







# About this report

## Frequency of release and period of report

This is the second “Corporate Social Responsibility Report” issued by West China Cement Limited. This report will be released on an annual basis. The reporting period is from January 1, 2017 to December 31, 2017 (hereinafter referred to as “the reporting period” ).

## Scope of report

West China Cement Limited and its affiliates.

## Data source description

The data used in this report comes from company official documents, financial reports, statistical reports, and news media. All contents have been verified by the company’s management, competent authorities and the subsidiary production plants (companies). Our company’s board of directors and all directors guarantee that there are no false records, misleading statements or material omissions in the contents of this report. The board of directors and all directors of the company shall assume individual and joint responsibility for the truthfulness, accuracy and completeness of the contents.

## Title Description

For ease of presentation and readability, “West China Cement Ltd.” is also referred to in this report as “West China Cement” , “Company” or “we” and its affiliates (collectively referred to as the “Group” ). “Yaobai Special Cement Group Co., Ltd.” is an indirect wholly-owned subsidiary of the company and is referred to in this report as “Yaobai” .

## Basis of Preparation

Stock Exchange of Hong Kong Environmental, Social and Governance (ESG) Reporting Guide  
China Cement Association China Cement Industry Guidelines on the Preparation of Corporation Social Responsibility Report  
International Organization for Standardization ISO26000 Guidance on Social Responsibility  
Global Reporting Initiative G4 Sustainability Reports Guidelines  
Institute of Social and Ethical Accountability (U.K.) AA1000 Series

## Form of Report

The report is in Chinese and English and is published in both printed and electronic versions. You can browse the electronic version of this report on the websites of West China Cement or Yaobai Special Cement Group Co., Ltd. or The Stock Exchange of Hong Kong Limited at <http://www.westchinacement.com>, <http://www.yaobo.com.cn> or <http://www.hkexnews.com>. Should a hard copy of the report be required, please contact the West China Cement office.

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## Chairman's address



Chairman of Board Zhang Jimin

2017 marked an extraordinary year for our company. This year was full of opportunities and challenges. The overall operating level of the company has significantly improved and its performance was remarkable. For the Chinese cement industry, 2017 was a booming year. The investment and construction of fixed assets have become more stable, bringing new opportunities for China's cement industry as well as the company's operating regions and markets. As far as the whole country is concerned, the cement industry saw stable progress in its growth rate, development quality, and people's livelihood indicators, and at the same time forms and constantly perfects the economic policy framework that adapts to the new economic development. West China Cement Limited, as the largest cement producer in Midwest China, will take concrete actions to resolve excess production capacity, actively carry out off-peak production, perform social responsibilities and make due contributions to the sustainable development of the cement industry.

Enterprises are one of the economic foundation of a country and the society supports enterprises. As a responsible and ethical company, it is necessary to establish awareness on the overall situation, maintain favourable relationships, actively undertake and expand the scope of social responsibility, and

earnestly fulfill its duties to employees and society so as to ensure the stable, rapid, healthy and harmonious development of the company.

Our company attaches great importance to social responsibility. According to the company's plans and arrangements, combined with the actual situation of the company, the development of spiritual civilization, development of brand culture and corporate social responsibility work are combined to form ideological, information and content linkage; to establish the social responsibility information reporting system to report the performance of social responsibility work by way of working brief and network; and to issue annual social responsibility report and promote social responsibility in the company's daily management. During the "Thirteenth Five-Year Plan" period, the scale of the company grew by leaps and bounds and various tasks were carried out with the idea of "transformation, upgrading and carried out Structural adjustment". In order to build a full-industrial chain business model for the cement business, the company has established Special Cement R&D Company, Guangxin International Financial Leasing Company, Xi'an Xinbai Commercial Operation Management Co., Ltd., etc.

Looking into 2018, although the cement market has been

looking up compared with previous years, the development of the cement industry is still facing severe challenges and risks. The overcapacity situation in the industry has not changed. Market synergy cannot completely change the fundamental facts of overcapacity, and the risks of market synergy always exist. With the improvement of the international economic situation, the prices of bulk materials, oil and natural gas continue to rise, which will inevitably lead to the rise of costs in cement production and manufacturing, and freight costs; domestic environmental protection and safety requirements are getting stricter, the government is increasing its efforts in environmental protection, and measures are becoming increasingly strict, which indicates that environmental protection has become an issue that corporates must emphasize in production activities. Due to various other factors, companies must restructure its competitiveness and gradually shift its reliance from costs and prices to technology and quality. Facing 2018, our company has become fully prepared to remain modest and calm, and carefully analyze the current situation, take the time to take effective measures, focus on innovation and make unremitting efforts to achieve the development goal of "reshaping Yaobai".



# Company profile

West China Cement Limited. (stock code 2233.HK) is a large conglomerate company integrating cement production and sales. The wholly-owned subsidiary, Yaobai Special Cement Group Company Limited is located at No. 336, 4th Shenzhou Road, Aerospace, Chang'an District, Xi'an, Shaanxi Province. The Yaobai Group consists of 33 branches and subsidiaries, distributed in Shaanxi, Xinjiang, and Guizhou.

In order to further adapt to the development trend of internationalization, enhance the management level of enterprises, and enhance the competitiveness of enterprises, the company was successfully listed on the AIM market of the London Stock Exchange on December 4, 2006 and was listed on Stock Exchange of Hong Kong on August 23, 2010. Since its listing, it has won high recognition from international investors and investment institutions. In May 2012, the company became a strategic partner with world giant Italian Cement Group.

The company's main products include: ordinary portland cements of various strength grades, moderate-heat portland cements of various strength grades, low-temperature portland cement, low-heat slag portland cement, road cement, high (moderate) sulfate resistance portland cement, oil well cement, nuclear

power cement, common sulphoaluminate cement, marine sulphoaluminate, and other special cements. At the same time, the company successfully produced calcium aluminate powder for water treatment and fine home improvement gelling agent and various concrete admixtures, etc in 2017. The company has a sound marketing network and a sound after-sales service system. The products are available in the Shaanxi region, Xinjiang Hetian region, Xinjiang Yining region, Guizhou Huaxi region and are widely used in highways, railways, airports, bridges, tunnels, water conservancy, oil wells, gas wells and other national key projects and urban and rural construction markets.

As of the end of 2017, the company had 22 new dry process cement production lines with cement production capacity reaching 30 million tons. The company possessed total assets of RMB 11.7 billion, and employed more than 4450 employees. The total output in 2017 was 19.1 million tons and its main operating revenue was RMB 4.8 billion. The annual growth rate was 28%, and the total annual profit was RMB 730 million. The year-on-year profit increased by 4761%, and the total annual tax payment was RMB 680 million. The value-added rate reached 100%.

In the future, we will continue to deepen the integration and development strategy of the industry chain, take the development of the "Belt and Road" as an opportunity, focus on the development of high-end products, comprehensively promote intelligent manufacturing, green manufacturing, and in-depth integration of resources, and strive to develop into a leader in China's special cement.

● The business environment in which the Group is located has improved. Sales in Shaanxi Province remained stable with some growth. Continued low demand in Xi'an City and Guanzhong District caused all manufacturers to intermittently suspend production during the off-season. Sales growth in Xinjiang and Guizhou provinces remained low and recorded a slight increase during the year.

● Effective progress of the national supply-side reform, strengthening of reform measures in the inland cement industry and carrying out periodic off-peak production.

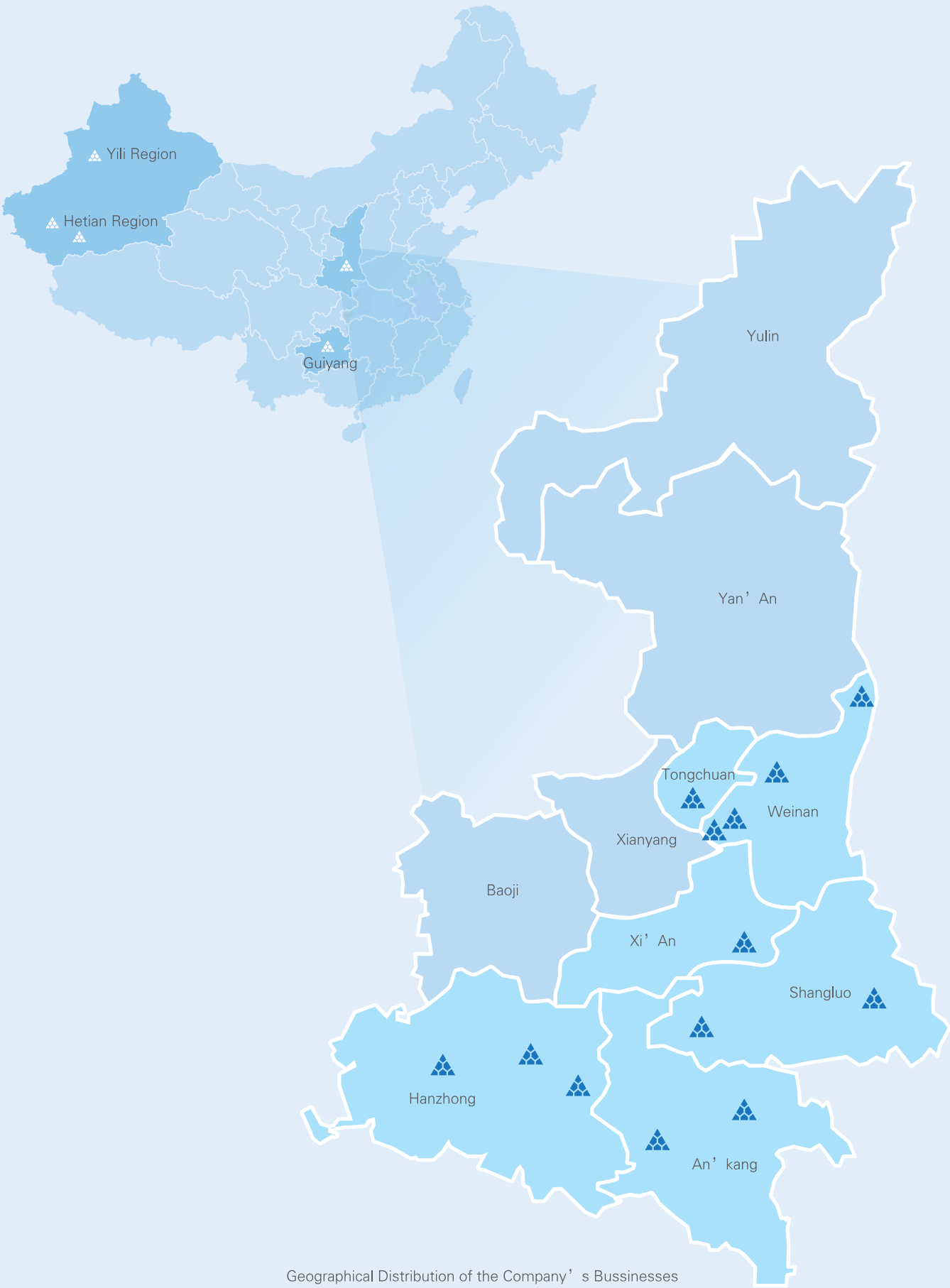
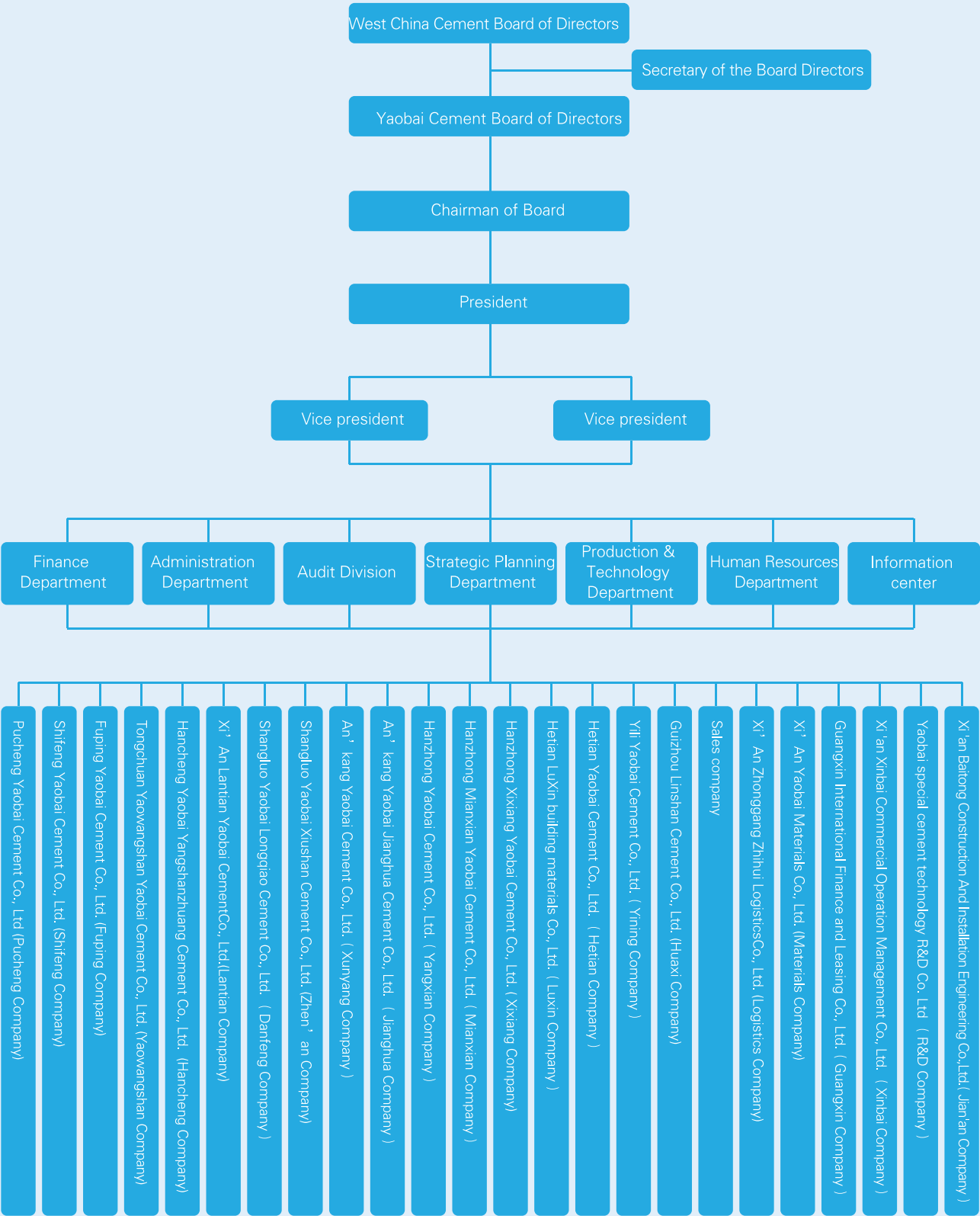
## Main Factors for Achievements

● Innovation management. The whole group carries out management innovation and technical innovation with all employees participated which have further improved R&D, production, sales, procurement, logistics and transportation.

● The sales volume was stable throughout the year and the cement price rose steadily, driving the performance of West China Cement. Among them, cement sales increased by 6.2% year-on-year, and clinker total sales increased by 133.4% year-on-year. The annual average selling price increased by 20% year-on-year, and the gross profit rate also increased to 27.1%.



