



# 中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 00661

## 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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## INTRODUCTION

China Daye Non-Ferrous Metals Mining Limited (the “Company”) and its subsidiaries (collectively the “Group”) adhere to the environmental policy of “compliance with laws and regulations, green development, energy conservation and emission reduction, and clean production”, and strictly comply with laws and regulations of environmental protection in China, in order to facilitate the Group’s establishment of “Green Daye”. While improving quality and efficiency to achieve financial excellence, the Group insists on green development, low-carbon development and circular development to build a harmonious enterprise.

This environmental, social and governance report is prepared by the Group in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## REPORTING PERIOD AND SCOPE OF THE REPORT

This report covers the period from 1 January 2017 to 31 December 2017 (the “Reporting Period”). Unless otherwise stated, this report consists mainly of the relevant operational information of two subsidiaries of the Company, namely Daye Non-ferrous Metals Co., Ltd. and Xinjiang Hui Xiang Yong Jin Mining Co., Ltd., during the Reporting Period.

## STAKEHOLDER ENGAGEMENT

Stakeholders refer to the parties that have interests in the Group or would be affected by the decisions and activities of the Group, which mainly include shareholders, employees, suppliers, customers, regulators and the public. Stakeholders have participated in the assessment of materiality by way of face-to-face interviews, annual general meetings, telephone interviews, etc.

## ENVIRONMENTAL

### 1. Environmental Protection

The Group keeps in step with “accelerating the construction of ecological civilisation” of the 19th National Congress of the Communist Party of China, adheres to the philosophy of “building modernisation with harmony between mankind and nature”, and proactively promotes environmental control, energy conservation and emission reduction to build green mines and clean plants.

#### 1.1 Environmental Management

The Group strictly complies with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and other relevant environmental protection laws and regulations. The Group regulates the daily management of environmental protection and ensures legal compliance in production and operation through the establishment of a sound series of environmental protection management systems including Environmental Management of Construction Projects (《建設項目環境管理》), Hazardous Waste Management (《危險廢物管理》), Management for the Operation of Environmental Protection Facilities (《環保設施運行管理》).

Fully considering the actual circumstances, the Group has established the Safety and Environmental Protection Department responsible for environmental management to perform environmental protection management functions under the guidance of the Chairman of the Group. A sound environmental management system has been established with scientific and systematic environmental protection measures adopted under ISO14000 series standards. Annual environmental protection targets and control indicators have been set and detailed rules on management and assessment have been formulated. Through strengthening daily supervision and management, as well as monitoring key emission points, the Group promptly identify and solve issues arising from the daily environmental protection work, and continuously improve the environmental management standards of the Group. In addition, the Group actively carries out cleaner production audits and adopts production processes with low energy and material consumption to minimise impacts on the ecological environment.

During the Reporting Period, there was no material non-compliance with relevant environmental protection laws and regulations by the Group.

#### Measures for Exhaust Gas Management

- SO<sub>2</sub> emissions are reduced through deep desulphurisation of acid-making tail gas and integrated treatment of exhausted gases.
- Dust on roads and in stockpiling locations are reduced through strengthened monitoring on vehicle transportation process, water spraying and instalment of additional spraying devices.
- Online surveillance equipment are installed at smoke emission sites to monitor exhaust gas emissions in real time.

#### Measures for Sewage Management

- Transformation construction solutions are formulated and implemented to enhance waste water treatment system standards.
- Production waste water, domestic waste water and rain water are treated separately to reduce the need for production waste water treatment.
- Online surveillance equipment are installed at sewage discharge sites to monitor sewage discharge in real time.

#### Measures for Solid Waste Management

- Usable materials in solid waste produced during the smelting process are further recycled and reused.
- Laws and regulations regarding solid waste are strictly complied with and unusable materials out of the solid waste produced during the smelting process are handed to professional companies for disposal.
- Tailings slag from ore processing are discharged into tailings ponds for disposal.

