplier visits, on-site audits, four-level relationship engagement, and online surveys, with content covering labor standards, environmental protection, occupational health and safety, quality management, and anti-corruption and integrity compliance. The Company will continue to improve its criteria for identifying key suppliers and its data governance system, promoting a shift in supplier ESG management from "admission compliance" to "continuous improvement and capability enhancement", thereby boosting the overall sustainability performance and risk resilience of the supply chain.

▶ Table: Supplier Training Initiatives and Methods

Training Initiative	Specific Method
On-Site Training	Conducting targeted training through audits and meetings to improve suppliers' management levels and operational standards.
SRM Training	Utilizing the SRM platform to conduct online training, ensuring suppliers can proficiently use the system for collaborative work.
On-Site Exchange Activities	Organizing on-site exchange activities for e-commerce suppliers (such as Xinfangsheng and ZKH) to promote experience sharing and cooperation among suppliers.
Anti-Corruption Training	Promoting Yahua Group's integrity culture to suppliers in a comprehensive manner by developing four-level relationships between supply and demand; key suppliers also have their senior management sign an ‘Integrity Agreement' with the Company.
ESG Training	Conducting training on social responsibility, safety, environment, occupational health, quality, carbon reduction, and procurement through on-site supplier audits. For example, Ya'an Lithium provided training on foreign object control to pallet suppliers Pufeng and Xinxuansheng, and to bulk bag supplier Xin'ertai.

Fair Treatment of SMEs

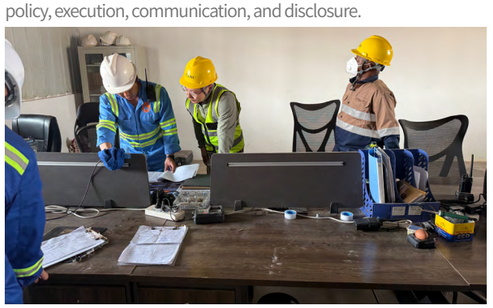
Yahua Group adheres to the principles of openness, fairness, and impartiality in supplier selection and transaction activities, conducting qualification reviews, technical and commercial assessments, and performance evaluations based on uniform standards to avoid setting unreasonable barriers or discriminatory clauses, thereby ensuring equal participation for all types of suppliers, including small and medium-sized enterprises (SMEs). The Company continuously reinforces fair competition and procurement compliance requirements in its systems and training and prevents risks of unfair competition and procurement fraud through mechanisms for process documentation, supervision and inspection, and handling of violations. The Company emphasizes contract compliance and transaction order management, clearly defining quality standards, delivery requirements, and acceptance and settlement terms in its contracts, fulfilling payment obligations in accordance with laws and agreements, and continuously tracking accounts payable and settlement efficiency to reduce unnecessary approval delays and repetitive document submissions. During the reporting period, the average settlement cycle for the Company's SME suppliers was 60 days, and the payment rate according to contractual agreements was 100%. The Company provides capacity-building support to SMEs through supplier training, system operation support, and process guidance, helping them enhance their quality, safety, environmental, and compliance management levels. The Company also clearly communicates its requirements for business ethics, anti-fraud, and anti-unfair competition, encouraging suppliers to provide timely feedback on unfair terms, business ethics risks, and performance disputes, while protecting their information and legal rights.

Responsible Procurement Practices

Policy Commitments and Practices

Focusing on key minerals such as lithium-bearing raw materials, the Company integrates responsible mineral management into its supply chain governance and compliance management systems, making it a crucial requirement for procurement decisions, supplier admission, and performance management. The Company continuously refines its management framework and work processes with reference to the *IRMA Standard, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, and other relevant compliance requirements for key mineral supply chains. The Company has established a working mechanism led by the supply chain management department with collaborative participation from departments such as lithium resource procurement, transportation, ESG, production, quality technology, and finance, which clarifies responsibilities and approval processes and incorporates related work into annual compliance and ESG performance evaluations. The Company has formulated the *Yahua Group Lithium Mineral Traceability Management System and published its Responsible Mineral Supply Chain Due Diligence Management Policy, Mineral Supply Chain Grievance and Communication Mechanism, and Annual Report on Mineral Supply Chain Due Diligence*, forming a management system that covers policy, execution, communication, and disclosure.





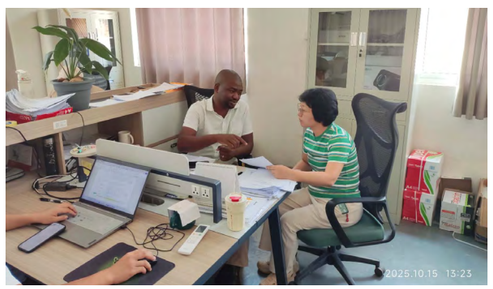


Figure: On-site Mine Inspection and Assessment

Due Diligence and Risk Management

Focusing on key minerals such as lithium-bearing raw materials, the Company has established a supply chain due diligence mechanism centered on risk identification and tiered management. The due diligence work is organized and implemented by the lithium resource procurement and supply chain teams, with the ESG management department providing methodological guidance and result verification. For identified high-risk issues, a cross-departmental collaborative resolution process is initiated according to procedures, with matters submitted to the management level for review when necessary. The Company employs a combination of on-site and remote audits to conduct due diligence on mines and related supply chain links, forming a full-process management cycle of information collection, risk identification, tiered response, rectification tracking, and verification for closed-loop management. For high-risk situations, the Company may take measures such as enhanced audits, time-bound rectification, suspension of procurement, and evaluation of alternative supply sources, and will review and verify the effectiveness of the rectifications.

During the reporting period, the Company organized 4 specialized training sessions covering relevant departments such as procurement, transportation, production, quality technology, and finance, and provided due diligence management guidance to its supply chain partners. The Company regularly discloses its Supply Chain Due Diligence Report, which explains the scope and coverage of due diligence, progress in identifying and addressing high-risk issues, and training coverage. In the future, the Company will continue to refine its risk classification standards and review criteria, promoting a shift in risk management towards proactive prevention and source control.



Figure: Exchange and Learning Session on the Development of the Mine Due Diligence Management System



Figure: Training on Responsible Mineral Supply Chain Management

Certification and External Audits

Yahua Group verifies the effectiveness of its management system through external certifications and independent audits and continues to advance its system development and process control with reference to the Responsible *Minerals Assurance Process (RMAP) requirements* under the Responsible Minerals Initiative (RMI) framework. During the reporting period, Ya'an Lithium was validated under the RMI-RMAP with zero findings and achieved a score of 99/100 under the RMI ESG Standard. Meanwhile, KMC has completed the public notice for IRMA certification and entered the first stage of document review, with the second stage of certification audit planned for June. The Company will continue to improve related systems, processes, and evidence chain management based on certification requirements and audit feedback to enhance the standardization and verifiability of its supply chain due diligence management.



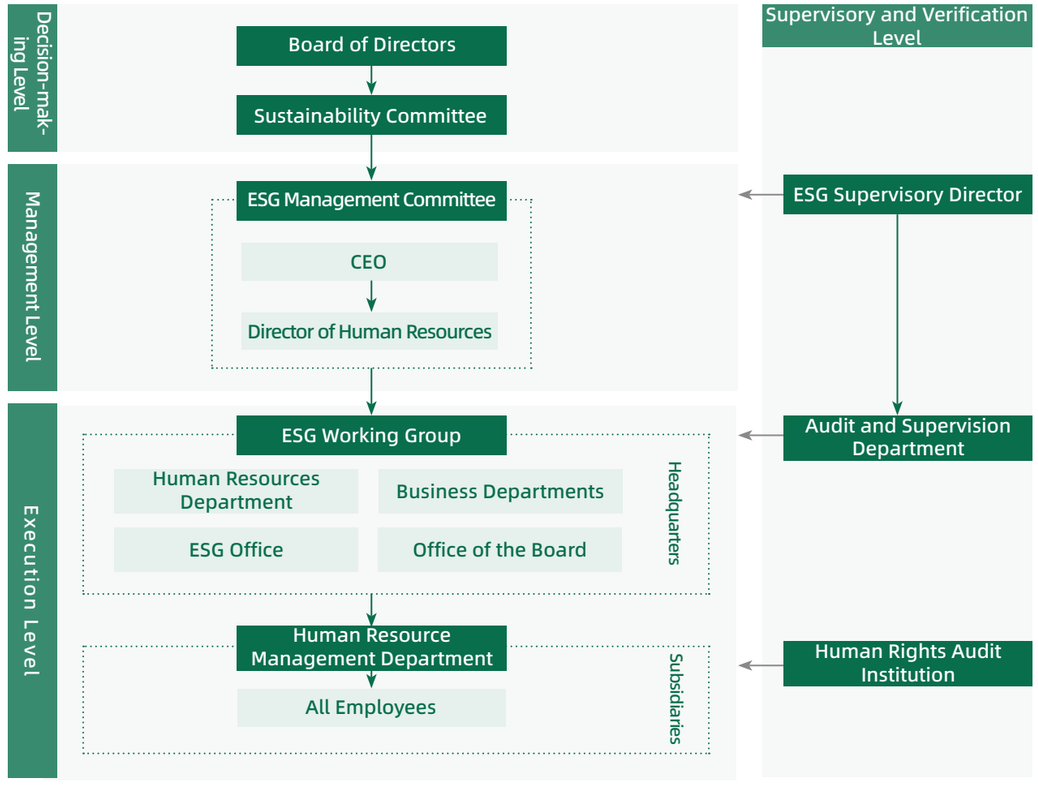
Ya'an Lithium Obtained RMI-RMAP and ESG Certifications for 2025

Human Rights Protection

Yahua Group considers respecting and protecting human rights an integral part of its sustainability strategy and responsible operations, adhering to the human rights management principles of "*Avoiding Negative Impacts, Identifying and Addressing Risks, and Responding to Concerns and Providing Remedies*". The Company focuses on the legitimate rights and interests of its employees, business partners such as contractors and suppliers, and communities where it operates. It opposes all forms of discrimination, harassment, bullying, and retaliation, and has a zero-tolerance policy for child labor, forced labor, and other serious human rights violations. Based on legal and regulatory compliance, and with reference to international frameworks such as the *Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights (UNGP)*, the Company embeds human rights requirements into key processes including corporate governance, labor management, contractor and supply chain management, security management, community communication, and project decision-making. It continuously improves its human rights governance and due diligence mechanisms and optimizes management measures through regular assessments, aiming to steadily enhance the level of human rights management across its value chain.

