



**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

**2018**

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT



# Contents

Introduction	2
The Period Covered by and Scope of the Report	2
Stakeholder Engagement	2
Environmental	2
1. Environmental Protection	2
2. Use of Resources	7
Social	9
1. Safe Development	9
2. Employment Relationship and Labour Standards	14
3. Supply Chain Management	16
4. Product Responsibility	17
5. Anti-corruption	18
6. Community Investment	18
Environmental, Social and Governance Reporting Guide Index	20

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## INTRODUCTION

China Daye Non-ferrous Metals Mining Limited (the "Company") and its subsidiaries (collectively the "Group") have fully implemented the work arrangement on environmental protection made at the beginning of 2018, by referencing to the standards of leading enterprises and continuing to pursue a problem-oriented approach. With such efforts, the Group has successfully accomplished multiple objectives and tasks, and effectively boosted the coordinated development of economy and environment. The Group will unswervingly pursue the path of ecological priority and green development, and devote joint efforts to building itself as an ecological, cultivated and modern copper 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 Main Board of The Stock Exchange of Hong Kong Limited.

## THE PERIOD COVERED BY AND SCOPE OF THE REPORT

This report covers the period from 1 January 2018 to 31 December 2018 (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, questionnaire surveys, etc.

## ENVIRONMENTAL

### 1. Environmental Protection

The Group strictly adheres to the environmental policy of "compliance with laws and regulations, green development, energy conservation and emission reduction, and clean production", and proactively promotes the transformation of environmental control, energy conservation and emission reduction to build green mines and clean plants. During the Reporting Period, there was no material non-compliance with relevant environmental protection laws and regulations by the Group.

#### 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 Emission Standard of Pollutants for Copper, Nickel, Cobalt Industry (《銅、鎳、鈷工業污染物排放標準》) (GBT25467-2010) as well as other relevant environmental protection laws and regulations and emission standards. 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 Hazardous Waste Management (《危險廢物管理》) and Environmental Management of Construction Projects (《建設項目環境管理》).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

The Group has established the corporate management department, a special agency for environmental management, which is responsible for the organisation, supervision, inspection and coordination of daily environmental management. It has also set up environmental functional departments, which are responsible for the environmental management in the process of production. Through promoting the implementation of the environmental management system, the Group has adopted scientific and systematic environmental protection measures under ISO14000 series standards, and has continuously enhanced the refined management level of environmental protection through PDCA cycle management mode. It has carried out cleaner production audit, applied advanced technology and skills and equipment, used clean energy and raw materials, to cut down pollution at source, improve resource utilisation efficiency and reduce the generation and emission of pollutants during the mineral processing and smelting process while decreasing the content of harmful substances therein. Meanwhile, starting from daily supervision and promotional education on environmental protection, the Group continuously raises its staff's awareness of environmental protection and the standards of environmental protection management.

## *Measures for Exhaust Gas Management and the Results*

- Dust on roads and in stockpiling locations are reduced through strengthened monitoring on vehicle transportation process, water spraying and instalment of additional spraying devices.
- Additional automatic surveillance equipment is installed at key exhaust gas emission points to monitor exhaust gas emissions in real time.
- Additional electrical mist removal system is installed at the exhaust gas emission site to reduce the emission of particulate matters in the exhaust gas.

## *Measures for Sewage Management and the Results*

- Environmental indexes, such as reutilisation rate of smelting industrial water and cyclic utilisation rate of mining wastewater, are set to increase the reutilisation rate of wastewater and reduce the emission of water pollutants.
- 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 wastewater discharge sites to monitor wastewater discharge in real time.

## *Measures for Solid Waste Management and the Results*

- Hazardous waste produced during the smelting process are handed to professional companies for disposal.
- Usable materials in non-hazardous waste produced during the smelting process are further recycled and reused whereas unusable materials are handed to commissioned third parties for disposal.
- Tailings slag, a non-hazardous waste from ore processing, are discharged into special-purpose tailings ponds for disposal.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## *Measures for Noise Management and the Results*

- Measures including sound-proof houses, mufflers and shock absorbers, etc. are employed to minimise noise pollution produced by equipment, and all noisy equipment are placed away from the neighbourhood residential zones and staff quarters.

## *Measures for Ecological Environment and the Results*

- The construction of green plants and green mines is carried out at the smelting plant and mines.
- The environmental impact assessment on scheduled construction projects is emphasised, and effective measures are taken to manage the environmental impact of mining projects throughout the construction period and operation period.
- Environmental protection activities such as rehabilitation and planting activities are actively carried out to improve the ecological environment surrounding our plants and mining areas.