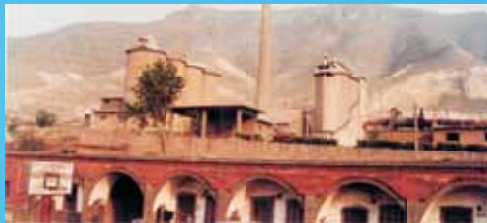
# Organizational Structure



Geographical Distribution of the Company' s Bussinesses



# Development History



In early stages of startup, Yaobai was struggling with progress. Through the implementation of corporative operation mode, it quickly turned loss into profit. In 1995, it carried out joint-stock reform and reached total assets of RMB 6 million at the end of the year, named as regional little giant enterprise of Shaanxi Province.

SELF-DEPENDENCE, STEADY GROWTH  
1991-1995



Grasping strategic opportunity of great west development, the Group established the first 2,500t/d new dry cement production line at the end of 2003, and meanwhile planned to invest in Xi'an Lantian production base. In 2005, Group headquarter was moved to provincial capital Xi'an, broadening the development horizon of Yaobai.

GRASP OPPORTUNITY, SECOND STARTUP  
2001-2005



Facing the complex and volatile cement market, Yaobai takes cross-regional development as main line, delicate management as measure, and acquires several subsidiaries successively, establishing the cross-regional development strategy of "Based in Shaanxi, Expand to West China". With capacity scale ranking first in the industry of the province, it truly becomes a large enterprise in China's cement industry.

2011-2015年  
BASED ON SHAANXI, EXPAND IN WEST CHINA

1996-2000  
STOCK REFORM, SCALE EXPANSION

In 1998, the Group has merged two county-run cement plants in Pucheng County successively, putting enterprise onto the way to scale expansion. The two stock reforms in early 2000 had great success. After ten years of development, Yaobai Group has gradually developed into distinctive leading backbone enterprise of Shaanxi private enterprises.



2006-2010  
CAPITAL OPERATION, STRATEGIC LAYOUT

In 2006, the Group established the development strategy "Collectivize Management, Scale Operation", and was listed on AIM of London, Britain in December. In August 2010, the Group transferred to list on the main board of Hong Kong Stock Exchange, and meanwhile gradually promoted the strategic layout of "Consolidate Central Shaanxi Plain, Develop South Shaanxi".



2016-.....  
STEADY DEVELOPMENT, GLORIOUS PROGRESS

In China's 13th Five-Year Plan, Yaobai will grasp the opportunity, take "Belt and Road" strategy as an opportunity, and focus on western construction centered in Xi'an, actively promote the resource integration of industrial chain, combine the development strategy of enterprise with national construction, and achieve a sustainable and healthy development of enterprise.



## Management Team

Board of Directors of West China Cement	
Zhang Jimin	Executive Director and Chairman of the Board
Ma Zhaoyang	Non-executive director
Qin Hongji	Non-executive director
Wong Kun Kau	Independent non-executive director

Board of Directors of West China Cement	
Ma Weiping	Executive director, CEO
Liu Yan	Non-executive director
Lee Kong Wai Conway	Independent non-executive director
Tam King Ching Kenny	Independent non-executive director

## Industry organization contribution

Organization name	Position of Yaobai Group
China Cement Association	Vice president of the Council
China Building Materials Federation	Member
World Cement Sustainable Development Initiative Organization	Member
Shaanxi Cement Association	President of the Council

Organization name	Position of Yaobai Group
Shaanxi Provincial Federation of Building Materials	President
Shaanxi Provincial Comprehensive Utilization Association	Vice president
Shaanxi Provincial Security Council	Vice chairman
Shaanxi Provincial Energy Conservation and Emission Reduction Council	Director



# Social Responsibility

Social responsibility management is strengthened to adapt to the development trend of international and domestic social responsibility. It is also an important strategic measure for companies to adapt to the new norm of economic development, enhance their competitiveness and promote transformation and upgrading. As a Hong Kong-listed company, West China Cement continues to deepen the concept of sustainable development while actively developing its core business to create economic and social values. It integrates fulfilling social responsibilities into the internal management of the company, achieves environmental friendliness and social harmony and strives to achieve the balance among corporate development, environmental protection and social benefits.



尧柏特种水泥集团有限公司



天津水泥工业设计研究院有限公司

战略合作协议签约仪式



# Overview of corporate social responsibility performance

West China Cement established the Social Responsibility Management Committee with the chairman of the board as the director, the president as the deputy director, and other relevant leaders as member for overall planning and coordination of the company's social responsibility work. The committee has set up a social responsibility working office under it and is responsible for the implementation of the committee's decisions and the daily work; all functional departments and branches designate social responsibility work liaison officers to be responsible for the implementation and completion of the relevant work of the corporate social responsibility management of the department or unit.



# Social responsibility Concept, Vision, Values

We are fully aware that active, close, and transparent communication with stakeholders and listening to their expectations and requirements not only help stakeholders understand our social responsibility practices and achievements, but also help us understand and improve the existing defects and deficiencies in our management and operations, and promote the company's continuous progress towards the sustainable development goals.

The company's business philosophy is "people-oriented, excellent quality, continuous innovation and superior quality"

Afterall, the competition among modern enterprises is the competition of talents. Talent is the root of everything. We value talents, discover talents, cultivate talents, accept talents and retain talents to build a platform suitable for staff development, to create a learning and development environment, to create an atmosphere of competition and cooperation, to fully stimulate the potential of employees, and to strive to provide a platform for employees to realize their value of life. Innovative thinking is one of our core ideas. Without innovation, there is no vitality and no competitiveness. It runs through all aspects of the work. Everything should be considered from different perspectives and at different levels. The expansion of reverse thinking is not limited to existing models and experiences.

Entrepreneurial spirit: "Self-strengthening, self-reliance, good governance, innovation and self-surpassing"

The spirit of enterprise is the driving force and source of the company's development and growth. From private small-scale plants with only a dozen of employees to a listed company with billions of assets, Yaobai has experienced a lot of ups and downs. It is this spirit that inspires the Yaobai staffs to be down-to-earth and indomitable, and work hard to create miracles.

Corporate Core Values: "shared prosperity, win-win outcome, fulfilling life, serving the society"

We highlight the mutually beneficial relationship among suppliers, companies, and customers and pay more attention to the interactive relationship between employees and enterprises. We advocate a win-win situation for enterprises and suppliers, enterprises and customers, companies and employees, achieve common development and common prosperity. The goal of the company is to provide products and services to satisfy users. Enterprises are obliged to continuously improve the quality of products and services. Employees are more motivated to work hard to achieve the above goals and reflect the value of life in their unremitting efforts.

The company's core competitiveness is "honest business, high quality and low price, sincere service, leading position in industry"

Integrity is at the core of our business and is the most basic principle of being a person and doing things. The company and the employees should be honest within and outside of the company; towards others and themselves. Integrity is our supreme value at all times. Only by adhering to the principle of good faith management, coupled with high quality, low price products and sincere services, can we present the connotation of outstanding companies, become the leading sign of the industry and to achieve the core competitiveness of Yaobai.





Our corporate vision is to become a leading company with outstanding performance and rapid growth in the regional cement industry.

——Ma Weiping, President of Yaobai

## Social responsibility management system

Higher influence leads to higher responsibilities. The significance of West China Cement lies in its ability to create value for stakeholders. We continuously deepen our understanding of corporate social responsibility. We always uphold the corporate core values of "Shared Prosperity, Win-win Outcome, Fulfilling Life, Serving the Society". We take the initiative to take responsibility for the impact of our own decisions and activities on stakeholders and push forward with all our efforts the six responsible actions of "responsibility management", "value creation", "innovation and development", "safety production", "environmental protection" and "harmonious society" and strive to create comprehensive value for government, shareholders and investors, industry, partners, employees, the environment, the community and other stakeholders.

### Full implementation of social responsibility work

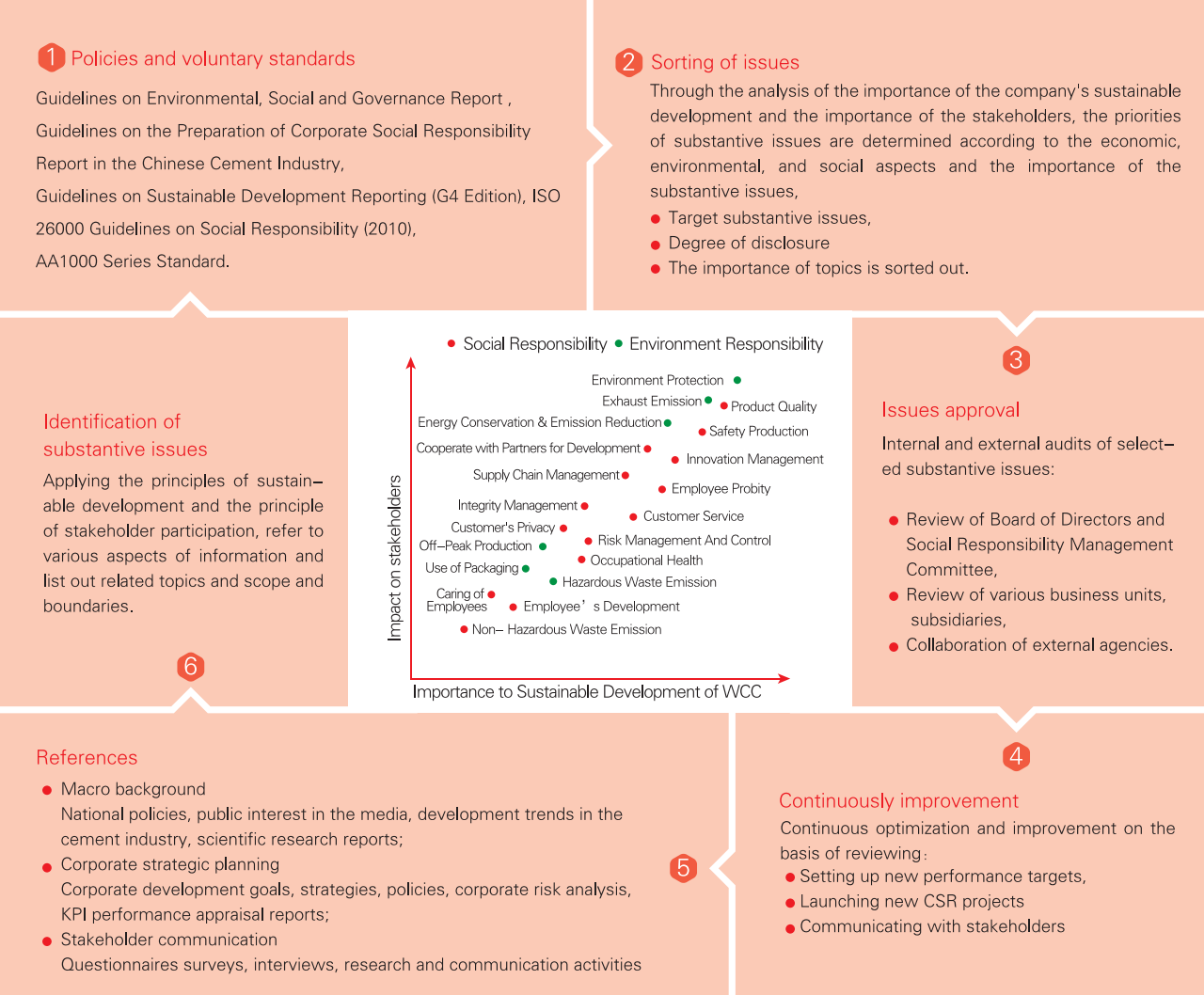
In 2017, we strictly implemented the duties of industry competent authorities and industry associations in fulfilling corporate social responsibility; gradually improved the social responsibility management system, stakeholders' communication management system; explored the promotion of social responsibility practices; actively conducted social responsibility research and regularly published social responsibility reports. Besides, we took practical actions to enhance the company's ability and level of responsibility for its responsibilities and laid a solid foundation for social responsibility management for the company to achieve sustainable development.



# Matrix analysis of social responsibility Importance issues

## Importance assessment and matrix analysis

The identification and management of the substantive issues of social responsibility are of great significance to the promotion of the company's in-depth social responsibility work. Based on the analysis of domestic and international developments, national policies, industry conditions and the company's own characteristics, we actively engage in communication with stakeholders and sort out and identify social responsibility issues that have significant impact on the sustainable development of companies from both corporate and stakeholder perspectives and provide basis for continuously improving social responsibility management practices and improving social communication.



# Participation and communication of stakeholders

The company's environmental, social, and governance stakeholders include internal stakeholders and external stakeholders such as employees, suppliers, customers, shareholders and investors, government and administrative authorities, communities, the general public, and non-governmental organizations. Following a major involvement of the management team in the importance assessment in 2016, stake- holders involved in 2017 expanded from the management team to employees, suppliers, and customer representatives.

Stakeholders	Expectations and requirements	Means of communication	Actions to fulfill responsibilities
Government	Compliance with laws and regulations Paying Tax in accordance with the law Promoting local employment Promoting local economic and social development	Regularly reports on works Relevant meetings Reporting of information	Strictly implementing and executing directives&policies Lawful business conducts Contributing to tax revenue Providing employment oppo-rtunities Driving local development
Shareholders and investors	Honesty and integrity Regulated operations Profitability	Shareholder' s meeting Investor recommendation meeting Business performance release Company report Regular report	Strictly abiding by the listing rules Protection of investor rights and interests Building diversified comm-unication channels Regulated release of information
Industry regulators	Participation in formulation of industry standards Promoting sustainable and healthy development of industry Promoting technological advances and industry transformation and upgrade	Regular work summary and performance report Relevant meetings Information reporting	Stable operation Subject to supervision Strengthening technological transformation Promoting industry optimization Adopting new industry production models
Customers	Providing high quality products Providing high quality service Protection of rights and interests	Seeking customers' opinion Disclosure of relevant information	High quality raw material Technological innovation Development of customer service system Customer satisfaction research
Employees	Protect employees' basic rights and interests Promoting capability enhancement Broad choices for career development Sense of belonging and identity Sharing achievements of corporate development	Union organization at various levels Employee representatives' conference Employee communication platform Disclosure of relevant information	Safeguarding employees' legal rights and interests Providing fair opportunities and platforms for work learning and promotion Career planning Fulfilling individual values Creating a happy environment
Suppliers	Providing high quality products and service Fair business conducts Honest conducts Timely performance of contract Win-win cooperation	Regular meeting Visits and exchange of ideas Top management reciprocal visits Contracts and agreements Disclosure of relevant information	Exploring areas for cooperation Responsible procurement Restoration of procurement information Enhancing common beliefs
Environment	Energy saving and emission reduction Resource saving Ecological protection and restoration	Regular reports on energy saving and emission reduction works Strengthen information disclosure	Off-peak production Recycling and reuse of wastes Restoration of greens on mines Cogeneration
Community, general public and non-government organizations	Participating in community building Maintaining social stability Providing employment opportunities Support public welfare undertakings Aiding poverty-struck areas and less privileged groups	Company official website Social responsibility report Visits and communication Cooperation in joint development Charity events Disclosure of relevant information	Poverty aids and disaster relief Volunteer actions Supporting education Improvement of community environment

# Annual honor

China National Building Material Enterprise Management Association and China National Building Materials News jointly organized the 2017 National Entrepreneur Selection Award for Outstanding Entrepreneurs in the Building Materials Industry. Wang Rui, Vice President of the Group, and Zhang Peng, Assistant to the Board of Chairman, were selected at various levels and returned with the honors of "2017 National Outstanding Entrepreneurs in the Building Materials Industry".