Governance Responsibilities

The Company incorporates human rights issues into its ESG governance system, stipulating that the Board of Directors bears ultimate responsibility for human rights risk management, the Sustainability Committee provides strategic guidance, the ESG Management Committee coordinates advancement, and the ESG Working Group ensures implementation. For overseas operations in high-risk regions, the Company has established a closed-loop mechanism of "policy commitment, risk assessment, action planning, monitoring and improvement, and grievance and remediation", tailored to local regulations and on-site conditions. This mechanism ensures that responsibilities are assigned to specific positions, measures are targeted, and processes are traceable, guaranteeing that human rights requirements are integrated throughout the entire project lifecycle.



Human Rights Due Diligence

The Company pays close attention to the actual or potential human rights impacts of its business activities on stakeholders and actively promotes the establishment of a human rights risk management mechanism covering all business units, incorporating human rights risk identification, assessment, and control into its daily management priorities. For overseas projects in high-risk areas, the Company requires the integration of human rights assessments into key processes such as *Environmental and Social Impact Assessments (ESIA)*, labor and accommodation management, contractor and supply chain management, and security activities management, prioritizing the control of risks with high impact and high probability. During the reporting period, the overseas subsidiaries conducted a human rights risk and impact assessment using methods such as questionnaires, interviews, focus group discussions, and risk matrices. This process identified and dynamically updated key issues, developing a closed-loop management process of identification, prevention, mitigation, tracking, and review. The assessment findings are promptly used to improve systems, optimize measures, and formulate action plans for improvement.

Table: Assessment of Human Rights Impact Topics

Key Human Rights Topic	Main Content	Risk Control Methodology
Right to Life and Health	Focuses on the Impact of operational safety, occupational health, and environmental factors on employees, contractors, and the community.	Integrates risk identification into EHS management and ESIA; implements graded control and on-site supervision for high-risk operations; conducts investigations, corrections, and reviews for abnormal events.
Labor Rights and Fair Working Conditions	Contractual and employment compliance, working hours and compensation and benefits, accommodation and living conditions, contractor employment standards, etc.	Focuses on contract and employment compliance, working hours, compensation and benefits, accommodation and living conditions, and contractor employment standards; extends compliance requirements to contractors through entry reviews, awareness training, on-site spot checks, and issue correction.
Community Rights and Livelihood Impacts	Concerns about resource competition (e.g., water use), Impacts on public services and infrastructure, and concerns regarding employment and benefit sharing.	Establishes regular communication mechanisms and tracks the effectiveness of measures; adheres to legal compliance and prudent management for sensitive matters such as land and relocation, strengthening procedural management and evidence retention.
Civil Rights and Grievance Protection	Accessibility of grievances, safety of expression and feedback, timeliness and fairness of complaint handling, and protection against retaliation.	Establishes multi-channel grievance mechanisms (supporting anonymity and multiple languages); defines processes for acceptance, investigation, feedback, rectification, and escalation; maintains a zero-tolerance policy for retaliation and strengthens privacy protection and case documentation.
Vulnerable Groups and Children's Rights	Child labor risks, equal participation for women and vulnerable groups, and information accessibility and barrier-free access.	Strengthens age verification during recruitment and site entry and establishes a mechanism for addressing and rectifying child labor risks; focuses on the needs of women, children, and other vulnerable groups in community communication and project management to enhance information accessibility and participation.

Decent Work

Based on the principle of decent work, the Company extends its human rights requirements to contractors and the supply chain, focusing on areas including compliant employment, equality and non-discrimination, freedom of association and collective bargaining, anti-harassment and anti-bullying, and the prevention and control of forced labor and child labor risks.

Eliminating Risks of Child Labor and Minor Workers

The Company strictly adheres to local minimum employment age requirements, preventing risks through measures such as recruitment interviews, identity verification, compliance training, and identity confirmation with official agencies. If a suspected case of child labor is found, it is immediately handled according to the "*Suspend Work – Medical Check-up – Pay Wages – Send Home – Hold Accountable*" procedure to ensure children's rights are prioritized. During the reporting period, no incidents of child labor or the employment of minor workers was identified.

Preventing Forced Labor and Modern Slavery

The Company treats the risk of forced labor as a key control point in its overseas operations and contractor management, implementing basic requirements such as voluntary employment, freedom to leave, lawful employment, voluntary overtime, and payment of wages in accordance with the law. Potential risks are identified and mitigated through the distribution of employment compliance manuals, awareness training, on-site spot checks, and issue correction. The Company implements tiered management and closed-loop rectification for contractors, suspending access or terminating cooperation with those who commit serious violations.

Freedom of Association and Collective Bargaining

The Company respects and protects employees' rights to Freedom of association and Collective bargaining within the scope permitted by law. It supports employees in legally forming and joining trade unions and safeguards their legitimate rights and interests through negotiation mechanisms. Before major operational adjustments, the Company communicates with and listens to employee opinions in advance in accordance with laws and regulations to mitigate potential adverse impacts.



Anti-discrimination, Anti-harassment, and Anti-workplace Bullying

The Company is committed to fostering an equal, respectful, and inclusive work environment. It prohibits any unfair treatment based on factors such as gender, nationality, race, or religion, and forbids harmful behaviors like harassment and bullying, violations of these requirements are subject to disciplinary action. Through policy dissemination, specialized training, and the establishment of grievance channels, the Company ensures that employees can safely and conveniently report issues and receive fair treatment. During the reporting period, the Company did not receive any verified reports of material human rights violations.



Vulnerable Groups and Inclusive Employment

The Company's overseas operations incorporate the rights and interests of women, youth, and other vulnerable groups into their community operations and human rights management priorities. Through social baseline surveys, community questionnaires, household visits, and interviews with key stakeholders, the Company continuously updates its understanding of the situations and needs of vulnerable groups. It provides fair and equal opportunities in recruitment, training, and promotion, and uses community platforms to gather feedback and dynamically adjust management measures, promoting synergistic improvement between operational development and community well-being.



Figure: Exchange Meeting to Support Vulnerable Groups in Local Community

Community Protection

Yahua Group upholds the principles of "*Legal Compliance, Full Communication, Transparency and Prudence*" to protect community rights at its overseas operating sites. It has established regular communication mechanisms to address concerns such as water use, environmental impacts, public services and infrastructure, and employment and benefit sharing, formulating measures and tracking the effectiveness of rectification. For sensitive issues involving land use and relocation, KMC adheres to legal and regulatory procedures and strengthens procedural management and evidence retention.

Regarding indigenous peoples' rights, the Company conducts rights-holder identification and prudent assessment by referencing internationally accepted principles such as *Free, Prior and Informed Consent (FPIC), ILO Convention No. 169*, and the requirements of IFC Performance Standard 5, 7 and 8. The Company's overseas operations systematically identify rights-holders within the project's area of influence by combining desktop research, field surveys, and communication with government and community representatives. The assessment indicated no indigenous peoples in the project's vicinity, yet the Company continues to respect community rights and cultural diversity. During the reporting period, no community human rights disputes involving indigenous peoples' rights or arising from land or cultural rights issues occurred.

In terms of cultural heritage protection, the Company follows the spirit of *IFC Performance Standards 7 and 8*, prioritizing the avoidance of any disturbance or damage to the tangible or intangible cultural heritage of indigenous peoples. Its overseas operations identify and assess cultural heritage risks within the project scope through Environmental and Social Impact Assessments (ESIA), community surveys, and stakeholder engagement. During the reporting period, project operations involved a small number of existing graves within the community. The Company engaged in full consultation with affected families, community representatives, and local councilors, respected local customs, and completed the cemetery relocation in compliance with laws and regulations, without any coercive action, demonstrating respect for community cultural traditions and procedural justice.

Artisanal and Small-scale Mining (ASM)

According to research by the International Council on Mining and Metals (ICMM), the artisanal mining sector generally lacks basic health and safety protections, exposing workers to risks such as inadequate training, poor ventilation, lack of safety equipment, improper use of chemicals, and aging equipment. Furthermore, the widespread involvement of women and children, along with the control of some areas by illegal armed groups, not only threatens worker safety but also exacerbates serious human rights issues, including child labor and forced labor. The Company monitors the environmental, safety, and human rights risks present in the Artisanal and Small-scale Mining (ASM) industry, incorporating them into its ongoing social risk monitoring. KMC conducted a special assessment to determine the presence of ASM activities in the surrounding areas by combining mining history, land ownership, and community livelihood characteristics through desktop research, on-site surveys, and communication with government and community representatives.