### Measures for Ecological Environment

- Measures including sound-proof houses, mufflers and shock absorbers are employed to minimise noise pollution produced by equipment; and all noisy equipment is placed away from the neighbourhood residential zones and staff quarters.
- Planting and other environmental protection activities are actively carried out to improve the conditions of our plants, mining areas and the surrounding areas.
- The environmental impact assessment on newly-established projects is emphasised, and effective measures are taken to manage the environmental impact of projects throughout the construction period and operation period.
- To reduce pollution by wind-blown sand and tailings runoff to nearby areas, tailing ponds reclamation is carried out during the closing process of tailings ponds.
- Employees are imparted knowledge on environmental protection laws and regulations, policies and standards, and are encouraged to innovate in environmental technologies and processes to further minimise environmental impact. The Group also publicises its environmental concept and policies to employees to enhance their environmental management standards.

### *Illustration*

In September 2017, the smelting plant of Daye Non-ferrous Metals Co., Ltd. installed a set of ultrafiltration devices in addition to its original technical process, and added three feeding points for biopharmaceutical compounds in the sewage treatment plant, aiming to further lower the concentration of pollutants such as heavy metals and suspended matter in discharged water, thereby reducing pollutant emissions.



## Illustration

The smelting plant of Daye Non-ferrous Metals Co., Ltd. disposed the smelting slag (furnace slag) produced during the smelting process to professional companies for further refinement of valuable metals, and therefore reduced the production of solid waste and realised sales of approximately RMB501,670,000 in 2017.

## Illustration

In 2017, the Group held three training sessions regarding laws and regulations on environmental protection and knowledge related to environmental protection management. The Group further enhanced the environmental protection compliance awareness of employees through analysing various criminal cases concerning environmental offences, as well as promoting and imparting basic knowledge of environmental protection management.



On 27 June 2017, the Group held a quiz contest on environmental protection knowledge under the theme “Lucid Waters and Lush Mountains are Invaluable Assets” to guide the entire staff of the Group to learn more about laws and regulations on environmental protection, strengthen their legal awareness of environmental protection and enhance the working standard and comprehensive qualities of environmental protection management personnel.

### 1.2 Emission Statistics for the Reporting Period

Total SO <sub>2</sub> emissions:	1,748 tonnes
Total NO <sub>x</sub> emissions:	505 tonnes
Total CO <sub>2</sub> emissions (Note):	493,777 tonnes
Production of hazardous waste:	58,208 tonnes
Production of non-hazardous waste:	3,775,659 tonnes

*Note:* Total CO<sub>2</sub> emissions are calculated according to the “Guidelines for Accounting and Reporting Greenhouse Gas Emissions from the Smelting and Rolling of Other Non-ferrous Metals Industrial Enterprises (Trial)” (《其他有色金属冶炼和压延加工业企业温室气体排放核算方法与报告指南(试行)》) issued by the National Development and Reform Commission.



## 2. Use of Resources

### 2.1 Energy-efficient Control

The Group earnestly implements national and industrial energy conservation laws, regulations, standards and requirements, and strictly follows relevant provisions including the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), Electricity Law of the People's Republic of China (《中華人民共和國電力法》), and Norm of Energy Consumption Per Unit Products of Copper Metallurgical Enterprise (《銅冶煉企業單位產品能源消耗限額》), and sets energy conservation management targets such as improving comprehensive utilisation levels of resources and low-carbon green development. By implementing effective control and management, the Group increases comprehensive utilisation rate of resources in all processes including mining, ore processing and smelting and reduces the usage of energy and water resources to realise comprehensive sustainable development of the business, the industry and the society.

#### Measures for Operation Management

- Through enhancing energy management system (ISO 50001:2011), field management is improved and regulations are strictly complied with; through ongoing effective operation of the energy management system and continuous application of energy control enhancement measures, energy consumption in products is reduced.
- Energy conservation-related technological improvement plans are formulated to further improve energy-efficient technological transformation; technological breakthroughs are made in the production process to reduce energy consumption on large energy-consuming equipment and improve operation stability of key equipment.
- Key technological processes are optimised, and advanced energy-saving technologies are introduced, to reduce energy consumption and improve energy efficiency through such measures.
- Annual energy consumption limits for all production units as well as total energy consumption control targets for the Group are formulated, and performance appraisals are carried out, to control energy consumption comprehensively in multiple levels.
- The usage and control of water resources are strengthened to increase recycling and reuse rate of circulation water and underground water. Water balance tests are conducted to fully understand pipeline conditions of units with larger water consumption and carry out control to reduce new water consumption.