Excellent Foreign Investment Enterprise  
Performing Social Responsibility – Xi'an  
Association of Foreign-invested Enterprises



Pucheng Subsidiary "Advanced unit  
of social security work in 2017"

# Business integrity

The company strictly abides by the state's laws and regulations, social merits, business ethics, values contracts, and keeps promises, firmly prohibits illegal profits, and realizes the sustainable development of the company while adhering to market rules, and sets an example of abiding by the law. The company has established and perfected the legal risk prevention mechanism for enterprises and paid attention to the training of employees' legal knowledge. It organizes many company-level legal training each year and forms the governance ecology of operating according to law, administers enterprises according to law and operates with integrity.

## Fair market competition

In the face of severe overcapacity of cement production, long-term reduction of market demand, low concentration of enterprises and low-cost dumping, the efficiency of enterprises will decline. It is impossible for the cement industry's capacity reduction to obtain special government funding support like the coal and steel industries. What we can do is rely mainly on assistance within the industry. Such assistance depends on large companies to play a leading role in the market; relies on industry associations to play a role in self-discipline coordination; relies on mergers and reorganizations, market integration to improve industry concentration; relies on independent innovation to enhance the competitiveness of the company's market, so that companies can have a rise in benefit, the industry can achieve transformation upgrade. In the face of the "13th Five-Year Plan" period, it is necessary to complete the hard tasks of "de-capacity, de-stocking, de-leveraging, cost reduction and short links improvement". Cement companies must work together to create a fair and competitive market environment. Our company always adheres to the business management concept of honest operation, high quality and low price, sincere service and actively fulfills the responsibility of the president unit of the Shaanxi Cement Association and actively maintains a fair market competition environment. At the same time, a supplier management method has been formulated to clarify the supplier's access conditions, evaluation principles,

and assessment contents. According to the management principles of real-time evaluation and periodic evaluation, the supplier's dynamic management and internal sharing are achieved. Through tendering, it has entered into long-term cooperation relationship with companies with excellent qualifications, strong ability and good reputation to promote the long-term development of all parties. At the same time, the company has established a "Blacklist Management System" and has provided clear treatment methods of yellow card, red card and blacklisting for bad cooperation behaviors of suppliers, agents, etc., according to the severity of situation. As a large-scale cement production enterprise, after 30 years of pioneering and enterprising, indomitable struggle and arduous pioneering work, it has developed into today's pearl of the West. 30 years of entrepreneurial development mark 30 years of continuous development and also 30 years of integrity development of West China Cement Limited. West China Cement Limited ranks among the top 12 in China's cement industry and has become one of the leading companies in the West China Cement industry. The Group's development history perfectly explains its concept of honest development.

## Public relations and media coverage

The Yaobai Group 2017 Supplier Acknowledgement Meeting and Agency Acknowledgments was successfully held. The success of the exchange meeting showed the strength and superiority of Yaobai to our partners, and strengthened their confidence in long-term stable cooperation with Yaobai Group, which effectively enhanced the brand influence of Yaobai Group and contributed to its conquering of new height in the world cement industry, thus laying solid foundation for the future market expansion of Yaobai Group. Our company sets up a corporate social responsibility column in the group and its subsidiaries, publicizes and regularly updates the content to stakeholders; the company establishes a quarterly "management exchange" magazine, and communicates management experiences and industry development trends to the employees for further improvement of their social responsibilities awareness.



Agent appreciation ceremony in 2017





On March 16, 2017, the Shaanxi Provincial Interior Decoration Association held the sixth member representative meeting and the awarding ceremony of the Shaanxi Provincial Interior Decoration Industry Awarding Ceremony for 2016-2017 at the Ancient Capital Hotel. Our company won the title of "Excellent Decoration Material Manufacturing Enterprise" in the interior decoration industry of Shaanxi Province.



On December 22, 2017, the "2017 Shaanxi Top 100 Enterprise Release and the 7th Provincial Outstanding Entrepreneur Award Conference" sponsored by the Shaanxi Provincial Entrepreneurs Association was held. The Yaobai Group was listed on the "2017 Shaanxi Top 100 Enterprises" list.



On October 26, 2017, on the release conference of "2017 China Building Material Enterprise Innovation and Development Forum and Top 500 Chinese Building Material Enterprises, Top 100 Building Materials Service Industry, Top 100 Private Building Material Enterprises and Top 100 Most Promising Building Materials Enterprises in 2017", Yaobai Group was honored with the title of "Top 100 Chinese Building Material Enterprises" and "Top 50 Chinese Private Enterprises".



***To emphasis discipline,  
Strengthen organizational concept;  
To emphasis unity,  
Strengthen the overall consciousness;  
To emphasis responsibility,  
Strengthen personal quality;  
To emphasis efficiency,  
Strengthen work style;***

Zhang Jimin – Chairman of Board Directors of WCC

#### Work style building for the management

Without strict discipline, the company cannot form an effective team and form strong cohesion and execution. West China Cement Limited pays special attention to the construction of the working style of the company's management. It creates a tense atmosphere in the company of honesty, entrepreneurship, innovation, responsibility, hard work and is losing no time to enhance the sense of mission, responsibility, and urgency of the general staff, advocating research, shouldering responsibility and serving grassroots, building a pragmatic and efficient style, building a solid foundation, innovation, creativity and strict rule discipline. We must earnestly shoulder the responsibility of promoting the construction of management cadres and anti-corruption work. We must always maintain a high spirit and

work style. We must not forget our initial vision and adhere to our beliefs. We must overcome difficulties and fulfill our duties with loyalty and maintain healthy and sustainable development of the company and maintain the company's assets. Mr. Zhang Jimin, Chairman of Board of WCC and founder of Yaobai, aims to build a century of Yaobai to achieve built to last. He adheres to problem orientation, accurate target positioning, Constantly explore and comb the development law of the industry, summarize the potential problems in enterprise development and creatively puts forward the code of conduct for managing cadre style construction which is "Four Emphasis and Four Strengthen".



# Environmental Protection

At present, human society is facing severe challenges such as environmental pollution, ecological destruction, and resource constraints. Green development has become the only way for enterprises to enhance their competitiveness. As a manufacturing enterprise, West China Cement understands the close relationship between the sustainable development of enterprises and the environment. We actively implement the concept of green development put forward at the Fifth Plenary Session of the 18th CPC Central Committee, adhere to the green development road, actively explore energy-saving and environmentally-friendly production, living and working methods, comprehensively improve the energy management level of enterprises and commit ourselves to the harmonious coexistence of enterprises and nature to contribute to the development of China.





# Environmental management

Investment in environmental protection facilities

In 2017, our company continued to increase investment in environmental protection. Direct investment in environmental protection totaled RMB 96.6 million, an increase of RMB 11.6 million compared with 2016. More than RMB 2 million was invested into the production of 17 kiln-head flue gas on-line monitoring equipment for 17 production plants, and invested more than RMB 24 million in the kiln-head and tail dust collector upgrades at the production plants of Shifeng, Fuping, Yaowangshan and Luonan. For the Zhen'an production line, the company invested more than RMB 70 million in the reform of environmental protection standards and invested more than RMB 600,000 to upgrade the denitrification facilities of Pucheng, Shifeng, Fuping, Lantian and Danfeng.

RMB 96.6 Million  
Environment Investment

Environmental management system

In 2017, our company further strengthened environmental management to control and reduce pollution, improve environmental quality, improve the competitiveness of the industry and ensure the sustainable and healthy development of the company. We have established a leading group for environmental management. The team is responsible for the operation and management of the ISO14001:2004 environmental management system, and has formulated environmental management systems such as the corresponding plans for environmental protection management, implementation, inspection, and improvement. At the same time, we have further improved the "environmental management system" and equipped with full-time environmental management personnel. The company's subordinate units and mines strictly implement the environmental impact assessment and acceptance of the final inspection in accordance with relevant environmental protection laws and regulations, and carry out environmental monitoring on schedule. Each month, the factory conducts a special environmental inspection. Through on-line monitoring of pollution sources, environmental protection facility operation, and unorganized emission control inspections, it ensures the effective implementation of environmental protection policies and the effective operation of the environmental protection system.

Environmental protection publicity and training

The company actively participates in and carries out environmental protection activities. In July 2017, we participated in the "Disseminating Green Ideas, Send You Books on Environmental Protection" event organized by Shaanxi Provincial Ecological Civilization Construction Promotion Association and the Provincial Environmental Protection Publicity and Education Center and won the title of "Environmental Friendly Unit". At the same time, the company continued to strengthen its environmental protection training work. In 2017, it organized three special environmental protection trainings for at least two days each time. It also organized in-depth study at environmental protection facilities manufacturers for participating personnel. Through WeChat, OA, AM and other electronic platforms, we will conduct periodic learning on environmental protection laws and regulations and environmental protection policies every month and regularly review the study notes of environmental protection management professionals.



Disseminating Green Ideas, Send You Books on Environmental Protection

# Pollutant emission management

In the day-to-day environmental management work, our company focuses on improving the software and improving the hardware and promoting the work of environmental protection through mandatory implementation. In addition, we formulate Emergency Response Plans for Emergency Environmental Accidents and Emergency Response Plans for Heavy Pollution Weather; put Kiln-head online monitoring equipment on line; publicize major pollutant data for public use; implement clean production audit to improve storage and disposal of dangerous wastes and discharge permits certificate legal procedures. On-site governance adheres to the principle of "starting from a small place and managing from details", establishes a dynamic ledger for equipment "leakage and venting", realizing the sealing of the entire transmission pipeline, totally closed management of the workshop of the cement plant. We build raw material sheds, upgrade Kiln-head electric dust collection and effectively curb the pressure on environment brought about by dusts.

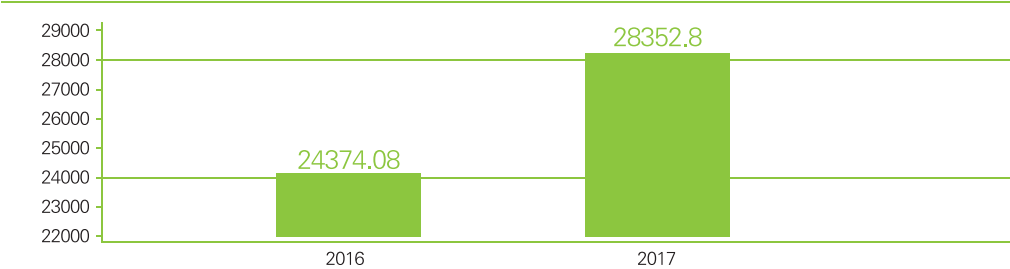
28352.8 T  
ammonia water consumption

## Technologies and measures to reduce pollutant emissions

The company has effectively reduced the emission of dust through the technical renovation of the kiln-head and kiln-end dust collectors; through the implementation of denitration spray guns and automated technological innovation in five production plants such as Pucheng, the consumption of nitrogen oxide emissions and ammonia water are effectively reduced.

Column diagram of ammonia water consumption

Unit: T



## Application of alternative raw materials

In 2017, our company consumed 2.02 million tons of raw coal and unit raw coal consumption is 107.11kg/Ton. Over the year, power consumption was 116,852KWh and unit production energy consumption was 90.52Kg TCE/ton. Our company actively cooperated with research institutes and business partners to research and sought alternative fuels which can effectively replace coal and electricity. In 2017, our company developed a detailed evaluation system for the use of alternative materials and the use processes and fully considered the impact of the use of alternative materials on quality and comprehensive costs, making it more standardized and meeting product quality and cost requirements so as to form a multi-point breakthrough, multiple alternative situation, registering the total cost savings of RMB 7.76 million throughout the year. Through practice, a total of 450,000 tons of alternative raw materials were used in modified phosphogypsum, fluorinated gypsum, solid wastes from smelters, etc., saving 30,300 tons of standard coal. Through the above measures, it does not only bring direct benefits to the production and operation of enterprises, but also effectively handles the solid wastes and protects the ecological environment.





# Energy management

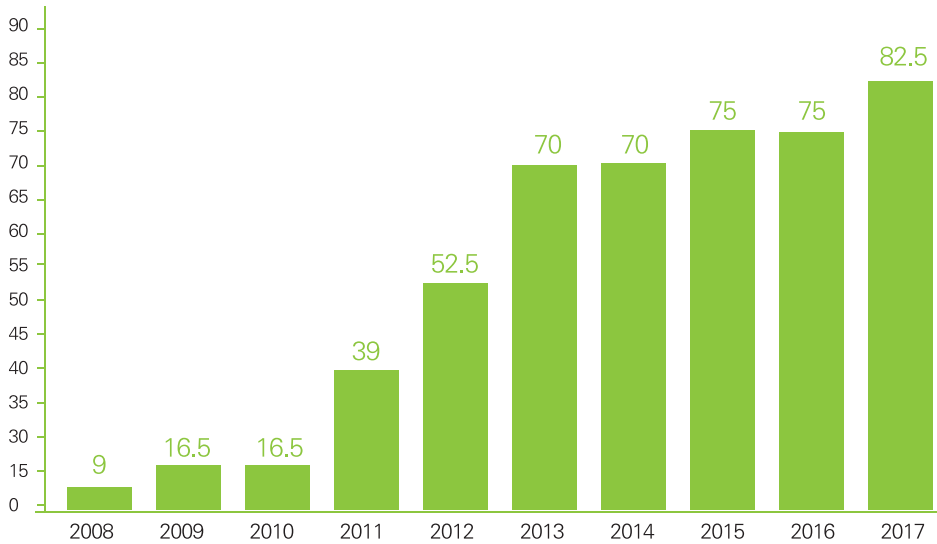
## Waste heat recovery

Our company always adheres to the use of pure low-temperature waste heat recovery power generation technology for cement kilns. Starting with the 9MW generation capacity assembly in 2008, 7.5MW was expanded in 2009, 22.5MW was expanded in 2011, 13.5MW was expanded in 2012, and 17.5MW was expanded in 2013: 5MW was expanded in 2015. There were 11 waste heat power recovery generation units with the total generation capacity of 75MW. In 2017, the two projects added 7.5MW. The project has been completed and is currently under commissioning. It is about to put into operation and expect a total of 13 waste heat power generation projects with the total generation capacity reaching 82.5MW. In 2017, the cement production line generated 338 million kWh of power, achieved economic benefits of RMB 169 million, saved about 134,400 tons of standard coal from the conversion of waste heat into electrical, and reduced emissions of CO2 by approximately 335,600 tons, reduced SO2 of about 10,200 tons and NOx of about 5100 tons.

338 Million kWh  
Power Generation

134,800 T  
Saved Standard Coal

Pure low-temperature waste heat recovery power generation Capacity Unit: MW



In order to promote the development of enterprises and improve quality and efficiency, our company takes the lead in adopting a high solid-gas ratio preheating pre-decomposition technology (XDL cement clinker calcining new technology), making full use of the kiln head, grate cooler waste heat and heat discharged from the kiln end preheater as drying heat source for raw material preparation and blast furnace slag grinding system so as to reduce the exhaust gas temperature by 28% and improve thermal efficiency of the system by more than 20%, save heat consumption per kilogram of clinker of 489 kJ and control the coal consumption per tonne of clinker at 140 kilograms. The comprehensive power consumption of clinker does not exceed 55 degrees for three consecutive years. At present, the integrated power consumption of the cement at Hancheng Plant of our group can be controlled within 65 degrees per ton. The energy consumption indicators have reached the advanced value of the national cement industry. While increasing the strength of cement production, the energy consumption is greatly reduced and the overall resource utilization level of the production line is enhanced.