The assessment revealed that while sporadic ASM activities with spatial or resource overlap with the project existed in the past, there are currently no ASM mining activities. Nevertheless, KMC continues to identify ASM activities and groups, establish communication mechanisms for ASM, strengthen training for security personnel, protect the rights and interests of ASM workers, explore cooperation and compliant mining with ASM, and reduce impacts on people, the environment, and society to achieve sustainable development for ASM. During the reporting period, no environmental, safety, or human rights incidents related to ASM occurred.



Security and Human Rights

Yahua Group requires its overseas projects to incorporate human rights requirements as a priority in security management, adhering to the principles of "*Necessity, Proportionality, Legality, Traceability*". By referencing the *Voluntary Principles on Security and Human Rights* and relevant use-of-force regulations, the Company defines the compliance boundaries and response requirements for security activities to mitigate the risk of improper conduct. KMC lawfully employs private security firms and embeds human rights requirements into its security management processes. During the reporting period, human rights training was completed for 69 security personnel and local police officers, achieving a 100% coverage rate, with training ongoing. The training is based on the KMC Human Rights Policy and references the *Voluntary Principles on Security and Human Rights* and *principles on the use of force* to reinforce compliance requirements for security personnel in the performance of their duties.

Continuous Improvement

KMC considers capacity building a vital support for human rights governance. Focusing on potential human rights risks in mining activities and supply chain scenarios, it promotes training through an approach of "*Management-led, Key Position Reinforcement, and Partner Extension*". External experts are invited to conduct specialized training covering topics such as international human rights frameworks, local laws, human rights risk identification, cross-cultural communication, and common supply chain risk alerts. KMC also embeds human rights requirements into contractor and supplier management, encouraging business partners to understand and adhere to Yahua Group's human rights expectations through self-assessment questionnaires, structured communication, and on-site inspections. KMC conducted a human rights risk impact assessment and due diligence covering 566 stakeholders (418 employees, 80 contractors/suppliers, and 68 community members), of which 9.8% were female and 3.9% of the sample were individuals with disabilities or from vulnerable groups. This process identified priority areas for improvement, including contractor employment practices, community water resource impacts, participation of vulnerable groups, and grievance channels, and corresponding improvement action plans were developed. For contractor management, two on-site spot checks were conducted, achieving a 100% coverage rate for contracts and initial training, and a 92% rate for closed-loop rectification. *KMC has published reports such as the KMC Human Rights Risk Impact Assessment Report, KMC Human Rights Due Diligence Report*, and *KMC Grievance and Compliance Report* to guide management improvements and risk prevention, incorporating key lessons into system optimization to drive continuous enhancement of its mechanisms.

Grievance Mechanism

Yahua Group believes that an effective grievance and remedy mechanism is a crucial part of its closed-loop human rights management. Building on its Complaint and Whistleblowing Handling Policy and its grievance and whistleblowing procedures, the Company has established diversified grievance channels tailored to different regions, covering employees, contractor personnel, and community members. These channels support anonymity and multiple languages to ensure that grievances are accessible, can be accepted, and are trackable. KMC has formulated and implemented the Grievance Control Procedure, which specifies that grievance handling follows a process of "Acceptance, Investigation, Response, Rectification, Escalation, Review," strengthening privacy protection and case documentation. The Company has zero tolerance for any form of retaliation and takes remedial measures when necessary to reduce the scope and severity of adverse impacts.

During the reporting period, KMC received and handled 29 grievances, with a case closure rate of 90%, an average processing time of 15 days, and a 100% satisfaction rate (the statistical scope and sample for the satisfaction rate are based on the Company's internal records). The experience gained has been incorporated into system optimization to continuously improve the grievance and remedy mechanism.

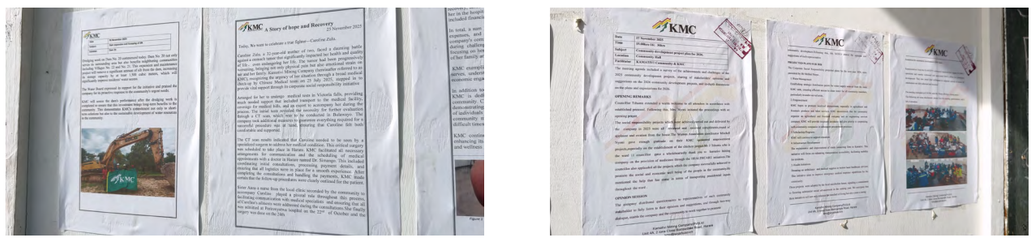


Figure: KMC Community Communication and Grievance Notice Board

Community Development

Yahua Group incorporates community relations and social contribution management into its ESG management framework. It coordinates the advancement of communication between the Company and the local community, philanthropy, rural revitalization, and community co-building, taking into account the characteristics of different business segments and operating regions. Domestic operations focus on philanthropic activities centered on rural revitalization, disaster relief, volunteer services, and public safety. Overseas projects, on the other hand, focus on the potential impacts of project construction and operation on the production, livelihood, public services, and stakeholder engagement of local communities, continuously safeguarding the rights to information, expression, and participation of affected communities and stakeholders. In its overseas project operations, the Company refines its community communication, response to concerns, and social risk management by referencing international best practices and considering project-specific conditions.

Community Communication and Engagement in Overseas Projects

In its overseas projects, the Company encourages its subsidiaries to establish community communication and engagement mechanisms based on the laws and regulations of the host country, community characteristics, and operational stage. For instance, KMC has issued its Community and Stakeholder Engagement Policy, committing to respect the rights to information and participation of affected communities and stakeholders, ensuring they are included in communication and discussions before major decisions are made. KMC promotes community engagement based on the main process of "Identification, Engagement, Documentation, Response". It has established and dynamically updates a stakeholder map and list, covering affected communities, traditional leaders, community representatives, government departments, schools, religious groups, and non-governmental organizations. At key junctures such as project launch, expansion, major changes, and adjustments to important commitments, KMC formulates communication plans that specify key information for disclosure, responsibilities, and documentation requirements. The company has set up multi-channel grievance and feedback mechanisms and regularly reviews the effectiveness of engagement to continuously optimize representation and communication methods.



As part of its community engagement practices in overseas projects, KMC holds quarterly stakeholder meetings and conducts thematic consultations, gradually forming a relatively complete participation structure. In these communication activities, KMC disseminates key documents in the local language (Shona) and provides training on the grievance process. It also collects opinions and suggestions from the community on topics such as health and safety risk identification, preventive measures, water supply facility maintenance, solid waste disposal, recruitment arrangements, and communication frequency, forming a list of improvements and an implementation plan. In response to suggestions from the community regarding the representative nomination mechanism, the participation and coverage of groups such as women, the elderly, and youth, and the complaint handling and feedback mechanism, KMC continuously incorporates these opinions into the optimization of its communication mechanisms.

Philanthropy and Rural Revitalization

Yahua Group coordinates its efforts in philanthropy and rural revitalization, focusing on disaster relief, support for disadvantaged groups, educational support, public safety, and volunteer services. Domestic operations concentrate on philanthropic actions centered around rural revitalization and joint development between the Company and local communities. Overseas projects provide livelihood assistance and community support based on the actual needs of their local communities, with relevant overseas community development practices mainly reflected in the KMC project. During the reporting period, the Company's public welfare activities totaled 2,245 hours, with an investment of RMB 274 thousand and external donations amounting to RMB 1.9 million . To enhance the standardization and transparency of its philanthropic projects, the Company has set management requirements for the use of funds, selection of recipients, and project implementation documentation. In principle, donations and aid are implemented through credible institutions and channels, and records of approval, donation receipts, and project implementation materials are retained to ensure that public welfare resources are "Delivered in A Timely Manner" during emergencies and remain "Continuously Effective" during the recovery and reconstruction phase.

Disaster Relief and Post-disaster Recovery Support

When roads in Gulin and Xuyong counties were blocked by landslides during the flood season, the Company organized efforts to clear the roads.





"Safe Village" Co-building Initiative

Volunteer teams were organized to conduct safety awareness campaigns and emergency skills drills, enhancing grassroots safety resilience and risk prevention and control capabilities.





Overseas Community Development and Co-building

In its overseas projects, the Company carries out community investment and co-building initiatives aligned with the United Nations Sustainable Development Goals (SDGs), considering the priority needs of local communities, local development plans, and the operational realities of the projects. The focus is on issues such as No Poverty, Zero Hunger, Good Health and Well-being, Quality Education, Gender Equality, Clean Water and Sanitation, Decent Work and Economic Growth, and Industry, Innovation and Infrastructure. KMC develops an annual project list and implementation plan through its community engagement mechanism and tracks project progress and beneficiary feedback during implementation, promoting a closed loop of "*Project Implementation – Feedback and Improvement*". During the reporting period, KMC's investment in community development totaled USD 91,893.

SDG 1/SDG 8: No Poverty, Decent Work and Economic Growth | Employment Generation and Local Economic Vitality

KMC adheres to a local employment-oriented approach, making the promotion of local employment and the enhancement of community economic resilience key priorities of its social responsibility efforts. KMC gives priority to providing stable and decent jobs to the mining area and surrounding communities, employing more than 300 local employees. At the same time, through engineering contracting, local procurement, and supporting services, it indirectly creates over 1,000 additional jobs, diversifying residents' income sources and helping to maintain regional social stability. After being dormant for nearly 30 years, the Kamativi mine resumed production in 2023. The reopening of the mine not only revived long-stagnant local industrial activities but also spurred job creation and improved living conditions for residents. The community's development vitality has gradually increased, attracting residents to return and new populations to move in. Over the past three years, the community, which once had a population of over 5,000, has grown by approximately 1,000 people. This change demonstrates the significant positive impact of the mine's reopening on regional economic recovery. KMC will continue to promote local employment support and industrial chain development to strengthen the foundation for community development and provide strong support for the community's long-term sustainability.