#### Measures for Office and Domestic Management

- Transformation project for energy-efficient LED lighting is promoted and smart sensing power switches with voice, light and time control are installed.
- Energy and water resource management in offices are strengthened, and the use of natural light is maximised for office lighting, to completely prevent cases of unused lights, air conditioners and running faucets.

## *Illustration*

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The smelting plant of Daye Non-ferrous Metals Co., Ltd. reduces energy consumption of products through improvements on control management and breakthroughs in energy conservation technologies on the production process. In 2017, energy influencing factors and improvement opportunities have been identified by conducting energy management assessments. Leveraging the implementation of measures such as improved coal consumption control during production, breakthroughs in pyrometallurgical dilute oxygen combustion technology and the increase in power efficiency of the electrolytic system, the integrated energy consumption of copper smelting (copper concentrate – copper cathode) has declined 0.98% from the previous year, which surpasses the advanced requirement standard ( $\leq 280$  kg standard coal/tonne) of integrated energy consumption of copper smelting processes (copper concentrate – copper cathode) as stated in GB21248-2014 Norm of Energy Consumption Per Unit Products of Copper Metallurgical Enterprise (《GB21248-2014 銅冶煉企業單位產品能源消耗限額》).

## *Illustration*

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The smelting plant of Daye Non-ferrous Metals Co., Ltd. carried out the plant's water management project and accordingly launched a comprehensive examination to the plant's pipe network, made adjustments to the water utilisation processes and improved the collection and reuse of discharged water, thereby reducing new water consumption each year. In 2017, new water consumption for production of each tonne of copper reached 9.39 tonnes/tonne of copper, representing a year-on-year decrease of 31.11%, which is lower than the required limit of new water consumption for production of each tonne of copper stipulated by Regulations on Copper Smelting Industry (《銅冶煉行業規範條件》) ( $\leq 20$  tonnes/tonne of copper).

## *Illustration*

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In view of the unbalanced airflow utilisation during production in the rare and precious metal plant of Daye Non-ferrous Metals Co., Ltd., and the long-time and low volume airflow usage of some of the equipment which resulted in the air compressors being in a state of low-load operation most of the time and a significant waste of energy, the Group carried out renewal and rearrangement work for the allocation and distribution of the plant's air compressors and wind pipe network. Upon completion of the work in 2017, all the airflow use equipment met the requirements while the operating hours and units of air compressors have been reasonably reduced, which facilitated the adjustment and control of wind pipe network pressure and the management and control of airflow use. Therefore, the Group saved approximately 1,200,000 kWh of electricity in 2017.



## 2.2 Improving Resource Utilisation Rate

The exploration of mineral resources is conducted in strict compliance with the Mineral Resources Law of the People's Republic of China (《中華人民共和國礦產資源法》) and the Group strictly implements the Technical Management System of Mining Enterprises (《礦山企業技術管理制度》) and the Smelting Technology Management System (《冶化技術管理制度》). Focusing on the full utilisation and protection of resources in the development process, and taking initiatives including technological innovations and optimisation of mining, ore processing and smelting processes to improve the comprehensive utilisation rate of resources and facilitate energy saving and consumption reduction, the Group is able to maximise the utilisation value of resources.

- Measures including processes optimisation and strengthening examination and management of key processes are employed to decrease loss rate from mine dilution.
- Ore processing technology measure is employed to enhance recovery rate of ore processing.
- The Group strengthens the control of smoke and gas discharge generated from the smelting process and comprehensive recovery of resources. The Group makes technological breakthroughs and optimises the production processes to continuously improve environment quality and increase the total recovery rate of copper, gold and silver from the smelting process as well as comprehensive utilisation level of valuable associated metals.

## 2.3 Indicators of Use of Resources

Total electricity consumption:	675,446.9 MWh
Total natural gas consumption:	14,473,471 cubic metres
Total quantity of new water (water other than circulation water):	9,692,378 tonnes
New water consumption for production of each tonne of copper:	9.39 tonnes of water/ tonne of copper cathodes

Steel belts are the main packaging material used for copper cathodes, with a total quantity of 287.6 tonnes and 0.6 kg/tonne per unit-of-production.