In 2017, the Group successfully launched the on-line energy control data analysis system, which effectively solved the passive situation of incomplete energy control and delayed energy control.



On-line energy control data analysis system

## Energy saving

Our company actively responded to the national policy of energy saving and consumption reduction and timely transformed the cement and raw material system of Zhen'an Company with higher energy consumption, and realized that the integrated power consumption of cement decreased by more than 11 degrees. For the high-temperature fans and circulating fans without frequency conversion equipment in Pucheng, Luonan and Lantian production plants, new frequency conversion equipment were installed to maximize energy conservation and consumption reduction. We leveraged on the technical reform and QC topics at the beginning of the year to tap the internal potential of the company and achieve energy conservation and consumption reduction. The comprehensive energy consumption of the company's comparable cement reached 90.52 kce/t.

Off-peak production is the national industrial policy. It is an environmental protection action that cement companies take initiative to undertake social responsibilities and is the government's requirement for the industry. At the moment, the peak load production has become an important measure for the cement industry to "decrease overcapacity and increase profitability". Our company dare to assume the responsibility in the supply-side structural reforms, to be a model of honesty and self-discipline and set an example of energy conservation and emission reduction as well as environmental protection. In response to the market demand, production energy consumption and the impact on air quality, our company actively responds to the relevant national policy requirements. According to the State Council's "The off-Peak Requirements of Cement Clinker Plant during the Spring Festival and the Summer Peak Season, the production plants actively carried out limited production of

cements in off-peak periods. This measure has laid a good foundation for decreased production capacity, increased efficiency, and has also been highly recognized by the industry. Our company was invited to participate in the "2017 Cement Industry Promotion of Overcapacity Cutting and Strong Self-regulation Benefit Increase Conference and the Seven Sessions of the China Cement Association's six Directors Meeting" organized by the China Cement Association. At the meeting, our company was named as the "off-peak production integrity and self-discipline enterprise".



# Green development

## Mine regreening and soil reclamation

According to the “Overall Planning for Green Engineering of Limestone Mines for Cement in Xiaozhai” and “Overall Design of Eco-environmental Governance for Laoshan Cement Lime Mine” , a total of RMB 35 million was invested in 2017 for road hardening and standardized safety vehicles for mines and signage, slope-land planting and anchorage for hanging nets, planting tall shrubs, cutting drainage systems, digital mines, etc. To promote the construction of green mines, the mining industry adheres to the production concept of “mining while managing.” According to the national “five-in-one” strategic deployment general requirements, with a high degree of social responsibility, we are actively practicing the “good environment conditions bring benefits” scientific decree put forward by General Secretary Xi. Under the general design of Tianjin Cement Industry Design and Research Institute, we strive to build the first-class non-coal mine recovery model project, and the first limestone mine closed pit recovery and restoration project in China's cement industry. By the end of 2020, the Group strives to achieve 17 limestone mines, all reaching the advanced level of national green mine standards. The construction of our company's "green mine" project, as a highlight project for the benefit of the people, has established a full-time agency to conduct unified and coordinated management

RMB **35** Million  
Total Invested

**8.63** Hectares  
Mine regreening

and clarify management responsibilities. In the process of governance, we took into account the "reasonableness of planting grass trees, the level of planting height, the landscape of different seasons, and the sustainability of ecological construction", and constantly improved the ecological environment protection mechanism and actively carried out environmental protection and governance. We work to create a harmonious environment in which the ecological environment and business operations are in harmony. Considering that the implementation and operation of the project will have a certain degree of influence on the ecological environment such as the soil and mines in the area, the company will include the reclamation of soil and mine re-green into the mid-term development plan for production. Through scientific mining methods, efficient use of resources, and comprehensive standardized management and other methods, we minimize the negative impact on the soil and mines that may be caused by the operation process. In 2017, the company continued to carry out re-greening work for mines such as Pucheng Company, Xunyang Company and Lantian Company, completing the mine's re-greening of 8.63 hectares, an increase of 3.62 hectares of re-greening area compared with that of 2016.



Opening ceremony of Pucheng Yaoshan cement limestone mine closure recovery management and Yaoshan ecological park construction project

## Building of an ecological park

West China Cement has always been committed to the construction of ecological civilization. It strictly implements the management of environmental protection “three simultaneous” at different stages of the project, infrastructure, operation, etc., pays attention to soil reclamation and mine re-greening during the construction process and advocates employees to carry out environmental protection public activities, actively protects the environment and strives to build a win-win situation in the rational development and utilization of resources and ecological and environmental protection. The concept of green environmental protection has become an inevitable trend for the long-term development of the Chinese economy and it is also a sign of the Chinese economy entering a new era of development. In recent years, Yaobai Group has attached great importance to the construction of environmental protection of enterprises, and has continued to practice the concept of green environmental protection while building a green corporate image and actively participating in various environmental protection and public welfare activities. For example, at the end of September 2017, it invested heavily in the construction of Yaoshan Ecological Park, carried out trees planting in mines company-wide and invested in building new industrial parks, which fully demonstrated that the company adhered to the concept of sustainable development, attached importance to environmental protection, focused on establishing a green corporate image and seek to become a modern, highly socially responsible company. Under the background of the increasingly stringent environmental protection and environmental protection policies of the cement industry, environmental-friendly, resource-saving, healthy and sustainable development model enterprises will be increasingly favored by the market and more competitive. Based on this understanding, the company invested RMB 20 million to carry out the construction of a garden-style plant at each of the group's plants and raise it to a strategic height to promote and consolidate it.

## Ecological protection

The company attaches great importance to the protection of the ecological environment and takes the function of “green mines, harmonious mines, and ecological mines” as its position. It actively promotes clean and environmentally friendly production. The mine must be “exploited both rich or poor, both easy or hard” , coupled with low-grade ore. Dumping chaotically in the mine area is strictly prohibited. The comprehensive utilization of resources is implemented under the production policy of "mining while restoration." RMB 10 million and RMB 6 million were respectively input in ecological management of the slopes of Xunyang Company and Lantian Company. The greening pipeline facilities are built to timely re-green exposed slopes. Yaoshan Mine fully exploits the powerful conditions of broad sight and adequate illumination of hillside mining steps and builds photovoltaic power generation to realize the full economic and social benefits of the company. The company will take the construction of the Yaoshan Ecological Park as a starting point and take the concept of “innovation, coordination, green, openness, and sharing” as its development philosophy. It will persist in building a green ecological cement enterprise and take the responsibility of building green mines, ecological mines, and beautiful mines. With ecological green cycling development, we steadily advance on the road of resource development and ecological environment protection to achieve sustainable development of the company.

## Green office

Our company advocates green office. The company’s leading cadres take the lead and include the following measures: air conditioning temperature is set above 26° C in summer; the office area uses energy-saving lighting and lights out when no one is present; office water is recycled for watering flowers and grasses; collaborative office system are fully used and paperless office is implemented; for daily printed paper, both sides of the paper are used; scientific classification of office waste is applied as the company's garbage is put in classified garbage pool; video conferencing is promoted to reduce staff travel and so on.



# Resource recycling

According to the national industrial development policy, "three wastes" comprehensive utilization of "13th Five-Year Plan", local economic development and industrial development trends, and cement industry "three wastes" basic requirements, our company targets at the efficient use of resources and recycling, follows the principle of "minimization, recycling and reclamation", strictly following the requirements of advanced technology, low energy consumption, low pollution, and controlled investment, leverage on economic mode of natural ecological system material recycling and energy flowing pattern to maximize the economic value.

## Water resources management

In 2017, we further strengthened the management of water resources, relied on advanced water-saving technologies, comprehensively promoted the use of water-saving appliances, advanced treatment of sewage and other measures, reduced the useless water consumption, and improved the utilization of water resources. The total water consumption in the year was 3.6 million tons, and the unit output value of water consumption was 7.65 cubic meters per ten thousand RMB, a year-on-year decrease of 8.2%. The unit output water consumption was 0.19 liters per ton, a year-on-year decrease of 6.9%.

### Equip with production, living and fire water supply systems

The production, living, and fire water supply systems are mainly used for cement production lines, domestic water, firefighting, and supplementary water for the circulatory system; for production lines with waste heat power generation systems, the make-up cooling water of the waste heat power circulating generation system is also supplied from this water supply system. The system can effectively prevent water wasting due to excessive water pressure. As of 2017, the company has applied this system to 11 numbers of production lines.

### Promote to use water-saving appliances

Water supply systems use upper and lower level control valves, level gauges, electromagnetic flow meters, water meters, water flow indicators, thermometers, pressure gauges, etc. to facilitate the monitoring of water usage and water-saving appliances and equipment.

### Sewage treatment

The company's cement production plants are equipped with complete sewage treatment equipment and follows the "urban miscellaneous water of urban waste water reuse" (GB/T 18920-2002) standard for the advanced treatment of the sewage generated for the supply plant area greening and sprinkling water on the road. In the whole year of 2017, a total of 1 million tons of sewage have be treated and produced 1 million tons of reclaimed water.

### Rainwater recycling

In order to realize the resource utilization of the initial rainwater, our company upgraded the rainwater collection system on the basis of 2016 to recover, treat and use the initial rainwater. Rainwater is used for road sprinkling and greening after precipitation. 15,000 tons of accumulated rainwater was used throughout the year.

## Co-disposal of municipal sludge, domestic waste, and urban hazardous waste

Our company has formulated a strategic deployment of solid waste disposal. Currently, it is in a critical period of national environmental governance. Enterprises that actively implement the national environmental protection policy will also receive strong support from the government. All types of industrial solid waste, construction waste, and urban waste can be described as the "illnesses" of environmental governance work. It is imperative for the building materials industry to do a good job in the disposal of various solid wastes. The so-called "scientific and technological advancement is the primary productive force" means that relying on advanced technologies is an important measure for promoting environmental protection. Yaobai Group can use technology to achieve high-capacity and low-energy consumption, while using new processes and new technologies to dispose of hazardous waste and turn waste into treasure, produce high value-added products and create a new industry-related circular economy industrial chain. In view of the fact that the construction solid waste dumps generated in the development and construction process in Xi'an and its surrounding areas occupy a large amount of land, our company started the experimental research on urban construction solid waste as early as in 2007. Now it has been applied and promoted in production. It can consume about 100,000 tons of urban construction waste in Xi'an every year. From 2009 to now, the Yaobai Group has absorbed a total of 660,000 tons of urban construction waste in Xi'an, saving a lot of land resources and protecting the ecological environment. From 2014 to 2018, hazardous wastes were co-deployed at Lantian, Fuping and Jixian companies, respectively, and the current annual processing capacity is about 150,000 tons.

For the management of packaging materials, the packaging materials consumed by the company's affiliated companies in 2017 were mainly packaging bags and cartons. The total volume of bagged cement was 8.8234 million tons, and an average of 20 bags per ton of cement were used. Each bag had a weight of 70 grams, and consumed about 12,400 tons of packaging materials. Unit output of packaging materials consumed 0.0014 kg/ton.

In terms of comprehensive utilization of industrial wastes, the company will produce a large amount of industrial waste residues such as desulfurized gypsum, fly ash, wet coal slag, bottom slag, and slag during the production process. These waste slags are non-toxic, but improper treatment will have a negative impact on the environment. In 2017, the company generated 0 tons and 120 tons of hazardous and non-hazardous wastes respectively. In accordance with the principle of "minimization, recycling and reclamation". The company actively absorbs all types of industrial waste that it produces, reduces waste residue to secondary pollution of the environment, and recycles it. In 2017, the company's waste recycling capacity was 1,200,000 tons.

## Industrial gas emission control

### Industrial waste discharge standards

The company's production plants have two types of discharge standards, among which the Shaanxi Guanzhong region implements special emission limits and achieves annual discharge standards; the southern Shaanxi, Xinjiang, and Guizhou implement national discharge standards and achieve discharges standards throughout the year; in 2017, there were 18 production plants under our company whereby no excessive emissions of related pollutants were reported. The annual NO<sub>x</sub> emissions were 7,376.06 tons (emissions per unit of production: 0.50 kg/ton), SO<sub>2</sub> emissions were 809.91 tons (SO<sub>2</sub> emissions per unit of output: 0.06 kg/ton), and dust emissions were 418.75 tons, which was decreased by 1977.94 tons, 52.09 tons, and 325.25 tons respectively compared with that of 2016.

### Greenhouse gas emissions

The company has adopted measures such as shifting peak production, increasing production per unit, reducing electricity consumption, and improving the quality of raw coal entering the factory, to control greenhouse gas emissions. In 2017, the company had a total of 9.48 million tons of greenhouse gas CO<sub>2</sub> emissions and a unit output of CO<sub>2</sub> emissions of 0.07 kg/ton of clinker. In view of the high pollution weather in the Guanzhong area of Shaanxi Province, senior management of our company actively participated in the "Hardline Haze Treatment Conference", actively implemented shifting peak production, and strictly implemented specific plans for air pollution environmental management and coal abatement plan.



# Value Management

As a traditional enterprise, we are deeply aware of the importance of basic enterprise management. The smooth progress of the enterprise's fine management and the basic management level of the enterprise are inseparable. The promotion of refined management requires the enterprise to have systematic and comprehensive management concepts, methods, and system support. It is precisely for this reason that we have always adhered to lawful and compliant operations, continuously deepened strategic management based on corporate strategy, strengthened financial management and control, conducted in-depth information construction and promoted continuous improvement in management.



精益求精，追求完美品质；精诚服务，实现质量兴企



# Strengthen the foundation and the fine management

## Operate according to law and strengthen legal management

Our company pays attention to improving the ability to manage the enterprise according to the law, providing legal support services for major decisions at the group level, focusing on strengthening the guidance, coordination, and supervision of major legal disputes at the branch level and enhancing the awareness of legal risk prevention among all employees. At the same time, the company also carried out legal education in order to enhance the legal awareness of all members by holding lectures on legal knowledge and printing "Management Cadres Laws and Regulations Study Manual (2017 Edition)". In 2017, the company strictly reviewed more than 6,000 different types of contracts, drafted and revised some of the contracts in a timely manner to prevent and resolve potential contractual legal risks, and corrected more than 850 problematic contracts throughout the year.

## Strengthen supervision and examination and avoid corporate risks

Being risk-oriented, with internal control as the main line, we continued to carry out comprehensive internal control audits, special audits of business management, and promote the company to improve the level of internal control. In 2017, it carried out various audit activities for 30 times, including 30 internal audits, 215 audit findings, 2 external audits, and 5 audit findings. At the end of the year, the internal audit supervision rectification rate reached 95.00%. The external audit's discovery rectification rate was 100%.

## Remain targeted and deepen strategic management

Strengthening strategic management can help enterprises correctly evaluate the crisis and opportunities of the external environment and help them obtain long-term competitive advantages. In 2017, based on the domestic and international macroeconomic and cement industry developments and business conditions, our company carried out "institutional adjustments, transformation and upgrades", optimized and adjusted strategic management work, and based on a comprehensive and objective analysis of opportunities and challenges in the development of enterprises, constantly explored the integration of the national strategy of "Belt and Road" and the company's development strategy and business operations and carried out many researches on special cement R&D, financial leasing business, intelligent chemical plant, garden factory construction, ecological park construction and cost control.