SDG 2: Zero Hunger | Food Support Amid Droughts

In response to food supply shortages caused by regional drought, KMC donated over 10 tonnes of food to the mining area and surrounding communities, securing the basic living needs of more than 2,700 residents. During the planting season, KMC assisted in transporting 20 tonnes of crop seeds to ensure the orderly progress of community agricultural production. By combining emergency food aid with support for agricultural production, KMC not only effectively alleviated the short-term living pressures on residents but also helped enhance the community's food security and self-recovery capabilities, thereby fulfilling its corporate social responsibility and helping the community better withstand the impact of the drought.





SDG 3: Good Health and Well-being | Clinic Improvements and Medical Assistance

KMC is advancing the renovation of the local clinic to tangibly improve community medical conditions. Through community communication, arrangements for medical support have been clarified, including dispatching medical teams to provide diagnostic and treatment services in the community, and accepting applications for medical assistance and financial support. In July 2025, KMC organized a team of Chinese medical experts to visit the Kamativi community to provide medical assistance, offering basic diagnosis and treatment, health consultations, and preliminary screening services to more than 400 residents. For high-risk cases identified during the screening, KMC initiated emergency medical aid with the individuals' consent, covering over USD 5,000 in examination and referral fees and assisting with surgical treatment. This medical assistance project strictly adheres to the principles of respect, informed consent, and privacy protection, focusing on bridging the gap in medical accessibility for the community and helping to enhance its healthcare resilience.



SDG 4: Quality Education | Scholarships and Campus Support

KMC provided USD 15,000 in scholarship support to outstanding students at the Zimbabwe School of Mines and advanced projects such as campus facility renovations to meet community educational needs. A cumulative total of USD 84,670 in renovation funds has been provided to local schools and the community to improve learning environments and campus safety conditions.





SDG 5: Gender Equality| Women's Empowerment and Livelihood Support

To practice gender equality and support vulnerable women in the community, KMC launched a women's empowerment poultry farming project. KMC provided approximately 1,000 chicks, along with feed, guidance on basic farming facilities, and training in breeding techniques, to help female participants acquire practical farming skills and enhance their ability to generate independent income, thereby effectively promoting women's empowerment. The project is implemented at the household level, covering multiple community families and directly benefiting female participants and their family members, providing strong support for household livelihood stability. The project is progressing smoothly, with several women having already used their farming income to secure funds for expansion and gradually increase the scale of their operations. In addition, to support KMC's community development plan, promote local procurement, and support a local community-based value chain, the KMC canteen contractor has made a written commitment to prioritize purchasing chickens from the community for its meals.



SDG 6: Clean Water and Sanitation | Water Supply Facility Maintenance and Needs Response

Through its community communication mechanism, KMC responded to requests regarding water supply and borehole repair and continued to carry out maintenance and support for water supply facilities. During the reporting period, KMC repaired and maintained solar-powered water pump facilities for the community and local primary schools, ensuring the stable operation of the daily water supply system and effectively improving water access conditions for residents and students. At the same time, KMC supported the dredging and expansion of community ponds, adding approximately 1,500 cubic meters of effective water storage capacity, which enhanced the community's water supply security during the dry season and peak water usage periods.



SDG 9 Industry, Innovation and Infrastructure | Public Safety and Infrastructure Support

KMC completed the renovation of the local police station to support the improvement of community security conditions and assisted with road repairs to enhance transport accessibility and safety. In terms of solid waste management, KMC advanced the construction of a domestic waste landfill facility and plans to transfer it to local authorities for daily operations upon completion, thereby enhancing the community's solid waste disposal capacity and public health standards.







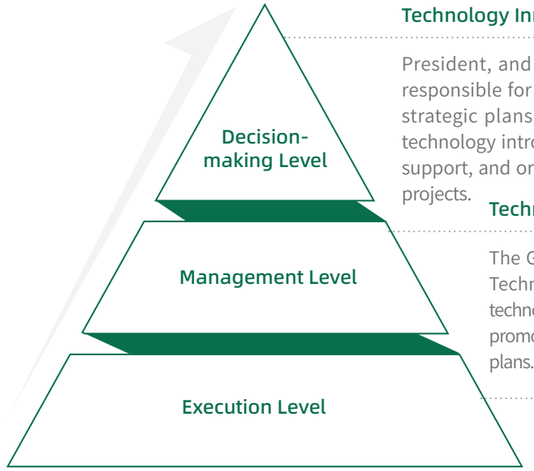
08 Driving Long-Term Value Through Innovation

Focusing on its core businesses of lithium salt deep processing, lithium mining development, and civil explosives and blasting services, the Company improves its R&D governance and project management mechanisms, strengthens resource allocation and research on key technologies, and promotes process optimization, product upgrades, and intrinsic safety enhancement, while also using intellectual property (IP) protection, innovation incentives, and research compliance as key drivers to facilitate the transformation of R&D results into business performance and sustainable value.

Enhancing R&D Capability

R&D Governance System

The Company has developed an R&D governance structure of "Strategic Decision-making – Senior Management Coordination – Research Centre Implementation". The Technology Innovation Working Group coordinates major R&D strategies, technology introduction, and resource allocation; the Group President, concurrently serving as the Director of the Technology Centre, promotes the implementation of the R&D strategy and annual plan; and under the Technology Centre, five major technology research centers and laboratories for lithium salts, lithium ore, explosives, initiating devices, and blasting carry out R&D and application verification. The Company formulated the Yahua Group R&D Project Management Measures to establish a closed-loop mechanism for R&D projects covering "Resource Assurance – project initiation review – Phased Review – Completion Acceptance – Commercialization of Results", supported by complementary policies such as the Management Measures for Three Categories of Projects and the "Five New" Management System to promote standardized, traceable, and assessable R&D activities.



Technology Innovation Working Group

President, and leaders responsible for various business segments. It is responsible for formulating medium- and long-term R&D and innovation strategic plans, making decisions on major technological innovations, technology introductions, and technology investments, providing resource support, and organizing reviews and rewards for the outcomes of key R&D projects.

Technology Centre

The Group President, concurrently serving as the Director of the Technology Centre, coordinates the development of the Group's technology R&D management system, and organizes the formulation and promotes the implementation of R&D strategic targets, plans, and annual plans.

Five Major Technology Research Centers

Each research center has several laboratories to conduct R&D and application verification focused on new products, new processes, new technologies, and new equipment.

Figure: Group-level R&D Decision-making Mechanism



Strategic Target Planning

The Company annually prepares a rolling development strategy based on national development plans and industry technology advancement needs, incorporating elements such as "R&D Investment, Key Technologies, and Digitalization and Intrinsic Safety Enhancement" into its rolling management. It organizes technology reserves and research initiatives focusing on areas such as green, low-carbon, and clean production; resource efficiency and circular utilization; and intelligent manufacturing and quality improvement, and tracks and evaluates the implementation of R&D targets on a quarterly basis. During the reporting period, the Company's R&D and technology reserve efforts were primarily focused on the following areas:



▶ Table: Medium- and Long-term R&D Directions and Key Tasks

Key Task	Specific Direction
Green, Low-Carbon, and Clean Production	Efficient recovery and clean production of lithium salts, clean production of industrial explosives, green and low-carbon processes for initiating devices, etc.
Resource Efficiency and Circular Utilization	Comprehensive utilization of lithium resources, energy conservation and consumption reduction in key processes, improvement of material efficiency in production processes, etc.
Intrinsic Safety and Safe Processes	Enhancement of the intrinsic safety of pyrotechnic compositions, continuous/automated/unmanned or minimally manned transformation of hazardous processes, etc.
Green Mines and Smart Mines	Improvement of mining efficiency, intelligent upgrading of equipment and risk management and control capabilities, etc.
Smart Manufacturing and Quality Improvement	Digital and intelligent transformation of key product manufacturing processes and full-process quality traceability, etc.

R&D Platform Certification

Led by the National Enterprise Technology Centre and complemented by its subsidiaries' provincial-level technology centers, engineering technology research centers, and postdoctoral innovation practice bases, the Company has built a multi-level technological innovation network covering R&D in businesses such as lithium salts, lithium ore, civil explosives manufacturing, and engineering blasting.