### **Illustration**

After having concluded from the first round of cleaner production audits, Daye Nonferrous Metals Co., Ltd. commenced the second round of cleaner production audit fully in 2016. The Group formulated technological transformation plans relating to energy conservation and emission reduction in a scientific way to reduce the generation and emission of pollutants at the source. As such, the rare and precious metal plant, Tongshankou Mine, Tonglvshan Mine and the smelting plant obtained approvals of cleaner production audit on 5 December 2018.



### **Illustration**

During the Reporting Period, the smelting plant of Daye Non-ferrous Metals Co., Ltd. disposed 878,633 tonnes of 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.

## **1.2 Environmental Protection Activities**

The Group actively fulfills its social responsibilities by launching various environmental protection activities to drive and promote the development of regional environmental undertakings.

- Environmental impact assessment on the scheduled construction project is conducted, and opinions on whether there will be any impact of the construction project on the surrounding environment are sought from residents nearby the project construction site. The Group publicizes its environmental concept to eliminate the residents' concern on environmental protection.
- Employees are imparted knowledge on environmental protection laws and regulations, policies and standards, and are encouraged to innovate in environmental protection technologies and processes. The Group also publicizes its environmental protection concept and system to employees to enhance their environmental management standards.
- The Group prompts in time and deals with unexpected problems with delivery and communication of up-to-date environmental developments and policies through its environmental network platform.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018



## Illustration

In order to implement new national environmental policies, on 11 July 2018, the Group held a training course on environmental policies. Relevant personnel from the Environmental Policy Department of the Environment Planning Institute under the National Ministry of Ecological Environment and the Environmental Planning Division of the Environmental Science Institute of Hubei Province were invited to give lectures, mainly explaining contents of the Environmental Protection Tax Law (《環境保護稅法》) and the Sewage Discharge Permit Management Policy and Technical Specifications (《排污許可證管理政策與技術規範》) which have been effective recently. At the course, they interpreted, in an all-round way, our country's sewage discharge permit management policy, relevant technical specifications and their links with the environmental impact assessment system, as well as reporting, accounting and payment processes, etc. related to the environmental protection tax law.



## Illustration

Xinjiang Hui Xiang Yong Jin Mining Co., Ltd. carried out the construction of green mines by planting trees on barren lands behind its mining areas, with a greening area of 32,000 square meters. In the meantime, it launched the project of zero discharge of production wastewater in May 2018, and accomplished the construction of basic construction project for upgrading the quality of the water gushed from mining wells, with the water being used for greening spraying and snowmaking after being treated to meet the standards.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018



## *Illustration*

The smelting plant of Daye Nonferrous Metals Co., Ltd. launched the project for constructing green plants in July 2018, with an additional greening area of 10,000 square meters throughout the year. Currently, the greening ratio of potential afforestation area has reached 80%.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## 1.3 Emission Statistics during the Reporting Period

Total CO <sub>2</sub> emissions (Note):	538,718 tonnes
Total SO <sub>2</sub> emissions:	1,199 tonnes
Total NO <sub>x</sub> emissions:	224 tonnes
Production of hazardous waste:	85,998 tonnes
Production of non-hazardous waste:	4,541,550 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)" (《其他有色金屬冶煉及壓延加工企業溫室氣體排放核算方法與報告指南(試行)》) issued by the National Development and Reform Commission.

## 2. Use of Resources

### 2.1 Energy Saving 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》), Electric Power 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》), etc. and sets improving comprehensive utilisation levels of resources and low-carbon green development as energy conservation management targets. By implementing effective control and management, the Group increases comprehensive utilisation rate of resources in each processes including mining, ore processing and smelting and reduces the use of energy and water resources to realise comprehensive sustainable development of the business, the industry and the society.

#### *Measures for Operation Management and the Results*

- Through enhancing energy management system construction (ISO50001: 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 saving technological transformation. Energy saving 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.
- 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. By conducting related work, the Group's new water consumption per tonne of copper has declined approximately 19.7% from that of the previous year. The Group did not encounter any issues on seeking for sources of water.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## *Measures for Office and Domestic Management and the Results*

- Transformation project for energy saving LED lighting is promoted and smart sensing power switches with voice, light and time control, etc. 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, etc..