## Strengthen financial management

In 2017, the company's financial work was carried out on the basis of annual business objectives. the company continued to strengthen financial management by improving comprehensive budget management, strengthening cost control, standardizing asset management, raising basic management standards and conducting financial skill competitions to continue to strengthen financial management work, achieve lower cost and higher efficiency and create economic value. In the whole year of 2017, the company achieved cost reduction and efficiency increase of RMB 38 million and direct economic benefits of RMB 26 million.

## Anti-commercial bribery

We strictly abide by the relevant provisions of the Law against Unfair Competitions and Interim Provisions on Prohibiting Commercial Bribery in conducting our business activities. Meanwhile, the Company has formulated directives and regulations, provided anti-commercial bribery trainings, executed anti-commercial bribery commitment letters and taken a number of other measures targeting at the risk of commercial bribery, to ensure that its business activities are carried out on the premise of lawfulness and compliance. In 2017, the Company was not involved in any litigation cases concerning corruption, bribery, blackmailing, frauds and money laundering.

# Promoting the development of responsibility value chain

We will enhance the sustainability of the value chain to the height of the company's strategy, actively promote strategic cooperation with partners, help supplier partners to enhance their sustainable development capabilities and levels, develop with agents and strive to form long-term cooperation with value chain partners. The relationship of coexistence and co-prosperity creates a healthy responsibility value chain.

## Promotion of strategic cooperation

The formation of strategic partnerships with key partners in the value chain plays a crucial role in the company's transformation, upgrading and soundness. In 2017, we actively promoted the strategic cooperation process with our partners and focused on cultivating a comprehensive strategic partnership.

# Promoting the development of the industry

As China's economy has entered the new normal as a whole, the pace of economic development has gradually slowed down. Overcapacity in the cement industry has become a serious problem. As a leading cement company in China, we are fully aware that we are duty-bound to actively implement the relevant policies and development strategies formulated by the country to promote the healthy development of the industry. To this end, we actively eliminated backward production capacity, deepened mergers and acquisitions, actively implemented the "Belt and Road" initiative and developed international production capacity cooperation to promote industry transformation and upgrading and sustainable development.



Holding industry experts, special cement customer seminar



# Comprehensive quality control.

Our products are widely used in national key projects such as highways, railways, airports, bridges, tunnels, water conservancy, oil wells, gas wells, and urban and rural construction markets. The quality of products is closely related to the quality standards of these projects. For West China Cement, the implementation of comprehensive quality control not only reflects our attitude towards products, but is also an important embodiment of our commitment to providing quality products for the public. We regard quality as our life, continuously strengthen quality management and continuously optimize production equipment and product processes. We are committed to excellence in all aspects of R&D, raw material selection and production, and ensure product quality in all aspects.



## Unswervingly taking the road of quality-based development

In order to strengthen product quality management, we took the lead in the industry to obtain the ISO9001 quality management system certification. At the same time, we also actively carried out quality management month activities, fully applied information quality control management platform and perfected quality assessment and evaluation system, and improved product quality assurance capabilities. Throughout the year, the company had no major quality accidents and the qualified cement product rate reached 100%.

In September 2017, West China Cement actively responded to the call of the country and focused on “quality, brand, standards, services, and benefits” . Focusing on the theme of “improving

quality and building a strong country of quality” , we developed the “Quality Month” in depth throughout the company. During the event, the company mobilized all cadres and employees, thoroughly implemented the scientific concept of development, firmly established the full-body quality awareness, enhanced the company’ s core competitiveness, boosted product industry upgrades, comprehensively improved the quality management level, and effectively implemented the company’ s brand building implementation strategy, optimized the linkage mechanism of product management and technical personnel management, carried out in-depth review of quality control experience, concluded quality management and control highlights, and comprehensively improved the cadre staff quality management awareness and level.





# Innovation and development



## Technological innovation system

Technological innovation is the eternal topic of an enterprise, and the only way for an enterprise to keep its vitality for the long term.

——Zhang Jimin, Chairman of the Board of Directors of West China Cement Limited

### R&D investment and talent recruitment policies

We have always attached great importance to the improvement of independent research and development capabilities. To this end, the company has established a scientific and technological innovation platform consisting mainly of the Institute of Technology and Information of Construction Industry and Technology Centers to comprehensively promote the company's scientific and technological innovation. In terms of scientific and technological innovation management, we set up a scientific and technical committee with Chairman Yaobai as director and executive director to be fully responsible for the overall management of scientific and technological innovation-related matters. In terms of R&D infrastructures, Tianjin Cement Industry Design Institute, the epitome of China's cement industry partnered with us to jointly carry out research on products, technologies and processes. In 2017, our company was invited to participate in the drafting work of GB/T200-2017 "Medium Heat Portland Cement and Geothermal Silicate organized by the China Special Cement Association.

The innovation and development of enterprises cannot be separated from the support of a high-level talent team. West China Cement pays great attention to improving the institutional environment for scientific and technological innovation, focusing on cultivating innovative talents and high-skilled talents. Through the establishment of medium and long-term incentive mechanisms for scientific and technological talents and the cultivation of innovative culture, it continues to accelerate the cultivation and gathering of leading talents in science and technology and strives to build a group of innovation team which are influential in industries and countries.

In 2017, our company continued to increase investment in scientific and technological innovation, raised funds for scientific research through multiple channels, effectively increased the technological content of products and businesses, and obtained two scientific research patents in half a year. In 2017, West China Cement invested RMB 110 million in technological innovation and the conversion rate of innovation results was 98.4%.

Our company pays close attention to product innovation, and strives to develop a series of high-performance professional decorative gelling agents, tile adhesives, ground adhesives and other healthier and pollution-free home improvement materials such as "Yaobai New Materials" to enhance the use of new materials, constantly meet customer needs and establish a good brand image.

Our company has signed a strategic cooperation agreement with the Institute of Building Materials Information to accelerate the advancement of technology research and development in the special cement sector. It is also a key process for achieving "innovation promotion, development demand, and high-end development". This strategic cooperation is of great significance and plays an important role in the R&D and innovation of our company. Our company will fully utilise its advantages in regional brands, business management, and technological advancement to provide a solid assurance for long-term cooperation between the two parties.



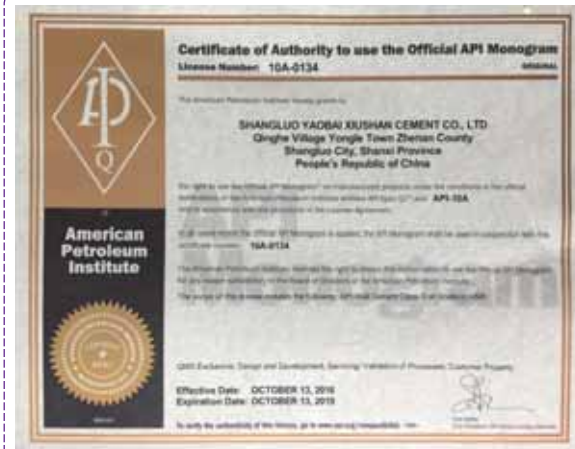
### Honor of technological innovation

Through our commitment to various scientific research projects and participation in the formulation of national and industry standards, we are committed to making a contribution to promoting technological progress in the industry. In 2017, our company successfully developed nuclear power cement and successfully developed a new calcium aluminate material for water treatment agent. The successful production of this material on the outside pre-decomposition calciner still ranks the first in the country and is not yet documented in the world.

In 2017, West China Cement Yaowangshan Company obtained the API product certificate of the oil well cement after obtaining the API certification with “Yaobai” oil well cement last year. This is the second time that our company's subordinate units have obtained this honor. The acquisition of this certificate marked a new level in the company's production technology and quality management, and also marked the company's convergence with international standards in fierce market competition. The acquisition of the API system certification not only helped the company improve the level of technology and quality management, but also laid a solid foundation for the company to further broaden the domestic market and participate in international competition.

At the same time, it obtained the comparative certificate of the chemical composition analysis laboratory for oil well cement issued by the National Oil Industry Oil Well Cement and Admixture Quality Supervision and Inspection Center.

Our group won several honors in Shaanxi Province's technological innovation projects. Among them, Fuping Company's “Energy Saving Improvement of Cement Kiln System”, “Using Steel Slag to Improve the Burnability of Cement Clinkers,” and Shifeng Company's “Application of Gasification Slag in Cement Production Process”, Zhenan Company's “Development of Sulfate Resistant Portland Cement”, “Production of Class G High-Resistance Oil Well Cement Using Lead-Zinc Tailings”, Pucheng Company's “Adjustment of Insertion Depth of Inner Tube of Cement Preheater”, Mianxian Company's “Pulverized Coal Rotor Scale Improvement for the Purpose of Stabilizing Production and Reducing Consumption”, Yangxian Company's “Grate Cooler Fan and Waste Heat Reuse Technology to Increase Power Generation”, Xixiang Company's “Replacement of Natural Gypsum Using Modified Gypsum as Retarder to Produce Cement” etc. won many honors in the “Shaanxi Yaoshui Cup” technological innovation project. The application of the above-mentioned new technologies is a summary of experience and technical innovation of Yaobai Cement in production and ultimately achieves the goal of energy saving and emission reduction, cost reduction and efficiency increase. The “Application of Gasified Slag in Cement Production Process” of the Shifeng Company was successfully applied to cement ingredients through repeated experiments, replacing part of the coal with gasified slag which occupies large amounts of land and pollute the ecological environment with its own heat. The raw material prepared by gasified slag is



API certificate of Yaowangshan Company



Wear resistant composite steel plates



easy to burn, the clinker of which is easier to calcine. The coal consumption per ton is reduced by 9kg. The ultimate goal is to turn waste into treasure, change damage into profits, reduce cement production costs, meet the needs of economic construction, and also meet the need to protect the environment.

Our company succeeded in producing wear resistant composite steel plates. With the effective development of this new business, Yaobai Group will gradually bid farewell to the history of externally purchased wear resistant composite steel plates. The company's trial-produced wear-resistant composite steel plates are economical and durable, saving about RMB 450 per square meter compared with similar wear-resistant steel plates. The wear-resistant composite steel plate has the characteristics of high wear resistance, good impact resistance, strong weldability, easy processing, and convenient use. The product is widely used in the stone crusher, conveyor, chute, fan blade and other parts of the cement production equipment. This is the result of the continuous innovation and technological advancement of the Yaobai Group. It specifically shows the performance of effective advancement of steel processing and color steel production of our group.

The independently-developed KS1.0 mine management system was put into trial operation. The main functions include changes in equipment information, daily report of equipment operation, maintenance records of equipment and accessories and other functions. The functions of uploading and downloading photos and exceptions perfect the system. It is of great significance to simplify data reporting, achieve data sharing, strengthen supervision, and increase work efficiency.

Yaobai Group was invited to attend the 9th “Belt and Road” China Nuclear Power Frontier Summit Forum. During the development of nuclear power cement, the Yaobai Group used the laboratory to simulate the industrialized intermediate test. The trial production was successful, the production process was simple and the product quality was excellent and a set of mature production technology and cost control experience was summed up to form a set of reasonable, complete and effective technical work instructions. The nuclear power cement developed by the Yaobai Group has the characteristics of low heat of hydration, high early strength, high strength enhancement rate, and dry shrinkage, which is suitable for the key links in the construction of nuclear power plants.





## Management innovation

Intelligent manufacturing is a deep integration of “two transformations”. It is the integrated innovation and engineering application where a new generation of information technology and manufacturing are integrated. It is the application of smart products and autonomous and controllable intelligent devices. Relying on competitive enterprises, they closely follow the key process intelligence, replacement of robots in key positions, intelligent optimization control of production processes, optimization of supply chain, construction of smart factory digital workshops in key areas. Our company attaches great importance to the construction of enterprise informatization and makes full use of modern management methods to further enhance the company's competitive soft power. Our company was shortlisted for the “2017 Shaanxi Province Smart Manufacturing Pilot Demonstration Enterprise”.

The Group's Guangxin International Financing Leasing Co., Ltd., which was incorporated in 2017, focuses on researching the building materials industry chain finance and the requirements of the “safety, profitability, and liquidity” financial nature with supporting the real economy as its purpose. It's dedicated to the wave of industrial upgrading, with the historic opportunity of implementing the national strategy of “Belt and Road”, achieving professional management, innovative services, rapid, steady and distinctive development of its business so as to become the western model of the financial leasing industry. With the establishment and sound operation of the Guangxin company, it won the title of “2017 International Cooperation Excellent Enterprise”. The company will cherish the honor, forge ahead, explore and innovate, base itself on the building material industry chain, and become bigger and stronger in the financial leasing business so as to make contributions to transformation and upgrading and local economic development.

With a registered capital of RMB 20 million in 2017, Xi 'An Baiyun Intelligence Data Technology co., Ltd. was established. With the mission of “information and intelligence to advance the progress of the cement industry”, it is committed to providing cement industry, small and medium-sized enterprises, intelligent government affairs, and big data fields with professional, standard, and easy-to-use information, intelligent products and data comprehensive solution services. “Innovation, transforming technology into productivity” is the core competitiveness of Baiyun. With a deep understanding of information and intelligence, Baiyun Company combines leading-edge product ideas with extensive product development experience to provide users with simple, convenient, safe and practical intelligent products and solutions to help customers achieve low-cost, low-risk, high-efficiency, intelligent goals. Based on the rigorous and standardized corporate culture and scientific management of the listed parent company, Baiyun Company has attracted a large number of outstanding talents. With outstanding management, R&D, implementation, and operation and maintenance teams, they have a tacit cooperation in development, promotion, implementation, operation and maintenance, deeply understand the meaning of “customer-centric”, and permeate “service” in each of the company's operations and management detail. In the future, Baiyun Company will base itself on industry information and intelligence, actively integrate resources and strive to create the most influential and competitive technology-driven enterprises in the western region.