## SOCIAL

### 1. Safe Development

The Group adheres to the safety approach of "safety foremost, prevention-dominated, people-oriented and comprehensive treatment" and strictly complies with national production safety laws and regulations. The Group endeavors to realise corporate safety development by taking initiatives such as safety risk prevention and control, hidden danger supervision and management, as well as safety education and training for employees.

During the Reporting Period, there was no material violation of relevant health and safety laws and regulations by the Group.

#### 1.1 Safety Management System

In strict compliance with the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) and other laws and regulations on production safety, the Group has established a production safety management system.

- The Production Safety Committee has been established to oversee occupational health and safety matters. The Production Safety Committee comprises eight professional committees, including comprehensive regulation, technology safety, construction safety, equipment safety, civil blasting products fire safety, logistical safety, financial safety and safety supervision committee. The scope of safety management of each committee has been clearly defined to help the Group perform production safety work.
- The Chairman of the Group takes the primary responsibility for production safety and takes charge of the production safety matters of the Group. Each production unit of the Group has set up production safety organisations equipped with production safety management personnel. The Group has established a production safety responsibility system and determined production safety duties for each of the positions from the management to the staff of each relevant department.
- The Group convenes work meetings on production safety at the beginning of every year to allocate and arrange production safety work for the year. The Group will also conduct regular inspections and assessments to ensure the fulfilment of our goal.
- Preparatory and emergency response measures have been developed for unexpected contingencies and various emergencies that may be presented during the production process. Employee emergency response drills of flood control and fire safety are organised regularly.

## 1.2 Safe Operation

The Group has established a sound safety regulation and occupational health and safety management system for the purpose of controlling the Group's occupational health and safety hazards as well as regulating management practices in order to reduce accidents.

During the Reporting Period, on 12 March 2017, an incident regarding a partial dam failure occurred at the northwestern corner of the tailings pond at Tonglvshan Mine of the Group. The length of the crevasse was approximately 200 metres, and the size of the tailings collapse amounted to approximately 200,000 cubic metres, which flooded the fish pond downstream of approximately 400-mu (approximately 266,667 square metres) with two persons reported dead and one reported missing. The Tonglvshan Mine Incident was a larger-scale work safety liability incident (較大生產安全責任事故), the primary cause of which was the illegal entry and exploitation of the mineral resources of the tailings pond at Tonglvshan Mine of the Group by Daye Quantang Dam No.3 Delafossite Mine (大冶市泉塘村三號壩銅鐵礦), a collective ownership of Quantang Village, Daye City. The illegal exploitation led to the formation of goaf areas underneath the dam body of the tailings pond at Tonglvshan Mine of the Group, which eventually collapsed and caused the Tonglvshan Mine Incident.

Following the incident, Huangshi City Government, Daye City Government and the Group initiated an emergency response with utmost urgency, striving to rescue the trapped and missing personnel, evacuate people in the nearby areas, provide medical care to the injured personnel and properly carry out remedial work.

Follow-up measures for the incident: repair of the partial dam failure of the dam body and the online surveillance system of the tailings pond, simultaneously closing the tailings pond in accordance with the tailings pond closing procedure.