### **Illustration**

In 2018, Tonglvshan Mine of Daye Nonferrous Metals Co., Ltd. was able to monitor, control, schedule and manage the entire underground system through remote control technology transformation of its underground ventilation system. The operating power of the main ventilator was set based on the various conditions of the temperature, humidity and wind speed in underground air, as well as the required air volume, thereby achieving energy conservation purpose. The mine was able to save approximately 15,000 kWh of electricity per month.

## **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 Management System of Mining Production Technology (《礦山生產技術管理制度》) and the Management System of Smelting Production Technology (《冶化生產技術管理制度》). Focusing on the full utilisation and protection of resources in the resource development process, and taking initiatives including technological innovations and optimisation of mining, ore processing and smelting processes, etc. 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 technology and skills management in mining process, deepening market benchmarking, strictly implementing technology and skills standards and strengthening technological optimisation and breakthroughs are employed to reduce loss rate from mine dilution.
- Measures such as making technological breakthroughs and technical management in ore processing, implementing market benchmarking and upgrading and improving grinding and floating processing technology and skills are employed to enhance recovery rate of ore processing.
- Measures such as strengthening the comprehensive utilisation of resources in the smelting process, making technological breakthroughs and optimising the skills are employed, to continuously improve environment quality and increase the total recycle 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 during the Reporting Period**

Total electricity consumption:	693,948.5 MWh
Total natural gas consumption:	16,976,053 m <sup>3</sup>
Total quantity of new water (water other than circulation water):	8,850,929 tonnes
New water consumption per tonne of copper:	7.54 tonnes of water/tonne of copper cathodes

Steel belts are the main packaging material used for copper cathodes with a total quantity of 503.6 tonnes and 1 kg/tonne per unit-of-production.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## SOCIAL

### 1. Safe Development

The Group adheres to the concept of safe development, and strictly complies with laws and regulations on production safety, including the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》), Measures for the Supervision and Administration of "Three Simultaneities" of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects (《建設項目職業病防護設施“三同時”監督管理辦法》), Provisions on the Supervision and Administration of Occupational Health at Work Sites (《工作場所職業衛生監督管理規定》), etc.. The Group has established and continued to improve the occupational health and safety management system to realise corporate safety development.

During the Reporting Period, there was no material non-compliance with relevant laws and regulations in relation to providing a safe working environment and protecting employees from occupational hazards.

#### 1.1 Safety Management System

As an effort to reduce the occurrence of accidents and avoid occupational health damage to employees, the Group has established its occupational health and safety management system, and has developed the Occupational Health and Safety Management Handbook (《職業健康安全管理手冊》), the Occupational Health and Safety Management Procedures (《職業健康安全管理程序》), the Operating Guidelines (《作業指導書》) and other relevant documents, continuously improving the occupational health and safety management system from the perspectives of safety management organisation, safety risk management and control, safety inspection and rectification, emergency management, etc.

- Safety management organisation: The Group has established a safety production management department as the specialised safety management agency, equipped with safety management personnel. The Group has established a production safety responsibility system and determined respective production safety duties for each of the positions from the management to the staff of each relevant department.
- Safety risk management and control: The Group assesses the risks of dangerous and hazardous factors by identifying those factors in production and operation activities, and takes appropriate controls to improve the safety production environment.
- Safety inspection and rectification: The Group organises safety inspection regularly. With inspections on safety management, on-site operating environment, equipment and facilities and operation by personnel, the Group identifies and eliminates potential hazards in a timely manner to prevent and reduce the occurrence of accidents.
- Emergency management: The Group has established an emergency rescue centre and a mine emergency rescue team, equipped with corresponding rescue equipment. Based on the safety risks of the Group, corresponding emergency plans are formulated and drills are organised on a regular basis.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## 1.2 Safe Operation

The Group adheres to the approach of “safety foremost, prevention-dominated and comprehensive treatment” and strengthens production safety and occupational health protection for employees, striving to achieve the goal of “zero work-related death” and laying a foundation for safe and stable operation.

### 1.2.1 Production Safety

The Group attaches great importance to production safety by strictly abiding by the relevant national safety laws and regulations in the production process. The Group has formulated and strictly implemented various rules and regulations, including the Education and Training on Production Safety (《安全生產教育培訓》) and the Management of Production Safety Accidents (《安全生產事故管理》). Areas and equipment with accidents likely to happen or endangering the safety and health of personnel are installed with corresponding safety protection facilities, for example, gas leak alarm system is installed in flammable and explosive areas and protective cover is installed in transmission parts of equipment for isolation, and eye-catching safety warning signs are put in place.