**国家水泥质量监督检验中心**  
(CHINA NATIONAL CENTER FOR QUALITY SUPERVISION AND TEST OF CEMENT)  
**检验报告**  
(TEST REPORT)

中心编号: WT2017D06A01414 共2页 第1页

样品名称	核电工程用硅酸盐水泥	强度等级	42.5
委托单位	宝隆市港粉水泥有限公司	商 标	美粉
生产单位	宝隆市港粉水泥有限公司	检验类别	委托检验
取样地点		样品等级	
样品数量	0.4m³	取样日期	2017年06月30日
送样参数		送样人	张超
检验依据	GB/T31545-2015, GB/T 178-2008	报 告 号	30001
检验项目	全部品质指标, 三氧化二铁, 三氧化二铝, 氧化钙	生产日期	2017年6月12日
检验结论	所检各项品质指标符合 GB/T31545-2015 核电工程用硅酸盐水泥 42.5 标准, 符合 GB/T31545-2015 标准, 符合 GB/T31545-2015 标准, 符合 GB/T31545-2015 标准。		
备 注			

批准: 张超 审核: 张超 编号: 张超

Cement R&D

**陕西省落实《中国制造2025》战略规划领导小组文件**

陕制组〔2017〕1号

**陕西省落实《中国制造2025》战略规划领导小组关于印发《陕西省智能制造工程实施方案》的通知**

各设区市、韩城市人民政府, 杨凌示范区、西咸新区管委会, 省落实《中国制造2025》战略规划领导小组各成员单位, 有关企业: 为贯彻落实《中国制造2025陕西实施意见》, 建设制造强省, 推动转型升级, 结合我省重点产业发展特点, 制定《陕西省智能制造工程实施方案》, 现印发你们, 请认真贯彻执行。

陕西省落实《中国制造2025》战略规划领导小组  
2017年2月10日

2017 Shaanxi Intelligent Manufacturing  
Pilot Demonstration Enterprise

**附件1. 2017年度智能制造试点示范企业(园区)**

一级分类	二级分类	企 业	备 注
智能制造试点示范企业(第一批)	1.	陕西汽车集团有限责任公司	
	2.	中航宝钛股份有限公司	
	3.	中航西安飞机工业集团股份有限公司	
	4.	宝鸡钛业股份有限公司	
	5.	陕西精工工业集团股份有限公司	
	6.	中国重汽陕西重汽股份有限公司	
	7.	西安动力传动光电技术有限公司	
	8.	陕西长岭轴承制造有限公司	
	9.	陕西通海汽车零部件有限公司	
	10.	西安思源机电装备股份有限公司	
	11.	陕西彩虹电子玻璃有限公司	
	12.	西安光机股份有限公司	
	13.	中兴科技(西安)有限公司	
	14.	西安康泰新材料股份有限公司	
	15.	陕西宝鸡钛业	
	16.	西安可敦机械集团	
	17.	西安万泰机械股份有限公司	
	18.	陕西神木农村商业银行股份有限公司	
	19.	西安康泰新材料股份有限公司	
	20.	西安康泰新材料股份有限公司	





# Safe production

The effective fulfillment of safety responsibilities and the achievement of safe development are the basic prerequisites for ensuring the employees' healthy and happy work, and they also build a solid foundation for achieving sustainable development. For many years, the company has always regarded safety as one of its core values, adhered to the principle of "people-oriented, safety first", put staff health and safety as top priority, and continued to promote safe production management. We will carry out safety standardization construction, pay attention to safety education and training for all employees, actively carry out various forms of investigation and management of hidden dangers, strive to create a safe production and work environment for all employees, and ensure the safety and physical and mental health of each employee.

In 2017, the company invested more than RMB 62 Million in safety production. The Company recorded 10 safety accidents, 1 fatal accident, fatality rate of 0.22%, 6 minor injuries and 6,845 loss working days





# Safety production management system

The company has improved the safety production responsibility management system. The Group has established the Safety Production Committee with the president as the director, the general manager of each subsidiaries, the party branch committee, and the trade union as members. The subsidiaries established safety production leadership institute with the general manager as the leader and the heads of department/facilities as the members to clearly define its responsibilities and coordinate the Group’ s work safety management.

### ■ Safety prevention dual mechanism

The company implements the dual prevention mechanism of hidden trouble management and risk classification management, implements the risk management of red, orange, yellow and blue colors in the mines and production lines and implements responsible management personnel; implements group–level, company–level, department–level, workshop–level, and team–level hidden trouble checking and management system, identifies the number of inspections, records hidden dangers, rectification and verification and achieves closed–loop PDCA management.

### ■ Safety emergency management mechanism

In 2017, the company revised and improved the safety emergency response plan, which was filed by the safety supervision authority after being reviewed by experts. In order to strengthen the emergency handling capacity and methods of all employees for safety accidents, the cadres were trained to respond quickly and calmly to various safety emergencies and reduce the risk of safety accidents. Combined with the preplan and the actual situation of the company, a part–time emergency rescue team is established and emergency supplies are equipped. It regularly organizes personnel to conduct drills on emergency plans and evaluate and improve the preplans based on drills. In 2017, various subsidiaries of our company organized 76 types of drills, directly involved 7,600 people and directly invested RMB 380,000 in emergency drills.

### ■ Safety production management system

In 2017, a large number of amendments were made to the “Safety Management System” , and the handling of accidents and the handling of reported accidents were dealt with seriously. New “Safety Production Liability Management System” , “Post Standards Management System” and “Class Safety Management System” , “Employee Behavior Observation System” , “Three Violations on Site and Safety Foundation Management Assessment Methods” were added to refine the on–site management foundation and extend the various systems to the grass–roots employees throughout the range of daily production.

### ■ Implementing safety production responsibility system

In 2017, the company improved the "Safety Production Responsibility System", covering the company's general manager, security leader in charge, security management personnel, the heads of various departments/work–shops, party committees, trade unions, special operations personnel and employees in various positions and signed safety pledges to ensure the effective implementation of the responsibility for safe production. A total of 285 safety production responsibility documents were signed throughout the year, and all employees signed a total of 4,528 safety pledges.



### ■ Launching special activities for safe production

In 2017, our company took 17 days and traveled more than 2,000 kilometers to carry out the “safety production–led” event based on the “accidents case” and gathered more than 1800 participants. We carried out comprehensive dust explosion–proof, limited space, welding machines, and forklifts governance activities, aiming to increase the level of security protection and personnel security awareness.

### ■ Safety training education system and conference

The Group invited security experts to conduct four–day professional training for management and security management personnel. The company’ s safety and environmental protection department conducted a two–day security training and site visits for security management personnel. Each of the subsidiaries invited the District Safety Supervision Bureau and fire protection armed police to carry out different types of safety training for the entire staff. Through safety training and education, the staff’s safety management concepts and safety responsibility awareness have improved, laying a solid foundation for the Company’s safety, sustainable development and standardized safety management concepts. In 2017, the company–level safety training, based on the principles of comprehensive coverage and full–staff coverage, involved more than 65,000 participants with per capita safety training of 27.14 hours. The company organized security conferences on a regular basis to analyze the potential safety hazards in the daily work and to analyze the safety incidents that occurred. The accident analysis meeting held in the year totaled 1434 times (including 1424 attempted accident analysis conferences and 10 safety accident analysis conferences).

# Occupational health protection

In 2017, Yaobai Group revamped the "Occupational Health Management System" and made it clear that the general manager of the company is the first responsible person for occupational health management. Each department and each workshop fulfill its responsibility according to professional requirements and include the notification, publicity, declaration, monitoring and equipment management of occupational hazards in daily production management to ensure the effective implementation of occupational health measures. In the Occupational Health Management System, employees who require occupational hazards to contact are required to perform pre-post, in-post, and after-post physical examinations and specify the physical examination details of each post; the company's safety management department establishes occupation health monitoring files for each employee in accordance with laws and regulations, which record the annual physical examination, the monitoring of hazard factors, etc., and are kept along with the personal files of employees. In 2017, the occupational health examination rate of our employees was 100%, and the warning rate of occupational hazards was 100%. None of the employees in the entire year had an occupational health problem.

# Work environment safety

In accordance with the unified deployment in 2017, the production unit is equipped with a HD night vision recorder mobile inspection device, which is used for safety dynamic inspection, fulfilling the main responsibilities of the general manager and safety management personnel of the company; and is equipped with a secondary decompression protector for the welding machine to prevent injuries caused by daily work; Photoelectric sensors are installed for the dough mixers of daily use of the restaurant to prevent damage caused by daily misuse; fall prevention nets are installed on both sides of the pipe mill to prevent injury brought by the illegal use of personnel; a reversing alarm system for forklifts is equipped; and gas detector for limited space operations is also equipped.

The Group successfully passed the inspection and assessment of Shaanxi Provincial Work Safety Supervision Bureau, and will take this inspection and assessment as an opportunity to further strengthen the awareness of the red line, firmly establish the "safety first" ideology, and unswervingly implement the important instruction on work safety of State Administration of Work Safety and governments at all levels to implement responsibility for safety management to the production line, grasp the general system, prevent major accidents and ensure the safe production and operation of the group.

# Creation of safe mine standardization

Mine standardization management is an important part of modern cement company's safety management and it is a new way to fundamentally solve and protect the life safety and health of workers. Our company attaches great importance to the standardization management and standardized mining work. At present, the company has three mines that have passed the safety production class-II standard assessment, and two mines that have passed the safety production class-III standard assessment. There are three production lines that have passed the class-III standard assessment. In August 2017, 5 production lines and mines were also completed to carry out the class-II standard assessment.

Leaders of Shaanxi provincial safety supervision bureau visited the group headquarters to check the safety work





# Harmonious Community

An indispensable part of the healthy growth of West China Cement is the encouragement and support of its employees, communities and all stakeholders. For that reason, we have actively taken actions to fulfill our obligations as a corporate citizen, sought common development, carried out public welfare activities to benefit the growth and advancement of local communities and public, and endeavored to build them a happy work, learning, growth and living space.





# Staff development

Employees are the key factor in the steady development for enterprises and they are the source of intellectual treasures and strengths of companies. The continuous introduction of excellent talents and the stabilization of their talent pool are the driving force for the sustainable development of enterprises.

Our company always adheres to the people-oriented equal employment concept, establishes a fair and open mechanism for selecting and employing people, implements equal pay for equal work, and insists on equal employment. Employees of different races, genders, ages, religions, and cultures are intertwined to form complementary advantages to tap the full potential of talents.

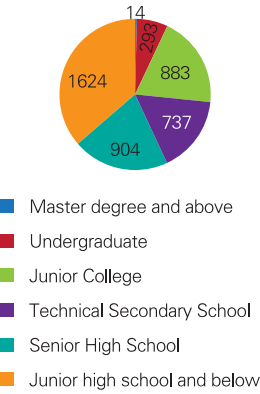
While retaining and inheriting traditional production technologies and management experience, our company is also advancing with time, carrying out recruitment work through multiple channels, strengthening talent reserve and echelon construction and striving to create a learning-oriented, professional and knowledgeable talent team. We continue to inject fresh blood into the company's development. In 2017, the company has participated in a number of college job fairs and special job fairs organized by the talent market to actively accept veterans. In the whole year, our company recruited 132 undergraduates and graduates who mainly come from Shaanxi, Henan, Shanxi, Gansu, Sichuan, Ningxia, and many other universities and from more than 20 majors including design. By the end of 2017, the total number of employees in our company was 4,453, including 887 female employees, 245 female employees, and 138 minority nationalities. The annual employee turnover rate was 11.73%, and 923 new employees were employed.

## Democratic management

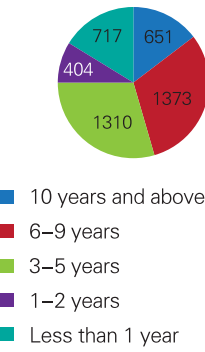
Our company has always adhered to democratic management, continuously improved the system of workers' congresses and formed a democratic management structure of "group unified leadership, administrative responsibility, implementation of trade union organizations and active participation of employees" to ensure employees' right to information and supervision rights, expression rights, and participation rights in decision-making. In 2017, re-election was successfully carried out in the staff representative meeting. The training rate of new-term employee representatives reached 100%, and grassroots democratic management organizations were further improved. The company built a multi-channel, effective internal communication platform so that employees can express opinions and suggestions through various channels such as employee representative conferences, employee forums, corporate mailboxes, collaborative office systems, WeChat and AM's internal instant messaging software to reflect reasonable demands to company. After receiving relevant news, the company's relevant departments will promptly summarize the discussion, actively adopt reasonable suggestions from employees, and strive to build a harmonious labor relationship so as to enhance the sense of belonging and ownership of all employees.

The Mianxian Company Trade Union Committee was awarded the title of "Four-Star Unit of the Public Affairs Representative Conference of the Factory Affairs" by Hanzhong City. Mianxian leaders demanded that all county labor union systems learn from the Yaobai Trade Union, carry out all kinds of work in a down-to-earth manner, and truly perform the duties of the trade unions. It required the county general trade unions to distribute the speeches material of Yaobai Cement Mianxian Company county-wide, organized study, promoted advance working experience and required units at all levels to give encouragement and support in the development of the enterprise.

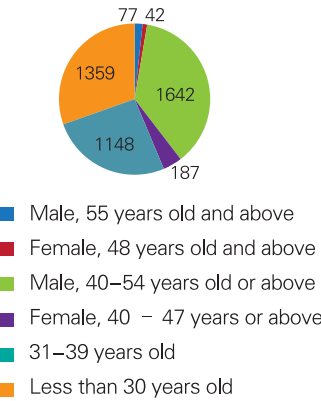
Educational level composition



Composition of seniority



Age composition



## Career development

Our company attaches great importance to the training of employees' teamwork and learning ability, gives them full development space and learning opportunities, and ultimately realizes the common growth of the company and its employees. Our company provides employees with a vertical and horizontal combination of professional career development channels, vertical promotion channels, and horizontal development of basic knowledge and management skills. The two business promotion channels of the business management personnel and professional and technical personnel were established, supplemented with the supporting salary management and professional development system, which ensured the career development of the employees and met the occupational needs of staff growth and self-worth. Our company established an internal talent training plan for grassroots management personnel. Through performance appraisal methods, we selected outstanding employees with outstanding business abilities and management potential as backup management personnel to provide employees with a good development platform.

## Staff training

Our company attaches great importance to the training of employees, have established and improved the "Employee Training System", collected training plans at the level of our company and its subsidiaries, organized training plans at different levels and priorities, and actively innovated training methods to ensure the effectiveness of training. The training content covers professional and technical knowledge, general workplace skills, etc., and comprehensively enhances the overall quality of employees. In 2017, the company's training coverage rate was 100%. In the year, it organized a total of 736 first-level and second-level trainings. The per capita training time was 29.9 hours and the total training investment was RMB 2.3951 million.

In the "Shanshui Cup" national building materials industry occupational energy conservation competition - cement central control room operator (cement kiln) occupation skill competition, our company selected 15 out of 50 kilns to participate in the national competition and won the title of gold medal kiln.

Fan Haibin, an employee of our company, is dedicated to his work and won the second prize of "Shaanxi Provincial Technological Innovation in Building Materials Industry", "Excellent Employee", "Excellent Trade Union Employee" and other honors. With "Craftsman Spirit", he won the National May 1st Labor Medal as a post-80s worker, setting an example for all the cadres and employees, hence an invaluable asset for the company's development.



## Caring for employees

Our company pays attention to understanding the employee's appeal and solving the problems that employees care about. We enrich employee's leisure cultural life and achieve work-life balance, improve employee satisfaction, create a positive and harmonious organizational atmosphere and enhance the sense of belonging and recognition of the company's employees to the company.

### Providing assistance to employees

Our company attaches great importance to the help of employees in difficult situations, in particular to ethnic minority employees in Xinjiang and Guizhou. We establish and maintain files for employees in difficult situations, implement dynamic management, provide economic and material assistance each year, provide basic livelihood protection for employees in difficulties and effectively resolve employees' actual difficulties. In 2017, our company invested RMB 1 million to help employees families facing difficulties. In the whole year, we have helped more than 200 employee families. To reward advancement, a reward of RMB 20,000 was awarded to the winners of the 2017 China Labor Union Labor Day Labor Medal. The Group's functional departments helped employees use medical insurance and assist in the process of reimbursement for medical insurance. Subordinate subsidiaries voluntarily donated funds through APPs such as "water droplets" and "love planning" to help individuals and families in need of help.