Table: List of R&D Platforms

No.	Name	Level	Certified Entity	Year Obtained
1	Technology Centre of Sichuan Yahua Civil Explosives Group Co., Ltd.	National	Sichuan Yahua Civil Explosives Group Co., Ltd.	2011
2	Sichuan Provincial Engineering Technology Research Centre for Civil Explosives and Equipment	Provincial	Sichuan Yahua Industrial Group Co., Ltd.	2011
3	Postdoctoral Innovation Practice Base	Provincial	Yahua Group Mianyang Industrial Co., Ltd.	2013
4	Postdoctoral Innovation Practice Base	Provincial	Sichuan Yahua Industrial Group Co., Ltd.	2014
5	Technology Centre of Sichuan Tongda Chemical Co., Ltd.	Provincial	Sichuan Tongda Chemical Co., Ltd.	2008
6	Technology Centre of Yahua Group Mianyang Industrial Co., Ltd.	Provincial	Yahua Group Mianyang Industrial Co., Ltd.	2012
7	Technology Centre of Yahua Group Inner Mongolia Keda Chemical Co., Ltd.	Provincial	Yahua Group Inner Mongolia Keda Chemical Co., Ltd.	2021
8	Technology Centre of Sichuan Zhongding Blasting Engineering Co., Ltd.	Provincial	Sichuan Zhongding Blasting Engineering Co., Ltd.	2021
9	Technology Centre of Yahua Lithium Co., Ltd.	Provincial	Yahua Lithium Co., Ltd.	2022
10	Technology Centre of Sichuan Kaida Chemical Co., Ltd.	Provincial	Sichuan Kaida Chemical Co., Ltd.	2023
11	Technology Centre of Shanxi Jinheng Chemical Group Co., Ltd.	Provincial	Shanxi Jinheng Chemical Group Co., Ltd.	2023

During the reporting period, Mianyang Company, Hengtai Company, Zhongding Company, Keda Company, and Jinheng Company were certified as national High-tech Enterprises, providing support for scientific research and innovation in related fields.

Table: Certifications for High-tech Enterprises and "Specialized, Refined, Differential, and Innovative" Enterprises

High-and-New Technology Enterprise	"Specialized, Refined, Differential, and Innovative" Little Giant (Municipal/Provincial/National)	"Specialized, Refined, Differential, and Innovative" SME (Municipal/Provincial/National)	Enterprise Innovation Capability Certification
Mianyang-Company Hengtai-Company-Zhongding Company-Keda Company Jinheng-Company	Jinheng Company (Provincial)	Mianyang Company (Provincial) Kaida Company (Provincial) Hengtai Company (Provincial) Keda Company (Provincial) Jinheng Company (Provincial) Jinheng Blasting (Provincial) Santai Company (Provincial) Zhongding Company (Provincial)	Corporate Technology Centre (National) Corporate Engineering Technology Research Centre (Provincial) Corporate Postdoctoral Innovation Practice Base (Provincial) Mianyang Company Technology Centre (Provincial) Mianyang Company Postdoctoral Innovation Practice Base (Provincial) Ya'an Lithium Technology Centre (Provincial) Kaida Company Technology Centre (Provincial) Keda Company Technology Centre (Provincial) Zhongding Company Technology Centre (Provincial) Jinheng Company Technology Centre (Provincial) Tongda Company Technology Centre (Provincial)

Investment and Talent Support

The Company continues to ensure the intensity of its R&D investment and has increased investment in green and low-carbon technology reserves, with a focus on supporting areas such as lithium salt resource recovery and utilization, green mining and clean blasting, and the clean production and intelligent manufacturing of industrial explosives and detonating devices.

Table: R&D Investment and Talent Pool

Indicator	Unit	2025	2024	2023
R&D Investment	RMB Million	46.7	73.8	155.5
R&D Investment as a Percentage of Revenue	%	0.55	0.96	1.31
Percentage of R&D Investment in Clean Technology	%	25.4	24.3	22.5
Total Number of R&D Personnel	Persons	795	781	771
Percentage of R&D Personnel	%	14.2	14.9	15.2
Percentage of Female R&D Personnel	%	19.3	18.9	16.9



R&D and Innovation Achievements

During the reporting period, the Company organized scientific research and application validation in areas including lithium salt deep processing, mining operations, pyrotechnic compositions, and industrial detonators, and industrial detonators. It advanced the finalization of key technological achievements, the development and codification of process packages, and the validation of equipment upgrades to enhance product consistency, energy efficiency, and safety risk control capabilities. The Company promoted application demonstration through national-level, provincial-level and self-initiated projects.

Key Achievements

Research on the preparation technology of phosphate-based lithium salts for high-compaction lithium batteries:	Produced and sold 1,000 tonnes of lithium phosphate products.
Research on lithium extraction from spodumene using a low-temperature roasting method	Reduced the roasting temperature by over 100° C, thereby decreasing thermal energy consumption.
Research on the industrialization technology for new insensitive primary explosives:	Completed process finalization and overcame challenges in wastewater treatment, achieving green production.
Research on the development of ignition powder series for electronic ignition modules	Completed trial production verification with good product quality.

Technical Upgrades and Intelligent Manufacturing

- Ya'an Company completed the technical upgrade and relocation of its entire production line, reaching the designed standards and production capacity.
- Jinheng Company advanced the minimally manned and unmanned transformation of its emulsion explosives production line, which passed acceptance inspection.
- Mianyang Company promoted continuous-process, unmanned-operation and intelligent manufacturing upgrades for hazardous processes, achieving full-process quality traceability and refined management and control, thereby enhancing intrinsic safety levels.



Figure: Acceptance Meeting for the Low-manning and Unmanned Transformation of Jinheng Company's Production Line



Figure: Mianyang Company's unmanned and intelligent manufacturing platform

Technological Innovation

Innovation Incentive Mechanism

To stimulate innovation, the Company has established a multi-dimensional incentive mechanism to ensure that contributions are measurable, incentives are effectively implemented, and responsibilities are traceable. It has formulated the *Yahua Group Measures for Rewarding Technological Advancement Projects* and established a Technological Advancement Award Committee and a Technological Advancement Project Review Committee. Award categories include the Technology (Product) Development Award, Technical Upgrade Award, Technical Improvement Award, and Special Award for Intellectual Property (IP), with outstanding achievements incentivized through annual commendations and special rewards. The Company has also established the *Evaluation Criteria for Technology Research Centers*, which incorporates R&D achievements and industry-academia-research cooperation into performance assessments and includes safety incident management as a veto criterion. In 2025, rewards were given for projects such as the "Intelligent Factory for Initiating Devices" and "R&D of Mineral Processing Technology and Reagents," as well as for IP like "A Method for Recovering Lithium from acid-roasted clinker." During the year, 24 projects and 71 IP items were rewarded, with total awards amounting to RMB 1.0 million, covering 132 individuals.

Intellectual Property Protection

The Company has established an integrated IP management mechanism covering organizational structure, institutional systems, process control, and risk response to support the accumulation and commercialization of core technologies. The Company has a professional team composed of multiple authoritative industry experts, including 5 experts selected for the Nonferrous Metals Industry Intellectual Property Expert Pool, 1 expert selected for the Civil Explosives Standardization Technical Committee of the Ministry of Industry and Information Technology, and 1 member selected for the Civil Explosives Expert Advisory Committee.



Figure: Mianyang Company IP Training Session

Figure: Intellectual Property Protection Governance Structure

Governance Structure	Division of Responsibilities
Board Oversight	Major Intellectual Property (IP) Transfers, Assignments, and Collaborations
Executive Management Responsibility	The Group's Chief Safety and Technology Officer Coordinates the IP Strategy and Management Objectives.
Specialized Department Management	Responsible for patent portfolio strategy, application and maintenance, infringement response, trade secret protection, and policy dissemination;
Business Unit Execution	Establishes dedicated IP roles responsible for patent portfolio strategy, application and maintenance, infringement response, trade secret protection, and training and dissemination.

The Company has formulated and implemented policy documents such as the Yahua Group Patent Management Measures, Yahua Group Research Paper Management Measures, Yahua Group Technical Archive Management Measures, and Yahua Group Technology Confidentiality Management System. It promotes the implementation of standards for its IP management system and was recognized as a National IP Advantage Enterprise in 2015. The Company strengthens the end-to-end protection of its core technologies and trade secrets through methods including patent searches and portfolio strategy, archiving of achievement documents, and confidentiality classification and access control.



Figure: Intellectual Property Certificates

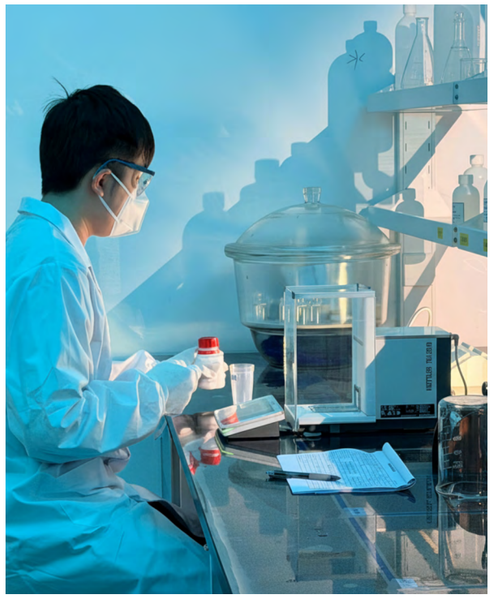
Table: Intellectual property and innovation output

Indicator	Unit	2025	2024	YoY Change
Scientific Research Projects Established and Implemented	No.	153	145	5.5%
New Invention Patents	No.	12	13	-7.7%
New Utility Model Patents	No.	31	52	-40.4%
New Software Copyrights	No.	11	1	1,000.0%
Cumulative Number of National Patents at Year-End	No.	736	693	6.2%
Number of Invention Patents Applied to Main Business Operations	No.	131	119	10.1%
Number of Invention Patent Applications Filed During the Year	No.	45	38	18.4%
Number of Valid Patents in Clean Technology	No.	208	197	5.6%
Existing Software Copyrights	Units	48	37	29.7%
Number of National Science and Technology Awards	Items	0	1	——
Number of High-and-New Tech Enterprises	Enterprises	5	6	-16.7%

Technology Ethics and Compliance

The Company adheres to the principles of "safety, compliance, prudence, and traceability", avoids researching, developing, or using technologies that could harm the natural environment, human life and health, public safety or ethics, and promotes responsible innovation. For R&D projects involving safety sensitivities or significant environmental impacts, the Company conducts compliance assessments during the project initiation and stage-gate review phases to define risk levels, control measures, and approval authorities. Before initiating R&D projects, a project compliance review is conducted against national industrial policies and requirements such as the ecological conservation redlines, environmental quality bottom lines, resource utilization ceilings, and ecological and environmental access lists. In principle, only projects that comply with policy directives and access requirements are approved for initiation, ensuring that the entire R&D and implementation process does not breach local ecological and environmental red lines.