Regarding the safety education training of staff as an important measure for safeguarding the occupational health and safety of employees, all operators have to receive corresponding mandatory safety education and training. For operators engaged in mining or dangerous chemicals, the pre-job training time shall not be less than 72 hours, and it shall not be less than 48 hours for other operators, who cannot take up their jobs until the training test is passed. For special operation personnel, such as electricians, welders, crane operators and boiler workers, they are required to receive special safety training and pass the assessment to receive the Special Operation Permit of the People's Republic of China (《中華人民共和國特種作業操作證》) before starting to work. To raise employees' safety awareness, the Group organises annual publicity, education and training activities, such as emergency knowledge, fire alarm knowledge and accident warning education, etc..

The Group is committed to strengthening the occupational health protection of its employees. All employees are informed of occupational hazards before they are on duty, and are equipped with labour protection supplies that meet safety standards, such as safety helmets, dust masks, gas masks, protective glasses, earplugs, etc. The Group conducts occupational hazards testing on workplaces every year, regularly organises medical examinations and rehabilitation for employees, and has maintained medical insurance, work-related injury insurance and safety liability insurance for eligible employees. To further guarantee the occupational health and safety of employees, the Group conducts renovation to underground ventilation automation system in mines, and improves the operating environment by employing automatic control and other new technologies and equipment that are conducive to the prevention and treatment of occupational diseases and the protection of employees' health. That allows less time for workers to be exposed to adverse environment and guarantees the physical and mental health of employees.

### 1.2.2 Traffic Safety

The Group also values traffic safety management, appointing traffic safety management personnel who are responsible for daily traffic safety management. 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 and video monitoring system are installed to enable real-time monitoring. Drivers will be educated and assessed for their traffic violations during driving.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## 1.2.3 Contractor Safety

The Group also values safety management of contractors. Safety qualification reviews are performed by the Group on the contractors for all construction projects before signing contracts. For qualified contractors, the Group will sign the Production Safety Management Agreement (《安全生產管理協議》) with them prior to project construction, and provides safety education and training sessions for personnel of the contractors. During the construction of projects, the Group regularly carries out inspections and assessment on contractors' safety work and safety capability, and meanwhile, requires contractors to comply with not only national laws and regulations but also relevant safety requirements of the Group. After the completion of construction projects, the Group conducts completion acceptance and overall evaluation on contractors (including safety matters).



### Illustration

On 15 June 2018, Tongshankou Mine held the "Love Our Mine • Safety Cup (我愛礦山·安全盃)" safety knowledge competition and production safety-themed calligraphy and comics exhibition, participated by a total of more than 60 managers at all levels and employees of the mine. Through these activities, the safety awareness and operating skills of the employees have been further enhanced, creating a strong safety atmosphere.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018



## Illustration

On 1 June 2018, Tonglvshan Mine held a launching ceremony of the 2018 safety production month and the environmental protection month theme activity, during which a safety production propaganda exhibition and a safety signing campaign of all staff were carried out. With those activities, the employees on-site obtained more knowledge on production safety, received warning education and improved their safety awareness.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018



## Illustration

On 21 June 2018, the smelting plant held an occupational health and safety knowledge training, and 3M China Limited (Wuhan Office) and Huangshi Lantian Rescue Team were invited to give on-site lectures. They interpreted to the employees the knowledge about prevention of occupational diseases, proper wearing of labour protection supplies and on-site first-aid.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## 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 employee 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 recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, and forced labour.

- A standard working hour system has been adopted to ensure reasonable working hours, and paid leaves are reasonably arranged for employees.
- Employees are provided with a healthy and safe working environment, and 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, maternity 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, etc. 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, etc. 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.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## 2.3 Remuneration and Incentives

Employees' remuneration has been determined based on position value through a complete performance appraisal system for all employees in accordance with the principle of fairness, impartiality and openness, and on the basis of the Group's operating results and each employee's performance appraisal results.

- A remuneration management system, which is linked to the achievement of the Group's performance targets and the completion of each unit's tasks, is established, if the efficiency of the Group and units increases, the total remuneration will be raised, and on the contrary, it will be reduced.
- A diversified remuneration distribution system has been implemented on the basis of a position-specific performance-linked salary mechanism coexisted with annual salary, negotiated salary, piece-rate salary, commission salary for marketing staff and other distribution methods.
- Achieve benefit sharing and continuously to improve employees' income level.