### Providing assistance to employees

Our company pays attention to employees' physical and mental health, irregularly organizes rich and colorful employee culture and entertainment activities to enrich the employees' spiritual and cultural life and strives to create a positive and healthy and full of positive energy culture atmosphere for the majority of employees. Through various forms of speeches, chess, football, badminton, table tennis, tug-of-war, and relay long-distance races, outdoor education and training are organized to not only create a fair and equitable growth environment for employees, but also to ensure the balance of work and life of employees.

### Providing assistance to employees

Our company attaches importance to the protection of the rights and interests of female employees and actively carries out various tasks. Our company gives female employees the same labor compensation, management positions, professional training and career development opportunities. The maternity insurance is paid for female employees and antenatal care leave, maternity leave, and breastfeeding leave are provided for pregnant women. In addition, we actively carry out activities and facilitate female employees. For example, on "Women's Day", we distribute life and work essentials to female employees, and provide more female workers with more convenience services for the family.





## Staff protection

Efforts are made to create a good work environment for employees and prevent all forms of employment discrimination, child labor and forced labor. Our company has signed labor contracts with each employee and paid social pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing accumulation fund for employees. The coverage rate of social insurance reached 100%, and employee compensation was paid on time and in full. Employees can enjoy statutory holidays in accordance with national policies and relevant laws and regulations, enjoy effective protection of the legitimate rights and interests. Our company provides free regular medical examinations for all employees every year. The coverage rate for physical examination is 100%. At the same time, we constantly improve and perfect the employees' occupational health files. Employees' work information and personal privacy information are not allowed to be read or photographed by employees in unpermitted scope and are kept for good whether employees are in service or not.

Our company has established a wage distribution system that includes basic wages and performance-based wages as its main body. It continues to improve the annual salary system and optimizes the assessment program, fully mobilizing the enthusiasm of employees. Based on the characteristics of the industry and the consumption situation in different regions, our company will adjust the employee's compensation subsidy every year. In 2017, the employee's salary per employee was increased by 10% year-on-year.

### Regulating Employment Management

The equal opportunity policy gives zero tolerance in relation to any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations, such as Disability Discrimination Ordinance and Sex Discrimination Ordinance and the Labour Protection of Female Staff and Workers. As an equal opportunity employer, the company is committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all its human resources and employment decisions.

Employees are encouraged to report any incidents involving discrimination to the human resources department of the company. The company will take responsibility for assessing, recording and taking any necessary disciplinary actions in relation to such incidents.

The company strictly abides by the Employment Ordinance, Labour Law of the PRC, Labour Contract Law of the PRC and other related labour laws and regulations in Hong Kong, the PRC and other operating regions to prohibit any child or forced labour employment.

To combat against illegal employment on child labour, underage workers and forced labour, the staff of human resources in the company requires job applicants to provide valid identity documents before confirmation of employment to ensure that the applicants are lawfully employable. The human resources department of the company is also responsible for monitoring and ensuring the compliance by the company with the latest relevant laws and regulations that prohibit child labour and forced labour.

During the year under review, the company was not in violation of any of the relevant laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the company.

## Supply chain management

Supply chain management has always been a systematic task that needs to be upgraded. In 2017, our company managed the unified organization of warehouses by various production units, managed to allocate the company's backlog of materials from the source of procurement, and reduced the occupation of funds. We also collected and recovered waste materials that had been in disrepair for a long time. Ultimately, we achieved a healthy state of "procurement, utilization and saving control." At the same time, we used the China Cement Network, China Cement Spare Parts Network, and all types of raw materials website as our big data platform to keep abreast of market information in the province and surrounding markets, flexibly adjusted our procurement strategies, and completed our 2017 procurement tasks to secure production and operation of all units.

### Procurement system and measures

In 2017, Yaobai Group formulated the "Management System of Wubai Group's Materials Procurement" and the "Yaobai Group Economic Contract Management System" in order to take advantage of centralized procurement and further standardize business processes and optimize the approval process so as to greatly improve efficiency of procurement. In view of the extension of our Group's industrial chain, our company immediately established a temporary method for the procurement of spare parts and provided guidelines and directions for solving a large number of procurement plans. At the same time, semi-annual internal audits and annual external audits promptly pointed out problems in the management and management and in particular controlled the procurement risks.

### Fair purchase platform construction

Our company and suppliers have always adhered to the principle of "fair and open", open registration, strict selection and regular review. Since 2017, our company has continuously expanded procurement channels, fully promoted open tendering and procurement, and formulated and issued the "Administrative Measures for the Yaobai Group Bidding", further established and improved a relatively independent procurement supervision and management mechanism. The company mainly invited bids on major materials of major equipment or management demand in the technological transformation and invited the company's supervision and examination department and financial department to conduct supervision throughout the process, which effectively promoted the Group's standardized management of bid procurement. In 2017, there were a total of 19,608 procurement plans. The procurement contract was signed at a rate of 100% and the contract compliance rate was 100%, of which 2,896, namely 15% were for local procurement.

### Product and service evaluation system of supplier

Standards and normative business processes are provided for the procurement supply chain systems, resulting in an excellent supplier base. While ensuring the successful completion of the company's collaborative product centralized procurement task, the procurement process is standardized, the supplier group is optimized, the procurement information is shared, the procurement process is monitored, the procurement cost is reduced, the procurement information level is improved, the task division of work, performance assessment, etc. thus achieving the win-win goal with suppliers. The company set up a special team to comprehensively evaluate and analyze the price level, product quality, delivery status, and management situation and to cooperate with outstanding suppliers to provide funds in the future management to tilt or strengthen the depth of cooperation.

Our company seeks common development with strategic partners in the supply chain, develops a stricter supplier access mechanism for various material attributes and considers the suppliers' performance of social responsibilities as an important consideration. Under the same conditions, we give priority to compa-



nies that pay great attention to public welfare undertakings and social reputation. Most of the suppliers we cooperate with have certain scale advantages and strong quality control and research and development capabilities. They are well-known enterprise or listed ones with brand advantages, capital advantages, price advantages and quality advantages in the industry. On the other hand, in keeping with the concept of common development, mutual benefit, and mutual benefit, we actively invite suppliers to visit and communicate with the company and guide suppliers to understand the technological changes in the cement industry, the direction of product upgrades, and the goals of the company's process innovation. Through exchange on customized demand materials, trials and exchange of advanced products, etc., the upgrading of procurement materials is promoted and suppliers' R&D capabilities and market competitiveness are promoted at the same time.

Our company actively explores new modes of cooperation with suppliers and strives to create a win-win situation for cooperation. For example, in electricity peaks during the Spring Festival and summer, we carry out price negotiations with local power plants and leverage on our own inventory advantages to absorb waste residue resources of the power plant, which not only creates economic benefits for the company, but also contributes to the environmental protection cause and realizes cooperation reciprocity with suppliers.

# Product quality assurance and quality service

## Customer service system

The Group implements a unified cement management system for its subsidiaries and builds a unified customer service system based on this. The sales head office exercises the unified marketing management and customer service functions of the group company, covers the sales service and daily management of the cement products of the whole group, provides standardized pre-sales, sales and after-sales services for customers and ensures normal development of various marketing activities. The sales customer service center is responsible for concrete sales and service work for the local cement users and is responsible for customer's cement delivery, settlement, bills, reconciliation, and other services.



## Innovative service measures

In the face of increasingly fierce market competition, our group establishes and perfects the distribution of sales networks, sinks channels to villages and households and provides "one household, one policy" and accurate professional customer service. We regularly arrange professional and technical personnel to visit customers to help them solve difficult problems in production, reduce customer operating costs; through the promise of shipping time and encouraging customers to monitor, etc., we improve our product delivery efficiency, ensure normal supply, reduce customer time costs, customize services guided by customer needs, establish a service awareness based on customer needs, accurately analyze customer needs, effectively customize services for customers to achieve mutual benefit and realize the win-win development of the company and its customers.

## Customer rights protection system

In order to protect the rights and interests of customers and avoid various risks of customers, our company has specially formulated customer instructions to let every customer understand the business process, matters needing attention and related rights and interests. First, in order to ensure the safety of funds, customers can directly transfer the payment into the designated bank account of each branch company of our group when making payment. The individual customer carries an ID card (a power of attorney/introduction letter issued by the unit is required for individual's payment to the unit) to pay through POS machine or finance department handles payment procedures. All business between the customer and our group are not entrusted to the relevant business personnel of our company. Second, we have clear marked price, the pre-collection and cash sales delivery price follow the company's customer service center window the same day; third, security of the ticket – we ensure that the user name of the invoice is consistent with the name of the payment; at the same time, we ensure that the receipt is issued for the goods delivered of the same month to facilitate financial checking of customers.





## Customer information protection

Our company has integrated customer information protection into a comprehensive risk management system and continuously established and improved customer information protection systems, mechanisms and processes. Each customer service center took the lead in the management of customer information protection, clarified the responsibilities for attribution and use of information, and strictly followed the principles of “competency takes the charge” and “host takes the charge” to implement the responsibility system and clarify the responsible persons and responsibilities. Work measures and processes will be continuously refined to strengthen the customer information protection responsibility system. At the same time, through meetings and weekly meetings, regular information security training is carried out to constantly improve the awareness of sales and customer information protection. Through communication, the customer’s own level of safety awareness will be improved, and the service flow optimization and customer education will continue to be emphasized after the occurrence of customer information leakage.

To respect the privacy of customers, ensure the confidentiality of customer information, and protect the security of customer information, we must first strictly abide by the company’s rules and regulations, enhance the employees’ own information security awareness, strengthen the concept of the legal system, enhance confidentiality awareness; ensure the confidentiality of customer’s files, complaints content, information, etc., and shall not cause casual leakage of customer information or arbitrarily add, delete or leak relevant information.

## Measures to improve service weakness

Our company has a huge customer information system, establishes a multi-dimensional customer information control system, safeguards confidential customer information, and regularly upgrades the system to improve its reliability and security. According to the product classification and operating characteristics of each sector, the customer service management system is formulated separately. In order to meet the different needs of different types of customers, our company establishes links with each type of customer, strengthens communication and understanding, and understands customer needs. Based on this, we provide targeted and personalized services to customers.

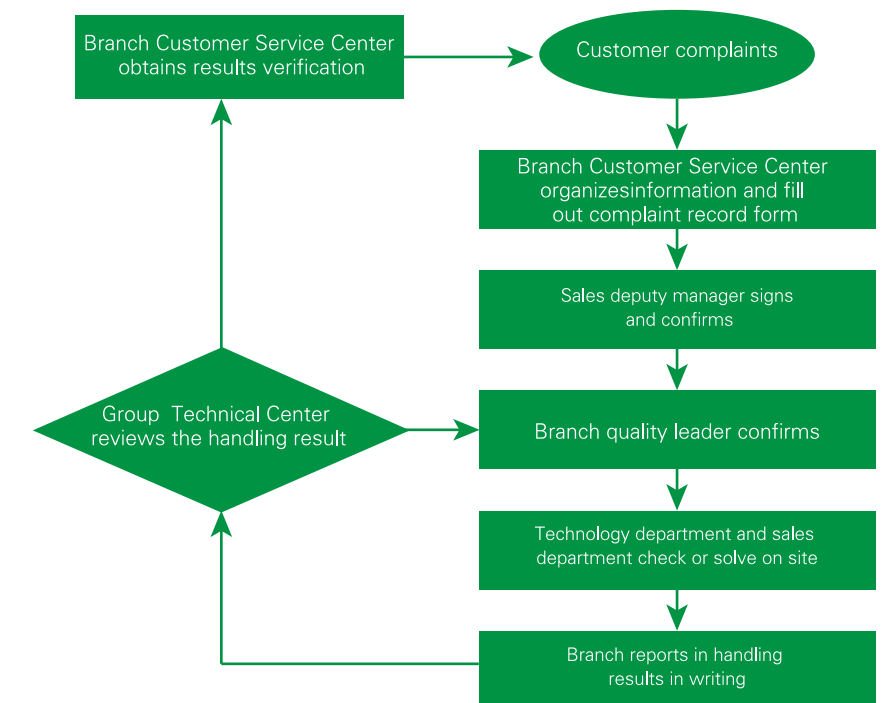
At the same time, the Group is committed to improving the quality of all its employees and brand awareness, and promoting brand value through long-term quality-awareness training and education, linking quality and performance assessments and improving the technical skills of technicians and sales personnel.

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## Customer complaints, handling and improvement mechanism

The customer service center is the customer’s complaint recipient and is the first person responsible for handling the complaint. After receiving customer complaints, it is necessary to fill out the “Customer Complaint Processing Registration Form” in detail. The process technicians and customer service personnel shall solve the problem on site and fill out the investigation process, cause analysis, treatment measures, processing results, and correction on the “Customer Complaint Processing Registration Form”; sales coordinators should communicate with the complainant, be responsible for obtaining the verification of the processing results, the signing and confirming of the sales responsible person, and finally record the “Customer Complaint Processing Registration Form” and report it to the Group Company’s technical center. The Central Customer Technical Service Department is responsible for monitoring the review of corrective and preventive measures by all units. In 2017, a total of 13 complaints were received, and the customer complaints handling rate reached 100%.



Customer complaint processing workflow





## Customer Communication System and Channels

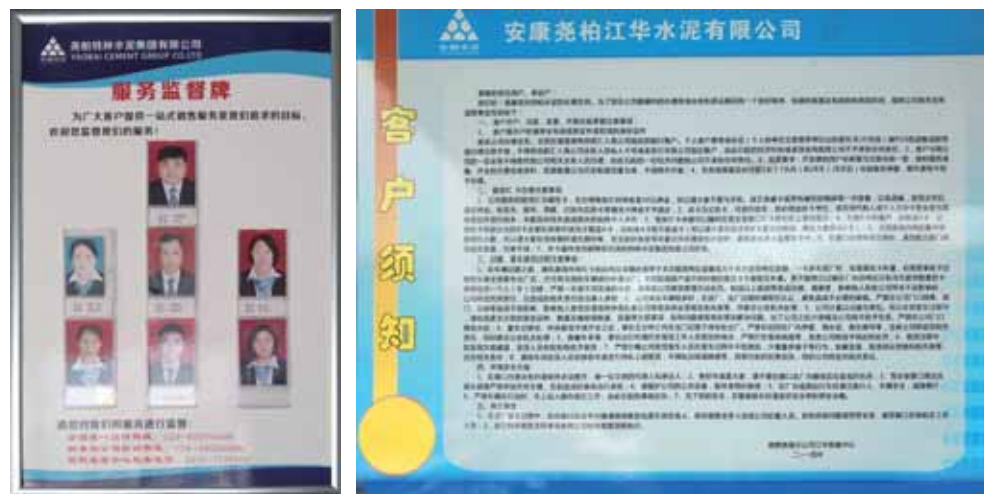
Our company's customer communication system is complete and effective. It requires that the customer service staff must manage the following in the process of communicating with the customer:



Our company's customer service center hangs the service supervision sign publicity card in a conspicuous place at the entrance of the business office, publicizes the contact information of the responsible person in order to facilitate customers' contact with the relevant person in charge and establish a WeChat contact group to timely contact the relevant customer.