Leveraging the Yahua Group R&D Project Management Measures, the Company strengthens the management of R&D data authenticity, integrity, and traceability, explicitly prohibiting data tampering, fabrication, and academic misconduct. For external R&D collaborations, the ownership of outcomes, confidentiality requirements, and compliance obligations are clearly defined, and compliance reviews of R&D funding are conducted.



Industry-Academia-Research Collaboration

The Company actively participates in collaborative industry innovation and standards discussions. During the reporting period, it was involved in the formulation and revision of three standards in the civil explosives and lithium salt sectors, promoting the standardized application of new testing methods and technologies. The Company proactively engages in industry-academia-research collaborative innovation. It conducts cooperation and exchanges by joining the Sichuan Provincial Standardization Committee for Quality Control in Recycling and Reuse and by co-establishing the College of Lithium Resources and Lithium Battery Industry with universities, thereby driving breakthroughs in key processes and the commercialization of research outcomes. During the reporting period, the Company's multiple projects, including the "Process Optimization and Intelligent Production Line for Primer Composition Forming," received government subsidies of RMB 3.3 million, and it promoted key process breakthroughs and outcome commercialization through joint research initiatives.



Signing Ceremony of the Cooperation Agreement with Central South University



Student Exchange Event at Chengdu University of Technology and Yahua Lithium

Performance Highlights and Value Creation for the Future

Economic Performance

I. Operating Performance	Unit	2025	2024	2023
Revenue	RMB Million	8,543.2	7,715.7	11,895.3
Net Profit Attributable to Shareholders of the Listed Company	RMB Million	632.4	257.1	11,177.9
Basic Earnings per Share	RMB/share	0.70	0.22	0.03

Environmental Performance

I. Air Pollutants	Unit	2025	2024	2023
Total Air Pollutant Emissions	Tonnes	122.9	100.2	40.1
Sulfur Oxide Emissions	Tonnes	31.5	26.1	8.7
Nitrogen Oxide Emissions	Tonnes	51.5	41.7	25.4
Particulate Matter (PM) Emissions	Tonnes	39.9	32.3	6.0
VOCs Emissions	Tonnes	0.0	0.0	0.0
Air Pollutant Emissions Intensity ($\times10^{-5}$)	Tonnes/Tonne of Product	17.0	17.6	7.9
Total Sulphur Oxide (SOx) Emissions Intensity ($x10^{-5}$)	Tonnes/Tonne of Product	4.4	4.6	1.7
Total Nitrogen Oxide (NOx) Emissions Intensity ($\times10^{-5}$)	Tonnes/Tonne of Product	7.1	7.4	5.0
Total Particulate Matter (PM) Emissions Intensity ($\times10^{-5}$)	Tonnes/Tonne of Product	5.5	5.7	1.2

II. Water Use	Unit	2025	2024	2023
Total Water Withdrawal	Tonnes	2,544,579	2,491,732	1,291,737
Freshwater Withdrawal	Tonnes	2,136,160	1,487,386	1,148,903
Non-Traditional Water Source Withdrawal	Tonnes	408,419	1,004,346	142,835
Total Water Consumption	Tonnes	2,512,923	2,455,573	1,267,310
Total Water Discharge	Tonnes	31,657	26,829	24,427
Recycled Water Consumption	Million Tonnes	48.0	31.8	10.1
Water Recycling Rate	%	95.0	92.7	88.6
Total Water Withdrawal Intensity	Tonnes/Tonne of Product	3.52	4.39	2.56
Freshwater Withdrawal Intensity	Tonnes/Tonne of Product	2.96	2.62	2.28
Total Water Consumption Intensity	Tonnes/Tonne of Product	3.48	4.33	2.51
Total Water Discharge Intensity ($\times10^{-2}$)	Tonnes/Tonne of Product	4.41	6.37	6.69

III. Water Pollutants	Unit	2025	2024	2023
COD Emissions	Tonnes	0.36	0.42	0.53
SS Emissions	Tonnes	0.15	0.11	0.14
NH3-N Emissions	Tonnes	0.04	0.05	0.05
COD Emissions Intensity ($\times10^{-8}$)	Tonnes/Tonne of Product	50.5	73.9	105.1
SS Emissions Intensity ($\times10^{-8}$)	Tonnes/Tonne of Product	20.6	18.9	28.6
Ammonia Nitrogen Emissions Intensity ($\times10^{-8}$)	Tonnes/Tonne of Product	5.2	8.9	10.1

IV. Waste and Resource Circulation	Unit	2025	2024	2023
Volume of Ore Waste Generated	Tonnes	6,208,268	15,678,608	NA
Volume of Lithium Business By-Products Comprehensively Utilized	Tonnes	698,311	518,641	381,747
Volume of Non-Hazardous Solid Waste Generated	Tonnes	2,031	2,384	1,896
Volume of Non-Hazardous Solid Waste Recycled and Utilized	Tonnes	1,028	1,496	1,223
Non-Hazardous Solid Waste Generation Intensity ($\times10^{-4}$)	Tonnes/Tonne of Product	28.1	42.0	37.6
Non-Hazardous Solid Waste Recycling and Utilization Rate	%	50.6	62.8	64.5
Volume of Hazardous Waste Generated	Tonnes	68.7	85.1	64.7
Hazardous Waste Generation Intensity ($\times10^{-5}$)	Tonnes/Tonne of Product	9.5	15.0	12.8

V. Energy Use	Unit	2025	2024	2023
Total Energy Consumption	MWh	1,233,897	907,573	672,269
Direct Energy Consumption	MWh	822,202	648,550	462,229
Raw Coal	MWh	0	2,167	2,650
Anthracite	MWh	0	0	0
Washed Coking Coal	MWh	34,050	37,405	2,962
Gasoline	MWh	1,600	1,719	1,574
Diesel	MWh	176,395	128,069	107,190
Natural Gas	MWh	602,280	473,337	341,957
LNG	MWh	7,803	5,781	5,896
Photovoltaic	MWh	74	74	NA
Indirect Energy Consumption	MWh	411,695	259,023	210,039
Purchased Electricity (Non-Green Electricity Portion)	MWh	138,951	91,407	30,835
Purchased Electricity (Green Electricity Portion)	MWh	271,481	166,072	179,204
Purchased Cooling	MWh	0	0	NA
Purchased Heating	MWh	1,263	1,543	NA

V. Energy Use	Unit	2025	2024	2023
Clean Energy Consumption	MWh	873,761	639,409	521,161
Percentage of Clean Energy Consumption	%	70.8	70.5	77.5
Total Energy Consumption Intensity	MWh/Tonne of Product	1.71	1.60	1.33
Direct Energy Consumption Intensity	MWh/Tonne of Product	1.14	1.14	0.92
Indirect Energy Consumption Intensity	MWh/Tonne of Product	0.57	0.46	0.42

VI. Total GHG Emissions	Unit	2025	2024	2023
Total GHG Emissions (Scope 1 And 2)	tCO_2e	470,489	314,872	230,300
Scope 1 GHG Emissions	tCO_2e	205,429	167,588	113,055
Scope 2 GHG Emissions	tCO_2e	265,060	147,284	117,245
Scope 3 GHG Emissions	tCO_2e	556,396	578,172	NA
Total GHG Emissions Intensity	tCO_2e/Tonne of Product	0.65	0.55	0.46