### 1.2.1 Production Safety

- Engaging in hidden peril investigation and governance. The Production Safety Committee of the Group conducts a general review of production safety once per quarter. Special safety inspections on tailings pond, mines, construction engineering, dangerous chemicals, fire safety and equipment were also conducted according to various production safety characteristics being considered during each quarter. In 2017, the Group invested capital, expertise and human resources in addressing a number of major hazards including those regarding the tailings pond of Tongshankou Mine and the non-insulated cables of underground mining to ensure production safety.
- Enhancing on-site safety inspection. The safety management department of the Group set up a safety inspection office staffed by full-time safety management personnel who are responsible for carrying out weekly on-site safety inspection of each unit under the Group to timely rectify and stop employees' unsafe activities and timely urge responsible units to address the hazards and carry out rectification.
- Promoting standardisation of production safety. Systems of safety regulation and production safety responsibility were established through implementation of measures including safety risk management, hazards investigation and control, occupational diseases prevention and control. Units of the Group including Fengshan Mine, the smelting plant, the rare and precious metal plant have obtained the national Work Safety Standardisation Certificate.
- Enhancing safety training. In 2017, the Group formulated an annual safety education training plan, encompassing safety training for relevant management staff, production safety management personnel and all other staff as a whole. Relevant management staff and production safety management personnel launched a training session concerning the Opinion of National Congress of the Communist Party of China in Relation to Reform and Development of Promoting Production Safety (《中共中央國務院關於推進安全生產領域改革發展的意見》). The Group also organised education training programmes for all employees on safety knowledge, emergency response skills and job safety regulation. Employees' safety awareness is raised by engaging in activities such as accident warning education, Production Safety Month and 100 Days Accident Free.
- Protecting employees' occupational health. Workplaces with dust and other hazardous substance exposures are under regular inspections. Staff working under such environment with exposure to dust and toxic substances are provided with planned health examinations, treatment and recuperation. The Group aims to improve the working environment through ventilation, dust collection, air purification and other measures. Employees are equipped with safety-conformant labour protection tools and supplies, and their use of such tools and supplies are under inspection.

### 1.2.2 Traffic Safety

All motor vehicle drivers are required to be assessed by the safety management department before working. Relevant production units of the Group organise weekly safety driving education courses for drivers. For motor vehicles carrying dangerous chemicals, the GPS dynamic positioning system is used to enable real-time monitoring. The safety management department of the Group conducts special safety inspections on driving safety periodically.

### 1.2.3 Contractor Safety

The Group conducts a safety qualification review on the contractors for all construction projects. After passing the assessment, the contractors are then allowed to enter into contractor contracts and the production safety management agreement, which clearly specify their respective rights and obligations regarding production safety. The Group regularly carries out inspections and safety capability assessment with respect to work safety of contractors under construction projects. The Group also provides safety training sessions for relevant working personnel of the contractors to prevent them from occupational injuries.

## Illustration

On 8 June 2017, the Group organised a training programme on the Opinion of National Congress of the Communist Party of China in Relation to Reform and Development of Promoting Production Safety (《中共中央國務院關於推進安全生產領域改革發展的意見》) which further enhanced the safety responsibility awareness of the relevant management and production safety management personnel.



## Illustration

In 2017, the Group invested approximately RMB1,070,000 in rescue base construction which passed the assessment by experts evaluation group of the Hubei Provincial Safety Production Supervision Authority and was granted the title of "safe production emergency response and rescue demonstration team (base) of Hubei Province" on 21 November 2017.

## 2. Employment Relationship and Labour Standards

In strict compliance with laws, regulations and policies on human resources and social security, the Group has formulated a set of rules on human resources management to ensure compliance in employment practices, broadened career paths and promotion routes, offered employees with various benefit packages, developed a diversified income distribution system and provided multi-level training programmes.

### 2.1 Employment

The Group adheres to legal compliance in employing its employees, and has entered into labour contracts with employees to protect their legitimate rights and interests as well as to promote harmonious and stable labour relations. During the Reporting Period, the Group has not involved in any material non-compliance with laws and regulations with regards to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and forced labour.

- A standard working hours system has been adopted to ensure reasonable working hours, and paid leaves are reasonably arranged for employees.
- Labour protection supplies are distributed as required, together with regular medical examinations, rehabilitation and recuperation for workers who are exposed to toxic and hazardous substances.
- In strict accordance with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Group's labour contract signing ratio has reached 100%.
- Child labour and forced labour are prohibited.
- The rights and welfare of female employees during pregnancy and breastfeeding are protected.
- Anti-discrimination: all employees are treated equally regardless of nationality, race, gender and religion.

### 2.2 Caring for Employees

The Group extends cares to employees by organising a diversity of cultural and sports activities and occupational disease inspection and protection programmes for employees to promote their sense of happiness and loyalty.

- The Group offers aid to employees in need to help them overcome difficulties in life. The "Mutual Help" and "Sickness Aid" programmes are in place to help specific employees in need; holiday visits are paid to junior level staff and model workers, with an aim to share a warm family feeling among employees.
- Activity facilities including football, basketball, tennis and badminton courts are built, and cultural and sports activities such as basketball, badminton, chess and poker competitions, "1st May" labour rewards party and "1st October" National Day party are held regularly.