## Customer satisfaction survey

In the aspect of satisfaction survey, the Group collects real experience of customers in various channels, sets up on-site complaints, business office window mailboxes, customer service center complaints telephone hotline, production department complaints telephone hotline, group company complaints telephone hotline, general manager mailboxes, etc. The Department of Strategic Development will visit the market from time to time to obtain real customer satisfaction from the market. The customer service personnel will ask the customer to fill out the satisfaction survey form during the visit to the market, and then the department and the Group's Department of Strategic Development will make spot checks. The Satisfaction Survey for 2017 showed that across the Group's 18 production units, 16 of which obtained a customer satisfaction of over 98%. Customer comprehensive satisfaction reached 98.5%, an increase of 13% from 2016.



Customer Service Center Image Column

Our company focuses on building the core competitiveness of integrity management, high quality and low price, sincere service that lead the industry. We always regard customers as the basis for the survival and development of our company, constantly optimize the service system, focus on customer needs, and establish supporting customers service system, continuously deepen the service content, provide value-added services to customers and improve customer satisfaction. We have dedicated pre-sales, sales, and after-sales service teams to actively understand customer requests through telephone calls, questionnaire surveys, visits, symposiums, and other forms, and provide timely feedback to honor our service commitments. Each business segment conducts in-depth investigations and summaries routine business, tracks the use of customer products, analyzes and meets customer needs, handles customer complaints, collects and organizes quality issues raised by customers and promptly informs relevant situations to subsidiaries, coordinates customers, subsidiaries and other parties to properly resolve various issues. In addition, the Group is also constantly improving the standardization of customer service and optimizing the sales process through information technology to ensure smooth communication channels with customers. It focuses on customer needs, establishes a supporting customer service system, and provides value-added services for customers. At the same time, we adhere to the "customer first" service concept, stay committed to working with customers to establish long-term and stable relations of cooperation.

## Community participation and development

### Assisting in community infrastructure construction

With a strong commitment to infrastructure development in the Hetian area of Xinjiang, the company's subordinate company, Luxin, organized more than 500 tons of cement for one-time donation of construction cement to the people enrichment project of Hetian County, Segezikule Village and contributed to the construction of infrastructure in Hetian and featured township demonstration sites construction.



Aiding Poor And Great Love



Helping the poor and devoting love is a traditional virtue of the Chinese nation and a social responsibility that a company should shoulder. Our company established Ivory Tower Education Poverty Alleviation Foundation Branch for Students from Impoverished Families. The chairman of the China Cement Association, Qiao Longde, unveiled the Yaobo Group Education Poverty Alleviation Foundation.



Education poverty alleviation foundation unveiling ceremony



Education poverty alleviation fund site

Education is the cornerstone of national rejuvenation and social progress. Our company actively plays a leading role for large enterprises in education and poverty alleviation, and truly contributes to education and poverty alleviation work. Our company's subordinate production units have also established foundations. Education is the foundation of rejuvenating the country, and women and children are the foundation of assistance. The Yaobai Group will continue to pay attention to poverty education and the social vulnerable groups while continuing the path of green and coordinated development, and make greater contributions to social and economic development and human development.



Education poverty alleviation fund site

We develop while giving back to society. In 2017, the amount of education poverty alleviation fund in our group reached RMB 2.178 million. 608 college students received assistance and direct support amount was 2.068 million for the purchase of school supplies worthy of RMB 110,000.



Hardship-aid everlasting achievement

Our Pucheng factory was invited to participate in the County Poverty Alleviation Work Conference and made statements as a representative of the above-scale enterprises.

Poverty Alleviation	We integrate the company's own technology and talented people into poverty alleviation and tackle the difficulties, industrial development, employment assistance and skills training in a targeted way.
Education poverty alleviation	We strictly follow the Administrative Constitution of the Education Poverty Alleviation Fund, with the principle of "helping the poor, education first, and sustained win-win outcome", to subsidize poor students in the county to complete compulsory education and post-secondary education for poor students. We will also sign an education cooperation agreement on poverty alleviation with the government and set up a board of directors of the Education and Poverty Alleviation Fund of the Yaobai Group Pucheng Branch.



Providing Internship	We give priority to help poor students to intern in the company during holiday and give them a certain amount of remuneration, so as to help college students adapt to the social work environment in advance.
Donation for Education	According to the requirements of the foundation's charter, we plan to subsidize 500 poor college students each year to help them complete their studies.



### Participation in social welfare activities

As a local large-scale cement manufacturing enterprise in Shaanxi Province, our company has always been adhering to the “Grateful for favors received” and an advocate of public welfare to give back to society.

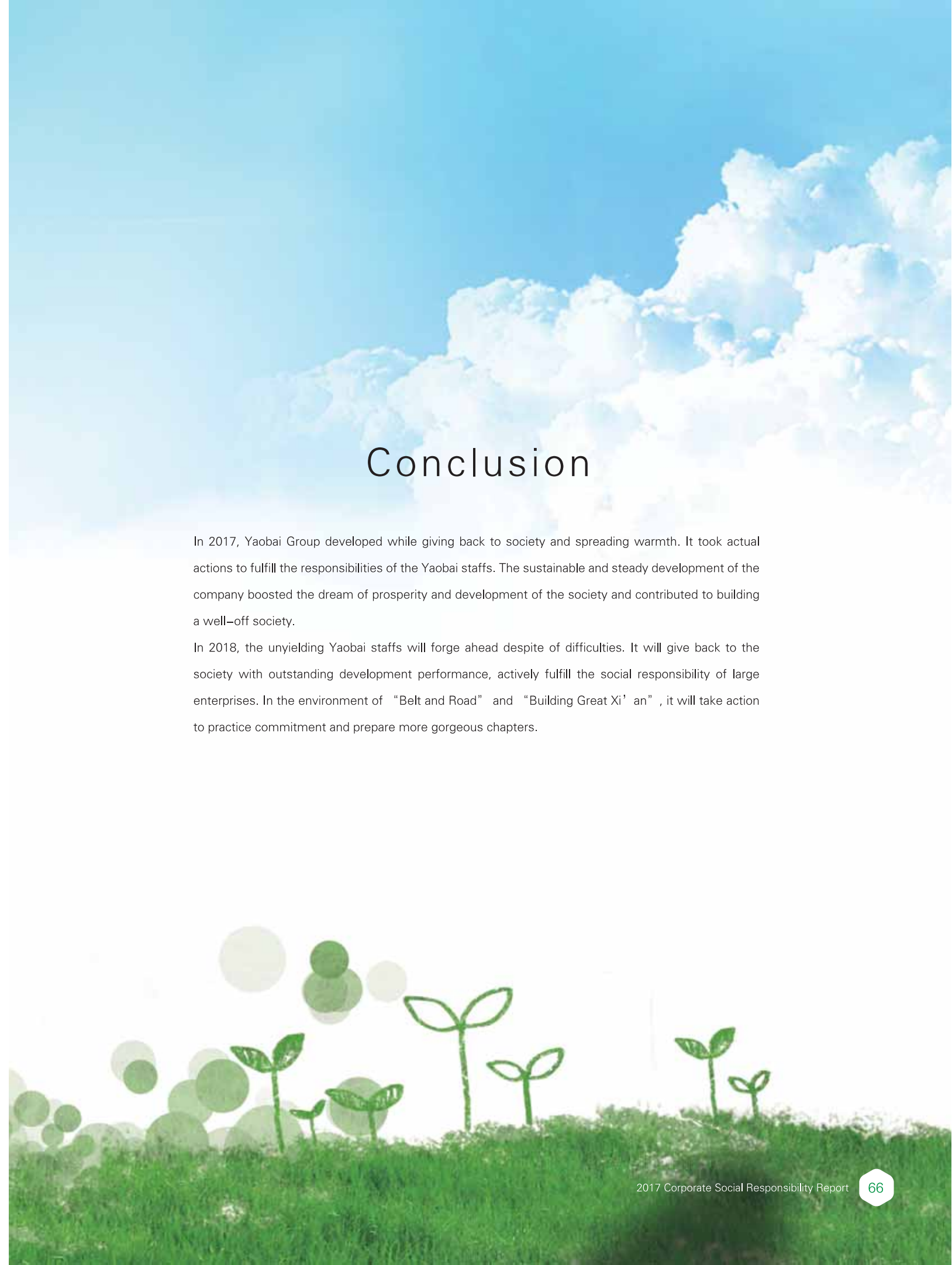
The Group received an acknowledgement board carved with “Heartfelt Gratitude towards Passionate Assistance” along with artworks from Hong Kong Chi Heng Foundation for Yaobai Group’s care for socially disadvantaged group and children and youth affected by AIDS to complete their studies. In 2017, our company actively participated in the charitable activities for the care of AIDS orphans advocated by the Chi Heng Foundation, extended assistance to young children affected by AIDS in poverty-stricken areas and provided financial support and assistance in the fields of economy, materials, etc. Throughout the year, we assisted 88 AIDS orphans and donated RMB 350,000 of funds.



Compassion environmental enterprises title



Warm cordiality can be appreciated from the heart



## Conclusion

In 2017, Yaobai Group developed while giving back to society and spreading warmth. It took actual actions to fulfill the responsibilities of the Yaobai staffs. The sustainable and steady development of the company boosted the dream of prosperity and development of the society and contributed to building a well-off society.

In 2018, the unyielding Yaobai staffs will forge ahead despite of difficulties. It will give back to the society with outstanding development performance, actively fulfill the social responsibility of large enterprises. In the environment of “Belt and Road” and “Building Great Xi’an”, it will take action to practice commitment and prepare more gorgeous chapters.





# Evaluation of the report

Evaluation Committee of West China Cement Limited (hereinafter referred to as “Committee” ) has been carried out assessment of the 2017 Social Responsibility Report of West China Cement Limited. The evaluation works was based on requirements of T/CCAS 003 Assurance Standard 2018 (hereinafter referred to as “T/CCAS 003–2018” ).

West China Cement Limited is responsible for the collection , analysis and summarization of data and information disclosure in the Report. In executing the engagement, the Committee conducted all its assessments in accordance with Evaluation index system of social responsibility report of cement enterprises. The Stakeholders of West China Cement Limited are the expected readers of this assessment.

## Assessment method

Our assessment was planned and executed in strict accordance with the T/CCAS 003–2018.

We conducted the assessment on the report based on the following principles:

Principles of inclusiveness, materiality and responsiveness as provided in the T/CCAS 003–2018;

Examination and evaluation of documents, data and other information provided by West China Cement Limited to Committee;

Sample assessment of the implementation mechanisms for corporate social responsibility management described in the Report;

Sample verification of generation, collection and management of qualitative and quantitative data disclosed in the Report.

## Scope and Limitation of the assessment

The scope of the assessment includes:

The economic, social and environment data of West China Cement Limited from January to December 2017 as disclosed in the Report;

External stakeholders were not interviewed;

The assessment is based on the principle of T/CCAS 003–2018 and performance information verification is moderate;

GRI3.2 Core indicators in the Report was not verified;

Financial data in the Report was not verified;

The Committee completed the assessment in April 2018.

## Conclusion

The Committee concludes that the west China Cement Limited 2017 Corporate Social Responsibility Report presents accurate and objective descriptions as to the implementation of social responsibility directives of the Company without any systematic or material deviation from the truth. The Committee adopted the T/CCAS 003–2018 principles in assessing the report.

## T/CCAS 003–2018 principles

### Inclusiveness: Good

West China Cement Limited takes into comprehensive consideration expectations of the government, stakeholders and investors, industry regulators, customers, suppliers, employees, partners, the environment and communities, and identifies key topics of responsibility fulfillment of concerns to these internal and external stakeholders by means of systematic communication in the Report.

### Materiality: Good

The Report analyzes material topics, establishes materiality matrix of topics of social responsibility, clarifies the material topics for the Company’ s sustainability, and discloses the internal management mechanisms and performance criteria of West China Cement Limited on the actions taken in regards to these topics, thereby presenting the key sustainability performance information in a transparent manner.

### Responsiveness

The Report discusses the core values, mission, social responsibility principles, sustainability strategies and performance indicators of the West China Cement Limited, and uses historical data from consecutively two years and more and detailed language to describe and present the performance achieved by West China Cement Limited in reaching its sustainability goals in practice, responding to the core topics of the Company’ s sustainability of public concern and specific topics of responsibility fulfillment of concerns to the internal and external stakeholders.

## Opportunities for Improvement

The Report can follow the GRI4.0 Guidelines to disclose the methodology and process of screening the material topics in a clearer fashion;

Follow GRI4.0 Guidelines to set up indicators and performance disclosed measurements and achievements in technology innovational, achievement transformation and introduction and application of new technology;

More comprehensive description of the measures and performance in reducing cement overcapacity

Improve the mechanism for communication and feedback between the Company and its stakeholders, actively listen and respond to requests from different parties, enhancing the participation of stakeholders.

## Evaluation Committee Team

Zhang jimin	Ma Weiping		
Wang Rui	Wang Fayin	Zhang Peng	Wang Jiujun
Liu Jianjun	Li Yongji	Lian Jie	Tong Xin
Chu Yufeng	Cao Hongxi	Bai Mingke	Yang Junqi
Liu Xiaojun	Liu Xin	Xu Linzhou	Li Yansong





# Reader feedback form

Dear readers:

Thank you for reading the “2017 West China Cement Corporate Social Responsibility Report” . We sincerely look forward to your evaluation of our social responsibility work and this social responsibility report. Your opinions and suggestions will help us continue to promote social responsibility management and practice, and continuously improve the level of disclosure of social responsibility information. You can fill in the following contents and send us feedback by mail or email. thank you very much!

West China Cement Limited  
March 2018

Your comment on this report: (Please fill “√” in the appropriate place)

Which stakeholder do you belong to?

<input type="checkbox"/> Employees	<input type="checkbox"/> Customers	<input type="checkbox"/> Government	<input type="checkbox"/> Public	<input type="checkbox"/> Partners
<input type="checkbox"/> Public service organizations	<input type="checkbox"/> Others			

Your overall assessment of the report:

1.Report contents	<input type="checkbox"/> Very good	<input type="checkbox"/> Good	<input type="checkbox"/> General	<input type="checkbox"/> Not good	<input type="checkbox"/> Very poor
2.Information quality	<input type="checkbox"/> Very good	<input type="checkbox"/> Good	<input type="checkbox"/> General	<input type="checkbox"/> Not good	<input type="checkbox"/> Very poor
3.Textual statement	<input type="checkbox"/> Very good	<input type="checkbox"/> Good	<input type="checkbox"/> General	<input type="checkbox"/> Not good	<input type="checkbox"/> Very poor
4.Design layout	<input type="checkbox"/> Very good	<input type="checkbox"/> Good	<input type="checkbox"/> General	<input type="checkbox"/> Not good	<input type="checkbox"/> Very poor
5. Overall evaluation	<input type="checkbox"/> Very good	<input type="checkbox"/> Good	<input type="checkbox"/> General	<input type="checkbox"/> Not good	<input type="checkbox"/> Very poor

Your assessment of the significant impact of West China Cement reflected in this report on the economy, society and the environment

<input type="checkbox"/> Very good	<input type="checkbox"/> Good	<input type="checkbox"/> General	<input type="checkbox"/> Poor
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Do you obtain the information required in this report:

<input type="checkbox"/> Yes	<input type="checkbox"/> No
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Do you think this report is easy to read with this content arrangement and layout design?

<input type="checkbox"/> Yes	<input type="checkbox"/> No
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Open-ended question:

Your opinions and suggestions on West China Cement social responsibility:

What kind of information do you want to obtain through the West China Cement Group's Social Responsibility Report?

Contact us:

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