Social Performance

I. Employee and Safety Performance	Unit	2025	2024	2023
Employee Structure	**Unit**	**2025**	**2024**	**2023**
Total Number of Employees	Persons	5,598	5,254	5,058
Average Number of Employees on Duty	Persons	5,426	5,156	4,782
By Gender	Unit	2025	2024	2023
Male	Persons	4,610	4,221	4,007
Female	Persons	988	1,033	1,051
Percentage of Female Employees	%	17.6	19.7	20.8
By Employment Type	Unit	2025	2024	2023
Number of Full-Time Employees	Persons	5,490	5,148	NA
Number of Contracted Workers	Persons	58	40	NA
Number of Part-Time Employees	Persons	49	57	NA
Number of Interns	Persons	1	9	NA
Ratio of Dispatched Labor	%	1.0	0.8	NA
Ratio of Part-Time Employees	%	0.9	1.1	NA
By Management Level	Unit	2025	2024	2023
Senior Management	Persons	158	147	129
Middle Management	Persons	440	447	397
Junior Management	Persons	565	629	NA
General Employees	Persons	4,435	4,031	4,532
Women in Leadership	Unit	2025	2024	2023
Percentage of Women in Management	%	19.5	21.3	NA
Percentage of Women in Senior Management	%	16.5	17.0	NA
Share of Women in Sales Positions	%	19.7	NA	NA
Share of Women in STEM Positions	%	16.3	NA	NA
By Age Group	Unit	2025	2024	2023
30 Years and Under	Persons	1,441	1,265	1,119
31-50 Years	Persons	2,991	2,825	2,866
51 Years and Over	Persons	1,166	1,164	1,073
By Ethnicity	Unit	2025	2024	2023
Chinese Employees (Han)	Persons	4,743	4,311	4,545
Chinese Employees (Ethnic Minorities)	Persons	218	204	513
Foreign Employees (Ethnic Minorities)	Persons	0	NA	NA
Foreign Employees (Other)	Persons	637	739	NA
Share of Ethnic Minority Employees	%	3.9	3.9	NA
By Work Region	Unit	2025	2024	2023
China (Mainland, Hong Kong, Macao, and Taiwan)	Persons	4,809	4,366	4,454
Africa	Persons	647	734	436
Other Overseas Regions	Persons	142	154	168
By Educational Attainment	Unit	2025	2024	2023
Master's Degree and Above	Persons	71	75	46
Bachelor's Degree	Persons	1,265	1,139	1,012
Junior College Degree and Below	Persons	4,262	4,040	4,000
New Employees	**Unit**	**2025**	**2024**	**2023**
Number of New Interns Hired	Persons	1	9	NA
Total Number of New Employees Hired	Persons	888	965	NA
Number of New Male Employees Hired	Persons	807	870	NA
Number of Newly Hired Female Employees	Persons	81	95	NA
Number of Newly Hired Employees (Aged 30 and below)	Persons	465	432	NA
Number of Newly Hired Employees (Aged 31–50)	Persons	358	482	NA
Number of Newly Hired Employees (Aged 51 and above)	Persons	65	51	NA
New Hire Rate	%	16.4	16.6	NA

Turnover and Attrition	Unit	2025	2024	2023
Total Employee Turnover Rate	%	11.5	12.8	5.0
Number of Departing Employees	Persons	622	NA	NA
Number of Departing Male Employees	Persons	543	NA	NA
Number of Departing Female Employees	Persons	79	NA	NA
Number of Departing Employees (Aged 30 and below)	Persons	266	NA	NA
Number of Departing Employees (Aged 31–50)	Persons	288	NA	NA
Number of Departing Employees (51 Years of Age and Above)	Persons	68	NA	NA
Female Employee Turnover Rate	%	8.0	NA	NA
Turnover Rate of Employees in Key Positions	%	0.5	NA	NA
Employment Compliance and Labor Practices	**Unit**	**2025**	**2024**	**2023**
Percentage of Employees with Employment Contracts	%	100	100	100
Percentage of Employees Covered by Trade Unions/Employee Representative Congresses	%	100	100	100
Employee Training Coverage Rate	%	100	100	100
Average Training Hours per Employee	Hours/Person	59.9	51.0	55.3
Social Insurance and Benefits	**Unit**	**2025**	**2024**	**2023**
Invested in Work-Related Injury Insurance	RMB Million	4.5	3.3	NA
Invested in Work Safety Liability Insurance	RMB Million	0.92	1.2	NA
Social Insurance Contribution Rate	%	100	100	100
Work-Related Injury Insurance Coverage Rate	%	100	100	NA
Work Safety Liability Insurance Coverage Rate	%	65.3	53.5	NA
Employee Benefits and Protection	**Unit**	**2025**	**2024**	**2023**
Employee Incentive Investment	RMB Million	58.2	55.1	36.6
Employee Satisfaction	%	99.7	99.1	NA
Employee Development and Training	**Unit**	**2025**	**2024**	**2023**
Expenditure on Employee Vocational Training	RMB Million	4.8	5.0	4.8
Employee Training Coverage Rate	%	100	100	100
Total Employee Training Hours	Hours	335,486.0	268,109.0	279,934.0
Total Number of Training Participants	Person-Times	44,784	32,575	41,353
Average Training Hours per Employee (All Staff)	Hours/Person	59.9	51.0	55.3
Average Training Hours per Senior Management Personnel	Hours/Person	56.8	52.6	55.8
Average Training Hours per Middle Manager	Hours/Person	69.3	67.5	63.7
Average Training Hours per General Employee	Hours/Person	52.4	49.4	54.6
Occupational Health and Safety	**Unit**	**2025**	**2024**	**2023**
Employee Lost-Time Injury Frequency Rate	Incidents/ Million Hours Worked	1.12	1.21	1.22
Contractor Lost-Time Injury Frequency Rate	Incidents/ Million Hours Worked	0.05	NA	NA
Employee Total Recordable Injury Frequency Rate	Incidents/ Million Hours Worked	1.12	1.21	1.35
Contractor Total Recordable Injury Frequency Rate	Incidents/ Million Hours Worked	0.05	NA	NA
Number of Tier 1 Process Safety Events	Incidents	2	NA	NA
Tier 1 Process Safety Event Rate	Incidents/ Million Hours Worked	0.06	NA	NA
Number of Employee and Contractor Work-Related Fatalities	Persons	0	0	0
Number of Occupational Disease Cases	Persons	0	NA	NA
Number of Employee Lost Workdays Due to Work-Related Injuries	Days	1,002	NA	NA
Employee Safety Training Participants	Person-Times	25,644.0	25,749.0	28,169.0
Employee Safety Training Hours	Hours	147,906.0	NA	NA
Average Safety Training Hours per Employee	Hours/Person	26.4	NA	NA
Occupational Health and Safety Training Coverage Rate	%	100	100	100
Contractor Safety Training Coverage Rate	%	100	NA	NA
Occupational Health Examination Coverage Rate	%	100	NA	NA
Investment in Work Safety	RMB Million	55.1	40.2	NA

II. Product, Customer, and Supply Chain Performance	Unit	2025	2024	2023
Product and Customer Responsibility	**Unit**	**2025**	**2024**	**2023**
Volume of Products Recalled	Tonnes	0.0	4.0	9.0
Number of Customer Complaints	Cases	5	7	16
Number of Major Customer Complaints	Cases	0	NA	NA
Average First Response Time for Complaints	Days	1	NA	NA
Number of Major Product Quality Incidents	Cases	0	NA	NA

[51]Process safety event: Refers to a major, unplanned release or loss of containment involving hazardous chemicals or high-risk process systems that occurs during the Company's production, storage, transportation, or related operations. Such an event must reach a predefined severity threshold and have caused or have the potential to cause serious consequences for personnel safety, the environment, or assets. The data statistical coverage is 100%.

Number of Administrative Penalties Received for Product Quality Issues	Times	0	NA	NA
Product Complaint Resolution Rate	%	100	100	100
Product Ex-Factory Quality Inspection Pass Rate	%	100	100	100
Customer Satisfaction	%	97.5	98.0	97.3
Percentage of Revenue from Sustainable Products	%	65.0	NA	NA
Percentage of New Products Adopting Environmental and Safety Design Standards	%	65.0	NA	NA
Percentage of Products with Compliant Safety Data Sheets (SDS)	%	65.0	NA	NA
Supply Chain Performance	**Unit**	**2025**	**2024**	**2023**
Total Number of Suppliers	Number	1,529	1,143	1,043
Number of Suppliers in Mainland China	Number	1,052	1,056	1,033
Number of Suppliers in Hong Kong, Macao, and Taiwan	Number	2	1	1
Number of Overseas Suppliers	Number	475	86	9
Number of Tier 1 Suppliers	Number	1,529	NA	NA
Number of Critical Suppliers	Number	329	NA	NA
Number of Non-tier 1 Critical Suppliers	Number	37	NA	NA
Number of Tier 1 Critical Suppliers	Number	292	NA	NA
Percentage of Procurement from Tier 1 Critical Suppliers	%	80.7	NA	NA
Local Supplier Ratio	%	76.8	NA	NA
Number of Suppliers That Have Signed the Business Ethics Code of Conduct	Suppliers	1,086	1,063	1,033
Number of Critical Suppliers That Have Undergone an ESG Risk Assessment	Suppliers	220	249	236
Number of Suppliers Identified with Significant Actual or Potential Negative Impacts	Suppliers	9	2	3
Number of Suppliers Receiving Technical Support for Rectification	Suppliers	9	14	22
Number of Supplier Partnerships Terminated Due to Significant Negative Impacts	Suppliers	0	0	1
Percentage of Suppliers with a Corrective Action Plan (CAP)	%	100	100	100
Number of Suppliers Covered by Training	Number	294	138	339
Number of SME Suppliers	Number	1,529	NA	NA
Percentage of Procurement from SME Suppliers	%	100	NA	NA
Percentage of Accounts Payable to SMEs Paid on Schedule	%	100	NA	NA
Balance of Accounts Payable to SMEs Overdue for More Than One Year	RMB Million	0	NA	NA

3. R&D, Innovation, and Intellectual Property (IP)	Unit	2025	2024	2023
R&D and Innovation	**Unit**	**2025**	**2024**	**2023**
R&D and Innovation	RMB Million	46.7	73.8	155.5
R&D Investment	%	0.55	0.96	1.31
R&D Investment in Clean Technologies	RMB Million	11.9	17.9	35.0
Percentage of R&D Investment in Clean Technologies	%	25.4	24.3	22.5
Total Number of R&D Personnel	Persons	795	781	771
Percentage of R&D Personnel	%	14.2	14.9	15.2
Percentage of Female R&D Personnel	%	19.3	18.9	16.9
Number of National Science and Technology Awards	Items	0	1	0
Number of High-Tech Enterprises	Enterprises	5	6	6
Intellectual Property (IP)	**Unit**	**2025**	**2024**	**2023**
Number of Invention Patents Applied in Main Business	Items	131	119	106
Annual Invention Patent Applications	Items	45	38	15
Annual Invention Patents Granted	Items	12	13	13
Total Annual Patent Applications	Items	72	74	NA
Total Annual Patents Granted	Items	43	65	NA
Number of Software Copyrights	Items	11	1	NA
Cumulative Number of Valid Patents	Items	736	693	628
Number of Valid Patents for Clean Technology Applications	Items	208	197	175