## 2.4 Employee Development

The goal of the education and training programmes of the Group is to "build 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, we respect 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 has carried out extensive training activities to provide employees with high quality resources for their long-term development.



### Illustration

In order to improve the overall professional skill of construction project management personnel of Daye Nonferrous Metals Co., Ltd., the Group organised training sessions on the supervision and management of construction projects and invited teachers from Hubei Polytechnic University to give lectures from 27 to 28 July and 3 to 4 August 2018. The training contents include the standards for construction project supervision, scope of supervision, supervision duties and authorities, as well as client's project management, etc., with focuses on quality, progress, investment control and contract management. A total of 80 employees from projects participated in the four-day training, through which their professional skills have been further improved.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## 3. Supply Chain Management

Combining the production schedule of the Group and the production status of each production unit, the Group formulated a plan for the organisation of raw material procurement, so as to ensure the supply of raw materials necessary for production while maintaining a certain amount of inventory, and to enhance its risk resistance capacity in the event that there is material change in the production or raw material procurement. The Group will gradually adjust its direction and strategy of procurement based on its continuous exploration of raw material procurement market and feedbacks from the market, thus achieving the goal of balanced procurement.

Meanwhile, all partner suppliers are required to have complete qualifications, do business within the scope of licenses, go through all approval procedures related to safety and environmental protection and operate in compliance with laws and regulations. For imported raw materials, all raw materials are required to comply with standards of the national laws and regulations concerning the environmental protection and customs declaration.

The Group carries out regular evaluation on suppliers, and maintains an information database for the raw materials supplied by suppliers and credit records to conduct all-round assessment on suppliers. In particular, for raw materials provided by suppliers, the Group has established strict control criteria for raw materials, and constantly makes supplement and improvement. For copper raw materials containing pollutants and impurities with significant effect on the social environment, on one hand, such materials shall be precluded from our plants, and on the other hand, the Group will work with environmental authorities for strict investigation and punishment, and blacklist and eliminate unqualified suppliers. Meanwhile, the Group will strictly implement the admittance approval of new suppliers and replenish new resources suitable for the Group to constantly improve the quality of the supplier group.

The Group has formulated the procurement plan according to the control requirements, with its procurement process in compliance with applicable regulations. The terms of environmental and social risks are specifically incorporated into the procurement contracts to require suppliers to fulfill all national environmental, safety and occupational health requirements in the transportation and handling process while performing their corporate social responsibilities effectively.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## 4. Product Responsibility

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》), etc. in the production process. All our products and labels meet the applicable national and industrial quality standards. Our qualification rate of product quality is 100% in various product quality sampling inspections 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 in relation to product quality and technical supervision. The Group also did not receive any complaint or was not involved in any litigation resulted from the violation of health and safety, advertising, labeling, and privacy matters concerning the products and services provided.

- The Group has established comprehensive quality management systems, under which all the products must be thoroughly tested according to customer's requirements and relevant national standards before leaving the factory. Daye Nonferrous Metals Co., Ltd. has obtained ISO9001 Quality Management System Certificate. The Group aims for zero defect in product quality by leveraging on the quality policy of "first-class products, services in good faith, management excellence and market development".
- The Group has established a control network, including strict product inspection system and reliable verification system, etc. to ensure high product quality in highly-effective production process. In addition to our established customer communication platform, the Group also conducts annual customer satisfaction surveys, aiming to understand customers' opinions on the Group's services. Apart from regular technical seminars, customer complaint mechanism is also in place. Containment actions will be taken within 24 hours upon receiving customer complaint to ensure that once a defective product is reported from a customer, the cause will be found out within seven days and preventive measures will be implemented, and the Group will inform the customer of follow-up measures on a timely basis, while internal review will be made and internal management will be improved.
- The Group attaches great importance to the protection of customer privacy and avoids disclosing customer information when signing contracts with customers to protect customer's privacy.



### Illustration

The Group's products, including "Dajiang" branded copper cathodes, "Dajiang" branded gold ingot and "Dajiang" branded silver, have obtained the award of "Hubei Name-Brand Products", of which "Dajiang" branded gold ingot and "Dajiang" branded silver have passed the qualification certification of the London Bullion Market Association (LBMA) and the quality of "Dajiang" branded Grade A copper has obtained international official recognition as it was registered as a brand for settlement on the London Metal Exchange (LME).