### 2.3 Remunerations and Incentives

Employee compensations are determined based on position-based value under the principle of fairness and impartiality, and decided according to the Group's business results and each employee's contribution to results.

- A total payroll management system pegged to company's effectiveness and unit's contribution to results has been established.
- The diversified income distribution system has been implemented on the basis of a post-specific performance-linked salary mechanism and taking into consideration annual salary, piecework salary and project commission salary, among other distribution methods.
- A general post-specific performance assessment has been implemented, and the results of the assessment will determine the employee's income level.
- Results of the Group are shared to continuously improve employees' income level.

## 2.4 Employee Development

The goals of the education programmes of the Group is to “develop a learning-oriented enterprise and cultivate employees with active learning” to ensure the availability of human resources for production and operation and developing strategies. Based on the sustainable and stable development of the Group, the Group respects employees’ different personalities and their developing goals. The Group adheres to the training philosophy of “all-staff training and lifetime education” to provide various outstanding management, technique and operating personnel for the Group. In respect of employee education and training, the Group adheres to the principle of “effectiveness-oriented, use what you have learned”. The Group has established an employee training system with different levels and categories, and conducted diversified training activities to provide employees with high quality resources for their long-term development.

### Illustration

In 2017, the Group conducted training sessions for youth cadre, aiming to select excellent employees to participate in leadership improvement training. Through a total of 56 days of off-job training and six months of in-service training, the Group has cultivated a group of comprehensive management talents with good political quality, modern management concept, strong business ability and diligent work ethic, and created a loyal, responsible, open-minded and innovative team of talented young cadre.



## 3. Supply Chain Management

The Group follows the procurement principle of fairness and impartiality, “premium price for premium quality” and “strategic cooperation” to select qualified suppliers according to the prescribed procedures. The Group carries out regular quality analysis on the raw materials purchased from suppliers, and have established an information database for the raw materials offered by suppliers and credit records to constantly strengthen and optimise our supply chain management. For the raw materials provided by suppliers, the Group has established strict control criteria for raw materials, especially for copper raw materials containing sensitive pollutants with significant effect on the social environment. While unqualified raw materials are precluded from our plants, the Group works with environmental authorities for strict investigation and punishment, and blacklists and eliminates unqualified suppliers to optimise the supplier pool on an on-going basis.



- The Group selects domestic and overseas premium copper mines, domestic leading smelters and traders with stable supply, proven quality and good reputation as our strategic partners, seeking a balanced introduction of raw materials to satisfy the smelting and production needs. Where our purchase policy permits, average suppliers are also provided with the opportunity to become our strategic partners through guided cooperation.
- Through regular credit evaluation, suppliers are assessed by the purchasing department with respect to competency evaluation (business nature, business competency, business results and cooperation scale) and performance behavior (contract performance, material quality, credit conditions and adverse record) with strict entry assessment and approval procedures for new suppliers, and suppliers are managed under a dynamic management and survival-of-the-fittest model to stabilise and improve the supplier pool continuously as well as protect the smelting and production needs of the Group.
- Clauses on environmental and social risks are specifically incorporated into contracts to require suppliers to meet national environmental, safety and occupational health requirements while effectively fulfilling their corporate social responsibilities in the production, transportation and handling process.

#### 4. Product Responsibility

The quality policy of the Group focuses on “first-class products, services in good faith, management excellence and market development”. The Group has established multiple controls including strict product examination system and all-around inspection system to ensure high product quality in highly-effective production process. The Group strictly complies with relevant laws and regulations including the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》) and the Metrology Law of the People’s Republic of China (《中華人民共和國計量法》) in our production process. All our products and labels meet the applicable national and industrial quality standards. Our product quality passing rate is 100% in various product quality checks conducted by national, provincial and municipal government authorities. During the Reporting Period, no penalty was imposed on the Group due to violation of laws and regulations on product quality and technical supervision.