IV.Data Security and Privacy Protection	Unit	2025	2024	2023
Data Security	**Unit**	**2025**	**2024**	**2023**
Fines Paid for Information Security Breaches or Other Cybersecurity Incidents	RMB Million	0.0	0.0	0.0
Number of Information Security Breaches or Other Cybersecurity Incidents	Incidents	0	0	0
Total Number of Data Leakage Incidents	Incidents	0	NA	NA
Number of Information Security-Related Disaster Recovery/Business Continuity Drills	Times	5	NA	NA
Number of Information Security Vulnerability Scans and Assessments	Times	163	NA	NA
Number of Internal Information Security Audits	Times	31	NA	NA
Number of External Information Security Audits	Times	1	NA	NA
Number of Data Security Training Sessions	Times	2	1	2

Data Security Training Coverage Rate	%	95.0	91.0	86.0
Average Data Security Training Hours per Employee	Hours	5.0	5.0	2.5
Customer Privacy Protection	**Unit**	**2025**	**2024**	**2023**
Number of Customer Privacy Breach Incidents	Cases	0	0	0
Number of Complaints Regarding Infringements of Customer Privacy	Cases	0	0	0
Number of Regulatory Investigations or Penalties Resulting from Data Security or Customer Privacy Issues	Cases	0	NA	NA
Number of Customers and Employees Affected by Data Breach Incidents	Persons	0	NA	NA
Losses or Fines Resulting from Customer Privacy Breach Incidents	RMB Million	0	0	0

V. Public Welfare, Charity, and External Contribution Expenditures	Unit	2025	2024	2023
Rural Revitalization	**Unit**	**2025**	**2024**	**2023**
Investment Amount in Rural Revitalization	RMB Thousand	93	82	10
Number of Beneficiaries from Rural Revitalization Initiatives	Persons	683	550	400
Number of Rural Revitalization Projects	Count	1	NA	NA
Number of Regions Covered by Rural Revitalization Initiatives	Count	4	NA	NA
Social Contribution	**Unit**	**2025**	**2024**	**2023**
Public Welfare and Charitable Funds	RMB Million	2.7	2.1	2.1
Charitable Donations	RMB Million	1.9	1.5	0.78
Public Welfare Investment	RMB Million	0.27	0.6	1.3
Community Investment	RMB Million	0.53	NA	NA
Number of Participants in Volunteer Activities	Person-Times	616	602	33
Volunteer Activity Hours	Hours	2,245.0	2,687.0	129.0
External Contributions and Expenditures	**Unit**	**2025**	**2024**	**2023**
Total Annual External Contributions and Expenditures	RMB Million	1.2	NA	NA
Membership Fees for Industry Associations and Chambers of Commerce	RMB Million	1.2	NA	NA
Expenditure for Non-Political Tax-Exempt Organizations	RMB Million	0.0	NA	NA
Funding for Political Campaigns	RMB Million	0.0	NA	NA
Funding for Political Parties and Political Organizations	RMB Million	0.0	NA	NA
Expenses Related to Lobbying Organizations/Lobbyists	RMB Million	0.0	NA	NA
Coverage Rate of External Expenditure Data	%	100	NA	NA

Governance Performance

I. Board of Directors and Risk Governance	Unit	2025	2024	2023
Number of Directors	Persons	9	9	NA
Number of Independent Directors	Persons	3	3	NA
Number of Female Directors	Persons	2	2	NA
Number of Board of Directors Meetings Reviewing Risk Management and Internal Control Matters	Times	6	6	NA
Number of Enterprise-Level Comprehensive Risk Assessments	Times	1	1	NA
Number of Material Risk Events	Incidents	0	0	NA
Direct Economic Losses from Material Risk Events	RMB Million	0	0	NA
Number of Material Internal Control Deficiencies	Items	0	0	NA

II. Compliance and Business Ethics	Unit	2025	2024	2023
Number of Attendees in Anti-Corruption/Business Ethics Training	Person-Times	6,381	5,974	NA
Duration of Anti-Corruption/Business Ethics Training	Hours	19,406	19,241	NA
Average Training Hours per Director	Hours	6.6	6.5	NA
Average Training Hours per Member of Management	Hours	8.0	7.3	NA
Average Training Hours per General Employee	Hours	3.5	3.2	NA
Coverage of Anti-Corruption/Business Ethics Training	%	72.3	69.2	NA
Director Training Coverage	%	100	100	NA
Management Training Coverage	%	100	100	NA
General Employee Training Coverage	%	65.0	62.4	NA
Key Position Training Coverage	%	100	100	NA
Risk Management Training	Sessions	3	10	NA
Legal and Regulatory Training	Sessions	15	9	NA
Risk Management Training Coverage Percentage	%	10.8	NA	NA
Legal and Regulatory Training Coverage Percentage	%	10.8	NA	NA
Number of Complaint and Whistleblowing Channels	Units	3	NA	NA
Total Number of Complaints and Whistleblowing Reports Received	Cases	0	0	NA
Number of Whistleblowing Reports Substantiated upon Investigation	Cases	0	0	NA
Number of Penalties or Litigation Cases Related to Monopoly or Unfair Competition	Cases	0	0	NA
Fines Related to Corruption and Bribery	RMB Million	0	0	NA

Appendices

Exchange/Regulatory Reference Index

Shenzhen Stock Exchange *Self-Regulatory Guidelines No. 17 for Listed Companies on the Shenzhen Stock Exchange – Sustainability Reports (Trial)* Reference Index

Dimension	Topic	Disclosure Item	Report Chapter
Environmental	Climate Change Response	Articles 21 To 28	Climate Change Response
	Pollutant Emissions	Article 30	Emissions Management
	Waste Management	Article 31	Circular Economy
	Ecosystem and Biodiversity Protection	Article 32	Ecosystem and Biodiversity Protection
	Environmental Compliance Management	Article 33	Environmental Management System
	Energy Use	Article 35	Energy Management
	Water Use	Article 36	Water Resource Management
	Circular Economy	Article 37	Circular Economy
Social	Rural Revitalization	Article 39	Community Development
	Social Contribution	Article 40	Community Development
	Innovation-Driven Development	Article 42	R&D Capability Enhancement Technological Innovation
	Technology Ethics	Article 43	Not Applicable
	Supply Chain Security	Article 45	Responsible Procurement
	Fair Treatment of SMEs	Article 46	Responsible Procurement
	Product and Service Safety and Quality	Article 47	Product Quality Management Service Experience Enhancement
	Data Security and Customer Privacy Protection	Article 48	Digital and Intelligent Governance
	Employees	Article 50	Compliant Employment and Human Compensation, Benefits and Social Security Talent Development and Succession Building
Sustainability-Related Governance	Due Diligence	Article 52	Materiality Assessment and Stakeholder Engagement Responsible Procurement
	Stakeholder Engagement	Article 53	Materiality Assessment and Stakeholder Engagement
	Anti-Bribery and Anti-Corruption	Article 55	Corporate Governance Risk Management Business Ethics
	Anti-Unfair Competition	Article 56	Corporate Governance Risk Management Business Ethics Fair Competition

Reader Feedback

Dear Readers,

Thank you for taking the time to read the Sichuan Yahua Industrial Group Co., Ltd. 2025 Sustainability Report. The Group sincerely hopes you provide us with your opinions and suggestions regarding our report and our work. You may return the completed questionnaire to us by mail or email, or you may call us directly to provide your valuable feedback. Thank you!

Address: 21/23F, Building 1, Hangxing International Plaza, No. 66 Tianfu 4th Street, High-Tech Zone, Chengdu, Sichuan Province
Postcode: 610041
Email: yhjt@scyahua.com

1.Which stakeholder category does your organization belong to in relation to Yahua Group?

☐ Shareholders ☐ Employees ☐ Suppliers ☐ Customers ☐ Government

☐ Community ☐ Academic Institutions

☐ Other (Please Specify)

2.Do you believe this report reflects the Company's significant impacts in terms of ESG?

☐ Yes ☐ Average ☐ No

3.Can you easily find the information you are interested in within this report?

☐ Yes ☐ Average ☐ No

4.What is your overall evaluation of the 2025 Sustainability Report?

- Readability (The expression is easy to understand, the design is aesthetically pleasing and engaging, and required information is easy to find)

☐ 3 Points (Good) ☐ 2 Points (Average) ☐ 1 Point (Poor)

- Credibility (the Information in the Report Is Authentic and Reliable)

☐ 3 Points (Good) ☐ 2 Points (Average) ☐ 1 Point (Poor)

- Information Completeness (Both Positive and Negative Information Are Covered, and It Meets Your Information Needs)

☐ 3 Points (Good) ☐ 2 Points (Average) ☐ 1 Point (Poor)

5.In addition to the content already disclosed in the report, what other information would you like to see?

Sichuan Yahua Industrial Group Co., Ltd.

April 2026

YAHUA 雅化集团

Address:21-23/F, Building 1, Hangxing International,
No.66 Tianfu 4th Street, Chengdu, Sichuan, China

Tel: 028-85325316

Email: yhjt@scyahua.com

Website: https://www.scyahua.com