In 2018, the Group's products, including copper cathodes, sulphuric acid, gold ingot and silver, have registered on the domestic and overseas exchanges and passed examinations of prestigious inspection institutions at home and abroad, respectively, confirming that their quality fully meets the requirements of the standards and reaches international advanced level. Daye Nonferrous Metals Co., Ltd. was awarded with the title of "Outstanding Member Unit and Supplier of Standard Gold Ingot" by the Shanghai Gold Exchange, and "Dajiang" brand was also recognized as the most favorite silver brand among Chinese users.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## 5. Anti-corruption

The Group gives particular attention to improving Party conduct, promoting integrity and anti-corruption work, and strictly complies with relevant national laws and regulations of the PRC as well as basic rules and regulations of the Company, including the Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Regulation of the Communist Party of China on Disciplinary Actions (《中國共產黨紀律處分條例》), etc., to prevent the occurrence of corruption, bribery, extortion, fraud and money laundering. During the Reporting Period, the Group was not involved in any corruption and other violations of relevant laws and regulations.

- The Group consistently organises warning education activities with the theme of “one topic for each quarter” and special events of the month to advocate improving Party conduct and promoting integrity, and warns staff to observe disciplines and laws, and practice integrity at the workplace through carrying out integrity promotion knowledge contests, visiting the prison warning education base, holding anti-corruption picture exhibition, organising to watch educational films on anti-corruption and anti-bribery themes and conducting integrity speeches, etc..
- The Group has conducted risk investigation on integrity, and formulated and improved prevention and control measures. The Group has also strengthened the supervision and inspection on the implementation of important systems, and reinforced the implementation of and supervision on systems, so as to continuously improve the supervision system.
- Complaint hotline and reporting e-mail box are set up in place to receive various reports. The Group has also formulated the Methods to Handle Problems and Clues 《問題線索處置辦法》 to regulate the handling of various reporting information.

## 6. Community Investment

The Group attaches importance to the fulfillment of social responsibilities, and advocates the concepts of patriotism, integrity, law-abiding, innovation, amiability and responsibility to upgrade the employees' moral accomplishment. The Group actively participates in welfare, charity and public undertakings to contribute to the growth of enterprises and surrounding communities, and our employees' sense of social responsibilities has been continuously strengthened.



### Illustration

The labour union of Daye Nonferrous Metals Co., Ltd. established a “520-Volunteer Service Team”, the volunteers of the team actively participated in caring services and public welfare activities. The “520-Volunteer Service Team” was named the “Demonstration Site of Learning from Lei Feng Activity in Hubei Province”.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018



## Illustration

On 12 January 2018, in order to comprehensively and deeply promote the ethnic unity and the cooperation between industry and animal husbandry, Xinjiang Hui Xiang Yong Jin Co., Ltd. actively participated in the basketball fellowship match organised by Wulukeqati Township Government of Wuqia County, Kizilsu Kirghiz Autonomous Prefecture in the spirit of harmony, unity, friendliness and mutual help between industry and animal husbandry, and enriched the connotation of “United as One Family” activity with practical actions.



## Illustration

On 22 August 2018, in order to further enhance the communication and exchange among ethnic groups and strengthen the cohesion and solid friendships among ethnic groups, Xinjiang Hui Xiang Yong Jin Co., Ltd. and Wulukeqati Township Government of Wuqia County jointly held the “2018 Corban Festival Fellowship Meeting of Wulukeqati Township and Xinjiang Hui Xiang Yong Jin”, to celebrate the traditional festival of Chinese nation with the flower of friendship in full bloom on the Pamirs Plateau.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

## Environmental, Social and Governance Reporting Guide Index

Scope set out in the Environmental, Social and Governance Reporting Guide	Key environmental, social and governance issues of the Group	Page
<b>A. Environmental</b>		
A1. Emissions	Environmental Protection	2
A2. Use of Resources	Use of Resources	7
A3. The Environment and Natural Resources	Environmental Protection	2
	Use of Resources	7
<b>B. Social</b>		
B1. Employment	Employment Relationship and Labour Standards	14
B2. Health and Safety	Safe Development	9
B3. Development and Training	Employment Relationship and Labour Standards	14
B4. Labour Standards	Employment Relationship and Labour Standards	14
B5. Supply Chain Management	Supply Chain Management	16
B6. Product Responsibility	Product Responsibility	17
B7. Anti-corruption	Anti-corruption	18
B8. Community Investment	Community Investment	18