- The Group takes ISO9000 series standards as the guide in its conduct of quality work and quality management practices, aiming for zero defects in product quality.
- In addition to the customer communication platform, the Group also conducts annual customer satisfaction surveys, aiming to understand customers’ opinions on the service of the Group. Customer complaint and quality protection mechanism is in place, ensuring that once a defective product is reported from a customer, the cause will be found out within seven days, and the Group will timely inform the customer of follow-up measures, while internal review will be made and internal management will be improved.

### *Illustration*

In 2017, the Group’s products, including copper cathodes, copper concentrate, sulphuric acid and silver, have passed the product quality assurance of industrial associations and organisations, registration on the domestic and overseas exchanges as well as examinations of domestic and overseas prestigious inspection institutions, respectively, confirming that their quality satisfies the requirements of the standards and reaches the highest international level. “Dajiang” branded copper cathodes have obtained various awards including the “Chinese Name-Brand Products”, the “National Inspection-free Products” and the “Gold Cup Champion in Quality Non-Ferrous Metal Products” awards, and have been registered on the London Metal Exchange; “Dajiang” branded standard bullion bars have obtained the first batch of registration confirmation of gold futures on the Shanghai Futures Exchange; and “Dajiang” branded silvers have been registered and traded on the London Bullion Market Association.



## 5. Anti-corruption

The Group strictly abides by the anti-corruption provisions under the Criminal Law of the People's Republic of China (《中華人民共和國刑法》). Taking laws and regulations as the criterion in our business operations, the Group earnestly practices the concept of "good faith and compliance, thrift and diligence, honesty and integrity" to continuously improve corporate governance level according to the laws. During the Reporting Period, the Group strictly complied with the laws and regulations against corruption, bribery, extortion, fraud and money laundering, and was not involved in any corruption and other violations of relevant laws and regulations.

- Anti-corruption education brochures are prepared, film-watching sessions centering on anti-corruption and anti-bribery themes are organised, and integrity speeches are delivered to raise the awareness of integrity among employees.
- The Group complies with the systems including the Implementation Measures for the Three Importance and One Greatness Policy-Making System (《三重一大決策制度實施辦法》), the Reward and Punishment Management System for Employees (《公司員工獎懲管理》) and the Benefit Package and Business Expense Management System for Executives (《企業負責人履職待遇、業務支出管理》), and supervises and examines the implementation of these systems to promote compliance and integrity in the performance of duties by employees.
- Integrity risks in relation to key operations, activities and processes including open-tender purchases, project construction, capital management, product sales and trade management are identified and classified, while prevention and control measures and officers in charge are defined to enable position-based anti-corruption under an integrity risk prevention and control system.
- Smooth internal and external reporting channels are in place by setting up complaint hotline and e-mail box and entertaining incoming letters and visits, and all reported cases via correspondence, e-mail, fax, telephone and visit are handled pursuant to rules to make a complete supervision system.

## 6. Community Investment

Following the core value of socialism, the Group attaches importance to the implementation of social responsibilities, advocates the concepts of patriotism, integrity, law-abidingness, innovation, amiability and responsibility, and instils the core values of "responsibility, loyalty, learning and progressing" in our employees to upgrade their moral accomplishment. The Group actively participates in relevant welfare, charity and public undertakings in Hubei province and Huangshi City to contribute to the growth of surrounding communities. With an increasing sense of social responsibilities, numerous employees voluntarily participate in public welfare and charity undertakings and convey their cares and dedication to the community, forming a positive situation of wide employee participation.

## Illustration

At Daye Non-ferrous Metals Co., Ltd., a “520-Volunteer Service Team” has been set up under the labour union and extended active presence in charitable services and public welfare activities. “520-Volunteer Service Team” was rated among the Fifth Top Ten Voluntary Service Organisations in Huangshi City.



## Illustration

4 December 2017 was the fourth National Constitution Day as well as the seventeenth National Legal Awareness Day. The Group organised legal knowledge promoters to conduct the propaganda campaigns centering on “Study and Implement the Spirit of the 19th CPC National Congress, maintain the authority of the Constitution” for communities. The legal knowledge promoters promoted legal knowledge to citizens through methods including distribution of promotion materials and on-site legal consultation as well as answering legal questions, in order to lead and encourage the public to learn about, abide by and implement laws.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

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